



# Reforming Israel's Political System

**A Plan for the Knesset**

**Yohanan Plesner | Gideon Rahat**



THE ISRAEL  
DEMOCRACY  
INSTITUTE

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## About IDI

The Israel Democracy Institute is an independent, non-partisan think-and-do tank dedicated to strengthening the foundations of Israeli democracy. IDI supports Israel's elected officials, civil servants, and opinion leaders by developing policy solutions in the realms of political reform, democratic values, social cohesion, and religion and state.

IDI promotes the values and norms vital for Israel's identity as a Jewish and democratic state and maintains an open forum for constructive dialogue and consensus-building across Israeli society and government. The Institute assembles Israel's leading thinkers to conduct comparative policy research, design blueprints for reform, and develop practical implementation strategies.

In 2009, IDI was recognized with Israel's most prestigious award—The Israel Prize for Lifetime Achievement: Special Contribution to Society and State. Among many achievements, IDI is responsible for the creation of the Knesset's Research and Information Center, the repeal of the two-ballot electoral system, the establishment of Israel's National Economic Council, and the launch of Israel's constitutional process. The Institute's prestigious International Advisory Council, founded by former US Secretary of State George P. Shultz, is chaired by Professor Gerhard Casper, former President of Stanford University.

### About the Authors

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## About this Booklet

This booklet is an English adaptation of a set of Hebrew policy recommendations distributed to Israeli decision makers in the period leading up to the elections for the 20<sup>th</sup> Knesset in 2015.

The recommendations are based on a comprehensive set of proposals for electoral reform in Israel developed on the basis of research conducted by IDI's political reform research team from 2009 to the present and on the deliberations of IDI's Forum for Political Reform in Israel, which was headed by Justice Meir Shamgar. The full set of recommendations can be found in *Reforming Israel's Political System*, edited by Gideon Rahat, Shlomit Barnea, Chen Friedberg, and Ofer Kenig, which was published in 2013 by the Israel Democracy Institute and Am Oved (Hebrew).

Implementation of the full set of necessary reforms will take many years. However, we feel the present moment is ripe for a more specific series of changes that could have far-reaching implications for Israeli governance and pave the way for further reform.

The protracted and tortuous negotiations that ended with the formation of the 34<sup>th</sup> government in the aftermath of the 2015 elections have illustrated to Israel's principal political actors and to the public at large that Israel's political institutions are in need of an overhaul. Put simply, Israel's political institutions no longer serve the needs of Israeli democracy: Prime Ministers lack the tools to govern effectively and citizens cannot translate their votes into state policy. This is now common knowledge. Thus, for the first time in years, a political window of opportunity for reform seems to be open.

The reforms described at the beginning of this booklet pertain to the procedures by which governments are formed and dissolved. These measures, in conjunction with changes to the electoral system and party structure that are presented later in the booklet, are designed to promote stability and improve governance. Armed with a plan of action, we must now work with our partners in and out of government to seize the moment and pass the reforms necessary to ensure Israel's future as a stable, functioning democracy.

A handwritten signature in blue ink, appearing to read 'Y. Plesner'.

Yohanan Plesner

A handwritten signature in blue ink, appearing to read 'G. Rahat'.

Gideon Rahat

## The Challenge

- The Goal:** To improve governance and ensure long-term stability
- The Means:** Reduce party fragmentation by forming two large political blocs
- The Method:** Change the way Israeli governments are formed and dissolved

Over the last two decades, Israel has entered an acute crisis of governance. There are many factors behind the decline of Israeli governance but the most important is political fragmentation. Ever since Israel came unmoored from its two stabilizing anchors, the Labor and Likud parties—each of which used to hold about one third of the seats in the Knesset—the political system has become extremely fragmented. The proliferation of small and medium-sized parties in Israel has eroded the capacity of successive governments to survive and govern effectively.

The current ruling party has a mere quarter of the seats in the Knesset. The two largest parties combined hold less than half of the seats in the Knesset. Under such conditions, effective governance becomes nearly impossible—regardless of who is in power. The acute political vulnerability of every one of Israel's last five Prime Ministers has had profoundly damaging effects on policymaking on everything from the economy to national security.

Because the likelihood of achieving comprehensive electoral reform is low, we propose to focus first on a more limited objective and modify the procedures for how governments are formed and dissolved. As prominent electoral system expert Matthew Shugart has shown, changing the rules of government formation can precipitate significant changes in voting



patterns and political organization.<sup>1</sup> In particular, the proposals discussed here would give voters an incentive to vote for large parties and would encourage politicians and parties to join together in joint lists or large parties before the elections. The result would be two large political parties or party blocs that would offer voters two clear alternatives.

It is important to emphasize that any change to Israel's political system must retain the framework of parliamentary democracy, which is the most widespread system of government in the OECD and the only system that is appropriate for Israeli society. **Parliamentary democracy is more stable, more democratic, and more representative than presidential democracy, and has a greater capacity for effective governance.** Although many Israelis look with envy at the system of government in the United States, it is important to recognize that the US, which has enjoyed a stable presidential democracy since the end of the Civil War in 1865, is not a good model for Israel's young democracy. There are a number of reasons for this, including the absence of a federal system in Israel, the absence of a constitution, and the need for broad national consensus in a state facing existential threats.

Furthermore, Israel should avoid reforms that rely on split voting, such as the two-ballot system that was in effect in 1996 and 1999, when Israel had direct elections for the Prime Minister. A split ballot of any kind would strengthen small parties and weaken the Prime Minister.

1 "Political Institutional Reform in Israel: A Comparative Perspective" in *Reforming Israel's Political System* (edited by Gideon Rahat, Shlomit Barnea, Chen Friedberg, and Ofer Kenig, and published in Hebrew by IDI and Am Oved in 2013), pp. 678–711. An [English translation of this article](#) is available on the IDI website.

## Proposed Solutions

We recommend the following three changes in the way that governments are formed and brought down in Israel:

1. **After a general election, the head of the largest Knesset faction will become the Prime Minister automatically.**
2. **The new government formed by the Prime Minister will no longer require confirmation by a parliamentary vote of investiture.**
3. **The continued tenure of an incumbent Government will not depend on Knesset approval of the State budget.**

Since these measures may result in the formation of minority governments, it is important to include a number of safety valves that will protect against a political impasse, in which a stable government is incapable of governing. We recommend retaining the following mechanisms to prevent political deadlock:

1. **Dissolution of the government by a constructive vote of no confidence**

As a result of previous reforms passed with the backing of IDI, it is currently possible to topple the government through a vote of no-confidence in the Knesset, but only by presenting a viable, alternative coalition supported by an absolute majority of the Knesset (at least 61 members). We recommend retaining this provision.

2. **Dissolution of the government by the Prime Minister**

As currently stipulated in the Basic Law: The Government, the Prime Minister would be able to dissolve the Knesset, in consultation with the President. This would lead to new elections.

### 3. **Self-Dissolution of the Knesset triggering early elections (optional)**

An additional safety valve, currently in effect in Israel, enables an absolute majority of the Knesset members to dissolve the parliament and call early elections. The authors of this proposal disagree on the merit of this safety valve. On the one hand, it threatens governmental stability and could undermine the utility of the other reforms proposed here. On the other hand, it would provide a counterbalance to the increased power of the executive branch stemming from these reforms. In any event, if this safety valve is eliminated, the Knesset should be compensated with increased powers of oversight over the executive branch, as outlined in IDI's comprehensive plan for political reform.

These proposals offer a potent remedy for governmental instability in Israel. Future governments will be formed immediately following an election by the head of the largest faction, who will not require a parliamentary vote of investiture in order to establish his/her government. The parliament will retain its power to topple the government, but only by offering a constructive alternative supported by an absolute majority of Knesset members. The opposition will no longer be able to hold the government hostage to annual budget approval processes, and small parties will lose much of their power to extort concessions from the ruling party in the aftermath of an election. Future prime ministers, freed of the political sword of Damocles hanging over their head, will be able to build stable coalitions and formulate and implement policies designed to further the national interest.

## Advantages and Disadvantages of these Proposals

The pros and cons of the proposed changes include the following:

### Advantages

1. Knowing in advance that the leader of the largest Knesset faction will become Prime Minister should incentivize voters to vote for large parties and encourage politicians and parties to form blocs, alliances, or large parties.
2. A party system with two large parties that serve as anchors and several small satellite parties will encourage the two large parties to become more moderate and move towards the center of the political spectrum. Movement toward the center will curb extremism, both within the parties and in Israeli society as a whole.
3. The proposed safety valves will prevent deadlocks that might occur when a government that does not have the support of a stable parliamentary majority remains in power for a long period of time. This will preserve flexibility, which is one of the most important characteristics of parliamentary democracy.
4. The bargaining power of small parties and politicians will be reduced to reasonable proportions, for the following reasons:
  - The results of the elections will determine the identity of the Prime Minister, rather than negotiations between the parties after the elections.
  - Bringing down a government will require political parties to take unambiguous steps in advance (e.g., they would have to commit themselves to an alternative government or to dissolving the Knesset and calling for new elections).

- It will not be possible to bring down a government by voting against its proposed state budget.
5. Voters will have a clearer picture of their principal political alternatives on Election Day.

## Disadvantages

1. As a result of the changes, it will become easier for a minority government to come into being and survive. Such a government would be forced to forge *ad hoc* coalitions on every issue brought before the legislature. As a result, despite the stability achieved, the government's ability to govern would be limited.
2. The power of the Knesset would be weakened. To compensate for this loss, it will be important to boost the Knesset's capacity for supervision of the executive branch, for example, by enacting reforms in the Knesset's committee structure and introducing additional mechanisms for parliamentary oversight.

## Additional Reforms

The reforms proposed above are just one component of a comprehensive series of changes that are necessary to bolster Israeli governance. What other changes in the electoral system could promote the emergence of two large parties or large party blocs?

### Adopting Electoral Districts

We recommend that serious consideration be given to adopting **electoral districts**, which will be multi-member districts. This is the system employed in most Western European democracies.

The advantage of this method is that it creates a high, effective electoral threshold, which serves as an incentive for small and even medium-sized parties to join together with other parties to form a single large party or party bloc before the elections. Indeed, international experience indicates that elections in electoral districts encourage citizens to vote for larger parties and encourage politicians to unite in larger blocs.

In Israel, a regional-proportional system would have another advantage: it would guarantee Knesset representation for two relatively alienated sectors whose supporters are concentrated in specific regions—ultra-Orthodox Jews and Arab citizens of Israel.

We recommend considering one of the following two models:

- **A full district system** – All 120 members of the Knesset would be elected proportionally in multi-member electoral districts. To avoid gerrymandering, the electoral districts would be identical to the current administrative districts of the Interior Ministry (12–17 districts) and the number of seats allocated to each would be based on the size of its voting population.

- **A district system combined with a single national electoral district** – Sixty of the 120 Knesset seats would be filled through a regional-proportional system, as was recommended in the past by the Magidor Committee. The districts would be identical to the current administrative districts of the Interior Ministry (12–17 districts) and the number of seats allocated to each would be based on the size of its voting population. The remaining 60 seats would be based on voting in the entire country, on a proportional basis. Thus, some Knesset members would be elected in districts and some on a national level.

### **Encouraging Intra-Party Democracy**

A growing number of Israeli parties are adopting non-democratic methods of candidate selection that involve appointment either by the head of the list or by a council of elders. Israel's "democratic" parties are at a disadvantage as compared to "authoritarian" parties because they are subject to heavy regulation by the state and because the high cost of primary elections puts them at risk for running up heavy debts and deficits. Even though democratic parties are more representative of the will of the people, they are not rewarded for their internal democracy in any way. We recommend strengthening large, aggregative parties by rewarding them for maintaining internal democracy and for conducting primary elections for their Knesset lists.

At the same time, the primary system adopted by Israel's democratic parties is in crisis and must be reformed. Among other flaws, the system allows party bosses and powerful interest groups (such as ideologically extreme movements, big business, and labor unions) to determine the composition of party lists and shape the actions of individual MKs, to the detriment of the public interest.

In order to strengthen open parties and reduce the negative side-effects of primary elections, we recommend the following reforms:

1. **Adopt a semi-open electoral system.**

A new, two-sided ballot will enable Israeli voters to select several candidates from the party of their choice, thereby influencing the ranking of the candidates on the party's Knesset list on Election Day itself. This would allow the party's voters in the general elections to correct distortions created in the party primaries.

2. **Encourage parties to adopt a mixed system for candidate selection.**

The primary election system is justly criticized. But any selection system that entrusts the decision to a single body—whether it is the party's members, the central committee, a selection committee, or the party leader—is susceptible to being exploited. Consequently, a mixed system for selection that creates a healthy mechanism of checks and balances should be introduced. This could be achieved by a three-stage process that includes:

- Initial screening by a committee, which could be made up of party members selected at random and/or senior members who have retired from active political life
- Approval and modification of the list by an elected party institution, such as a Central Committee or convention
- Final selection by the members of the party.



3. **Reward internal democratic candidate selection.**

Parties that meet defined criteria for internal democracy in their selection of candidates should be rewarded with increased State funding.



4. **Require parties to allocate some of their state financing to substantive debate and policy formulation.**

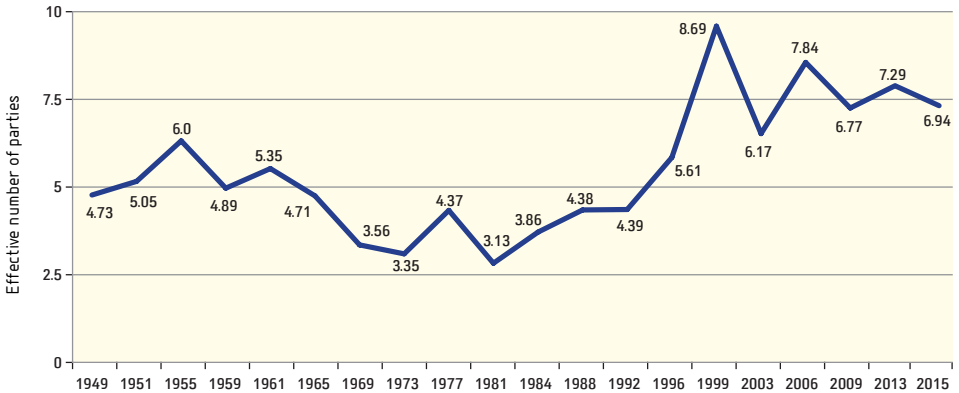
To encourage substantive policy debate, the use of state funding for PR and campaign expenses should be limited. Instead, as in the UK, specific funds should be designated for substantive debate, such as debate on policy formulation and ideology.

## Appendix 1: The Fragmentation of Israel's Party System

The following figures illustrate the fragmentation of the party system in Israel over time (Figure 1) and as compared to other countries at the present time (Figure 2). They display the “effective number” of political parties. This is a weighted index of the number of parties represented in the legislature and their relative share of the seats.

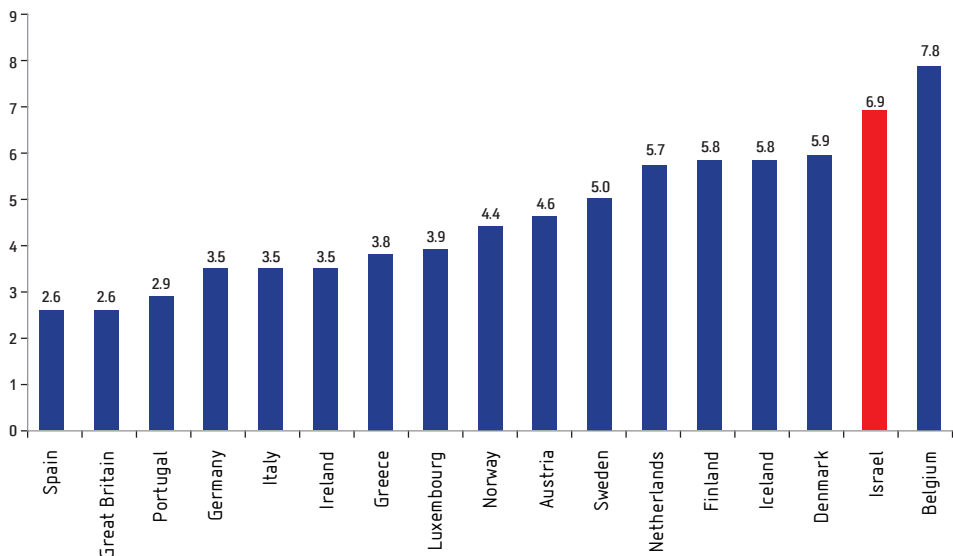
The large number of effective parties in Israel today—as compared both to the past and to other countries—reflects the extreme fragmentation of Israel's political system. This fragmentation interferes with effective governance and is especially problematic in Israel, where the challenges facing the country are more acute than in other countries and the political fragmentation is more extreme.

**Figure 1: The Effective Number of Parties in the Knesset, 1949–2015**



As can be seen in Figure 1, between 1948 and 1996, the effective number of parties in the Knesset ranged from three to six. A comparison with other countries (Figure 2) shows that this is a reasonable number of parties in a multiparty system. After the introduction of the direct election of the Prime Minister in 1996, however, the effective number of parties increased dramatically. Even after direct election of the Prime Minister was abolished in 2003, the effective number of parties continues to range from six to eight. This is an extremely high value that reflects the extraordinary fragmentation of the party system in Israel.

**Figure 2: The Effective Number of Parties in Israel and Other Democracies**  
(In the most recent elections, as of March 2015)



As can be seen in Figure 2, which compares the number of effective parties in Israel and 16 other democracies in the most recent elections in each country, the party system in Israel is much more fragmented than in long-established parliamentary democracies except for Belgium. The Belgian case, however, is no source of comfort, since Belgium has duplicate parties as a result of its division into two linguistic groups—Flemish and Walloon—and the two twin parties do not compete against each other for votes.

## Appendix 2: Mechanisms for Government Formation and Dissolution: An International Comparison

The following table compares IDI’s reform to the system currently used in Israel and the system used by 16 parliamentary democracies.

**Table 1: Votes of Investiture, Constructive Votes of No-Confidence, and the Power to Dissolve Parliament**

	Who appoints the Prime Minister?	Is a vote of investiture required to confirm a new government?	Type of vote of investiture	Type of vote of no-confidence	Can Parliament dissolve itself?	Can Parliament be dissolved by the Prime Minister?
Israel Today	President	Yes	Positive — Majority of those voting	Constructive — Majority of all members of parliament	Yes — Majority of all members of parliament	Yes
Israel— Proposed IDI System	Automatic appointment	No	No vote of investiture will be required.	Constructive — Majority of all members of parliament	Optional	Yes
Belgium	Monarch	Yes	Positive — Majority of those voting	Constructive — Majority of all members of parliament	No	No
Germany	President	Yes	Positive — Majority of all members of parliament	Constructive — Majority of all members of parliament	No	Yes*
Spain	Monarch	Yes	Positive — Majority of all members of parliament	Constructive — Majority of all members of parliament	No	Yes

\* The Prime Minister is authorized to dissolve parliament, but the head of state (president or monarch) has veto power.

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	Who appoints the Prime Minister?	Is a vote of investiture required to confirm a new government?	Type of vote of investiture	Type of vote of no-confidence	Can Parliament dissolve itself?	Can Parliament be dissolved by the Prime Minister?
Luxembourg	Grand Duke	Yes	Positive — Majority of those voting	Regular — Majority of those voting	No	No
Italy	President	Yes	Positive — Majority of those voting	Regular — Majority of those voting	No	No
Greece	President	Yes	Positive — Majority of those voting	Regular — Majority of all members of parliament	No	No
Ireland	President	Yes	Positive — Majority of those voting	Regular — Majority of those voting	No	Yes
Sweden	Speaker of Parliament	Yes	Negative — In the absence of an absolute majority opposed	Regular — Majority of all members of parliament	No	Yes
Portugal	President	Yes	Negative — In the absence of an absolute majority opposed	Regular — Majority of all members of parliament	No	No
Austria	President	No	—	Regular — Majority of those voting	Yes — Majority of all members of parliament	No
Finland	President	No	—	Regular — Majority of those voting	No	Yes*
Denmark	Monarch	No	—	Regular — Majority of those voting	No	Yes

\* The Prime Minister is authorized to dissolve parliament, but the head of state (president or monarch) has veto power.

	Who appoints the Prime Minister?	Is a vote of investiture required to confirm a new government?	Type of vote of investiture	Type of vote of no-confidence	Can Parliament dissolve itself?	Can Parliament be dissolved by the Prime Minister?
Great Britain	Monarch	No	—	Regular — Majority of those voting	Yes — By a two-thirds majority	No
Netherlands	Monarch	No	—	Regular — Majority of those voting	No	No
Norway	Monarch	No	—	Regular — Majority of those voting	No	No
Iceland	President	No	—	Regular — Majority of all members of parliament	No	No

## **Analysis of Comparative Findings**

### **Who appoints the Prime Minister?**

As can be seen in this comparison, none of the countries studied has a law that mandates that the leader of the largest parliamentary faction becomes Prime Minister, which is what we are proposing for Israel. In all of the countries, the head of state (president or monarch) or the speaker of parliament (Sweden) plays a formal role in the process. In many of those countries, however, it is the accepted practice that after the election results are announced, the head of the largest party is invited to form a government.

### **Is a vote of investiture required?**

In seven of the 17 countries surveyed, a parliamentary vote of investiture is not required to confirm a new government. According to our proposal, Israel will be in line with these countries. In two additional countries, the government does not need the support of a parliamentary majority in the vote of investiture; the only thing that can prevent the installation of the government is an absolute majority that opposes it. In other words, in nine of the 17 democracies examined, the parliamentary opposition has to demonstrate a better alternative than the proposed new government.

### **What kind of no-confidence vote is necessary?**

Bringing down a government by means of a constructive vote of no-confidence, as required in Israel, is found in only three of the democracies studied (Belgium, Germany, and Spain). In those countries, a vote of investiture is also required for installing a new government.

### **Who can dissolve the parliament?**

In several countries, including Israel, the parliament can dissolve itself by a special majority of its members (above 50%). In most of the countries studied, however, the legislature cannot vote itself out of office.



### **Can the Prime Minister dissolve the parliament?**

In about half of the countries, including Israel, the Prime Minister can dissolve the parliament (in some countries, in consultation with the head of state).

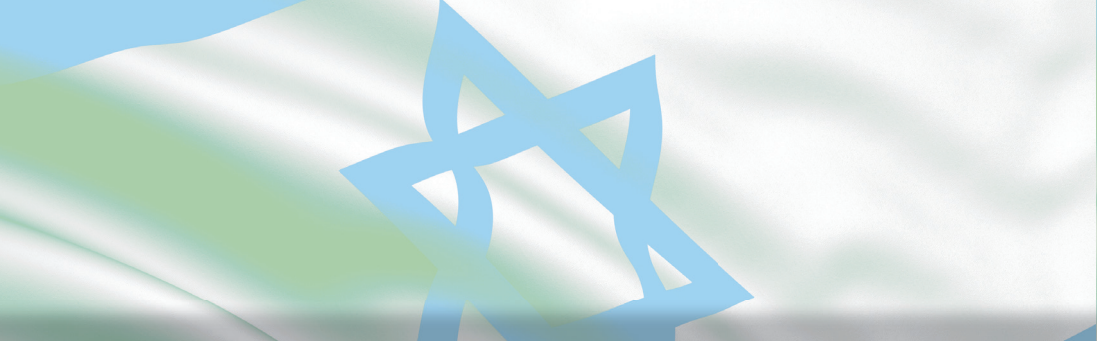
It may be noted that none of the countries surveyed, other than Israel, has a provision mandating passage of the state budget as a condition for the government and parliament to continue in office. In several countries, however, it is accepted that the Prime Minister may warn the legislators that he will see the vote on the budget as a vote of investiture in him and his government, and this indeed happens occasionally.

## Acknowledgments

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### Sources of Comparative Data

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