

A stylized world map composed of a grid of dots in various shades of gray, with several dots highlighted in red. The map is centered behind the title and subtitle.

Ten Years with Netanyahu

Maintaining Israel, the Conflict – and Himself

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- Benjamin Netanyahu's political success has been paved by the Israeli public's perception of imminent existential destruction. Did his dichotomic worldview and his »fortress Israel« mentality create or merely leverage the public's fears?
- In the name of existential security, Netanyahu has justified the deterioration in the Palestinian-Israel conflict, which masquerades as stagnation. His fixation on Iran during two of his recent three terms as Prime Minister has distracted from a lack of policy on the local conflict.
- Netanyahu has implemented a clear course of free market economics, which has generated some respectable macroeconomic indicators, but at the expense of massive socio-economic gaps.
- Since his re-election in 2015, Netanyahu has concentrated power and portfolios in his hands and has perpetuated earlier efforts to erode Israel's civil society. He has targeted the press, his ideological opponents in the NGO sector, and Israel's Arab-Palestinian minority.
- In order to temper growing nationalism and democratic erosion, Israel should take genuine steps towards conflict resolution, place checks on unfettered free market principles, and end the aggression against independent civil society, opposition groups, and minorities.



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1. Introduction

Benjamin Netanyahu has been elected Prime Minister of Israel four times,¹ serving continuously for roughly the past ten years. His support and longevity is second only to David Ben-Gurion and his influence on the country's character may be just as powerful.

Netanyahu is controversial. His critics maintain that he has no clear policy other than cynical opportunism, while his supporters view him as the country's best defender in a hostile neighborhood and world that threatens Israel's existence. On both sides, many view him as Israel's only significant leader.

This analysis argues that far from lacking vision, Netanyahu has in fact generated and pursued very clear ideological positions on security and foreign affairs, domestic economic issues, and increasingly, Israeli civil society. His positions commonly leverage and deepen polarized communities in Israel; the long-term consequences of his policies may change the face of the country, but there is little question of what they are.

Netanyahu's security and foreign policy legacy is to entrench the broad perspective that Israel is fighting for its survival – a view many Israelis share. This undergirds his fixation on halting Iran's nuclear effort, which dominated his foreign policy from 2009 through 2015. The other towering security issue for Israel – the conflict with Palestinians – has been treated as a footnote. His actions reflect tactical conflict management, rather than attempts to resolve the conflict. Theoretical support for a two-state solution is belied by Israel's actions in the West Bank and in Gaza, which have eroded the potential for a two-state solution.

In terms of his economic policy, Netanyahu has been single-minded both as Prime Minister and as Finance Minister.² He has worked consistently to privatize state industries, advance pro-business and low-tax policies, cut back on government expenditures, and minimize the deficit. His terms have seen generally strong macroeconomic indicators, accompanied by massive socio-economic inequality, soaring real estate prices, and the high cost of living. The latter led to major social protests, which have since died down. In addition to his free-market vision,

Netanyahu has implicitly – and at times explicitly – embraced a second principle: the country's economy need not be linked to the Palestinian conflict and its costs.

Netanyahu's relationship with Israeli society is fraught. He has capitalized on social polarization and populist themes as justifications for his tough political persona. From the start, this approach has generated a flood of criticism from the media and civil society. During his second leadership phase, Netanyahu has directly or indirectly deepened social divisions. Political competitions often play out at the expense of Arab Israeli citizens, who have seen some genuine material advances, but deep threats to their sense of belonging. Moreover, in recent years Netanyahu has increasingly acted to constrain critique from Israel's civil society. Directly or through political partners, he has cultivated pressure on the media, non-governmental organizations (NGOs), minority opposition, and against the left in general. Under his leadership, Israel is becoming a place of increasingly centralized executive power over an increasingly divided society.

Netanyahu's repeated electoral victories and his ability to form coalitions show that he reflects fundamental qualities about Israeli society, or that he helped to foster them after two decades on the national stage. Many voters have reservations about his character, but cleave to his worldview that Israel is engaged in a struggle between Jews and all the rest: a clash of civilizations between life-affirming Zionists and radical Islamic enemies committed to death, as well as an urgent fight against subversive enemies within.

Israeli society is more nationalist, and civil society is more threatened than in the past. While there is still freedom of thought, expression, association, and religion in Israel, Netanyahu's leadership demonstrates that these values are neither sacred nor absolute, and if they are to be strengthened, some of the changes he has made will need to be undone in the future.

2. Security and Foreign Policy: Searching for Existential Threats

Defending Israel from Iran

Since his early days in politics, Netanyahu has constructed his political identity as the defender of Israel against existential threats. During his role as UN Ambassador in

1. 1996–1999, 2009–2013, 2013–2015, 2015–present.

2. Netanyahu served as Finance Minister from 2003–2005.

the 1980s, Israel had (recent) peace with just one Arab neighbor. All other nations appeared to hover, waiting for an opportunity to prey upon the country. Syria and Iraq traded places for the most terrifying conventional threat; post-revolutionary Iran represented the scourge of rampaging Muslim hordes lusting after Israeli (and American) blood. Jordan was a possible entry point for invasion from the east, Saudi Arabia a sworn enemy.

Netanyahu's declared worldview has faced an eroding empirical basis. Jordan and Israel made peace in 1994, two years before Netanyahu became Prime Minister. Since taking office again in 2009, Iraq and Syria have crumbled; moreover, Saudi Arabia has long acted as an American ally in the region, posing no active threat to Israel.

With its potential for future nuclear armament, Iran has emerged as a major regional power. Netanyahu committed himself in an all-consuming manner to stopping Iran's nuclear program. Some have argued that his repeated threats of a unilateral military strike prompted international action – first the tough sanctions regime, then an agreement with the P5+1 in 2015 to significantly delay nuclear capability (Eldar 2015). Netanyahu railed against the agreement, but he had already made his point to Israelis: Iran wished to destroy Israel and he was the only leader who challenged the international community for Israel's survival.

Preserver of the Palestinian-Israeli Conflict/Occupation

Like Iran, Netanyahu has positioned the Palestinian-Israeli conflict as an existential threat. The Palestinians represent a twofold attack on Israel – locally and globally. On the local level, he views the Palestinians as predisposed to hate Israel. In his view, incitement is the sole reason for their hostility and violence, and delegitimization (of Israel) is their main activity abroad.

On the global level, he has increasingly conflated Palestinians with the violent jihadi groups and nihilistic death cults such as ISIS, since the breakdown of the Arab regimes beginning in 2011 and the surge of Islamist terror in the West. In terms of foreign policy, he views Israel as the West's bulwark against Islamic Armageddon.

Thus, for him, Palestinian violence is unrelated to Israel's own policies, but emerges from the hatred endemic to Islam of Jews, Israel, and the West. Netanyahu presumes that the West will avoid action against the occupation, to maintain an alliance with Israel against a hellish Middle East. Furthermore, he points to the Middle East as the justification for maintaining control over the Palestinians.

During his recent terms, Netanyahu has engaged in half-hearted and predictably futile negotiations with Palestinians. Meanwhile, Israel has deepened its hold over the West Bank by expanding settlements – often extensions of existing communities – in strategic areas between Israeli enclaves and the Green Line, deepening their infrastructural networks, recognizing the permanence of facilities, such as Ariel University (previously a college), and greater military control over Area C. As the UN report following the 2014 war explained, Israel still maintains »effective control« over most crossings, import, export, travel, fishing waters, and electromagnetic space (UNHRC 2015).

Netanyahu's conflict management rather than resolution is augmented by political convenience. His coalitions usually include parties who are even further to the right and openly oppose a Palestinian state, as well as centrist parties who support it in theory rather than in practice. As a result, the diplomatic process has failed or stalled. There has been no change in Palestinian politics, cycles of violence are a matter of course, and Palestinians are still stateless. This is the meaning of status quo, and it has two major consequences for Israelis.

One consequence is the rapidly declining prospects for the two-state solution. Israel's policies deepen the separation between Gaza and the West Bank, while eating into Palestinian land continuity in the West Bank. Palestinian leadership is divided between Hamas and Fatah – both sides display severe governing weaknesses, including loss of legitimacy. This decay of Palestinian leadership makes a negotiation framework less and less feasible. Many who believe that a peace agreement is urgent are now concerned that a final status accord based on two states may no longer be possible. They warn that Israel is verging on a de facto annexation of the West Bank – which will lead to either one unequal state or a single binational state, with a one-person, one-vote model – losing all formal character as a Jew-

ish state. Others feel they must search for new political frameworks and have suggested a confederation-style model, in which an Israeli and a Palestinian entity exist within a larger, but loose political association. In this vision, they would share certain powers where needed – such as coordination on security and management of natural resources – and allow greater border mobility than today. Such a model might also allow residency for each national group in the state of the other, but with national voting rights limited to the country of each citizen's identity. However, advocates for these new forms of diplomatic resolution are a minority. In fact, regular Israelis increasingly accept that »there is no solution«.

The second consequence is that Israel has adjusted to regular cycles of violence. In addition to Operation Cast Lead from late 2008 to early 2009, there have been two more wars in Gaza (2012 and 2014), as well as a wave of mostly individual violence that began after the 2014 war, accelerating in late 2015, and tapering off again in 2016. Yet Israelis presume there is nothing to be done and do not demand change.

The Impact on Foreign Policy

Critics are often scandalized by Netanyahu's seemingly reckless behavior with Israel's closest international allies. His speech to the US Congress against the imminent Iran deal sidelined and antagonized US President Obama. Settlements and violent escalations continue to anger Europe. And Netanyahu's government practically sacrificed its highly strategic relationship with Turkey on the altar of the Palestinian issue, through the flotilla incident in 2010, which drove those relations to an unprecedented low.

It may appear that Israel's international position is eroding. Europe has taken concrete policy steps to protest the settlements – such as the 2013 »EU Guidelines« against joint projects in the West Bank, or the labeling guidelines for products from the West Bank, from 2015 (EEAS 2015). Germany's Chancellor Merkel has been openly critical of settlements, and in 2012 Germany abstained from a UN vote to make Palestinians a »non-member observer« state, rather than oppose it (Neukirch 2014).

Yet underneath the showy critiques, military and economic relations are actually robust. Incipient attempts

by the US to advance a two-state solution tapered off and eventually ended following failed negotiations led by Secretary of State John Kerry. In September 2016, the Obama Administration approved a military aid deal for 38 billion US dollars over ten years, the largest such deal ever. Israel continues to purchase sophisticated submarines from Germany at a discounted price, bringing down the cost to a reported 2 billion US dollars (Times of Israel 2016). In 2016, France undertook an initiative to reignite interest in a two-state solution, but has not indicated if there will be political implications for rejection.

Even relations with Turkey are finally being resurrected. A deal in mid-2016 – prompted largely by mutual interest in exploiting natural gas resources in the Mediterranean – shows that given sufficient interests, allies have yet to truly pressure Israel into changing policies on the Palestinians. Most recently a Saudi dignitary³, retired Saudi general Anwar Eshki, even visited and met with Israeli officials, possibly to promote the 2002 Arab Peace Initiative. Although it was not an official state visit, the publicity fueled speculation about warming relations.

However, there may be limits to those positive relations among elites – namely, public attitudes. People in Europe and increasingly in the US are dismayed by their governments coddling an ally that claims to be democratic, while at the same time pursuing a policy of occupation (BBC 2014). Senator Bernie Sanders, who was a US presidential candidate in 2016, delivered a more open critique of occupation and showed greater support for Palestinians than normally seen in the US, reflecting the growing partisan divide among the American public on the issue (Telhami 2015). Public anger in Europe is feeding support for various forms of boycott and in the US, there are highly visible anti-Israel activities on college campuses.

Offsetting Pressure

Perhaps in anticipation of eroding support – or to convey independence from Western allies – Netanyahu has cultivated other regions as well. In the late spring of 2016, he embarked on an ambitious tour of Africa to strengthen relations and to develop contracts and markets. He has carefully tended to the sensitive relationship with

3. <http://www.ynetnews.com/articles/0,7340,L-4832529,00.html>

Egypt's al-Sisi and is also looking at Latin America for future economic markets. In recent years, Israel has cultivated ties with Azerbaijan and Russia, and one observer calls the connection with Russia a »hedge« against further EU pressure, which is probably also true for the other regions (Rosen 2016).

Concluding Observations

Israel's core foreign policy goals under Netanyahu are guided by a mood of existential survival. This drove the focus on Iran and it justifies the status quo with regard to the Palestinians. If these policies anger allies, Netanyahu has counted on a practical system of economic and military interests to maintain the underlying strength of those relationships. At the same time, he has worked to diversify Israel's allies and trade partners. The combination of these strategies, if successful, could allow Israel to avoid changing course regarding the Palestinians indefinitely, unless international actors take a sharp turn towards more assertive pressure tactics that Israel cannot withstand.

3. Socio-economic Policy

Israel's society still has a stronger historic social democratic ethos than the US, but Netanyahu clearly admires the latter. Israel's move from a centralized socialist economy to a free-market economy, which dates back to the late 1970s and 1980s, of course predates Netanyahu, but he has advanced the process significantly during the long years of influence over Israel's economy, including his tenure as Finance Minister.

Israel's tax rates began falling almost simultaneously with Netanyahu's term as Finance Minister and are now significantly lower than the OECD average (Chernichovsky and Weiss 2015). This has led to lower state expenditures on social services and has reduced increases to the (already large) security budget. He champions reducing bureaucracy to facilitate business establishment and growth, and has lowered corporate taxes somewhat.

Under Netanyahu, Israel has some successful macroeconomic indicators. The country largely avoided being hit by the global financial crisis in 2008, which began before he became Prime Minister, even maintaining almost

entirely positive growth following the collapse (Trading Economics). Throughout his term, official unemployment has fallen from over 7.5 percent in 2011 to just 5.2 percent in March 2016, based on Bank of Israel figures. According to the Calcalist financial news website, the deficit is below 3 percent of the budget and defense spending is formally about 16 percent of the national budget – far less than previous decades.

The national economy is not completely stable. The Bank of Israel has registered a growth slowdown that has some economists worried; some even fear recession. However, it is hard to identify a source of imminent disaster.

The Effect on People

Positive macroeconomic indicators mean little to average Israelis, for whom life is simply too expensive. A disproportionate percentage of Israelis are living in poverty. Real wages have been stagnant or even declining for 10 to 15 years, according to data from Israeli think tanks, such as the Taub Center and the Adva Center. The housing market – the heart of the problem for renters, owners, and potential owners – continues to rise to levels completely incommensurate with average incomes. As housing costs take up a greater portion of stagnant wages, people have less money to live on.

Overall, the combined long-term shifts in Israeli economic life and their acceleration under Netanyahu have famously led to one of the most unequal economies in the developed world (Bassok 2012). This is partly because the much-touted economic growth is driven primarily by a few elite fields – such as engineering and high-tech – as well as insufficient workforce participation of Arab and ultra-orthodox sectors, which reflects social problems in Israel.

The concentration of ownership in the Israeli economy has traditionally kept prices high, despite Netanyahu's support for competition. In 2013, the government passed a law to reduce the concentration of markets, forcing slow sell-offs by some of the largest corporate institutions. Nevertheless, concentrated ownership structures persist (Bahar 2016).

Even tax reduction provides no relief for a major portion of workers: those earning below the minimum tax

bracket. Taub Center data from 2015 indicate that fully half of all salaried workers earn at the lowest bracket. Meanwhile, Netanyahu has overseen a rise in VAT (from 15.5 percent at the start of his term to 17 percent at present, down from the peak of 18 percent), which is essentially a flat tax. Lowering VAT to 17 percent changes little for consumers, because retailers tend to pocket the difference.

Netanyahu's aggressive attempts to reduce taxes and shrink the state – while encouraging business and growth however possible – may have once been needed as a corrective from the days of a less-competitive, centralized economy. Now, however, they appear to have accomplished their purpose, and to many Israelis Netanyahu's approach feels exaggerated.

The Outcry

The tension between successful macroeconomic indicators and hardship at the individual level, fused with a deep sense of injustice fueled the largest-ever outpouring of public economic anger about the state of the economy in Israel. Two years after Netanyahu took office again in 2009, the social protests of 2011 primarily targeted »neoliberalism«, raised signs to »bring back the welfare state«, and generally took a stand against rampant inequality.

In response, Netanyahu established a special commission led by respected economist Manuel Trajtenberg, who produced a report filled with comprehensive social and economic recommendations related to a full range of socio-economic areas – including education and health care, housing, consumer prices, and more. The implementation of the report floundered at the executive level and to date, only small portions of it have been implemented, not enough to be felt by the vast majority of Israelis.⁴ Promises and schemes to reduce housing costs have come to naught as the market continues to rise.

The only truly significant source of relief for regular consumers in recent years has been the dismantling of the

three-company cartel that dominated the mobile phone operator industry. The move slashed costs dramatically for practically all Israelis. Yet that process, led by Moshe Kachlon—who was a Likud Minister at the time—began before the social protest. The earliest measures to open the highly controlled and overpriced mobile market actually started before Netanyahu's term, under a communications minister from Shas in the mid-2000s. Other than that, there are no significant examples of what may have changed for average people since 2012.

The social protest therefore represents a turning point – not in the well-being of Israeli society, but in Netanyahu's understanding of his relationship with the public. He would have internalized that since 2011, the country's largest uprisings ever held on economic issues have ultimately not led to any meaningful changes in policy. Since then, cosmetic changes and security distractions have been sufficient to pre-empt any residual protests.

Taking the Reigns – Alone

Netanyahu not only faced down public anger and won, but he also proceeded to win two more elections. His political victories in the face of Israel's challenges seem to have emboldened Netanyahu to continue his general vision, with less regard for criticism from any source. Some describe his behavior as increasingly centralized and alienating – on economic policy as well as other areas. Indeed, in his fourth term as Prime Minister, which began in 2015, Netanyahu also held onto numerous ministerial portfolios – among them, Minister of Economy.⁵

The strongest example of this can be seen in one of his signature policies since 2015: the attempt to forge a major deal with an American-Israeli energy conglomerate – Noble Energy and Delek Group – for the extraction, processing, and sale of natural gas discovered off Israel's coastal waters. The resource has been viewed as a windfall poised to shower Israel's coffers with money.

To push through a deal widely criticized as being too favorable to the conglomerate, Netanyahu employed a clause to bypass antitrust regulations, which had never before been used. The Minister of Economy, Arie Deri

4. Independent tracking by NGOs show that a number of government decisions have been adopted reflecting a portion of the recommendations; out of those, only a smaller portion have actually been implemented – as of May 2016, nearly 60 percent were only partly, or not at all implemented (Center for Citizens' Empowerment 2016).

5. He has held the following ministerial portfolios at various points since the 2015 elections: Foreign Affairs, Regional Cooperation, Communications, Health, and Economy.

(of Shas), resigned in protest and Netanyahu took his place. The antitrust regulator David Gilo also resigned. Netanyahu has defended the deal in terms of future financial revenues, but to justify the bypass clause he cited national security.

Following an appeal, Israel's High Court eventually ruled against another aspect of the framework, and gave the state one year to amend the deal or face its suspension. This incident demonstrates Netanyahu's current inclination to let or encourage opponents to exit rather than engage with criticism. Similarly, at his urging, the government has passed a two-year budget; which civil society groups believe reduce parliamentary oversight over state spending. Both show a strong desire to sidestep government checks and balances on economic affairs.

Gambling on the Conflict

The Israeli-Palestinian conflict is the economic elephant in the room. On one level, security requirements and the sprawling army, as well as the legal and infrastructure costs of military occupation are a burden on the Israeli economy. Defense spending is still a higher percentage of the national budget than most other Western countries. Massive additional state funds go into construction, infrastructure, and private security in the territories and settlements. Several groups tracking government investment, including the Adva Center and the Macro Center, show that per capita investments are highest in the settlements year after year – deepening structural inequalities. Netanyahu certainly did not invent this reality; Macro Center data shows that the trends have continued during the last twenty years.

Occupation policy also heavily affects the Palestinian economy. In the most basic way, Palestinian employment in Israel is severely limited. Far fewer work permits have been granted since the second Intifada, and these are often revoked en masse following attacks. This contributes to underemployment and economic depression, and at the same time stokes anger at Israel.

Yet another economic burden is theoretical: the potential for economic boycott coming from the West. Some European companies have in fact begun to retreat from Israeli investments and holdings, without openly acknowledging divestment. Anecdotally, Israeli busi-

nesspeople express genuine fear. As mentioned above, Netanyahu has attempted to cultivate other markets, turning with fanfare towards the BRIC countries⁶, Africa, and Azerbaijan, perhaps to hedge the risk.

But costs to Israel are also offset by economic benefits to Israel that are often neglected: an Adva report from 2012 shows that these include a captive consumer market (of Palestinians), cheap labor, and a testing ground for the highly lucrative Israeli arms industry.

Netanyahu's general perpetuation of Israel's policy in the territories means he is gambling that the benefits cancel out the costs. He is gambling that neither the European Union nor the US will actually punish Israel with significant economic measures, and if they do, the other regions may make them dispensable. He is also (consciously or not) relying on the economic benefits of occupation outweighing the costs. Together, these points indicate that Netanyahu feels the country's economic fortunes can be disconnected from the conflict. If he is correct, that will be a legacy in itself.

Concluding Observations

Netanyahu's economic legacy has entrenched Israel's free-market capitalism, leading to some macroeconomic achievements, but the costs to average people are high: Israel is a less equal society than in the past and less equal than most Western democracies. Anachronistic market protections remain, and the sources of Israel's growth seem unsustainable without major internal social changes. Moreover, Netanyahu's policy rests on two gambles: that the population will not mount significant further protest, and that the economy can be disconnected from the conflict and its foreign policy consequences. Neither is certain, but neither is impossible.

4. Civil Society: Division and Control

Netanyahu's divisive style has been key to his rise in national politics since his early days. Furthermore, in his most recent term, the policy of division is being augmented by increasing centralization of power, generating new forms of control.

6. BRIC countries are Brazil, Russia, India, and China.

Divisions

Two decades ago, Netanyahu came to symbolize Israel's polarization between left and right. Famously, he stood »on the balcony« as right-wingers demonstrated against Prime Minister Yitzhak Rabin, who was later assassinated. He was not politically punished for being what many saw as an accomplice to incitement. Instead he was rewarded with electoral victory.

Thus from the start of his national political career, extreme social divisiveness, even with unprecedented consequences, was not a liability for Netanyahu but a platform. Perhaps he also experiences the world in terms of polarized struggles for survival and expresses this reality in his political program.

Either way, for the next two decades he fed off the cleavages in Israeli society, digging and widening existing tensions with political acumen. In the 1990s, he portrayed the left against the Jews at large. Throughout his entire career, he has pitted himself (and his supporters) against the media. And since 2009, Israeli society has conveyed an ongoing stream of hostile rhetoric and legislation – both bills and actual laws passed – against Israel's Arab minority.

As on other topics, Netanyahu is by no means the source of the great Jewish-Arab social chasm in Israel, which is as old as Jewish settlement in the region. Netanyahu did not focus strongly on Arabs in the 1990s. But in the mid-2000s, the political competition with his protégé Avigdor Lieberman intensified as Lieberman's party, Yisrael Beiteinu, gained force. In 2009, Lieberman's election campaign put Arabs in the crosshairs of his core political message, and he won his biggest parliamentary showing yet (15 seats), in part by eating away at Likud's voter base. Around this time, Likud figures also began directing political fire against Arabs.

It is important to note that Israel's largest minority has actually seen improvements over the years. The percentage of Arab students in higher education is rising steadily for all advanced degrees; with women making up more than half of this group (Skop 2015). These trends started prior to Netanyahu taking office in 2009, but they have continued nonetheless. And specifically under his terms, the percentage of Arabs working in government and the public sector has grown robustly. There have been investments in transportation and housing. The

government has launched public advertising campaigns to combat racism in hiring and against racism towards Arabs in general in public life (Gerlitz and Kallus 2012).

Netanyahu's governments have approved key decisions to invest significantly in improvement for the Arab community. In late 2015, government decision #922 proposed a massive investment plan for investing in housing and construction, infrastructure, education, industrial and economic development, and approving budgets for implementation totaling more than NIS 14 billion over several years.⁷ In July 2016, the government published a detailed report acknowledging the historical, structural, and economic inequalities that hinder full Arab participation in the economy. As an expression of Netanyahu's commitment to economic growth, these developments make sense. The low participation of Arabs and ultra-Orthodox Jews in the Israeli workforce has long been a burden on the Israeli economy. At the same time, however, these pragmatic steps are heavily circumscribed by nationalist political positioning that threatens to overshadow or obstruct the gains.

The 2009–2013 Knesset passed laws intended to stifle the observation of the Nakba,⁸ to suppress calls for boycott of Israel (generally targeting political protest), and to allow small residential communities to reject applicants based on »character«, through admissions committees largely understood to legalize discrimination against Arabs (and possibly also to keep out ultra-Orthodox Jews).

Since 2009, Netanyahu's governments have regularly debated amending Israel's basic law (with near constitutional status) to redefine Israel as the nation-state of the Jewish people. While the proposed wording would guarantee individual rights, the legislation would enshrine Jewish primacy, and relegate collective expressions of the Arab community to a lower status (ACRI 2011).

The original bill was drafted by a Likud member and cosponsored by Lieberman's party members, along with

7. There are disagreements over how to tally the actual numbers, but this figure reflects the conservative estimate of the annual state budget plus additional funds through the new government decisions.

8. The term »Nakba« refers to the destruction of Palestinian life in the region during Israel's War of Independence. The memory has strong symbolic and historic importance for Palestinians. Some Palestinian/Arab citizens in Israel observe Israeli Independence Day as a day of mourning. The new law stipulates that institutions that choose to observe the Nakba on Independence Day could lose their public funding.

others. It is a direct, antagonistic statement against Arab citizens and a signal to Palestinians, as part of the demand that they recognize Israel as the nation-state of the Jewish people. It has not yet reached a vote, but periodic debates ensure that the issue is constantly festering.

Netanyahu has empowered figures known for their ethnic hostility. Miri Regev, a member of the Likud party and Israel's current Minister of Culture and Sport, quickly gained a political reputation by insulting non-Jewish communities, including asylum seekers and Arabs. Another is Lieberman himself, who has systematically harangued Arab citizens for a decade. Over the years, he has accused them of disloyalty and terror, threatened to strip their citizenship, and called for boycotts of their stores.⁹ Lieberman's party also initiated raising the electoral threshold to a level that might have blocked small Arab parties from entering Knesset in 2015, had they not united. In the end, their electoral share actually grew.

Netanyahu has joined forces with Lieberman when it suits him: merging parties for the elections in 2013 and giving him choice portfolios, such as Foreign Minister and Defense Minister. Netanyahu – along with voters – has thus legitimized Lieberman's explicit anti-Arab agenda. Moreover, Netanyahu himself has gone on a public offensive against Arab citizens: he publicly denounced the democratic participation of Arab voters on election day in 2015. During the lone wolf violence by Palestinians from late 2015 through early 2016, he accused Arab Israelis of incitement and extremism.¹⁰ Netanyahu's bizarre statement that the Grand Mufti of Jerusalem – Haj Amin el-Husseini (a revered, if controversial figure) – gave Hitler the idea for the Final Solution signaled to Arab citizens and Palestinians alike that he holds them responsible for the Holocaust.

The atmosphere has spread from the government to lower strata of society: during Netanyahu's tenure, a mayor of Nazareth Illit openly stated that his city ought to be Jewish only. Arabs have been fired from their jobs for Facebook

posts criticizing the last Gaza war. During the recent wave of Palestinian violence, there have been isolated physical attacks and unpleasant behavior towards Arabs. In response, some Arabs avoid coming to the center of the country even for employment, and prefer to remain in Arab towns for recreation and social life rather than utilize shared regional infrastructure, due to fear or unease.¹¹

Then in January 2016, Netanyahu threatened to place preconditions on the implementation of the major Arab investment plan following an attack on Israeli civilians by an Arab citizen (see footnote 7). Delaying improvements to Arab society is unlikely to deter future attacks, thus his move demonstrated a willingness to sacrifice the practical advances for populist political statements.

Despite the turmoil, surveys show that Arabs continue to seek integration rather than separation. The 2015 Index of Arab-Jewish relations not only show high levels of Arabs who distrust Israeli institutions and experience racism, but also those who have a very strong desire to participate and integrate in Israeli life (Radai et al. 2015). Voter turnout rose to over 60 percent in the 2015 elections, after a decade of turnout at roughly 50 percent. Nonetheless, surveys among the Jewish population find ominous nationalist trends. A major Pew Research study released in 2016 showed that half of Israelis support the transfer or expulsion of Arabs (Lipka 2016). Most of these trends are stronger among the younger Jewish population, which bodes poorly for the future.

As noted, there have been important advances in the material situation of Arab society and they are a significant step forward, but the rising vitriol and the legitimacy of open, aggressive nationalism have created a bitter social environment that could blunt the potential progress. Hence, the broad mentality of social polarization and aggression is another legacy of Netanyahu's leadership.

Controlling Internal Enemies: The Media and the Left

As observed in this analysis, Netanyahu's policies generate significant controversy and criticism. The major sources of criticism in a democracy come from government checks and balances, and civil society.

9. Threats to strip the citizenship of several hundred thousand Arabs refers to Lieberman's plan for a two-state solution based on territorial exchange. The concept proposes to move borders such that roughly 350,000 Arabs would become residents and citizens of the Palestinian state, rather than Israel – without giving them a choice in the matter. Often mistaken for a fair-minded, two-state solution, the legal reassignment of citizenship amounts to a forced depatriation of citizens on a collective basis, absent of any crime.

10. Hardly any attacks are perpetrated by Arabs in Israel. One lethal attack during this time was committed by a man with a history of criminal mental illness

11. Author's conversations with individual Arab colleagues.

Netanyahu has held up to five ministerial jobs since the 2015 elections, which gives him an unprecedented level of control and has enabled some of his controversial policies, such as the gas deal described earlier. The multiple portfolios are a clear example of how Netanyahu is consolidating his power – a growing tendency since his return to office in 2009 – and in doing so, two areas in particular have come under attack: the media and the NGO sector.

Media

Netanyahu's anger at the press and his perception of being permanently maligned extends back to the 1990s. At a campaign event in 1999, he rallied participants to chant along with him that the media is critical because they are »afraid!«

Netanyahu has indeed been the target of highly critical coverage, which corresponds with his insistence that the media are a fortress of left-wing elitists bent on taking him down. Since his second round of leadership, which began in 2009, Netanyahu's hostility to the media has become more dramatic and more personal. He refused to provide interviews to a specific journalist on Channel 10 during the 2015 election campaign, punishing both the reporter and the channel for what he perceives as unwarranted negative coverage. During the same campaign, his election advertisements skewered Ynet, the website affiliated with his longtime print media nemesis *Yediot Ahronot*, as »Lie-net«.

Yet the manifestations of this hostility go beyond gimmicks. *Israel Today*, funded by American casino magnate Sheldon Adelson, was established as a free newspaper in 2007. The paper was intended as a permanent defense of Netanyahu, to counter the perceived left-wing and/or anti-Netanyahu editorial lines of existing newspapers. It has become the top-circulating daily in Israel.

Then in 2013, the government dismantled the country's old public broadcast authority, which was declared bankrupt and slated for revamping through a new public broadcast corporation. However, in July 2016, the government announced that the opening of the new corporation would be postponed by a year and many interpreted this as a general attempt to get rid of it altogether. Statements leaked from a government meeting revealed that Likud minister Miri Regev had railed

against the idea of state funding for a critical independent media, fueling the sense that Netanyahu's aim to control criticism is spreading.

Others have noted that Netanyahu has created hardships for existing private television stations, and advanced troublesome regulations for critical websites, further constraining the media environment (Caspit 2016). Like many politicians, Netanyahu has also taken to speaking directly to voters on social media platforms, which bypasses independent editorial control. Only in August 2016 did Netanyahu initiate an unusual round of private, mainly off-record conversations with journalists (see Benziman 2016). However, he still avoids on-record interviews in print or television, preferring controlled messaging instead.

Netanyahu surely views his approach as an overdue rectification of the overwhelmingly left-wing media environment and many Israelis would surely agree. And overall Israel still enjoys a largely open and critical media. However, he is also forging a tone of control that trickles down: for example, in August 2016 the Director-General of the Israeli Ministry of Foreign Affairs – longtime Netanyahu loyalist Dore Gold – forbade all diplomats from speaking to journalists. Such measures could slowly legitimize the notion that independent communication is a privilege the government grants or rescinds.

Controlling the Left

If pressure on the media is partly a statement against the left, the onslaught against openly left-wing civil society organizations has been explicit under Netanyahu. Again, it didn't start with him but with a right-wing NGO. In 2010, the NGO attacked a left-wing foundation that supports local NGOs that address human and civil rights, to punish them for cooperating with an international investigation into the 2009 war in Gaza. Many Israelis also attacked the foundation, and politicians identified a populist opportunity. By 2013, a member of the far-right Jewish Home party proposed a bill aimed at curtailing the activities of left-leaning NGOs. In 2014, Likud members proposed related bills with similar intentions. In 2015, members of the two parties cosponsored a related bill and in mid-2016 the controversial NGO Law was passed, forcing NGOs that receive a certain portion of funding from »foreign state entities« to declare their funding sources a range of ways.

Described as an effort to increase transparency, the law provides no information that is not already completely available under existing laws (see NIF 2016). The sponsors hardly concealed that the law was tailored to target left-wing groups. Instead, they were proud, because Israeli society largely accepts the legitimacy of targeting groups for political activity.

Despite these disturbing developments, the actual changes are bureaucratic and technical. They signal a direction more than an empirical suppression of civil society, and they are incremental. They can certainly still be undone. Nonetheless, the long-term thinking that underlies them maybe harder to reverse. Netanyahu may not have sponsored the actual bills, but the voice behind them corresponds to his.

Concluding Observations

Israeli society has changed during Netanyahu's leadership. There are other political and demographic circumstances at play, and scientifically proving cause and effect is impossible. Yet it seems clear that the public sphere is more nationalist, more xenophobic/ethnocentric, and more unapologetic and explicit about those trends than in the past. Regardless of Netanyahu's role in fomenting these dynamics, he has certainly deepened and encouraged the trends. He has leveraged them as an integral element of his political success. He has also honed a clear style of leadership, advancing centralized leadership with personalized control over growing sectors of society.

At the same time, it should also be recognized that in earlier decades Israeli society was largely »controlled« by less political diversity, a higher ethos of social conformity, and a greater wartime/siege mentality. The Israeli society Netanyahu is attempting so hard to constrain now has a vibrant community of activists, impressive organizational structures, and communication outlets committed to safeguarding democratic values. These outlets are not cowed by Netanyahu's leadership, and may be prompted to greater action, possibly attracting broader support in the face of his approach. It would be wise to ensure the sustainability and independence of these other layers of civil society – from the independence of branches of government, to safeguarding media freedom and non-governmental activity. These are the elements that

will preserve democracy, and may eventually shift society to reject the kinds of policies and leaders that threaten democratic values.

5. Conclusion


Netanyahu's legacy is one of dividing and incrementally controlling various aspects of Israeli society. But why is this his method? Perhaps he rejects and wishes to suppress the tough criticism coming from civil society about the economic hardships so many face, or anger from the left-wing about 50 years of occupation of the Palestinians. Perhaps, as he has rightly pointed out, Israel's political system has been burdened and constantly stymied – and less criticism means more efficient policymaking.

Either way, the results are becoming clear. Political criticism is increasingly treated as an attack on the state, either by Netanyahu himself or through his political allies. In addition, many Israelis are so busy trying to make ends meet, that issues related to the conflict are lower priorities, as polling regularly shows. Yet perhaps most of all, society has become so polarized and fragmented that no political force has been able to mount a serious social or electoral challenge to Netanyahu for several electoral cycles. This explains his continued ability to advance certain problematic policies with little protest; it also helps ensure his electoral success.

Key Recommendations

Israel can continue Netanyahu's policies – but it will not be the same sort of country. Israel can still shift direction and move to strengthen a liberal democratic character, but that would mean halting or reversing some of the problematic trends that have emerged under Netanyahu's leadership. Recommendations for accomplishing this include:

- The conflict management approach is rapidly eroding prospects for a two-state solution and is fostering violence. Despite great obstacles, and without prescribing a specific model, Israel should end conflict management and strive for a diplomatic resolution.
- Foreign policy trends are often portrayed as problematic, but in reality there is little pressure on Israel.



Underneath the critical rhetoric, Western alliances are mostly strong and thus provide little incentive for policy change.

- A trend of cultivating unconventional partners may open up new financial markets, but undemocratic allies – such as Russia – or relations based on weapons sales to Azerbaijan could backfire by encouraging either nondemocratic values at home, or escalation and anger at Israel abroad.
- Economic policies that do not account for the financial burden of the conflict and troubled foreign relations and internal economic inequality will not be sustainable. The general approach should link these social and political questions with economic horizons. Civil society is becoming more nationalist and power more centralized. The government should cease advancing legislation that threatens democratic principles or roll back legislation targeted against specific ethnic and political groups.



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