

The Bennett-Lapid Government: Domestic Policy Priorities

November 2021



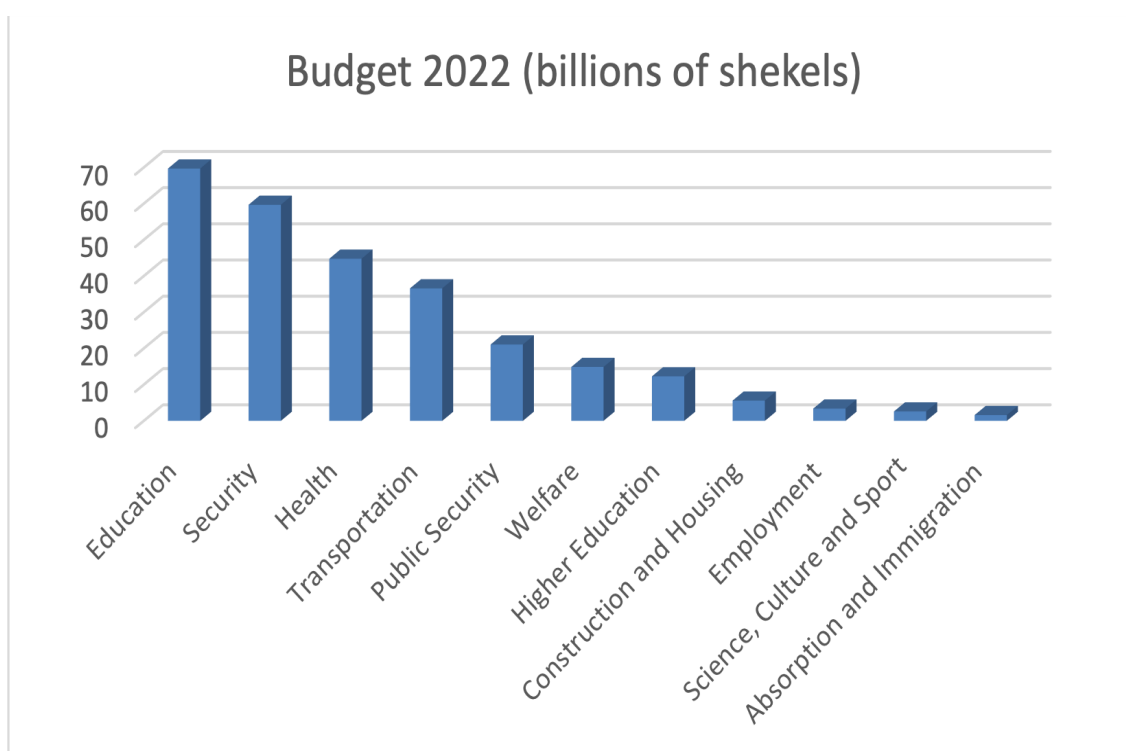
Introduction

The passage of Israel's state budget and the Arrangements Law for 2021 and 2022 stabilises the coalition and strengthens its political survival in the medium term. Prime Minister Naftali Bennett said that the government had managed 'to extract Israel from the instability we've had for the past three years,' adding that the budget's passage ensured economic and political stability. Finance Minister Avigdor Lieberman argued that the coalition had taken responsibility and 'brought sanity back to the State of Israel'. Following the government's legislative victory, the only way for the opposition to topple it now is via a constructive no confidence motion that specifies an alternative government (with the name of each minister including Prime Minister) – a highly unlikely option. (For a BICOM briefing on how the government was formed, see [The Bennett-Lapid 'Change Government'](#). For a BICOM briefing on the new government's foreign policy, see [The Bennett-Lapid Government and Regional Priorities: Change or Continuity.](#))

The government has been at pains to emphasise the social components of the budget and its focus on issues of consensus. Bennett, Lieberman, and Foreign Minister Yair Lapid stressed that the government's priorities were economic stability, reducing the cost of living and house prices, a war against organised crime, and improving public transportation. Justice Minister Gideon Saar said the budget provided a response to urgent social issues in education, welfare and health reflected a 'genuine effort to reach a consensus'. The United Arab List (UAL) party leader, Mansour Abbas, recently articulated this newfound optimism, whereby this government is based on trust and focused on closing the gaps in society, encouraging integration and improving the quality of life for Israeli-Arabs and wider society.

The Budget

The budget prioritises social issues enjoying a broad consensus of support, with a focus on health and education, infrastructure, as well as security related components that relate to undermining Iran's nuclear ambitions. The total budget for 2022 stands at 562.9 billion NIS (approximately £134 billion).



Based on government figures [here](#) (Hebrew)

The budget seeks to lower the cost of living through the easing of imports with international product standards from the US and EU, as well as reforming the banking service by allowing non-banks to offer services at competitive rates. Lieberman stated that these banking reforms would ‘promote innovation and effective competition’ and that the government would continue to develop measures that would ‘lead to improved consumer service, cost reduction, and promotion of competition in Israel’.

A five-year government approved programme for Arab society aims to address healthcare, social welfare and education. The extension of the 2015 Government Resolution 922 will direct 9.4 billion NIS (£2.2bn) towards education and includes construction of over 1,000 classrooms and nursery schools in Arab communities. The plan aims to reduce gaps between Jews and Arabs in student success rates and hopes to raise the rate of Arab students who qualify for the high school matriculation exam. It also allocates 650 million NIS (£154m) to reduce health disparities between the Arab community and the rest of the population, and hundreds of millions of shekels to integrate Arabs into Israel’s hi-tech sector.

In a separate part of the budget, the Public Security Ministry was provided significant sums to counter crime within Arab society. Over 30 billion NIS (£7.1bn) is due to be budgeted to fight violence and organised crime in Arab communities, which has led to the murder of over 100 citizens in the past year. Plans include new police stations in Arab towns, heightened police operations on the street, the drafting of more officers and establishing new units to prosecute gangs.

The education and health ministries also receive significant sums. The Education Ministry published its own plan to reduce educational and social gaps amongst the entire population that arose due to COVID-19. Details include introducing English as a spoken language from kindergarten age and developing advanced technology-focused tracks from the early grades to prepare students for a 21st century job market. The Health Ministry will receive 400 million NIS (£95m) for the construction and renovation of mental health centres and psychiatric hospitals.

Infrastructure – housing, transportation and energy

The budget calls for increasing housing and investing in national infrastructure. In this context, the Housing Ministry plans to increase the supply of homes by 280,000 over the next four years and to advance plans for a further 500,000 homes. The transportation budget sets aside 8 billion NIS (£1.9bn) to build additional light rail lines in Tel Aviv and Jerusalem as well as a Nazareth to Haifa line. With the aim of reducing the number of private cars on the road by 15 per cent, plans are underway to allow municipalities to impose a congestion charge for Tel Aviv in 2024.

The Energy Ministry is working towards reducing the use of coal and to end it completely by 2026. It details plans to help increase the use of electric cars by encouraging construction of infrastructure to recharge them. Other plans involve helping to deploy gas distribution lines to aid more institutions – such as hospitals, airports etc – to use natural gas.

Defence – Contingency plan to thwart Iran’s nuclear policy

The government’s priority remains preventing Iran from acquiring a nuclear weapons capability. With negotiations set to resume in late November between the Biden administration and the Islamic Republic over a return to the JCPOA nuclear deal, Israel has emphasised that it reserves the right to act unilaterally against Iran.

In this context, the Defence Ministry received additional funding to reportedly prepare for a potential military strike. A Channel 12 News report stated that the government has allocated 5 billion NIS (£1.1bn) for purchasing manned aircraft, intelligence-gathering drones, and special

armaments such as bunker busting bombs and massive ordinance penetrators required for an attack on Iran's nuclear facilities, some of which – such as Fordow – are located in heavily fortified underground sites. Defence Minister Benny Gantz told the Knesset Foreign Affairs and Defence Committee that the budgetary boost would 'invest in our offensive and defensive capabilities, improve our technological superiority, and accelerate our efforts in order to ensure that ... Israel will always have the ability to defend its citizens with its own forces'.

Extra funding has also been directed towards advanced electronic-laser-based missile and rocket interception, which is designed to complement the existing multi-layered defence systems.

Future Challenges – inter-coalitional disputes

While the government has greater stability, several deep disagreements remain on the horizon that threaten to disrupt this united front, and which could undermine the government's ability to pass legislation. The two most notable examples are Israel's approach towards the Palestinians – the issue in Israel that has traditionally divided right-wing and left-wing – and policy towards unrecognised Bedouin towns in the Negev.

While the coalition vowed to focus on what united it rather than divided it, that hasn't always been possible, especially in the West Bank. The different components within the government – Yamina and New Right on the one hand and Labour, Meretz and the UAL on the other – have completely divergent positions on the future status of the West Bank. Defence Minister Gantz is trying to steer a more moderate path but has irritated both sides of the coalition. In recent months, he has met with Palestinian Authority Chairman Mahmoud Abbas, legalised the status of undocumented Palestinians, and increased the number of work-permits for Palestinians in the West Bank by 15,000. When the government announcement permits for settlement homes, it also – in an unprecedented move – approved housing units for Palestinians living in Israeli-controlled Area C.

Controversy over settlements and outposts will continue to haunt the coalition. Housing Minister Ze'ev Elkin of New Hope has raised plans to double the population in the Jordan Valley, a move heavily opposed by Labour and Meretz. Another potential challenge, however, is the issue surrounding the Evyatar outpost in the northern West Bank. The government promised to examine the ownership status of the land and to allow a yeshiva to be built there if it turns out the land is not privately owned. According to a survey conducted by the Civil Administration there are at least 14 acres of state land available at the site. The establishment of a new settlement is likely a red line for Labour and Meretz leaders.

Future escalation between Israel and Hamas in Gaza has the potential to destabilise the coalition, primarily due to the presence of the UAL. At the same time, UAL MKs have been at pains to emphasise their commitment to the coalition. In mid-September, Walid Taha stressed that while UAL "despises war" and wouldn't "sit idly in the face of any war", he didn't see how the party leaving the coalition would benefit the situation in Gaza. "What is the alternative? Let's assume, God forbid, that there is a war with Gaza. So we have left the coalition, and then will the next government do good for Gaza? We want to have influence also over matters of peace and war" he said.

Tension between the UAL and Interior Minister Ayelet Shaked of Yamina is also challenging the coalition. The UAL and Shaked are at odds over several issues. One is the Citizenship bill (that had prevented family unification for Palestinians married to Israeli-Arabs but which, after being renewed for the last 18 years, was not renewed this year). Thousands of Palestinians asking for Israeli citizenship are currently waiting to be processed by the Interior Ministry, a delay that has angered the UAL. Shaked has also postponed enacting legislation intended to hook up homes in Bedouin villages to the electricity grid that were built without proper permits. In response, UAL

voted against a government bill relating to planning and construction. However, Abbas recently downplayed tensions, saying: “Our partners in the coalition rely on us, and we identify where there might be future challenges and problems and always succeed in finding solutions ... not every disagreement within the coalition is a crisis.”

Future Challenges – a battling opposition

Head of the opposition Benjamin Netanyahu faces serious dilemmas. Polls continue to be favourable to the Likud party and Netanyahu’s public statements reflect his belief that he will return to the Prime Minister’s Office. But his presence as the party’s leader acts as glue keeping the disparate coalition together. Moreover, there is no clear political constellation in which he could lead an alternative coalition in the current Knesset. Netanyahu also faces challenges from within his own party – so far formally only the former Knesset speaker Yuli Edelstein. In parallel his corruption trial (and legal expenses) continues. The government is also looking to establish a panel of inquiry to investigate the purchase of submarines and naval vessels which took place under Netanyahu’s premiership, and which may shed light on processes that would damage him politically.

The government will continue to face hefty opposition to passing its legislative agenda. One fault line is the divide between the ultra-Orthodox parties and the ‘religion and state’ reforms promoted by Religious Affairs Minister Matan Kahana. These include privatising kosher certification, and reforming local religious councils to ensure more roles for women.

For the first time a fault line lies between the Arab parties with the UAL, part of the coalition, and the Joint List, part of the opposition, vying for influence amongst their constituents and trying to prevent the other from gaining too much credit from any gains accrued by Arab society. In this context, the Joint List recently tried to embarrass the UAL by promoting a bill to build a hospital in the Arab locale of Sakhnin, a move opposed by the government. Allying with Likud and the far-right Religious Zionist party, the Joint List succeeded in passing the bill in its first reading, thanks to one UAL MK who voted with the opposition.

Despite these tensions, as long as the coalition remains internally united, the government has a Knesset majority.

Conclusion

The government, generally credited with dealing successfully with the fourth COVID-19 wave without a lockdown, has gained stability and breathing space. Bennett and Lapid’s relationship is strong, based on close coordination, acting in good faith, and not airing disagreements in public – values that they have tried (with partial success) to expand to include the rest of the coalition.

The opposition will continue to attempt to embarrass the government with legislative bills that seek to drive a wedge between its constituent parts. These will create additional examples of strange political bedfellows and alliances between the Arab Joint List and the Likud and the Religious Zionist party. But even the odd defeat in the plenum will not undermine the government’s stability.

Netanyahu is at a crossroads. He maintains support within the Likud Central Committee, as well as a very committed Bibi-ist group within the wider public for whom he can do no wrong. But challenges to his leadership may grow and his presence as Head of the Opposition motivates the disparate parties within the government to stay together.

There are two key indicators in which the government will be judged. One is the extent to which the government can maintain its focus on consensual issues – such as those that appear in the budget – rather than being drawn into ideological disagreements. The other is whether the government will succeed in fulfilling all of its budgetary promises and implementation of their work plans. While the will is there, events have a habit of getting in the way of even the best laid plans.

(Main photo by Ohad Zwigenberg, POOL Pictures).

Copyright © Britain Israel Communications
and Research Centre 2021

[For more information please contact:](#)

Ronie Gazit

020 7636 5500

Ronieg@bicom.org.uk

bicom
Britain Israel Communications and Research Centre