

A stylized map of Israel composed of a grid of grey dots, with several dots highlighted in red to indicate specific locations or regions.

Israel after the elections:

Is the country facing political change?

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- Prime Minister Netanyahu suffers a painful loss of seats. To remain in office, he must enter a coalition with the political newcomer and centrist Yair Lapid.
- Lapid promises political change, positions himself as the advocate of the middle class, incorporates the issues of the social protest movement in his campaign and becomes the kingmaker.
- The other newcomer in the elections is the national religious politician Naftali Bennett. He wants to annex 60% of the West Bank and attracts many young voters.
- The social democratic Avoda is stronger than it was in 2009 but disappoints expectations. The avoidance of the topic of the Middle East Conflict proves to be a political error and results in a loss of votes.
- Democratic and pluralistic forces come out stronger; the trend to the right of the past few years is discontinued. Social and economic policy - not security - dominate the electoral campaign.
- Substantial improvements in the peace process are not to be expected. Even the moderate Lapid defends the settlement policy and an undivided Jerusalem.
- The election is not the preface to fundamental political change. This would only be possible if the center-left forces were able to form the government.



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Israel after the elections: Is the country facing political change?

On January 22, 2013 early elections were held for Israel's parliament. A total of 5,656,705 Israelis with the right to vote were called upon to elect the 120 members of the 19th Knesset. 3,834,136 votes were cast, representing a turnout of 67.8%. Turnout among the Arab population amounted to 57% compared to 53% four years ago. A total of 32 parties or electoral associations stood for election. 12 of them surpassed the 2% threshold and entered parliament. 27 members of Knesset (22.5%) are women, compared to 21 (17.5%) in the previous parliament. 53 members entered the Knesset for the first time.

The political composition in the 19th Knesset is as follows:¹

- a) *right wing parties*: Likud-Yisrael Beitenu (31), HaBayit HaYehudi (12)
- b) *center*: Yesh Atid (19), HaTnuah (6), Kadima (2)
- c) *social democratic parties*: Avoda (15), Meretz (6)
- d) *ultra-orthodox parties*: Shas (11), Yahadut HaTorah (7)
- e) *Arab parties*: Ra'am-Ta'al (4), Hadash (4), Balad (3)

In other words, the right-wing and ultra-orthodox parties hold 61 seats and the parties from the center-left camp, which by Israeli count also includes the Arab parties, fill 59 seats.

1. Why early elections?

Ever since 1988 not a single Israeli government has managed to serve the whole of its four-year term of office. With his right-religious coalition of six parties, sworn in on March 31, 2009, Prime Minister Benjamin Netanyahu came close to that goal. After three years of stable government, first public discussions on the subject of early elections started at the beginning of 2012. The two essential triggers were: 1) the

¹ A detailed presentation of the results and the parties is included at the end of the present report.

annulment of the military service act (Tal-Act) by the Supreme Court as unconstitutional, coupled with the condition that the ultra-orthodox men, who are de facto exempted from military service, would in future have to be included on an equitable basis. 2) The looming strong resistance within the coalition against the unavoidable tax increases and social cuts in the budget of 2013.

While the entire country was counting on early elections, Netanyahu and opposition leader Shaul Mofaz of the liberal Kadima (Eng. forward) quite unexpectedly agreed to form a „national unity government “. Netanyahu's objective was to give himself sufficient margin to push through a new military service act as well as a new budget, if and when necessary against the will of some of his then partners in government. The alliance, however, only lasted for ten weeks. Kadima left the coalition as early as July, as Netanyahu had given in to the pressure exerted by the ultra-orthodox in relation to a new military service act. The differences regarding the budget also continued to exist.

The Netanyahu government did not find its way back to stability, however. On October 15 Netanyahu, whose poll ratings were excellent at that time, agreed with all parties represented in the Knesset to hold early parliamentary elections on January 22, 2013. Irreconcilable difficulties when it came to approving the state budget for 2013 were cited as the official reason. It was, however, not the only explanation. Given the high approval ratings his policy enjoyed, Netanyahu also wanted to secure himself a renewed mandate for the confrontations expected with the US government - in the event of a re-election of Barack Obama - on the issue of the handling of Iran's nuclear aspirations and on the Middle East Conflict.

2. The electoral campaign: dominated by economic and social issues – not security

The most striking feature of the electoral campaign which began on October 15 was that domestic issues (economy, social situation, equal sharing of military service) dominated it, and not security as is otherwise the case in Israel. And this despite the military conflict with Hamas and other militant groups in the Gaza strip in November that lasted eight days. On January 8, 2013 the Times of Israel published the findings of a survey on

what people considered to be of priority at the elections: 60% listed socio-economic issues, only 19% considered security (Iran, Syria etc.) to have top priority whereas no more than a mere 16% mentioned peace with the Palestinians. Obviously, the powerful social protests of the summer of 2011 changed domestic discourse in Israel. The protest movement may not have succeeded in taking people to the streets in large numbers again in 2012, but its demands for social justice, affordable housing and a more moderate cost of living changed the country's political agenda. Neither the Middle East Conflict nor the threat posed by Iran disappeared from the agenda, but it was the thematic priorities of the protest movement that dominated it.

Benjamin Netanyahu's One-Man-Show

Likud-Yisrael Beitenu's electoral campaign, Benjamin Netanyahu and Avigdor Lieberman's electoral alliance, was a Netanyahu one-man-show that left his political partner virtually invisible. This was due to the fact that the prosecutor had brought charges against Lieberman on the grounds of fraud and breach of trust. The latter stepped down as Foreign Minister in December and cannot assume a ministerial office until those charges are cleared. At the Likud primaries in October a drastic shift to the right became apparent. Representatives of the right-nationalist wing relegated liberal Likud politicians such as the up to then Vice Prime Minister Dan Meridor further down the list.

The motto of Netanyahu's campaign was "A strong Prime Minister for a strong Israel". He presented himself as a guarantor for an economically and militarily strong Israel and presented the country's good macro economic situation as the result of his wise leadership. He did not develop any new ideas and had no concrete response to people's social and economic concerns. He also positioned himself as the guarantor of Israel's security, while at the same time largely leaving out the Middle East Conflict from his campaign. At the beginning of his campaign Netanyahu continuously reached approval levels of more than 40 seats. The last poll prior to the election only left him with 32. The avoidance of a ground offensive in the confrontation with Hamas and the agreement to a ceasefire, those were the decisions that made him lose votes in the right-wing camp. These went largely to Naftali Bennet, the chairman of the national religious party HaBayit HaYehudi (Eng. Jewish Home). 90% of Jewish Israeli had supported the military operation and

believed that the goals of the operation had not been met.

Shelly Yacimovich: "Avoda is a centrist party"

At the beginning of the electoral campaign, Avoda (Eng: Labor) was the second largest party with a forecast of more than 20 seats in the polls. In the wake of the social protests, Shelly Yacimovich, newly elected chairwoman in 2011, had given the party a distinct social democratic agenda again. The list voted at the primaries was younger, more left and more feminine than it had been in 2009. With, among others, two of the popular leaders of the protest movement on it, Stav Shaffir and Itzik Shmuli, it now also reflected the political awakening of the reinvigorated party in terms of personnel.

While Yacimovich positioned Avoda clearly in matters of economic and social policy, she left out the Israeli Palestinian conflict from her campaign in an effort to persuade center right voters to support her policy. As a result, she was reproached by the political left to align herself with political mainstream and the general trend to the right. She responded by saying that the Labour party had in her opinion never been a left but a "centrist" party with "pragmatic positions in the peace process". Furthermore she stated that she wanted to move beyond the supposed paradigms of left and right in Israeli politics. At first, she did not exclude a coalition with Netanyahu. When, two weeks ahead of the elections, Avoda came up with only 17 seats in the poll ratings, she declared that the party would not join a government led by Netanyahu. She did not succeed in positioning herself as a recognized leader of the center-left camp. Here she faced competition from Tzipi Livni and the former TV-journalist Yair Lapid and the secular party he founded in January 2012, Yesh Atid (eng. There is a Future).

A national religious candidate is the campaign's shooting star

In next to no time, the former elite soldier and high-tech millionaire Naftali Bennet became the leading figure of the electoral campaign. The charismatic 40 year old won the primaries of the settlers' party HaBayit HaYehudi, overcame the fragmentation of the national religious camp and, within weeks, doubled its poll ratings from 7 to 14 seats. To the extent to which his ratings rose, Netanyahu's sank. All of a sudden, the newcomer was Netanyahu's most dangerous opponent.

An increasing number of Likud supporters turned to Bennett. He was the electoral campaign's shooting star, giving the radical political program a modern look. Prior to going into politics, he had been Netanyahu's bureau chief for 18 months before being appointed director general of the Yesha Council, the political representation of Jewish settlers in the West Bank. His rapid rise based on his views on the Palestinian question, which are far more to the right compared to Netanyahu's position. In his „Israel Stability Initiative“, short „Bennet-Plan“ he suggests that Israel annexes 60% of the West Bank, thereby turning the land into an integral part of national territory. These are the so-called „Areas C“, which came entirely under Israeli control as a result of the Oslo treaty. Most of the Jewish settlements are there. The Palestinians living in those areas would be granted Israeli citizenship. On the remaining 40% of West Bank territory (Areas A and B) Palestinians would be granted autonomy. There is no more room for a Palestinian state in Bennet's „peace plan“ than there is for access to Jerusalem, which should remain undivided Israeli territory. In his campaign he promised to always do „everything within his power to combat the founding of a Palestinian State“.

Yair Lapid's promise: “change and a new policy”

The fourth most prominent figure in the electoral campaign was the 49 year old Yair Lapid. Until the end of 2011, he was one of the best known and most popular Israeli TV hosts and a man who also spoke up in newspaper columns and books. Having founded the party Yesh Atid in January 2012, only a few months after the social protest movement, he promised “change and a new policy” and at the beginning of his campaign, raised the question – on Facebook especially – “Where has the money gone?” The media professional, who is adept at interacting with the new media, obviously referred to the, as he saw it, wrongheaded definition of priorities in Netanyahu's policy, by which vast resources flow into settlement issues and benefit ultra-orthodox citizens. He positioned himself as the political advocate of the middle class and incorporated the impetus of the protest movement into his agenda and his campaign. At the same time, he avoided a clear positioning that would have identified him as either left or right wing. He prefers to see himself as a representative of all those who – in his own words “work hard and never enjoy the fruits of their labor”. Moreover, he distinguished himself as an

advocate for a more just and equitable sharing of the military service, which the young ultra-orthodox men are largely exempt of.

He stated that the „moderate majority of Israelis have long stopped identifying themselves with yesterday's parties“. Based on that he founded his party as a citizen's party – or should one say citizen movement? – in which the Israeli middle class sees itself represented both in amplitude and diversity. Lapid has gathered a list of personalities around him, which looks like a perfect mix of secular and religious, left and right, newcomers and veteran residents, representatives of the security establishment and civilians, business representatives and civil society activists. Well-known names from the national political elite are entirely absent on this list of political novices. Whether this colorful mix of personalities with very diverse ambitions does indeed become a party, remains to be seen. It is as yet not identifiable what set of values and ideological positions they share, although this is essential if one wants to arrive at joined decisions and successful political action. Yair Lapid's electoral campaign quite evidently focused on domestic challenges, while he avoided taking a clear stance in matters of foreign and security policy. In the course of his well-balanced campaign, poll data forecasted an average of 8 to 10 seats. In the last couple of pre-election days, that number rose to 12. Thus, Yair Lapid follows in his father's footsteps. Tommy Lapid was also a successful journalist, who became chairman of the secular liberal party Shinui (eng. Change) and Minister of Justice under Ariel Sharon.

Tzipi Livni weakens the camp of Netanyahu opponents

The only two parties that put the two-state solution at the heart of their campaign were Meretz (eng. Energy), headed by Zehava Gal-On and former Foreign Minister Tzipi Livni's HaTnuah (eng. Movement). Already as an opposition leader, Livni had failed to develop an alternative to Netanyahu's policy. Now, she took a second go at formulating such an alternative and uniting the moderate forces to back her up. Soon after the founding of the new party, it got 10 seats. But then her popularity began to wane and continued to do so. With the founding of a party (two months before the election date!) she did not reach an agreement among the forces opposite to Netanyahu. Quite to the contrary, it only led to their further fragmentation. Meretz, which apart from a solution for peace,

particularly advocates the separation of state and religion, is the only Zionist party to openly call itself left wing. It continuously obtained 4 to 5 seats in the poll ratings.

3. Election results: despite loss of seats Netanyahu remains in power and Lapid becomes the kingmaker

Netanyahu: Prime Minister for the third time, despite loss of seats

The electoral alliance Likud-Yisrael Beitenu only got 31 seats, 11 less compared to the number they both held in the previous Knesset. 20 seats went to Likud and 11 to Yisrael Beitenu. For Netanyahu that was a major defeat. He emerges from the elections weakened. With the early elections he had himself initiated, he had aimed at strengthening his power base. The opposite proved to be the case. Nonetheless, his alliance does remain number one. He has been entrusted by President Shimon Peres with the formation of the new government and will be Israel's Prime Minister for the third time. Governing the country will be harder in future, but he is an astute tactician with expert political knowledge. Neither within his own nor in any of the other parties is there anyone who could seriously challenge him. Still, he now faces within his own party a stronger right wing that will reduce his margin for political maneuver. The real possibility that Avigdor Lieberman leaves the alliance is another handicap. In his victory speech, Netanyahu made it clear that he has no intention to fundamentally change his policy. As tasks that lie ahead, he listed Israel's security, the prevention of an Iranian atomic bomb, a responsible economic policy and good political governance in the quest for peace with the Palestinians. In plain words that means that he 1) intends to pursue his neo-liberal economic and social policy and that he 2) will continue to work against a Palestinian state and the evacuation of the settlements in the West Bank. He stated that his new priorities would be - and this is clearly a reaction to Yair Lapid's success - a more equitable military service policy and a reduction in housing costs.

Yair Lapid - electoral winner and kingmaker

Yair Lapid went from nothing to 19 seats and was clearly the biggest surprise at the elections. His only one year old secular centrist party Yesh Atid became the second largest just after Likud. He is the one who best incorporated the impetus from the protest movement and implemented it in his campaign, that is to say as a

political advocate of the middle class and campaigner for a fairer sharing of the burden of military service. With his promise of change and a new policy he became the perfect projection screen for the hopes and expectations of those that are disappointed by Israel's policy making, the representatives of the liberal and secular middle class in particular. The higher turnout demonstrated that the Israelis are not turned off by politics. This has benefitted Lapid. Many who were undecided and many floating voters casted their vote for him. In putting emphasis on domestic issues and only slightly touching upon the Middle East Conflict in the course of his campaign, he responded to the mood of many voters. That he intends to practice the different policy he preaches, is obvious when one has a glance at his list, which does not mention a single representative of the unpopular political establishment. Also, eight of his 19 representatives are women, representing a percentage of 42. No other Israeli party counts that many female representatives.

Without Yair Lapid, Benjamin Netanyahu is unable to form a functioning government. Those 19 seats turn Lapid into the kingmaker and the second most powerful politician in the country.

He now faces the following challenges: 1) to translate the content and claims of his political platform and electoral campaign into real policy; 2) to turn Yesh Atid into a competent and working party and 3) to assert himself against the cunning politician that is Netanyahu.

Should he not succeed in doing so, he is likely to lose his voters' confidence as quickly as he won it. Yesh Atid may then suffer a fate similar to that of Kadima. 2009 the party obtained 28 seats turning it into the strongest group in the Knesset only to be pulverized in 2013 with a mere two seats left.

Defeat for Avoda despite more seats

Although compared to 2009, Avoda gained two more seats, the total of only 15 seats clearly disappointed high expectations. At the beginning of the electoral campaign, the party had steadily obtained more than 20 seats in the poll ratings and Shelly Yacimovich announced she would want to take over from Netanyahu as Prime Minister. It was not least the strength of Avoda that made Netanyahu want to enter an electoral alliance with Lieberman. Against this background, the result obtained is clearly a defeat for

Yacimovich. The following three points in particular are the reasons why the party did poorly: 1) her campaign's one-sided orientation on socio-economic issues and the refusal to put the peace process and the occupation policy on the agenda proved to be counterproductive. In an unsuccessful attempt to appeal to right wing voters, Avoda – once the leading force of the Israeli peace camp – lost voters to Meretz and HaTnuah. Even though socio-economic issues were at the center of the electoral campaign, voters nonetheless wanted to know what the parties' positions on security and foreign policy were. 2) As a result of the erroneous assessment of her own strength, Yacimoch failed to invest effort in the formation of a broad anti-Netanyahu-alliance. The electoral result shows that an opportunity to succeed Netanyahu was indeed given. 3) her ambitious 5-point-economic program which targeted the reconstruction of a working welfare state, was poorly communicated in the course of the campaign and consequently was not received as an alternative to Netanyahu's policy of privatization and cuts in social services.

Although she strongly wooed the middle class, they shied away from tax increases and the widening of the deficit and preferred to give their vote to the liberal Lapid. She communicated a new policy in old terminology and the argument presented by her political opponents that her economic policy would generate "Greek proportions" in Israel, did not remain without impact either.

Shelly Yacimovich is very likely to become the leader of the opposition. In this role, she will be able to position herself and promote her policies. With a persuasive presence in the opposition, Avoda now has a chance to present itself as a true alternative to Netanyahu and the still dominant right camp. It is to be hoped for that the party will not again wear itself out in disputes over leadership. According to the Avoda party statute, the chairman or chairwoman must run for re-election 14 months past the elections.

Settlers increase their political power

With 12 seats in the Knesset, the rise of Naftali Bennet was not reflected in the electoral results, despite his followers' high hopes. And yet, he is among the winners in the elections. The result documents the rise to power of the Jewish settlers in Israeli politics. His broad approval, also beyond the settlements, shows that Bennett's positions, once considered to be extreme, have meanwhile become acceptable even to

Israeli mainstream. Especially young people find that the media savvy ex-businessman Bennett, who speaks fluent English, who does not live in one of the settlements but near Tel Aviv is a man to vote for. He does not embody the traditional type of national-religious politician, but rather a modern form of Jewish nationalism. He has a powerful position for the coalition negotiations and already announced that he would like to be Housing Minister. He evidently wants to use that position to exert significant influence on the settlement policy.

The demise of Kadima

The Kadima party founded by Ariel Sharon in 2005 turned out to be the strongest party in the elections of 2009, yielding a result of 28 seats. Four years later, the party barely makes the 2% hurdle and gets no more than two seats. And so, the once largest becomes the smallest fraction in the Knesset within four years. The party never managed to be convincing in its ideology nor in its program. It failed in its role of opposition to Netanyahu's right-religious government and was stamped by the ongoing leadership dispute between Tzipi Livni and Shaul Mofaz. When Mofaz succeeded his opponent as party chairperson in the spring of 2012, he was unable to halt the party's downhill slide, but accelerated it instead. With Netanyahu he formed a "national unity government", only to leave it after a mere ten weeks. In doing so, the party lost all political credibility. The majority of the disappointed, mainly middle class Kadima voters looked towards Yesh Atid projecting their hopes and expectations onto its chairman Yair Lapid and his promise of a "new policy"

What is Shaul Mofaz going to do? Will he be an ordinary member in an entirely irrelevant party? One very appealing option would be to return to Likud, which is his political home base. Netanyahu would definitely benefit from such a move, which would increase the number of Likud seats from 20 to 22 and solidify his position vis-à-vis his alliance partner Avigdor Lieberman. Before the elections, the latter had already declared he could well imagine leaving the alliance after the elections. With 22 members Netanyahu would also increase his strategic room for manoeuvre vis-à-vis Yair Lapid and reduce the latter's capacity to pressurize him. In exchange for the move, Mofaz will definitely want to have a ministerial post, maybe even the Ministry of Defense. And then, the election's main loser may paradoxically turn out to be a surprise winner.

The other parties

Both ultra-orthodox parties managed to slightly improve their number of seats. While Shas (eng. Sephardic Keepers of the Torah) won again 11 seats, the Ashkenazi Yahadut HaTorah (eng. United Torah Judaism) raised its number from five to seven. Yahadut HaTorah thus succeeded in translating the huge growth in population of 4.5% (compared to 1.5% among other Israelis) in a higher number of seats. Ultra-orthodox Jews always strictly abide by their Rabbi's voting advice. For both parties, the success of the strictly secular Yesh Atid is a challenge in terms of their political influence and their government participation in particular.

The three Arab parties Ra'am-Ta'al (eng. United Arab List), Hadash (eng. New; Democratic Front for Peace and Equality) and Balad (eng. National Democratic Alliance) together won 11 seats, a result identical to that of 2009. The low rate of participation in the vote by the Arab population, only 57%, is to be explained as follows: 1) since the Arab parties on the grounds of their anti-Zionist positions are viewed by the Jewish-Israeli parties as not suited for coalition and are not involved in government, most Arab citizens see no point in participating in elections. 2) Arab citizens feel they are wooed only until election day and after that are no longer involved in political or social decision-making processes. 3) They see no point in having three parties, since their positions are not fundamentally different. They think one party would be enough to represent the interests of Arab citizens. 4) Many Israeli Arabs believe that the three Arab parties adopt very strong pro-Palestinian positions in the Israeli-Palestinian conflict while they at the same time neglect the social and economic problems of the Arab population in Israel.

Meretz and HaTnuah are the only Zionist parties to consistently commit to a peace solution with the Palestinians. Both parties each won six seats. To Meretz that figure signifies a doubling of the number of seats and a huge success for the party. The party undoubtedly benefitted from the near absence of the Middle East Conflict in Avoda's electoral campaign.

That is why Meretz chairman Zehava Gal-On said: "The best Meretz campaign was conducted by Avoda." The electoral result enabled Meretz to solidify its position as a left Zionist party, but the party actually has no influence on the country's fundamental political

decisions. The Meretz leadership must itself answer the question whether its role as a constant left but ultimately niche-party without influence matches up to its own expectations or whether there is more to strive for. Meretz is the only Zionist party to have an Arab member of Knesset.

Tzipi Livni was counting on more than six seats. But in an electoral campaign with social and economic issues at the heart of it, the result could have been even worse. Since she never excluded the participation in a government led by Netanyahu, she is not likely to refuse such an offer should Netanyahu make it. She certainly does not see herself in a future role as chairwoman of an opposition party that is small but without influence. On the grounds of her clear commitment to a peace policy agenda, Livni should actually be ranked within the left camp. All the more so since there are two former Avoda chairmen among her six Knesset members, Amir Peretz and Amram Mitzna. It will be interesting to see what the relationship between HaTnuah and Avoda will look like in future.

4. Options to form the government

According to Israeli electoral law, it is not necessarily the party with the highest number of seats that is charged with the formation of a new government. As a first step the President will consult all of the parties elected in the new Knesset. On the basis of that consultation, he will mandate a politician to form a government. In principle the president can "choose any Knesset member whom he thinks has the best chances to form a government."

Despite considerable losses, Netanyahu is the winner of the elections. He has been charged by President Peres with the formation of the new government and will lead it. As a result of his no longer truly strong position both within his own political camp and compared with the center-left parties, it will be harder for him to form a stable coalition. One option is to form another government with his "natural partners" from the right and religious camps. But with a total of only 61 members of Knesset, he would then lead a coalition with a short life-span and one that left him hardly any political leeway. Netanyahu needs the 19 Knesset members of Yesh Atid if he wants to form a working government. Already on election night he announced

the formation of a “government as broad-based as possible” thereby making it clear that he intends to invite Yesh Atid and other centrist parties to coalition talks. Since Yair Lapid ahead of the elections declared that he is ready to govern the country together with Netanyahu, these are the two politicians that will lead the new coalition government.

Two weeks prior to the elections, Shelly Yacimovich made the following declaration: “either Labour forms a new government under my leadership, or we lead the opposition.” In saying this, she excluded the possibility of joining a Netanyahu-led government. It is difficult to envisage her revising that position, for that would go at the expense of her and her party’s credibility - which they only just regained. Since neither Meretz nor the Arab parties stand a chance to join a Netanyahu-led government, it is the right, the ultra-orthodox and the centrist parties he will enter coalition talks with. There are various scenarios for the then new center-right government. The decisive factor will be whether Lapid – the kingmaker – will choose to govern with the extreme-right Naftali Bennett or with the ultra-orthodox parties. It can not be excluded that both participate in the coalition, though that is less likely. Such a constellation would not be in Lapid’s interest. What Netanyahu and Lapid can be certain of is the willingness of HaTnuah and Kadima to join a coalition government.

It was not an unequivocal decision the Israeli voters took. The right camp’s narrow victory of 61 to 59 seats documents this situation. The vote indicates a desire for change and transition but also for policies that are more secular, more pluralistic, more just and more inclusive.

This is the mainly domestic mandate with which Yair Lapid enters the coalition negotiations. The election results also indicate the voters’ consent to the Status Quo in matters of foreign and security policy, or in other words, to the way the Middle East Conflict and the Iran issues are dealt with. That is the mandate with which Benjamin Netanyahu enters the coalition talks.

The composition of the new government will provide particulars permitting the conclusion as to where priorities lie and what direction the coalition government is likely to take. In any event, Lapid made it clear that he is not prepared to be the fig leaf of a right coalition. He knows there is too much at stake and that

is why he announced he clearly draws “red lines” beyond which he will not go. Any government Yesh Atid is willing to participate in must commit itself to 1) making a start with having the ultra-orthodox share the burden of military service; 2) lowering the cost of living and 3) seeking a resumption of the peace negotiations with the Palestinians. If it should come to a coalition in which Shas participates, this would indicate that it is a priority for Lapid to put the peace process back on track and achieve compromises with the Palestinians. In the past, Shas has proved to be flexible in this respect. Things are likely to be more problematic when it comes to the issue of military service and the ultra-orthodox or social issues. Both Shas and Yahadut HaTorah share one central goal in their policies and that is to make sure that ultra-orthodox men can continue to study the Torah and the Talmud unhampered by the duty of having to perform in their country’s military service. Another goal they have in common is to ensure that the state continues to provide state aid to ultra-orthodox families. If Lapid should decide on cooperating with Naftali Bennett, this would signify that domestic issues are declared priorities. With Bennett as a coalition partner he could tackle both the issue of an equitable military service – a major issue for Lapid – and the improvement of the economic position of the middle class with more consistency than if he were to join forces with the ultra-orthodox. However, as far as the peace process is concerned, a coalition with Bennett, who radically rejects the two-state solution, would be a disastrous message. A participation of Bennett in the coalition government is a clear indicator of the direction peace policy activities would take: as long as he is in the government, there will be no change of course. In Bennett’s view there is only one reply to that question at the heart of Israeli politics “Land or Peace?” His definite answer: an unequivocal “Land!”

It will also be revealing to hear what ministerial posts Lapid is aspiring to, both for himself and his partners. Netanyahu has already offered him the Ministry of Finance. If Lapid should accept this offer, he will hardly have an opportunity to make those tax- and finance policy changes that are necessary to improve the economic position of the middle class. In order to win votes, Netanyahu in 2012 increased the budget deficit from 2% of GDP to 4.2%, thus more than doubling it. With a view to the upcoming elections, he refrained from carrying out painful adjustments to the budget and chose to postpone the adoption of the new budget

until after the elections. It will be the first task of the new government to adopt the budget for 2013 and to implement those necessary cuts and tax raises. As a Finance Minister, Lapid would have to do the exact opposite of what his voters expect him to do. That would considerably damage his image. It is therefore more likely that he becomes Foreign Minister and at the same time seeks to secure important ministerial posts for his partners. While he would thus not directly fulfill what his electorate assigned him to do, it would enable him to distinguish himself in the international arena. He could try to ease the tense relationship with the Obama administration, personally start a new attempt to reinvigorate the peace process and contribute to a reduction of the country's international isolation.

5. Prospects for the Peace Process

In many comments in Europe and the US on the Israeli electoral results, it is pointed out that the electoral success of Yair Lapid may open up new perspectives for the peace process. A close look at the positions of the Israeli side, however, shows that there is hardly any reason for optimism. Benjamin Netanyahu's positions are well known. He refuses to evacuate settlements on the West Bank, continues to pursue a policy of occupation and rejects any settlement of the conflict on the basis of the 1967 borders, including land exchanges. During his almost four year period of office, there were no substantial talks with the Palestinians. The large increase of votes cast for Naftali Bennett, who made the avoidance of a two-state solution his political goal, indicates that his radical positions on the Palestinian question are shared by a growing number of Israeli citizens. The new government will hardly feel any domestic pressure to pursue a different policy in the Palestinian question.

While the winner of the elections, Yair Lapid, made the resumption of peace talks a condition for his participation in the new government, he presented his foreign policy program in the Ariel settlement in the middle of the West Bank. There he said that the larger settlement blocks can continue to grow moderately, but that no more resources would go to far-off settlements as it would render a peace agreement practically impossible. He too regards Jerusalem as the undividable capital of Israel. It is hard to imagine that the Palestinians will sit around the negotiating table

with Lapid if he sticks to these positions. His viewpoints almost exemplary reflect the contradictory reasoning of the majority of Israelis: they are generally in favour of peace with the Palestinians, but apparently unwilling to make the necessary compromises. With the exception of Meretz and HaTnuah, who jointly won 12 Knesset seats, there is no Zionist party left that works actively toward a two-state solution.

The Palestinian side reacted with skepticism to the Israeli electoral results and the apparent optimism from the American and European sides. Mahmud Abbas had a spokesperson declare that he would not resume talks with Israel's new government "in the old format", meaning talks that entail that Israel continues to build settlements, expropriates Palestinian land, while the Palestinians condemn these actions. The representative of the PLO Hanan Ashrawi said at a press conference in Ramallah: "We do not think that peace is on the horizon [...] I do not expect miraculaous transformation in Israeli policy. "

A capacity for compromise and the willingness to take a step towards the other side are only to be found in the words of Yaakov Perry, former head of the Israeli internal secret service Shin Bet, who now moved into the Knesset for Yesh Atid. In interviews he emphasizes that Israel should do everything possible to return to the negotiating table and that the Middle East Conflict, not Iran, has top priority in Israeli politics. When asked about the position of his party that Jerusalem should be the undivided capital of Israel, he replied that one should be open to discuss this and could then come closer and find solutions. When Perry, who may be a minister in the new government, finds an open ear for his pragmatic and dialogue oriented attitude within his own ranks, there may be grounds for optimism after all. So far, however, he remains the exception.

Perhaps Yair Lapid, as possible future Israeli Foreign Minister, will adopt this position held by his party colleague and take a fresh start at bringing peace negotiations back on track. Perhaps in doing so, he will suggest new open talks that are also acceptable to the Palestinians. Such an initiative – based on a true willingness and readiness to talk and not just symbolism! – would be of great importance for Israel, not least in view of the increased international isolation of the country. But will Lapid have the necessary margin of manoeuvre? And does he at all have the political will to exert the necessary pressure on Netanyahu? Nothing

points to a readiness for compromise on these issues on Netanyahu's behalf. In fact, there is a danger that he uses Lapid as Israel's friendly face towards the West and international diplomacy in order to continue his own policy. That could mean, Lapid instead of Lieberman, but other than that, no substantial changes.

If Israel continues to do nothing, the international community is likely to step up its pressure. That also includes those countries that have always been supporting Israel. The German abstention at the UN vote on the status of Palestine as an observer state is an indicator of that development. The initiative of the possible Foreign Minister Yair Lapid would accord with the plans of John Kerry, the new US Foreign Minister, who has already announced to come to the region in February to find ways to revive the peace process. That this will be difficult, not only because of the bilateral situation between Israelis and Palestinians, is apparent when observing developments in the region. The growing power of the Muslim Brotherhood, in the aftermath of the upheavals in the Arab world, is strengthening the radical Hamas and weakening the moderate Fatah, which is open to dialogue. In the light of the nearing end of the Assad regime and mounting instability in Jordan, Israel may soon be fully surrounded by Islamist regimes. Such a development plays into the hands of the Israeli right. The forces that are open to dialogue then risk going unheard. Soon there will be no one left to advocate a two-state solution – on either side.

Conclusions

- The success of the centrist party Yesh Atid strengthens the secular and moderate political center which is highly splintered. However, as a result of the electoral outcome, those forces are politically solidified that commit to democracy, pluralism and tolerance. A right-wing shift in politics and Israeli society was feared but not confirmed.
- It remains to be seen whether or not Yair Lapid succeeds in meeting his own obligations and his voters' expectations. A glance into the past shows that liberal centrist parties in Israel are shortlived. They never managed to establish themselves between the right and left camps for long. There is no liberal tradition in Israel. The same applies to Kadima
- and the Shinui party, the latter of which scored a big electoral success in 2003 only to disappear into oblivion soon after. Yair Lapid will now have to stand his own in the confrontation with Netanyahu and build a party with an ideology and an outlook on the world of its own, and one that stretches over more than two legislative terms.
- Parallel to this, the election shows that the influence of the national-religious forces has grown. The embodiment of this development is Naftali Bennett, who has given the national-religious movement a modern face. His extreme positions on the Palestinian question meet with growing consensus beyond the settler communities and throughout the Israeli society.
- The social democratic parties Avoda and Meretz have overcome the crushing defeats of the 2009 elections and were able to increase their number of mandates. Both parties are in a proper position to boost their political weight.
- The election does not offer fundamentally new perspectives for the peace process. It is unlikely that Yair Lapid manages to push Netanyahu and the political right to make substantial compromises in the conflict with the Palestinians.
- The election does not reflect a political change. If the center-left camp were strong enough to form a government and able to set a new course both in matters of domestic and foreign policy, one could speak of change. This is not the case now.



Results of the elections for the 19th Knesset

Party	Characterization (Chairman)	Seats 2013 (2009)	Vote-share %
Likud – Yisrael Beitenu (The Unification – Israel Our Home)	alliance of Likud (conservative-nationalist party, Benjamin Netanyahu) und Yisrael Beitenu (right-wing nationalist party, Avigdor Lieberman)	31 (42)	23,32
Yesh Atid (There is a Future)	liberal centrist party (Yair Lapid)	19 (-)	14,32
Avoda (Labor)	social democratic party (Shelly Yacimovich)	15 (13)	11,39
HaBayit HaYehudi (The Jewish Home)	national-religious party, with parts of Ichud Leumi (National Union) (Naftali Bennett)	12 (3)	9,12
Shas (Sfardic guards of the Torah)	ultra-orthodox party, predominantly Oriental Jews (Eliyahu Yishai)	11 (11)	8,75
Yahadut HaTorah HaMeukhedet (United Torah Judaism)	ultra-orthodox party, predominantly Ashkenazi Jews (Yakov Litzman)	7 (5)	5,17
HaTnuah (The Movement)	centrist party (Tzipi Livni)	6 (-)	4,99
Meretz (Energy)	left-liberal party (Zehava Gal-On)	6 (3)	4,54
Ra'am - Ta'al (United Arab List)	Alliance of the Arab Democratic Party, the Islamic party and Ta'al (Arab Movement for Reformation) (Ibrahim Sarsur)	4 (4)	3,65
Hadash (The Democratic List for Peace and Equality)	communist alliance with predominantly Arab members (Mohammad Barakeh)	4 (4)	3,00
Balad (National Democratic Assembly)	radical Arab nationalist party (Jamal Zahalka)	3 (3)	2,56
Kadima (Forward)	centrist party (Shaul Mofaz)	2 (28)	2,10



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