

An early spring in Tel Aviv? Israeli elections between change and uncertainty

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A tectonic movement in Israeli politics?

On 22 January 2013, Israelis went to the polls to renew the composition of the Knesset, the unicameral Israeli parliament, after a governmental crisis over the state budget had led Prime Minister Benjamin Netanyahu to call early elections in an attempt to strengthen his mandate. Most Israeli and foreign forecasts had predicted a large victory for Netanyahu's Likud party and secular nationalists Yisrael Beiteinu, anticipating a robustly right-wing ruling coalition with a socially conservative and diplomatically hawkish agenda. The election results revealed a rather different outcome.

Following an electoral campaign focused exceptionally on domestic socio-economic concerns and marked by unexpectedly high turnout, voters handed Netanyahu a bittersweet victory. Although Likud-Yisrael Beiteinu ranked first, its future influence (31 seats out of a total of 120) will be much weaker than in the last legislature, frustrating Netanyahu and leaving him with a huge gap to make up to achieve a simple majority of 61 seats. A new centrist and secular party, Yesh Atid, made a rumbling debut in Israeli politics by securing 19 seats and becoming the country's second largest party. Political parvenu Yair Lapid, the party's magnetic leader, managed to win votes from Israel's secular middle class and became an obligatory ally in Netanyahu's future coalition.

Among the other centrist parties, Tzipi Livni's Hatnuah, which advocates resuming peace negotiations with the Palestinians, secured six seats. Kadima won just two seats, but avoided a complete debacle following the resignation of many senior members. Other major developments included: the remarkable rise of religious Zionists HaBayit HaYehudi (12 seats), mostly at the expense of Likud-Yisrael Beiteinu, a relative recovery for Labour (15 seats), which is likely to increase their clout within the future opposition bloc, as well as a good performance by post-Communist movement Meretz (six seats). Parties that performed in a generally stable manner compared to 2009 included Jewish Orthodox groups Shas (11 seats) and United Torah Judaism (seven seats), as well as Arab forces the United Arab List-Ta'al, Hadash and Balad (3-4 seats each).

The unforeseen re-emergence of centrist forces, the partial 'resurrection' of the left, and Likud's failure to attract far-right voters make life for likely-to-remain Prime Minister Netanyahu more difficult than expected. To avoid too fragile a majority, he will need to come up quickly with a broad coalition to be agreed upon with Yesh Atid. While a compromise seems to have been struck already regarding the inclusion of HaBayit HaYehudi and Kadima, ongoing negotiations might lead to both Shas and Hatnuah joining the coalition. Irrespective of the final composition of the next government, the above-mentioned developments are likely to pull Netanyahu's agenda more to the centre, with far-reaching consequences for several defining internal and external challenges.

A polarised domestic agenda ... in an increasingly uncertain regional and international context

Tackling domestic socio-economic difficulties – including mounting income inequality, rising housing and commodity prices, and a widening state budget deficit – will surely be a priority for the future government. While austerity measures will need to be adopted to contain excessive public spending and inflation, Yesh Atid's presence in the coalition is likely to push Netanyahu to focus cuts on Israel's costly welfare system: and particularly on subsidies and other privileges for ultra-Orthodox Jews (*haredim*) and Israeli Arabs alike. Indeed, Mr Lapid's call for 'fairer burden-sharing' is basically aimed at increasing the contribution of these sections of Israeli society to the country's economy and security, including by abolishing their exemption from the military draft. Striking a balance between Yesh Atid's pressing requests and the tenacious resistance of large portions of the country's pious population – including their political representatives in the coalition – might prove more time-consuming than expected and put Netanyahu's negotiating ability and political leadership to the test.

One longer-term internal challenge awaiting Israel's future government(s) is the country's persisting societal polarisation. Despite the rise of centrism in Israeli politics, the election results paint a picture of a nation marked by two major cleavages: a growing

dissonance between secular and religious Jewish Israelis over the relationship between the state and religion; and a persisting disconnection between Jewish and Arab Israelis about the core issue of the country's identity. While such political heterogeneity clearly reflects Israel's complex history and demography, narrowly conceived interests and loyalties risk translating into mutually hostile narratives, with major impacts on the country's national cohesion. Mature political reflection on this sensitive issue is essential but unlikely to happen any time soon, given the differing ideological orientations in Netanyahu's future coalition.

The future Israeli government will need to address a series of demanding developments arising from the ever-changing geopolitical context. These include: the persisting paralysis of Israeli-Palestinian negotiations and increased political and legal intricacies following last November's hostilities in Gaza, Palestine's upgraded status of observer at the UN, and Israel's unilateral decision to expand settlements in East Jerusalem and the West Bank; the still unresolved issue of Iran's nuclear programme and its implications for the region's security architecture; the growing political cacophony and diplomatic stalemate between Israel and its former close allies in Cairo and Ankara; mounting instability in both Syria and Lebanon; and unprecedented dissonance with both the US and the EU over Netanyahu's assertive foreign and security policy. Inaugurating more constructive diplomatic action could prove to be equally challenging.

Although Netanyahu's new centrist allies will urge him to send pro-peace signals to Ramallah, both Yesh Atid's ambiguity and his right-wing partners' radicalism *vis-à-vis* settlements and the status of Jerusalem might still deprive Israel's concessions of much of their substance. Moreover, while the new Israeli government will also need to counter growing international isolation with a new rapprochement towards its Western allies, Netanyahu's continuing reference to Iran as the "number one threat" to national security could further radicalise Israel's tough stance, despite growing scepticism among the Israeli diplomatic and intelligence community as to the virtues of a pre-emptive attack. Also, Israel's unclaimed airstrike on the outskirts of Damascus is a clear demonstration of Tel Aviv's escalating nervousness about the crisis in Syria and the potential for insecurity spill-overs to neighbouring countries.

Seizing the opportunities of change: what role for the EU?

All in all, the Israeli election results present a mixed outcome. The unexpected victory of Yesh Atid could bring new dynamism to the country's internal scene and help to counter anxiety and fragmentation within Israeli society, although this will also depend on Lapid's ability to turn his electoral boom into a lasting political vision. At the same time, maintaining consensus among heterogeneous coalition partners will be a challenging task for Prime Minister Netanyahu, who will have to neutralise centrifugal movements and strike hard-to-achieve compromises in the near future.

Despite a persistent risk of 'domestic retrenchment', these developments offer external players an unexpected opportunity to capitalise on political change in Tel Aviv and encourage much-needed peace-making initiatives. In particular, the EU should find the political cohesion among its member states and the diplomatic skill through its External Action Service to give more strategic depth to its relations with Israel, which have been focused almost solely on trade and investment despite a more ambitious 2004 EU-Israel Action Plan. By strengthening its partnership with the US after President Barack Obama's re-election and the new round of appointments to both the State Department and the Pentagon, and by reaching out to like-minded regional actors such as Jordan and Qatar, the EU should aim to re-engage Israel in three inter-related areas.

Firstly, it should persuade the Israelis and Palestinians to resume negotiations based on pre-1967 borders by seeking the support of all pro-peace Israeli political forces, and by fostering a trustworthy and sustainable reconciliation process between Fatah and Hamas. Moreover, the latter's growing role in Palestinian affairs needs to be reflected in a coherent strategy in Brussels and EU national capitals. Secondly, it should pursue regional dialogue and cooperation between Israel and its neighbours, notably Egypt and Turkey, including by pushing for a more politically meaningful Union for the Mediterranean. Thirdly, it should devote much more aid and political thinking to supporting Jewish and Arab Israeli civil society actors in addressing the country's internal cleavages and in building a more integrated, pluralistic and multi-cultural society, independently of the two-state solution.

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