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THE CURRENT: What does the Gantz-Netanyahu coalition government mean for Israel?

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PITA: You're listening to The Current, part of the Brookings Podcast Network. I'm your host, Adrianna Pita.

Israel has been in a prolonged political crisis for the last year, as three successive elections each failed at producing either a conclusive majority or a coalition government. On Monday, Benjamin Netanyahu and his chief rival, Benny Gantz, came to an agreement on a coalition deal, after weeks of talks following the last round of elections in March.

With us to discuss what this means for Israel is Natan Sachs, fellow and director of our Center for Middle East Policy here at Brookings. Natan, thanks for talking to us today.

SACHS: Thanks so much, Adrianna, it's my pleasure.

PITA: During the last election, Benny Gantz ran pretty strongly on in fact refusing to serve with Netanyahu because of the criminal charges against him. So, how did this wind up coming about?

SACHS: Yes, this is a major shift for Gantz. He ran very explicitly on the idea that he would not serve under a prime minister who has been indicted and will serve will stand trial very shortly for corruption charges, including bribery. But Gantz really weighed the options, and I think two things led to this decision. One, he thought of the alternatives. He had managed to block Netanyahu forming a government three times now, in these three elections within 12 months, but he had also failed to form a government himself. And after these last elections, he tried to use every trick in the book. First, he just used the majority in the Knesset that opposes Netanyahu. Breaking another campaign promise, he tried to unite the whole opposition, but that failed; there were defectors from within his own camp. He tried to pass legislation that was blocking Netanyahu as prime minister, but in the end, he thought that his real only chance would be to join with Netanyahu, in agreement that Gantz himself would become prime minister 18 months after this government is formed.

So, the current coalition government will be a rotation one. Netanyahu will serve as prime minister for 18 months. Benny Gantz will be foreign minister and 18 months in Gantz will swap places with Netanyahu and become prime minister.

The other thing is that Gantz going into this whole year was not as steadfast in his opposition to Netanyahu as he was more recently. Gantz is a very centrist man, a very amiable man, one who gets along with many people. And he, in the beginning, was not ruling out sitting with Netanyahu. In fact, if you had said to Gantz, when he joined politics, which was decades ago in December 2018 -- so in fact very recently, of course -- if you had said to him then, "Would you take this kind of deal where you become prime minister after 18 months and serve as defense minister in the beginning," he would have taken it wholeheartedly. So, in part, I think that Gantz never really saw this deal as quite as bad as many of his supporters do.

PITA: And so then what will this do for Netanyahu? Why did he accept this agreement? Particularly looking at what will be happening to the corruption case that is standing against him.

SACHS: Well, Netanyahu gets a lot from this deal. First and foremost, Netanyahu remains in power, and that's something that Netanyahu is very good at. He's now the longest-serving prime minister in Israel's history. He will remain in power at least for 18 months and even after that, when he's number two, he will have a lot of power. The number one and number two in this coalition government will switch between them, and will have veto on almost all legislation that the other one wants to pass. That includes issues on very important items on judicial reform and legislative changes.

In one sense that stops Netanyahu from curtailing the power of the Supreme Court, something that his supporters want. That's a gain for Gantz. He is able to appoint a justice minister from his own party – Gantz's party -- and that will stop Netanyahu. But Netanyahu gains veto power over all the major appointments that that justice minister will make. So, think about it: Netanyahu will be on trial for criminal charges, but he will have veto power over the appointment of the new chief of police, the new head of the prosecution and in some time, the new attorney general as well. That is, of course, unprecedented in Israel and a dramatic gain for Netanyahu on that front.

There's a second front, a very important one that we discussed in previous podcasts. There's a question of will Israel annex parts of the West Bank, areas where there are settlements in the West Bank, to Israel proper. The Trump administration has, in a sense, opened the floodgates for that and signaled that Israel will be allowed to do this, in the American view. And right now, there is an American-Israeli committee sitting on the precise borders. Netanyahu got one clause in the agreement, saying that those issues of annexation will not be subject to veto by Gantz. So Gantz cannot on his own stop annexation from happening, if the White House approves it, and Netanyahu decides to push for annexation starting in July. That is a very real possibility, at least some annexation; of course it will not be the whole West Bank, it may not even be the whole territory that the United States permits, quote unquote, Israel to do, but it still might be very significant and would have dramatic ramifications for Israel's foreign policy. On that, Gantz gave Netanyahu a lot, and Netanyahu will be able to pursue this without Gantz's approval.

PITA: For everything aside from the annexation issue, it sounds a little bit like they're almost setting up a check and balance system that's so strongly checked and balanced that there might be -- while they won't have gridlock because they don't have a government, there's going to be a government, but it sounds like there's a very real possibility for them to just be countering each other, or am I understanding that incorrectly?

SACHS: You're exactly correct. In fact, the big precedent for this kind of coalition with rotation is from the 80s. 1984 to 1988 Israel had a coalition government, a grand coalition government, as it's called in Europe, or national unity government as it's called in Israel, where Labor from the left, now mostly defunct, and the Likud, the same party of Netanyahu, formed the government together and had rotation in the prime minister's role. Shimon Peres, who was later also president, was prime minister for two years and then Yitzhak Shamir from the Likud from the right wing. That government was known, especially in foreign policy terms, as the national paralysis government, because like this new government that's about to be formed, that had exactly even split in the number of cabinet ministers left and right -- they were equal -- and each side through that equality had complete veto over any major moves. So, for example, when he was foreign minister in the latter part of the government Shimon Peres negotiated the beginning of a peace agreement with Jordan, over the West Bank, in particular. That would have been a momentous historic change in Israeli policy. And Yitzhak Shamir, as the prime minister, vetoed that and stopped that from happening. Whether or not it would have been successful is of course in historical matter, but that that is an example of exactly this paralysis.

However, I'd like to point out that that same government from 1984 to 88 was also one of the most successful governments in Israel's history. In terms of economic policy, Israel had 144% inflation in 1984 -- that's not a typo. It was almost hyperinflation. This government, when it was headed by Shimon Peres, passed a huge economic reform bill, and with cooperation from the labor union and employers, managed to stabilize the country and bring down inflation to first to low double digits and then to single

digits later. That was a dramatic move. It also pulled most of Israel's troops out of Lebanon, though some certainly remained in the south. In other words, this kind of government between Gantz and Netanyahu will almost certainly be a paralysis government on some very important issues, not including annexation. But on some other issues, domestic issues, there may be an opportunity for them to move forward on some things as well.

PITA: Okay, what else can you tell us about has been the both political and the public reaction to this deal coming together? I understand there was a pretty dramatic protest in Tel Aviv over the weekend, and there's been, as you mentioned, defectors and some dissolution in the Blue and White party of Benny Gantz.

SACHS: Yes, when Benny Gantz started moving seriously towards this national unity government with Netanyahu, his party split. In fact, it split in half. He is joining the government with slightly less than half of the party elected as Blue and White. The leader of the opposition will now be his former partner Yair Lapid, along with another one of the four leaders of Blue and White, Bogie Ya'alon. Benny Gantz joins the government with another one of the four, the last remaining of the four, Gabi Ashkenazi, who was a former visiting fellow at Brookings and also a former chief of staff like Benny Gantz himself – Gantz was actually Ashkenazi's deputy. The two of them will join; Ashkenazi will be the new foreign minister, so we may see him here in Washington, and Benny Gantz will be defense minister and of course later prime minister, if the deal is kept.

In that sense, Netanyahu has a huge success there as well. The opposition, which for the first time in a long time was a serious opposition that had an actual chance of defeating him, that opposition is shattered. The Blue and White coalition, or amalgam of parties, was broken in half. Half of it will join the government. All the members will probably be appointed as ministers; this will be a giant government with many, many ministers. And they will have so few members in the Knesset that all of them will probably be ministers at the same time. The opposition has the remnants of Blue and White and of course parties to the left of it, although not all of them. Others like Labor will also be joining the government in a junior position.

PITA: Lastly, I would be remiss if I didn't ask a little bit about what the current coronavirus situation is in Israel and maybe how that's affecting things. For both the situation within Israel, are they also then cooperating with the Palestinian Authority in terms of handling how the current virus is affecting the West Bank?

SACHS: It's a great question. So inside Israel, the reaction was forceful and quite effective. In a sense, quite early on Netanyahu's approach to the coronavirus was very different from Donald Trump's. Very early on, he took it very seriously. Netanyahu is known to be someone who spots dangers; perhaps sometimes exaggerates them, but certainly is someone who is very attuned to danger and in this case was very correct, probably. Israel not quite shut down, but it took many of the steps that we're now seeing in the United States, early on. And in fact, it went much further. It used its domestic security service, the Shin Bet or the Shabak, in Hebrew, to track patients and those who were in contact with patients. And this allows the country – a very small country, of course - to track anyone who may be exposed to the virus and therefore limit that kind of exposure. There have been some problems, of course, and there certainly have been many casualties. I think the latest count is about 180 dead in Israel. And that's certainly not trivial, but the numbers are not doubling anymore. They are flattening out. We'll have to see what happens when Israel opens up a bit. It's now starting to ease restrictions slightly, but we'll have to see how that proceeds. Of course, we don't know if there'll be a second wave or anything else.

In the West Bank and Gaza Strip, the situation officially has not been as severe in some places, but some places have been affected. There is a significant cooperation between Israel and the Palestinian Authority on security and on some of these questions where the security apparatus is in effect, there has been cooperation on the virus as well, but it is relatively limited. It is certainly not as robust as it should have been. And there is a significant danger that in the West Bank, we may see more

outbreaks. Early on, in Bethlehem in the West Bank, there was the start of an outbreak. The Israeli military put a closure on the city and it did subdue.

I'd like to highlight though one other area where there is real danger, and that is the Gaza Strip. The Gaza Strip has had a few cases; in particular, some people apparently returned from Pakistan and they had contracted the virus there. If there were a major outbreak in the Gaza Strip that could be absolutely terrible. The Gaza Strip is very crowded and of course under closure. The infrastructure there, the health infrastructure, is very bad and the cooperation with Israel is weak. And so, if we saw a major outbreak in Gaza, that would be terrible. The advantage of course is, so far, the closure also has limited the spread, perhaps, and we have not quite seen the doomsday scenario yet.

PITA: All right, Natan. Thanks very much for talking to us today.

SACHS: My pleasure, Adrianna. Thank you very much, stay well.

PITA: You too.