OSW **Commentary**

The grand coalition government in Israel
New faces of the political crisis

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After three rounds of early parliamentary elections in Israel, in May 2020 a grand coalition government was sworn in. The parties that make it up belong to a block of conservative and religious groups centred on the Likud bloc of Prime Minister Binyamin Netanyahu, together with the centre-left bloc associated with the Blue and Whites led by Binyamin Gantz. However, the appointment of a government does not mean the end of the political crisis. Uncertainty about the intentions of the central figure on Israel's political scene, Prime Minister Netanyahu, continues. It is not clear whether he will hand over office to Gantz in November 2021 in accordance with the coalition agreement, or how he intends to deal with the trial that has just started in which he has been charged with corruption. Moreover, the ruling coalition has already been shaken by conflicts, a situation which has been exacerbated by the presence in the Knesset of an opposition which is strong and has been gaining increasing support in the polls. Matters have also been made more difficult by the challenges connected with the second wave of the COVID-19 pandemic, as well as the country's economic problems and the protests they have motivated.

The specificity of Israeli parliamentary democracy

Israel's democracy is an eminently representative political system. This is a response to the high degree of ethnic, religious and philosophical diversity of its society. About 74% of the country's citizens are Jews, half of whom do not participate actively in religious life; a significant number do belong to traditional and orthodox factions, and around 12 percent are ultra-Orthodox. The Jewish population is also clearly divided according to their origin. The Mizrahi people are those whose ancestors lived in the Middle East and North Africa during the Diaspora; the Ashkenazi Jews came to Israel from Central and Eastern Europe; and Sephardic Jews immigrated from the Iberian peninsula, southern Europe, the Balkans and Turkey. These groups are all similar in size, although Sephardim are sometimes counted in both the Ashkenazi and Mizrahi groups. Recent immigrants, such as Russian-speaking Jews (as part of the Ashkenazi Jews) and Ethiopians (as part of the Mizrahi Jews), also retain their separate identities. In addition, 21% of Israel's citizens are Arabs, most of whom are adherents of Sunni Islam.

Parliamentary representation for such a diverse society is ensured through a highly fragmented party system. The low electoral threshold (3.25%)

contributes to the fragmentation of the political scene, and is usually bypassed by creating alliances between parties, although these are often temporary and impermanent[1]. Although some groups have become permanent elements of the political scene (such as the right-wing Likud, the left-wing Labour Party, and the two parties representing the ultra-Orthodox population, one Mizrahi and the other Ashkenazi), there are no clearly numerically predominant groups. This is evidenced by the fact that the 1992 elections were the last in which over 30% of citizens voted for any single electoral list. At the same time, from that time to 2019, there were only two occasions (in the elections of 1996 and 2009) when the two winning electoral lists received comparable shares of the vote amounting to over 20%. This then happened in the three most recent elections (April 2019, September 2019, March 2020), when the polarisation of opinions led to the clear emergence of two winning electoral lists, who were supported each time by 25–30% of voters.

> ❞ **Israel's democracy reflects the ethnic, religious and philosophical diversity of its citizens.**

The problem of forming and maintaining ruling coalitions in the face of a highly fragmented parliament is not new. In Israel, such coalitions have changed many times during their terms of office or during early parliamentary elections. Rule by grand coalitions is seen as a consequence of the fragmented political scene, and usually enjoys a great deal of support[2]. Unity governments have been formed twice (1984–1988; 1988–1990), in which opposing blocs (then formed around Likud and the Labour Party) received an equal number of ministries, rotated prime ministers, and had mutual vetoes on key issues[3].

The need to reconcile conflicting interests, as well as the radically different lifestyles and value systems of individual groups, also makes it difficult to manage the state; this often leads to unsatisfactory compromises which only temporarily solve problems or postpone their resolution. One example is the dispute over the compulsory conscription of the ultra-Orthodox community (in particular yeshiva students).

The unique nature of the 2019–2020 crisis

However, the crisis observed from December 2018 to May 2020, when elections were held three times, was unprecedented in terms of its duration; the systemic challenge it posed, as many procedures were used for the first time in Israeli history in the face of the protracted political deadlock; and the high temperature and personalisation of the dispute. The tone of the issues dividing voters became harsher and more extreme during the course of the campaign (such as the privileges of the ultra-Orthodox community and the future of Jewish settlement on the West Bank). The elections became more and more a plebiscite on the continuation of the rule of Netanyahu, who had been in power continuously since 2009, and was attracting ever more controversy, including for his trial on corruption charges.

The formation of the government was possible thanks to the volte-face performed by Gantz, the former chief of the General Staff, who for more than a year has been the informal leader of the centrist and left-wing opposition groups, and entered politics under the slogan of removing Netanyahu from office. He refrained from cooperating with the prime minister in connection with the charges against him and his use of electoral procedures to maintain power. Gantz agreed to form a government of unity due to the need to end the political crisis, especially in the face of the COVID-19 pandemic. This also led to his devising what was probably the only way of ending Netanyahu's premiership – the formula of rotating the position.

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[1] For example, "there were 47 mergers, break-ups and re-namings of parliamentary groups" in the period 1999–2015. K. Haczko, A. Skorek, Ł.T. Sroka, *Demokracja izraelska*, Warsaw 2018, p. 195.

[2] A. Arian, 'Israel's National Unity Governments and Domestic Politics' in A. Arian, M. Shamir (ed.), *The Elections in Israel – 1988*, *Westview Special Studies on the Middle East* 1990, pp. 205–22.

[3] D. Horowitz, 'Politics of Mutual Veto: The Israeli National Coalition' in A. Arian, M. Shamir (eds.), *The Elections in Israel – 1988*, *op. cit.*, pp. 223–34.

The government is composed of two blocs which each received an equal number of ministries: the bloc of conservative and religious parties centred around Netanyahu's Likud, and a centre-left bloc associated with the Blue and White party under Gantz (see Appendix). Netanyahu will remain prime minister until November 2021, and then the office is to be assumed by Gantz, who in the meantime has been given the newly created position of 'alternative prime minister' and the post of defence minister. This formally ended the political crisis, which had lasted for eighteen months, but the coalition is mainly a government of national unity in name only; unlike the unity governments of the 1980s, due to the mutual distrust of the coalition partners, statutory guarantees have been introduced to ensure Netanyahu hands over power (Gantz was sworn in as the future Prime Minister).

>> **The challenges faced by the Israeli political system are largely universal to Western democracies.**

Netanyahu thus kept his position, but his position was weakened. In the new coalition, the bloc associated with Gantz has a right of veto, which means that the right-wing parties cannot push through their own reforms, such as those aimed at limiting the prerogatives of the Supreme Court, or pushing through a conservative shift in education and culture. Therefore, the Yamina party led by Naftali Bennett decided not to enter the government, which put Netanyahu in a situation, for the first time in years, when there is an opposition to his right as well as his left. Hitherto, the prime minister had basically succeeded in co-opting right-wing parliamentary groups into the coalitions he formed, which made it difficult for them to challenge his status as leader of the conservative camp.

Gantz joined the government and gained new influence over the affairs of state at the expense of his own grouping, which was abandoned by half of its MPs who opposed his decision to cooperate with Netanyahu; these are centred around Yair Lapid and his Yesh Atid party. This means that the fragmentation of the centre-left of the political

scene has reopened, and at the same time, the position of leader of the parliamentary opposition has been handed over to Lapid. Moreover, the initial public support for the grand coalition has waned rapidly amid controversies over the size of the government (the new ministerial posts which Netanyahu needed to satisfy his political base are adding significant costs to the state budget), not to mention the mounting economic crisis and the second wave of COVID-19. This has fed speculation that the prime minister may take further steps to ensure that he remains in power, despite his ongoing criminal trial and his commitment to hand over the prime minister's seat to Gantz.

The political phenomenon of Prime Minister Netanyahu

The chairman of Likud, the largest parliamentary faction, is the central figure in Israeli political life and has the greatest influence on the country's political future. The roots of the success of his premiership, which began in 2009, can be found in many political and personal factors. Likud, although it is no longer a mass party, has a stable electorate. It is mainly made up of the lower middle classes of Mizrahi origin, for whom economic growth, security and emphasising their national and religious identity are particularly important, which Netanyahu has successfully guaranteed. Although the prime minister's 'American' style (his media-led presentation and the personalisation of politics) does not sit well with some of the group's establishment, his leadership has been determined by his ability to win elections and form coalitions. Moreover, there seems to be no alternative to him; for many years no politician has emerged, either within Likud, the centre or the left, who can compare to him in terms of charisma or experience.

Netanyahu has also been favoured by external circumstances: the Arab states' concern about the regional expansion of Iran (a state which Israel perceives as an existential threat), their decreasing pressure to resolve the Israeli-Palestinian conflict, and their growing readiness to normalise relations with Israel. Thanks to the prime minister's

personal commitment, Israel has maintained good relations with the US, Russia and China at the same time, and significantly expanded relations with neighbouring Cyprus and Greece, as well as countries in Asia (including India), sub-Saharan Africa and Australia.

> **Eighteen months of the provisional government's operation and the first wave of the pandemic have demonstrated the resilience of the state and society.**

On the other hand, the problematic consequences of the prime minister's style of ruling soon began to emerge. First: he has a habit of avoiding decisions on controversial matters, primarily those related to the mutually contradictory demands of his ultra-Orthodox coalition partners and the broad mass of non-orthodox or non-religious Jews (in matters such as the conscription of ultra-Orthodox Jews, the influence of the rabbinate on recognising conversions and weddings, and the rules on observing *kashrut* and the Sabbath in public places).

Second: excessive concentration of power within a small circle. Netanyahu has had the habit of serving as a minister in several other ministries simultaneously with the prime ministership. This has led to the weakening of those portfolios in favour of the prime minister's office, and to the neglect of these areas, as they have not had anyone advocating on their behalf in the cabinet. This weakness in government has also manifested itself in Netanyahu attributing successes to himself, while being reluctant to take responsibility for any failures.

Third: tendencies which the Prime Minister's opponents call anti-democratic. Netanyahu and his people have verbally attacked the opposition media more and more frequently, and conducted public discourse in a way which excludes the Arab minority from the civic community (such as his warning about "Arabs voting *en masse*", or the law on the Jewish character of the state; however, during his rule, an unprecedented programme of investments in the Arab sector has also been implemented). The accusations that Netanyahu has accepted gifts from his acquaintances in business, together with suspicions that he has made deals aimed at influencing the independent media, have led to his making rhetorical attacks against law enforcement and the judiciary. This has brought Likud closer to the hard right, which has been demanding that limitations be placed on the prerogatives of the Supreme Court, which in Israel monitors any potentially unconstitutional actions (for example, restricting the rights of minorities, or tightening policy in the occupied territories) by the government and parliament.

After the parliamentary elections in 2015, Netanyahu gave up the possibility of forming a coalition with centrist parties, and began efforts to monopolise the right of the political scene. The growing probability of his prosecution in court increasingly inclined him to use subterfuges over the past year (for example, pushing through legislation extending the scope of the prime minister's immunity) to extend his presence in a post which would give him a better position should he be forced to trial. He has also began to employ populist rhetoric, based on deepening social divisions, directed against the alleged left-wing 'deep state', which supposedly represents the interests of the Ashkenazi elite that ruled Israel from 1948 to 1977.

The prime minister's tight grasp on power, combined with the strengthening of the opposition forces that demanded his removal, led to a deadlock: for the first time in history, no ruling coalition could be formed after the elections – on two separate occasions. After the third elections (March 2020), a government was formed, but only under the circumstances described above.

The party system: waiting for a turning point?

The challenges which the Israeli political system faces are largely universal among Western democracies. These include: the personalisation of politics (the growing role of party leaders, who build up their position thanks to their media presence),

nationalist tendencies, susceptibility to populism, polarisation of the media and society, the citizens' declining trust in institutions and political parties, and the power of new social movements. In Israel, however, respect for the adopted rule of law, procedures and the separation of powers prevails, although at the same time much use is made of rhetoric which undermines democratic values such as equality of status and rights for all citizens, but is unable to resolve the fundamental problems threatening democracy (the occupation of the Palestinian territories, inequalities of income, the incomplete participation of the Arab minority in the country's social, economic and political life, and the role of religion in the life of the state)[4].

The parliamentary elections in 2015 already signalled the trends which became fully visible during the crisis of 2019-20. The level of uncompromising stubbornness in the campaign reached previously unknown levels. Netanyahu's statements against the Arab minority and the left helped Likud to win some voters away from other right-wing groups. The Joint List formed by the Arab parties and the high turnout made the representatives of this minority the third force in the Knesset. The 'balloon parties' representing the centre and the left, which were prone to constant reshuffles, were rising rapidly in the polls (the centrist party Kadima, formed by splitters from Likud, had even won the 2009 elections), but they then split up and reformed into new configurations before the next elections; despite this they maintained stable levels of support (usually at around 20-25%), but still suffer from a weak capacity to form coalitions, which they could only overcome by forming an alliance with the Arab parties[5]. Such an alliance has not yet taken place, for these reasons: the Jewish parties are reluctant to undertake the political risk of cooperating with non-Zionist groups; the Arab politicians are reluctance to legitimise Zionism by participating in the coalition (although this has not prevented those parties, who have been

part of the Knesset from the very beginning, from taking an active part in the legislative process); and the Arab groups represent a broad spectrum of conflicting views, from Marxist to Islamist.

> **The attitude of the political class towards the prime minister, and their uncertainty as to his plans, determine the functioning of the government and parliament.**

The 2019-20 election results confirmed these trends, while at the same time suggesting the possibility that some of these paradigms could be altered. The entry into the government of Gantz's Blue and White group, especially the Labour Party, has broken the perception of the centre-left as unable to participate in the work of a cabinet, some members of which are ultra-Orthodox groups: this stereotype has developed over the last two decades, although it was previously unremarkable to see both groups in joint governments. Moreover, according to the Israeli media, the ultra-Orthodox Shas party played a significant role in establishing the coalition, and took on the roles of intermediary and mediator between Netanyahu and Gantz. However, this ultra-Orthodox alliance with the centre could be easily undermined in disputes, for example over minority rights.

As for the centre and the left, it should also be noted that the future of the Blue and White group is uncertain, and depends primarily on whether Gantz succeeds in taking over the premiership from Netanyahu in November 2021. The current parliament gives opposition leader Lapid a chance to boost the standing of his group Yesh Atid.

Moreover, while the majority of the Knesset's Jewish members are still members of right-wing parties, the most important signal of upcoming changes may come from Yamina, a conservative religious-national party which has chosen to remain outside the ruling coalition. Its leader, Naftali Bennett – a consistent critic of the government's policy towards the pandemic – is rapidly rising in popularity, and he will seek the leadership of the right. The secular right, represented by Israel Our

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[4] I. Galnor, 'Israeli democracy under stress' in J. Peters, R.G. Pinfold (ed.), *Understanding Israel. Political, Societal and Security Challenges*, London 2018, pp. 29–45.

[5] N. Chazan, 'Making Sense of the Israeli Elections', *Fathom*, winter 2015, www.fathomjournal.org.

Home under Avigdor Lieberman, is also in opposition, but has rejected the possibility of further cooperation with the ultra-orthodox parties.

It is significant that the Joint List is still the third parliamentary force. Gantz's efforts after the March elections to form a centre-left government with external support from the Joint List failed, due to opposition from some of his backers to any formula that would have given the Arab parties a real influence on the government. It seems, however, that the Arab groups are more and more ready to become involved in the running of the state. A growing part of the centre-left Israeli establishment is also coming round to such a solution.

Prospects

The 18 months of the provisional government's operation and the first wave of the pandemic have demonstrated the resilience of the Israeli state, as well as the public's ability to temporarily adapt, discipline and mobilise itself. In the face of the political crisis, new constitutional solutions have been proposed, largely derived from the personal dispute over Netanyahu. Three institutions have emerged strengthened from the crisis: the president, who successfully played the role of peacemaker and whose demand for a government of unity to be created has been fulfilled; the Supreme Court, which has reaffirmed its role as an apolitical legal arbitrator during the verification of the constitutionally controversial provisions of the coalition agreement, and while considering various petitions aimed at preventing the prime minister from remaining in office; and the 'attorney general' (the legal adviser to the government), who has also proven himself to be a figure above party and a defender of the rule of law.

At the same time, the attitude of the political class towards the prime minister and their uncertainty as to his plans still determine the operation of the government and parliament. When Netanyahu was charged, he lost his right to serve as a minister. The government is large and internally divided, and the opposition in the Knesset is active, which further reduces the prime minister's power. As of January 2021, he will have to attend his trial in a district court up to three times a week, which may encourage applications to the Supreme Court to issue a declaration of his incapacity to hold office. In this situation, Netanyahu may want to call yet more early elections, although this seems unlikely as long as Likud is lagging behind in the polls (confidence in the prime minister himself has also fallen significantly).

" If the budget is not passed by 25 August, the Knesset will automatically be dissolved.

The tensions which the ruling coalition is facing result not only from party arithmetic and conflicting interests, or uncertainty about the prime minister's plans, but also from the second wave of the pandemic, and the economic crisis associated with it, and the increasing public protests.

Israel coped well with the first COVID-19 wave, but its economy suffered significantly. Managing the second wave of infections in July turned out to be much more difficult due to the reduced social consent to the imposition of restrictions. This growing frustration has been expressed in protests by groups who have been affected by the crisis and are disenchanted with the way the pandemic has been managed: young people who have lost their jobs, and the self-employed and small- and medium-sized enterprises. Their demonstrations have coincided with those of the 'black flags' movement, who have demanded the resignation of the prime minister due to the charges against him and his focus on personal profit. The new protesters largely share the demands of this movement, highlighting Netanyahu's recent efforts to win significant tax breaks for himself. The demonstrators also include Likud voters, whose pauperisation may translate into a crisis of support for the party. These demonstrations are escalating in range (they are covering more and more locations in different towns and cities), as is their size and violence; this has led to clashes with the police and the arrests of demonstrators on charges of violating public order.

One characteristic of these new phenomena in Israeli society – the distrust of power and the refusal to limit one's own subordination – has been the attitude displayed by some restaurateurs who refused to comply with the planned restrictions. There is also rising discontent among the ultra-Orthodox, who have been disappointed by the attitude of their leaders (during the first wave of the pandemic, the lack of effective communication led to a situation in which the ultra-Orthodox constituted the majority of those infected[6]; during the second wave, they felt stigmatised and discriminated against by the restrictions imposed on their districts, which they felt to be excessive).

The public disputes over the management of the pandemic concern the scale of the restrictions, their impact on citizens' rights, the formula and scope of the state's support for entrepreneurs and consumers, and the procedures related to the government's powers, in relation to parliament's prerogatives of legislation and supervision. Not only has this led to conflicts between the coalition and the opposition, and between the government blocs, but it has also revealed tensions within the hitherto disciplined Likud group.

Another dispute has flared up over the state budget. While the Gantz camp and the Shas party have been pushing through a coalition-compliant budget for the rest of 2020 and 2021, the prime minister, backed by the finance minister and the opposition Lapid party, want to prepare a bill that covers the current year alone. If the budget is not passed by 25 August, this will mean the automatic dissolution of the Knesset. The same will happen if a budget for 2020 alone is passed, and there is no subsequent on a budget for 2021 by the end of next March. This dispute could serve as a tool for the prime minister to end the coalition and bring the elections forward. If a two-year budget is adopted in August, that will indicate that Netanyahu does indeed intend to hand his office over to Gantz in November 2021.

Issues related to how the judiciary as broadly understood functions, as well as to the sphere of civil liberties and customs, will cause further tensions as well. Opposition groups on the right and left are proposing controversial legislative proposals, in order to set the coalition partners against each other and to make clear their own agendas. This has become a substitute for a non-stop election campaign. Netanyahu's position on these matters will primarily be motivated by his desire to weaken his rivals on the right. Gantz will want to show that his presence in the government does not mean giving up the principles of the rule of law or the implementation policies that include all social groups. The coalition partners have not taken part in some of the controversial votes, but their participation in some of them, and their repeated threats to submit their own projects for discussion, are still undermining the coalition's unity.

The tensions in the government, as well as those resulting from the mass protests, will hinder the decision-making process and make the coalition agreement increasingly fragile. In the medium term, Gantz's takeover as prime minister in November 2021 would provide a chance for a new opening within the Israeli party system, as it would serve as a response to the problem of Netanyahu appearing unchallengeable. At present, however, the chances of such a solution are difficult to estimate.

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[6] M. Matusiak, 'Ultraorthodox Jews in Israel – epidemic as a measure of challenges', *OSW Commentary*, no. 341, 23 June 2020, www.osw.waw.pl.

APPENDIX

The balance of power in the Israeli parliament (as of July 2020)

Group name	Number of seats	Role in the political system
Likud	36	Coalition – Netanyahu's bloc
Yesh Atid	16	Opposition
Blue and White	15	Coalition – Gantz's bloc
Joint List	15	Opposition
Shas	9	Coalition – Netanyahu's bloc
United Torah Judaism	7	Coalition – Netanyahu's bloc
Israel Our Home	7	Opposition
Yamina	5	Opposition
Meretz – Democratic Union	3	Opposition
Labour Party	3	Coalition – Gantz's bloc
Derekh Eretz	2	Coalition – Gantz's bloc
The Jewish Home	1	Coalition – Netanyahu's bloc
Gesher	1	Coalition – Netanyahu's bloc