

Benjamin Netanyahu's bumpy road ahead

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TECH

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Israeli Prime Minister Benjamin Netanyahu looks on as he and Finance Minister Bezalel Smotrich hold a news conference at the Prime Minister's office in Jerusalem on January 11, 2023.

| Photo Credit: Reuters

Benjamin Netanyahu is back as the Prime Minister of Israel and now heads the country's most far-right, religiously conservative government in history. Legislative elections were held in Israel on November 1, 2022 — the fifth general election in less than four years. The election ended predictably in Mr. Netanyahu's favour, but it took him a long time to stitch an alliance. This is because the demands of his ultra-religious and ultra-nationalist allies are radical. They include changing secular liberal school education, increasing the budget for religious schools, and exempting Yeshiva students from military service. Other religious groups, though not orthodox, demand more settlements in the West Bank and laws that can bypass the judicial review system of the Supreme Court.

Given the worry over such demands, Mr. Netanyahu clarified that Israel will not become a halachic state, will not ban LGBTQ parades, and will remain "a country of laws".

An unsteady ship

The political instability of the last few years and the growing cultural and political divisions of Israeli society are a cause of worry for the start-up and innovation industries. Israel prides itself for its innovation, entrepreneurship and high-tech industries, which have given the country the status of a 'start-up nation'. According to *The Times of Israel*, the tech sector accounts for around 25% of Israel's total income tax revenue and constitutes about 10% of the workforce. Importantly, it has strengthened Israel's diplomatic relations. In December last year, over 400 Israelis from the tech industry addressed a letter to Mr. Netanyahu warning him that his coalition's desired policies will harm the sector and drive away foreign investment.

Can Mr. Netanyahu steady the ship so that the liberal and free-market economy prospers? The outgoing Finance Minister Avigdor Lieberman had urged his successor Bezalel Smotrich to continue with a free market policy. Previously, Mr. Smotrich had suggested that laws of the Torah would dictate Israel's economic policies after he entered office. He later vowed to stick to Mr. Lieberman's approach.

We have to wait and watch what happens as Mr. Netanyahu appears to be the weaker player in this alliance. His party has only 32 seats, which means he has to involve the far-right and ultra-religious parties in the alliance in all decisions. Other more centrist, nationalist and economically liberal leaders such as Naftali Bennet, Yair Lapid and Benny Ganz refused to ally with Mr. Netanyahu saying he had breached their trust in the past.

Mr. Netanyahu, first as Finance Minister and later as Prime Minister, has been crucial in branding Israel as a nation of innovation and entrepreneurship. He is often called the liberator of the Israeli economy. It was under his leadership largely that Israel became a free market economy, a member of the Organization for Economic Co-operation and Development in 2010 and avoided the major global financial crises. His is a promising legacy for senior figures of the high-tech industry, which is why they have appealed to him to ensure that politics does not endanger Israel's economy.

Faith and ideology

In Israel, and in India, many believe that prosperity and development drive people's political preferences. But political developments in Israel, and to an extent in India, tell us otherwise. People of faith or with strong ideologies are emotional beings. Identity and faith are very important for them. In India, we have seen how issues such as building temples and "uniting Hindus" has been used to mobilise voters. Emotive issues such as nationalism, religion and ideology sometimes act as a hot button compared to real-life issues such as low incomes, unemployment and price rise as people's emotions are stoked to make them believe that faith and religious values are more important to them. The 'start-up nation' of Israel may similarly not get the same attention from its free-market friendly Prime Minister this time around as his allies have built a coalition based on similar emotive issues.

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