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Israel and Middle East News Update

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News Excerpts

June 23, 2022

Al-Monitor

Israeli Government Passes First Test to Dissolve

The Knesset approved in a preliminary hearing 11 bills for dispersing Israel's parliament. An overwhelming majority of 110 legislators without anyone objecting supported the bills. The 11 similar bills — 9 by the opposition and two by the coalition — were joined into one package, requiring one single vote. Still, the road to dissolving the Knesset is complicated. Prime Minister [Naftali Bennett](#) and Alternate Prime Minister Yair Lapid would like to see the Knesset dissolved as soon as possible to [prevent](#) the opposition from establishing an alternative government headed by former Prime Minister Benjamin Netanyahu. The opposition could advance such a move if it gathers the support of an absolute Knesset majority of 61 legislators. It is unclear if the opposition would indeed have the requested support for such a move. [Dig Deeper “In Improbable Gambit, Shaked Willing to Join Netanyahu-Led Gov’t in Current Knesset” \(Times of Israel\)](#)

Ynet News

Lapid Warns of Netanyahu Allies as Israel Races to Elections

Foreign Minister [Yair Lapid](#), who is set to become interim prime minister with the Knesset's dispersal, warned of Opposition Leader Netanyahu teaming up with far-right elements as Israel is poised for an early election. Speaking at Eli Hurvitz Conference on Economics and Society, Lapid zeroed in on MK Itamar Ben Gvir, a firebrand member of the ultranationalist Religious Zionist Party, whom he argues is more powerful than Netanyahu and is being used by the Likud leader to escape justice in his ongoing corruption trial. "The extremists are playing the victim instead of working. The most powerful person, the biggest threat in the opposition, is Ben Gvir, and not [Netanyahu]," he said. [Dig Deeper “November 1 Said Emerging as Likely Date for Upcoming Knesset Elections” \(Times of Israel\)](#)

Israel Hayom

Bennett Warns Gaza Not to Exploit Political Shift

Prime Minister [Bennett](#) visited the IDF Gaza Division where he assessed the security situation with other senior officials. We are completing the quietest year for the residents of Sderot, Ashkelon, and the Gaza Strip for 15 years," Bennett said. "The new normal in the south is peace, security, and a normal life," he added, hailing housing construction in the region as "the greatest of victories." "After a year, I am handing back a quiet, flourishing South. Hamas is deterred, and there is a record number of new families in Sderot and the area. We've changed the reality completely – from fires and terrorism to growth and calm," Bennett tweeted. Bennett also warned Palestinian terror organizations in the Gaza Strip not to try and take advantage of Israel's current lack of political stability. [Dig Deeper “Bennett Said Mulling Timeout From Politics, Not Running in Next Election” \(Times of Israel\)](#)

Israel Reinforces Part of West Bank Barrier with Wall

Construction work began to upgrade a section of the West Bank security barrier, months after a series of deadly terror attacks were committed by Palestinians who illegally entered Israel, defense officials said. The Defense Ministry said the 30-foot tall concrete wall replaces a 28-mile stretch of fencing from an area in the northern West Bank to Israel's Bat Hefer region — one of the first sections of the barrier ever built, some 20 years ago. Some \$93 million was allocated toward the plan in April. Separately in April, work to fix up holes over dozens of kilometers of the fence began, following a spate of deadly terror attacks in Israel, including several in which terrorists from the northern West Bank entered Israel via large holes in the barrier. In recent years thousands of Palestinians would enter Israel every day through the gaps in the fence for work. [Dig Deeper "Police: Would-Be Palestinian Stabber Turns Himself in After Having Second Thoughts" \(Times of Israel\)](#)

Jewish Israeli Arrested After Fatal Stabbing of Palestinian

The Israeli Police arrested a Jewish man in connection to the stabbing death of Palestinian Ali Hassan Harb in the West Bank the previous day. Harb, 27, was stabbed in the chest near the settlement of Ariel on Tuesday. Three Palestinians who were at the scene said that the stabbing occurred while soldiers and police were present. The Israeli military denies this and said that "IDF forces were not present at the scene during the event." The court has placed a gag order on the details of the investigation. The police said that due to this order, they cannot comment on the Palestinians' claims of a police presence at the scene. Hundreds of people participated in Harb's funeral in Iskaka on Wednesday. During the funeral, there were mentions of other Palestinians who were killed by Israelis, including Mohammed Abu Khdeir, Aisha al-Rabi and the Dawabsha family. Harb's family talked about how he had tried to attain a permit to work in the settlements, but was denied. [Dig Deeper "Palestinian Teen Stabber Victim of 'Israeli Apartheid,' Justice System – Amnesty" \(Jerusalem Post\)](#)

'Israelis Shopping in Pa to Save Risk Their Lives,' Police

Despite the inherent risk, an increasing number of Israelis are filling up their tanks at Palestinian gas stations and doing their shopping in Palestinian villages in an effort to contend with the high cost of living. By filling up their tank at a Palestinian gas station, the average Israeli can save thousands of shekels each year on gas. Many Israelis also take their cars to Palestinian garages, where the prices are significantly lower than in Israel. Palestinians are aware Israelis are interested in the lower prices their villages offer and have hung Hebrew-language signs advertising their shops and services near the roads. In a statement, the Israel Police warned Israelis entering Palestinian villages were necessarily putting their lives at risk. "In Jerusalem, they asked for 600 shekels (\$174) just [to replace] the broken plastic on my taillight. In the village, I bought an entire light with bulbs and everything for 150 shekels (\$44). The disparity is incredible," an Israeli citizen said.

Most of the World Prefers Biden to Trump, but Not Israel

Israel is the only major Western country to view President Joe Biden less positively than his predecessor Donald Trump, according to a new 18-nation survey from the Pew Research Center. The findings from the survey – conducted from February 14 to May 11, in order to gauge international attitudes toward the United States, NATO, and Russia – come exactly three weeks before Biden is slated to make his first visit to Israel as president. Sixty percent of Israelis have confidence in Biden doing the right thing in world affairs compared to 39 percent who do not – numbers that tally with the 17-country median. However, this is an 11-percentage-point drop from the 71 percent of Israelis who viewed Trump favorably in 2019 – the culmination of Trump's 15-percentage-point rise in Israeli approval during his presidency. Israeli views toward US presidents have fluctuated considerably over the past several decades, with the all-time high being George W. Bush's 83-percent approval rating in 2003. The all-time low was President Barack Obama's 49-percent rating in 2011 and 2015, respectively. Israel, however, is an outlier compared to the rest of the world when it comes to Biden's relative popularity compared to other Western leaders. [Dig Deeper "Israel Views Biden Less Favorably Than Trump Compared to Other Countries" \(I24 News\)](#)

Jerusalem Post

MBS, Erdogan Meet in Turkey, Discuss Ties Normalization

Saudi Crown Prince Mohammed bin Salman arrived in Turkey for the first time in years for talks with President Tayyip Erdogan aimed at fully normalizing ties that were ruptured after the murder of Saudi journalist Jamal Khashoggi. The visit marks a step in Prince Mohammed's effort to rehabilitate his image beyond the Gulf and comes as Erdogan seeks financial support that could help relieve Turkey's beleaguered economy ahead of tight elections for the president. In April, Erdogan held one-on-one talks with Prince Mohammed in Saudi Arabia after a months-long drive to mend relations between the regional powers, including dropping the Turkish trial over Khashoggi's 2018 murder in Istanbul. The visit is expected to bring "a full normalization and a restoration of the pre-crisis period," a senior Turkish official said on condition of anonymity. "A new era will begin." Erdogan welcomed Prince Mohammed at the presidential palace in Ankara with a ceremony and the two shook hands and embraced, before being met by members of the Turkish cabinet. There are no public statements scheduled after their talks. The Turkish official said the two countries had lifted restrictions on trade, flights, and the screening of TV series, with mutual negative media coverage also halted. Agreements on energy, economy, and security would be signed during the visit, while a plan was also in the works for Saudi funds to enter capital markets in Turkey, the official said. [Dig Deeper "You'll See Interesting Things': the US Hints at New Arab-Israel Ties During Biden Trip" \(Times of Israel\)](#)

Countdown

By Amihai Attali

- **Another step towards elections:** After the Knesset approved a preliminary reading of a bill to dissolve parliament, another step has now been taken towards completing the process of ending the term of the 25th Knesset. The bill, which passed by a big margin, will be presented to the Knesset House Committee headed by MK Nir Orbach (Yamina). In theory, the Committee can be convened even earlier, but Chairman Orbach does not want to rush so he can give negotiations to establish an alternative coalition a chance to succeed, even if the chances of doing so are essentially nil. The first step in the process will be for the committee to decide what Knesset committee will be responsible for preparing the bill for its second and third readings —the Knesset House Committee or the Knesset Constitution, Law and Justice Committee. After that, election officials including Central Elections Committee Chairwoman Orly Adas will present the committee with the many challenges the general election will face, not least of which is the number of work days in the coming months that will be taken up by the summer holidays and Jewish high holiday season.
- **The prevailing assessment is that Adas will try to get the politicians to agree to give up on their idea of setting election day for October 25 and to push it off to November 1 or even November 8.** After the politicians agree on a date, the bill will be reintroduced to the plenum for its second and third readings, after which it becomes law. After that, there will be many significant dates: Forty-seven days before election day, parties will have to submit their final election slates to the Central Elections Committee. In addition, the four parties that hold internal elections— Meretz, the Labor Party, the Likud, and the Religious Zionist Party—will have to do so.
- **After the bill to dissolve the Knesset is approved, negotiations will begin between coalition and opposition members to reach agreements about a range of legislation to be completed before the Knesset is dissolved.** These include the Judea and Samaria civil law bill, which will automatically be extended by six months but which must be re-approved; the “defendant’s bill” [i.e. the bill to prevent an individual who has been indicted on criminal charges from serving as prime minister], which has reemerged in a Labor Party attempt to push it forward; a term-limits bill, which Justice Minister Gideon Saar said would be re-introduced for another vote despite the fact that it was rejected last time the Knesset voted on it. In order to muster a majority for the bill and get it passed in the context of “cleaning the table,” Saar will need the support of the Joint List. Few agreements are expected given the fact that all sides want to dissolve the Knesset on Monday and not to delay that process.

The Biggest Loser of Israel's Upcoming Election

By David Rosenberg

- History often has the annoying habit of repeating itself. We are witness to that now. Back in the autumn of 2008, the world was in the grip of the worst economic downturn since the 1930s. Investment banking firm Lehman Brothers had gone bankrupt the month before – the signal event in what would become known as the Great Recession. In Israel, the economy was contracting, and the future looked bleak. But the government of Ehud Olmert collapsed that October, leaving Israel under the control of a caretaker government powerless to deal with the crisis. Fast forward to the spring of 2022 and the world is again looking recession in the eye. The downturn isn't here yet, but rising interest rates, China's constant COVID lockdowns, and a bear stock market make it look increasingly inevitable.
- And just as in 2008, Israel is heading into a general election, leaving it with a caretaker government that can do little to respond. Most of the commentary about the economic impact of another election – Israel's fifth in the space of three-and-a-half years – focuses on all the government reform measures that will now be shelved, if not left to die. These include raising the minimum wage, compensating the self-employed for omicron losses, and measures to rein in soaring housing prices. The failure to get this legislation passed will impose a cost on the Israeli economy, especially on ordinary Israelis. But it pales in comparison to the risk that Israel may be dragged into a global recession without a state budget or a finance minister with the power to do much to grapple with it. To our misfortune, history never repeats itself perfectly. I
- In 2008, the crisis was already upon us. There was no time to lose while the politicians campaigned and then negotiated a coalition government. The burden of dealing with the crisis fell on Stanley Fischer, who as governor of the Bank of Israel could act independently of elected leaders. Israel was lucky to have Fischer at that critical moment. He slashed interest rates, from 4.5 percent at the outset of the crisis to what was then a record low of 0.5 percent, to help businesses and consumers. He also launched an unprecedented and largely untested policy of quantitative easing, designed to enable the financial markets that were seizing up in the face of the global crisis to continue functioning.
- By the time the new government of Benjamin Netanyahu secured Knesset approval for a 2009-10 budget in July 2009, the economic crisis had largely passed for Israel. The economy had contracted sharply in the final quarter of 2008 and the first quarter of 2009, but by the second quarter, it was growing again. In the third quarter, growth was running at an impressive 3.6 percent. Fischer was arguably Israel's greatest central bank chief ever – one with a deep understanding of economics and policy, an astute politician, and a great communicator. His actions in 2008 and 2009 were so effective that he became the first central banker in the world to raise interest rates, signaling that the crisis was over for Israel. The problem Fischer now faced wasn't recession but accelerating inflation. In 2022, we no longer have Stanley Fischer to save us.

- **Current Governor Amir Yaron may yet prove his mettle, but so far, his policies have proved to be tepid in the face of rising inflation. Moreover, with interest rates so low (0.75 percent today, not much more than the low Fischer cut the rate to in 2008), Yaron has little of the traditional ammunition central banks use to contain economic downturns. If he finds himself at war with stagflation – a combination of recession and inflation that some economists believe may occur – his problems will be compounded. Also to our misfortune, Israel’s economic policy problem goes deeper than the abilities of the Bank of Israel and its boss. In 2008-09, the government fell, elections were held and a government was formed all the space of four months. If this history were to repeat itself in 2022-23, the recession threat might be containable: By the end of the year, a new government could get to work quickly, if belatedly, to combat the effects of an economic downturn.**
- **But there’s another history that is likely to repeat itself this year: one of the three-and-a-half years of political deadlock that back-to-back elections have failed to break. If recent history repeats itself in this election, the politicians may not be able to form a coalition or, if they do, the process could be quite lengthy. If a coalition is formed, it may well be as fragile as the previous two were, and then we’re back to the polls again for round number six. In the meantime, Israel’s caretaker finance minister has his hands tied, perhaps for months or even years. Government spending in 2023 – when many expect the recession to hit – is limited by law to a month-by-month allocation based on 2022 levels. There will be no room for countercyclical measures or initiatives to fight the downturn. There’s no reason to panic yet (and if there was, it would be irresponsible to say so).**
- **For one, there may not be a recession in the end. For another, the Israeli economy’s fundamentals remain sound: it has a thriving high-tech sector, and its fiscal deficit and public debt levels are relatively good. These were all factors that contributed to Israel’s quick recovery in 2009 and should work in its favor again this time as well. The big question is how long the economy can put up with successive crises and political deadlocks. Despite repeated elections and the COVID pandemic, the international credit rating agencies have given Israel the benefit of the doubt because of the economy’s strong fundamentals. At some point, though, they may reach the conclusion that this isn’t just a crisis of limited duration but a fundamental problem in its own right.**