

Israel political crisis mounts over Netanyahu corruption revelations

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Leaked video tapes have revealed the pervasive and corrupt relations between Prime Minister Benjamin Netanyahu, his family, the media, and billionaire bosses at home and abroad. The tapes are the subject of police investigations.

Notorious for his hobnobbing with the financial elite, it is now clear that “gifts” Netanyahu received from his wealthy friends were down payments for favours.

This latest corruption scandal underscores the degree to which Israeli politicians are in the pocket of media networks and big business. Far from being the Middle East’s “only democracy,” Israel’s political system has more in common with mafia rule.

Given the damning contents of the tapes, it will be difficult for Netanyahu to avoid a criminal prosecution, despite having appointed close associates to the positions of attorney general and police chief. Such a prosecution could precipitate his resignation and early elections this year.

Like almost all of Israel’s prime ministers after the first, David Ben-Gurion, Netanyahu and his family have faced numerous allegations of corruption and even preliminary investigations. His immediate predecessor Ehud Olmert received a jail term for bribery offences when he was mayor of Jerusalem prior to becoming prime minister.

But the legal authorities, who have come under continuous attack from successive Netanyahu-led governments, have been reluctant to prosecute him—supposedly due to a lack of evidence that the gifts were actually exchanged for political favours. Now, the police, who have revealed few details of the investigations, have questioned Netanyahu three times “under caution” in relation to two cases.

According to the reports by *Ha’aretz* and TV Channel 2, the most damaging of the two cases involves tapes

that establish that Netanyahu sought to make a deal with Arnon “Noni” Mozes, the boss of Israel’s daily *Yediot Aharonot* and its online site Ynet, to rescue its falling circulation and advertising revenues.

The recordings—believed to date from between 2014 and early 2015—were apparently found on a phone during a search of the belongings of Netanyahu’s former chief of staff during a separate fraud investigation.

According to the proposed deal, Netanyahu would back a law that would have banned free newspapers, including *Israel Hayom*, which functions as Netanyahu’s mouthpiece. *Israel Hayom* was founded and published by US casino tycoon Sheldon Adelson in 2008 at a cost of \$261 million, and is a rival of *Yediot Aharonot*. In return, *Yediot Aharonot* would tone down its hostile coverage of the prime minister—in part motivated by Netanyahu’s backing for the free newspaper that had hurt its bottom line. Netanyahu would even be free to nominate the journalists.

The police have called in Mozes and his editor-in-chief, Ron Yaron, for questioning. Mozes, who has escaped prosecution in the past for illegal eavesdropping, could now face prosecution over his discussions with Netanyahu.

As it turned out, the proposed deal came to nothing, and Netanyahu tried for months to block the bill on *Israel Hayom*’s behalf. To no avail. The Knesset introduced the bill, despite opposition from Netanyahu and most of the Likud legislators. That left him with no alternative but to dissolve parliament and call another election just two years after the previous one in 2013.

Netanyahu recently admitted on his Facebook page that he had “dissolved the government and went to elections, among other things because of the subversion from within the government to pass the law. Everyone

also knows that with the establishment of the new government after the election, I inserted an explicit clause into the governing coalition agreements to prevent the recurrence of such legislation.”

In other words, he called an early election in 2015, at a cost of \$500 million, because of legislation that would have curbed the power of *Israel Hayom*, and made it a condition for joining his coalition that there would be no further attempts to enact a similar ban.

The other case under investigation, apparently the lesser of the two, involves the receipt of substantial gifts and benefits from several wealthy businesspeople. There is plenty of evidence, including detailed testimony from Netanyahu’s well-known benefactor Arnon Milchan, together with receipts and invoices. Milchan, an Israeli billionaire and Hollywood producer, gave Netanyahu more than \$100,000 worth of cigars and liquor. He reportedly asked Netanyahu to press his case with US Secretary of State John Kerry for a 10-year visa, which was ultimately successful.

Netanyahu is also known to have received lavish gifts from Ronald Lauder, an American businessman whose family founded the cosmetics giant Estee Lauder and who has himself been questioned by the police.

Another benefactor is the Australian billionaire James Packer, who is reported to have given the Netanyahu family lavish gifts. This included extended stays at luxury hotels in Tel Aviv, New York and Aspen, Colorado, for Netanyahu’s son, Yair, as well as the use of his private jet and dozens of tickets for concerts by Packer’s former fiancée, Mariah Carey. The police have now questioned Yair in connection with the affair. The purpose of Packer’s largesse is believed to be his desire to obtain Israeli citizenship or permanent-resident status for tax purposes.

Netanyahu’s cousin and personal attorney represented a German company involved in a controversial \$1.5 billion sale of submarines to Israel.

Netanyahu has denied any impropriety and hit back against his opponents, saying they were mounting a witch-hunt against him. He claimed he had done nothing wrong and that “nothing” could come of the accusations because “I repeat and say there will not be anything because there is nothing.”

Nevertheless, he is clearly coming under increasing pressure. Last week, he suddenly cancelled his trip to the World Economic Forum at Davos in Switzerland,

and did not attend President Donald Trump’s inauguration, despite reports that he was invited.

He is urging his supporters to introduce a bill making it impossible to investigate a sitting prime minister for fraud, bribery and breach of trust, although it would not be applied retrospectively.

Leading members of his Likud party, while publicly remaining supportive, are quietly lining up to put themselves in contest for the leadership position.

Netanyahu’s coalition partners have indicated that they will not allow him to continue as prime minister if he is indicted. Nor would they continue in the coalition, thereby precipitating an election. Likud currently holds 30 seats in the 120-member Knesset. Jewish Home, the right wing settler party led by Naftali Bennett currently has eight seats, but is expected to make gains at Likud’s expense. This would make Bennett the king-maker if not the king.

Israel’s so-called left and centrist parties have done nothing to challenge Netanyahu. They have not even attempted to get 40 signatures—out of a possible 54 opposition legislators—that would force the prime minister to answer questions on the bribery allegations. The last time they used the 40 signature procedure was in March last year, contrasting sharply with their frequent use of the rule during the tenure of former Prime Minister Ehud Olmert, under investigation for corruption in 2007-8.

Both Yair Lapid of Yesh Atid and Isaac Herzog of the Zionist Union (formerly the Labour party) are implicated. Lapid, a former journalist, worked for Milchan and Mozes at *Yediot Ahronot*. His wife still works there and they all remain friends. Herzog is the subject of alleged election offences, and he too is a personal friend of Milchan. *Yediot Aharonot* backed him in the 2015 elections.

The mounting crisis surrounding Netanyahu makes it all the more likely that he will seek to distract public attention by escalating tensions with the Palestinians. He can count on strong support from the Trump administration.



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