

Briefing Israel's future



In the balance

JERUSALEM

Israel's coming election may be the most important in its history

"ISRUEL IS STRONGER than ever!" After four years, a devastating terrorist attack, multiple wars and international opprobrium, Israel's prime minister, Benjamin Netanyahu, is nothing if not bullish. Launching his 12th election campaign as leader of the Likud party on June 30th, he told a friendly interviewer and rapturous audience that Israel's wars "never end. Do you want to live? In the Middle East and the world? Be strong." Israel is militarily and financially strong. But it is stuck.

The Knesset, Israel's parliament, is set to dissolve on July 17th. The country will vote for a new government on October 27th in one of the most consequential elections of its history. It will be voters' first chance to pass judgment on their leaders since the terrorist attacks of October 7th 2023. But more than that, they will have to determine what kind of future they want for their country. And so far, that seems likely to be a choice between an ultranationalist and religious coalition that insists

that only hardline militarism can secure the Jewish state's future, and a gaggle of opposition parties offering an alternative vision that they have yet to fully define.

None of the wars triggered by the atrocities of October 7th, which were committed on Mr Netanyahu's watch, has ended. Instead, America has imposed uneasy and inadequate ceasefires on Israel. Its army, still deployed in Gaza, southern Lebanon and Syria, is overstretched. Israel has battered its enemies, but Hamas in Gaza and Hizbullah in Lebanon both remain entrenched and are rearming. And over two wars, even backed by America's military might, Israel has failed to destroy Iran's nuclear and ballistic-missile programmes or to topple its regime.

What is more, Israel has paid a heavy diplomatic price. Its international standing is hugely diminished because of its brutality in Gaza. Before October 7th it was on the brink of a regional breakthrough, including, perhaps, a historic deal

with Saudi Arabia. It still has allies in the Middle East, but they do their utmost to conceal that. Even the United Arab Emirates, which defended itself against Iranian attacks with Israeli missile-defence systems, was quick to deny Mr Netanyahu's claims in March of a visit to Abu Dhabi.

That is a loss but more worrying for Israel is the erosion in support from its Western allies, notably America. According to the most recent polling by the Pew Research Centre, 62% of Americans view the Israeli government unfavourably, up from 43% in 2022. Donald Trump, whom Mr Netanyahu once described as "the greatest friend that the State of Israel has ever had in the White House", has left Israel out of America's talks with Iran, while calling the Israeli leader "fucking crazy" for disrupting the ceasefire in Lebanon.

Israel and the world around it have changed profoundly but on October 27th Israel's prime minister, who was first elected in 1996 and has spent 19 years in office, ►►

▶ will offer more of the same. To win, he needs to detach himself from the failures that led to October 7th. Mr Netanyahu repeatedly lists the leaders of Hamas, Hizbullah and Iran assassinated by Israel, the military infrastructure it has destroyed and “security zones” it occupies. But none of this has yielded his oft-promised “total victory”. Israel under his continuing rule would face more war and isolation.

Behold, I will do a new thing

Might his opponents set the country on a new path? In recent weeks the new vaguely centrist party of Gadi Eisenkot, Yashar (meaning “honest”) has begun to overtake Likud in the polls. Mr Eisenkot, a former head of the Israel Defence Forces (IDF), said at the launch of his party's manifesto that Israel needed “to know when to go to war”, rather than seeing in war “an aim to itself”. He and other opposition leaders are united in criticising Mr Netanyahu for the inconclusive outcomes of Israel's wars. They highlight the strain this has put on the IDF, especially its reservists, many of whom have served for hundreds of days. But thus far none has presented a coherent alternative to Mr Netanyahu's vision.

Their reticence may be explained by the fact that, although Mr Netanyahu's coalition is lagging behind in most polls, the Israeli population as a whole has shifted rightward. In a recent survey, 38% said they have moved to the right since October 7th; only 7% have shifted leftward.

“The focus on the personnel issues reflects a reluctance to address the most critical issues of this election, the missions themselves,” says Omer Dank, a former air-force lieutenant colonel and strategic planner in the IDF. Mr Netanyahu's opponents will not refer directly to the reasons the IDF is so overstretched: the lack of a resolution in Gaza or Lebanon; the “security zones” strategy; and the massive expansion of settlements in the occupied West Bank which are guarded by the army.

Ending Israel's wars will be the most urgent task for next government. But doing so will get barely a mention in the campaign. “It's very hard to have that conversation in Israel after October 7th,” explains Mr Dank. Gil Murciano, the head of Mitvim, a foreign-policy think-tank in Israel warns: “In private all the politicians are aware that the next prime minister, assuming it's not Mr Netanyahu, will have to immediately start addressing the situations in Gaza, Lebanon and Syria. The alternative will be Israel becoming a pariah state.” The opposition parties do not talk about this in public. “They don't want to scare away their voters,” explains Mr Dank, by giving Mr Netanyahu the chance to portray them as weak and defeatist.

Still, he believes that, should Mr Netanyahu lose, his successors could act differ-

ently. To the prime minister, ending the wars would mean admitting defeat. A new government could bring them to a close. But if it fails to act quickly, he fears that, like Mr Netanyahu, it would become “invested” in them too.

Perhaps most terrifying for the voters, at least judging by their politicians' silence on the matter, are Israel's relations with the Palestinians. Israel's next government will need to end the current wars but it will also need to prevent the outbreak of another—in the occupied West Bank. Security officials warn that Palestinian anger about the spread of Jewish settlements and increasing settler violence against Palestinians with the support of the IDF could boil over in a new intifada (uprising).

The expansion has been part of a policy of de facto annexation led by Mr Netanyahu's hard-right allies, in particular the finance minister, Bezalel Smotrich. He has funnelled ever more public money to the settlements. “Netanyahu's government has empowered a radical minority to call the shots in the West Bank,” says Rami Hod, head of the Berl Katznelson Centre, a think-tank aligned with the Labour Party.

Mr Hod admits that even if his party, which has only four Knesset seats and has now merged with Meretz, an even smaller Zionist-left party to form a new group, the Democrats, is part of a coalition replacing Mr Netanyahu, ending Israel's occupation of the West Bank will not be on its agenda. “The most immediate threat is that the current government's annexation plan will plunge us into another war. We have to insist that at the very least a new government rewinds that, dismantles illegal settler farms and curbs settler violence,” he argues. On July 13th the leader of the Democrats, Yair Golan, publicly called for such steps. He was angrily rebuffed by Avigdor Lieberman, the head of Yisrael Beiteinu, an ultranationalist party also opposed to Mr Netanyahu, who recommended “focusing on what's in consensus”. To have any chance of forming a new government, these parties will have to co-operate.

The exchange highlighted the opposition's greatest weakness. In nearly every poll since October 2023 Mr Netanyahu's opponents have maintained a small but constant lead over his coalition of far-right and religious parties. But they remain diverse and divided, as do their voters.

On average, *The Economist's* poll tracker predicts Mr Netanyahu's opponents will secure 66 of the Knesset's 120 seats in the next Knesset. But these numbers represent a wide range of voters, including many right-wingers who not only support Israel's occupation of the West Bank, but are also adamantly opposed to forming a government with its Arab parties. To dislodge Mr Netanyahu, the opposition not only needs to win a majority. It needs to find a way to work together.

Once that would have meant finding some consensus about the Palestinians. Resolving Israel's deepest conflict used to be the defining split in its politics. Today, the trauma of October 7th means no mainstream politician is interested—in public—in any resolution. No one is talking about a two-state solution. Instead, the wars have created a new fault line—between those who are willing to fight on Israel's behalf and those who are not.

A mixed blessing

Mr Netanyahu's most dependable partners are the ultra-Orthodox—or *Haredi*—parties. His alliance with them goes back decades. They have been a mainstay of nearly all his coalitions but now, along with his responsibility for the October 7th attacks, they may be his biggest liability.

Anger towards the *Haredim* is rooted in their refusal to serve in the IDF. In 1948, when Israel was founded, 400 religious scholars were granted an exemption from military service. It applies to as many as 90,000 today. In 2012 the Supreme Court ruled that the exemption was unconstitutional. The ultra-Orthodox parties have demanded its restoration but Mr Netanyahu has failed to muster a majority for that at a time when Israel's conscript army is approaching its third year of multiple wars.

The promise to ensure the ultra-Orthodox serve animates the campaigns of all the main opposition parties, but they want to go further. Voters may well support that. The *Haredim* currently constitute around 14% of Israel's 10m-strong population, but high birth-rates make them its fastest-growing group. A wide range of benefits and public funding, which have only increased over the years, subsidises a community where many men spend their lives studying the Torah. Around half do not work. Mr Netanyahu says Iran and the Palestinians imperil the Jewish state's future, but to many Israelis this shift in the social fabric represents the existential threat.

“This is not just about the draft or par- ▶▶



► ticipation in the workforce,” wails Eli Paley, an influential ultra-Orthodox publisher. “If the opposition wanted to solve these issues, there are pragmatic solutions we could reach through dialogue which would allow more *Haredim* to serve in the security forces and work, while guaranteeing our core ideology of Torah study.” He accuses the opposition of “trying to dismantle *Haredi* autonomy as part of a hidden progressive agenda of social-engineering”.

A new government, without Mr Netanyahu, is unlikely to include the ultra-Orthodox. That would probably mean that Torah students would be drafted. It would also almost certainly mean such communities would get less government money, perhaps most crucially, for their schools.

Nearly half the children who began school in Israel last year either went to ultra-Orthodox institutions, which barely teach “secular” subjects such as maths, or were Israeli-Arabs whose schools have been neglected by successive governments. They are receiving what Dan Ben-David, head of the Shoshan Institute for Socioeconomic Research in Tel Aviv, describes as a “third-world education”. “A new government, backed by the public’s anger with the *Haredim*, will have the opportunity to enact radical reform. The good news is that there’s still time,” he argues. It would mean restructuring the entire education and benefits systems and, he suggests, diverting funding away from schools that do not teach a new national curriculum and that discourage participation in the workforce.

“These elections may be Israel’s last opportunity to pivot toward a sustainable long-term future,” says Mr Ben-David. Just over 10% of Israel’s workforce is employed in the tech sector, perhaps the highest share in the world. But it relies on a core of

fewer than 300,000 researchers, academics and doctors. “We’re a small country which has put all its eggs in one tech basket,” says Mr Ben-David. “It’s not just our economy which is dependent on this small and highly mobile group; it’s also our very survival in a hostile region. These are the people developing Israel’s advanced defence systems.” He is afraid not only that they will leave, but that Israel is failing to produce its next generation of researchers.

For decades Mr Ben-David was a lone voice but in this election the opposition seems to be listening. “Israel is not viable if we don’t integrate the *Haredi* community into society,” says Liran Avisar Ben-Horin, the policy chief of Together, a centre-right party led by Naftali Bennett, a former prime minister. Together’s educational programme, “From Tribes to Nation”, envisages bringing ultra-Orthodox and Arab schools into a single regulatory system.

It’s not all about you, Bibi

After countless elections gripped solely by the question of whether Mr Netanyahu would win or lose, there is a refreshing ferment of policy ideas, at least on domestic matters, to this campaign. “After so many years when the country was run according to what was good for Netanyahu, we’re now working out Israel’s strategy,” says Shaul Meridor, a candidate for Yashar and the former head of the Treasury’s budget department. “It means basic things like re-establishing norms, checks and balances, rebuilding the demoralised civil service and Israel’s international relations.”

The reports of a growing brain-drain have brought a fresh urgency, bordering on desperation, to such discussions. Many Israelis already felt as if they were losing their country in 2023 when the government tried, unsuccessfully, to push through judi-

cial reforms that would have drastically weakened the Supreme Court. In a recent survey a majority of liberal Israelis said a victory in this election for the Netanyahu camp would be “intolerable”.

The prime minister’s supporters are dismissive. “Israelis like to live in existential angst,” says Michael Eisenberg, a successful venture capitalist who advises the prime minister. “That doesn’t mean Israel isn’t facing serious challenges,” but given time they will largely solve themselves. Israel’s tech economy is resilient, he insists, and remains attractive enough to foreign investors to survive both the brain-drain and Israel’s international isolation. One way or another, the desire to be part of Israeli society will, he believes, ultimately draw young *Haredim* into the workforce. “Sociological change takes time. The world wants what Israel is selling and the changing geopolitical order will be much more sympathetic to countries with clear ethnic identity, like Israel.”

Israel’s economy has proved resilient. Its GDP grew by 2.9% in 2025 and growth is forecast to accelerate (see chart on previous page). It has made such recoveries before. Thanks to its knowledge- and tech-based economy, its growth rates were among the fastest to rebound after covid and the 2008 global recession.

But not all tech titans are convinced this will last. Eyal Waldman, founder of Mellanox, a chipmaker sold to Nvidia in 2019 for \$7bn, argues “Mr Netanyahu’s government leading us into further isolation from the world may harm the growth of companies wanting to work and invest in Israel. There are already major international companies that don’t want to work or invest in Israel.”

Mr Netanyahu seems unmoved by such concerns. Last year he said that Israel should become “Athens and super-Sparta”. By his telling and under his stewardship, Israel combines the democratic wisdom of Athens and the military might of Sparta. Victory has proved elusive but eventually Israel will triumph and regain the world’s respect. But the story of Athens is one of a democracy that ultimately failed. Sparta’s militaristic autarky, too, ended in collapse.

The prime minister’s opponents seem to understand that a radical change of course is imperative to draw Israel back from the brink. But so far they have shied away from telling Israeli voters some hard truths: that its enemies cannot simply be destroyed, that Israel cannot keep itself safe with “security zones” and, most crucially, that a just settlement with the Palestinians is essential for Israel’s future. Uniting Israel’s deeply divided society on such matters will be hard enough, but Israelis must have that reckoning. Even if Mr Netanyahu’s foes oust him on October 27th, their work will be only starting. ■



Train up a child in the way he should go