

The Shape of Netanyahu's Emerging Coalition

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Brief Analysis

Israel's next government may have a turbulent start given its relative lack of political moderates, but a rightward trajectory on settlements and other issues is not guaranteed.

The preliminary outlines of Binyamin Netanyahu's fourth coalition are beginning to take shape ahead of the May 7 deadline for forming Israel's next government. While final coalition agreements with the individual parties have yet to be signed, it will likely be a right-of-center government comprising 67 members of the 120-seat parliament, and its projected composition offers early indications of Israel's near-term priorities and direction.

Led by Netanyahu's Likud faction (which won 30 seats in the March elections), the coalition will likely include the following parties: Kulanu (10 seats), Jewish Home (8), Shas (7), United Torah Judaism (6), and Yisrael Beitenu (Israel Is Our Home) (6). The resultant government is expected to be more hawkish on foreign policy, more ultraorthodox in composition, and more populist in economic orientation. These dimensions will create challenges for Netanyahu, who is well aware that when it comes to foreign relations, it is easier to govern from the center than from the right.

ROLE OF THE RIGHT

Netanyahu's past modus operandi was to win elections from the right, then try to edge toward the center when building his coalition. During last month's campaign, however, declining poll numbers led him to believe he had to box himself in to garner enough votes. Accordingly, he made clear that he did not want a national unity government with the rival Labor Party, alleging that the policy gaps were too wide. Although this won him adherents on the right, it meant he would not be able to incorporate key leftward voices in his coalition.

In his past two governments, Netanyahu was careful to include a prominent leader and party from the center-left, especially when it came to the Palestinian issue. In 2009, it was a fifteen-member faction led by Labor's Ehud Barak. And in 2013, he secured twenty-five coalition seats by naming Justice Minister Tzipi Livni as co-chief negotiator in

the peace process and including Finance Minister Yair Lapid as another voice counseling moderation. This time, however, Labor leader Isaac Herzog has made clear that his party will not be a fifth wheel in a right-leaning government, an idea he also resisted during the previous government.

Yet the right's apparent triumph may not be as complete as some believe. For example, members of the Jewish Home settler faction will no longer be in charge of the Housing Ministry as they were in the previous government, when they immediately created tension with Washington over settlement policy. Affordable housing inside sovereign Israel was a central issue in the campaign, so the party most associated with lowering the cost of living -- Moshe Kahlon's Kulanu -- has been pushing to take over the housing portfolio. Accordingly, Kulanu member Yoav Galant is now expected to head that ministry. During the election, Kahlon reiterated his belief that Israelis should not settle beyond the major blocs adjacent to the West Bank security barrier; the question is whether the new coalition's settlement approach will reflect this view, in practice if not in stated policy. The previous housing minister, settler leader Uri Ariel, will reportedly take over the settlement portfolio in the Agriculture Ministry, but this move is a step down, so it is unclear what resources he will have at his disposal.

Indeed, Jewish Home's representation in the coalition has shrunk from twelve to eight seats, and the two ultraorthodox factions are too consumed with economic woes and religious agendas to focus on nationalist issues like settlements. When Netanyahu begged the right to vote for him in order to avert a Labor victory, Likud's support sharply increased at Jewish Home's expense -- in fact, at least ten of the thirty Likud parliamentarians personally owe their seats to his last-ditch campaign drive, so he should hold sway over a good portion of his list when it comes to settlement policy.

As for the peace process, it is interesting to note that no one protested when Netanyahu recently lifted the suspension of hundreds of millions of dollars in Palestinian tax revenues, which had been frozen when the Palestinian Authority joined the International Criminal Court earlier this month. It is unclear whether the silence was due to Netanyahu's increased influence or his realization that the twilight between two governments is ideal for policymaking, since rivals do not want to cause problems while waiting to be appointed.

Going forward, the question is whether the new government can align its settlement policy with Netanyahu's postelection clarification that he remains committed to a two-state solution. President Obama is skeptical of that clarification, so an Israeli pledge to avoid further settling beyond the blocs adjacent to the security barrier could ease friction with the White House. Beyond that, however, expectations of a new peace initiative are low, due in no small part to the mutual distrust between Netanyahu and PA president Mahmoud Abbas. European governments might take action of their own, since some officials believe that a new right-wing government in Israel means direct negotiations are futile. Yet they also privately acknowledge Abbas's complicity in the current impasse, so Washington will likely urge them not to push for an imposed UN Security Council solution -- at least until Netanyahu's new government can offer its own peace initiative.

One issue that will likely be unaffected by the right's increased prominence is Iran. Given his visceral views on the subject, Netanyahu has personally guided Israeli policy toward Iran, and this will likely remain the case given that Moshe Yaalon and Avigdor Liberman will stay on as defense minister and foreign minister, respectively. Jewish Home leader Naftali Bennett initially had his eyes on the Foreign Ministry, but the party's drop in seats led him to seek the education portfolio instead.

FAULT LINES IN THE NEW GOVERNMENT

At least three fissures are apparent within the emerging government. First, two key Likud members, Zeev Elkin and Yariv Levin, have supported the controversial Nationalities Bill, which essentially states that if Israel's Jewish and democratic values come into conflict on a given issue, then its Jewish character should hold sway -- a

position that has raised worries inside and outside Israel given its potential implications for non-Jewish minorities. Kahlon says he will oppose such legislation, pointing out that Likud founder Menachem Begin himself placed a premium on civil liberties.

A second fault line has emerged between Liberman and the ultraorthodox, who could use their new position in the government to block legislation that would ease conversion rules for hundreds of thousands of non-Jews from Russia. The Chief Rabbinate expedited such conversions under more moderate leadership in the 1970s, but it is now under greater ultraorthodox influence. This issue greatly concerns Liberman because his Yisrael Beitenu is the main party of secular Russian immigrants. Yet even if Liberman's faction left the government, Netanyahu would maintain a thin majority in Knesset.

Third, incoming finance minister Kahlon may spar with Netanyahu because he believes the prime minister's policies have benefitted business interests at the expense of people struggling to enter the middle class. If the two leaders can work together on creating greater economic competition (e.g., by moving away from a system in which Israel has only a handful of banks), they could help address concerns about national monopolies and crony capitalism. Thus far, Kahlon has successfully held out for key bureaucratic levers in finance and housing, believing they are indispensable to success.

CONCLUSION

Israel's next government may have a turbulent start due to its relative lack of political moderates, not to mention Netanyahu's ongoing tension with the Obama administration over Iran. Ultimately, the world will judge the new government on its policies -- and given Netanyahu's increased leverage and right-of-center coalition choices, people will likely attribute these policies to his personal imprimatur rather than to coalition constraints.

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