

# Neophyte politicians, tried businessmen

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01/10/2013 10:25

Some fresh faces may help revitalize a Knesset that has lost respect and trust among ordinary Israelis.



Photo by: Lahav Harkov

The 19th Knesset will feature some fresh new faces among its 120 members, hopefully bringing new ideas on economics, business and entrepreneurship.

They include Erel Margalit, a venture capitalist; Jacob Perry, veteran manager and business leader; Yair Shamir, entrepreneur, venture capitalist and until recently chair of Israel Aerospace Industries (IAI); and Naftali Bennett, entrepreneur and now leader of the Bayit Yehudi party, the successor to the National Religious Party. All are relative neophytes in politics. In a political system that is more geriatric than creative, they bring welcome relief.

Elections were called for January rather than October because of the inability of the coalition government to agree on a new budget. With the economy slowing, and the budget deficit growing, it was clear there was need for a painful NIS 15-20 billion (\$4-\$5.3 billion) budget cut. Yet the coalition parties could not agree on whose ox should be gored.

They preferred to sweep the mess under the carpet and deal with it only after the election.

According to the Bank of Israel, 2012 GDP growth was 3.3 percent. For 2013, the forecast calls for 3.8 percent growth. This is significantly higher than forecasted growth of the US or Europe. But the optimism stems in part from natural gas from the Tamar field, which when it comes on stream will contribute a full percentage point, or one-fourth, to total GDP growth.

Bank of Israel Governor Stanley Fischer cut interest rates in December and warned against allowing the budget deficit to soar.

The BOI cautions that there could be a delay in the flow of natural gas. Facing these uncertainties, the government and Knesset will need experience, wisdom and innovation.

Who are these new faces who could supply it? Yair Shamir: I got to know Shamir quite well when he served on the Board of Technion Institute of Management, while I was its academic director. He is a voracious reader like his late father, former Prime Minister Yitzhak Shamir, an independent thinker and fiercely pragmatic. At IAI, he revamped management, dealt with tough unions and agilely navigated through the global downturn in 2008-11. He also initiated a name change, from Israel Aircraft Industries to Israel Aerospace Industries, reflecting IAI's achievements in building state-of-the-art satellites.

Shamir was an Israel Air Force pilot for 25 years until 1988, then headed Scitex and Elite Foods, launched a startup called Vcon Telecommunications (videoconferencing systems), and became a successful venture capitalist, heading a fund called Catalyst.

As No. 4 on the Likud-Beytenu list, he could be Minister of Industry in the next government.

As such, he could spur a move to partially privatize IAI, giving it more flexibility to raise capital and expand. He could also revitalize the Office of the Chief Scientist and restore its depleted budget that funds research and development.

Erel Margalit: Tenth on the Labor Party list, Margalit is a relative newcomer to politics.

He has a PhD in philosophy from Columbia University and served under longtime Jerusalem Mayor Teddy Kollek as head of business development, bringing many technology firms to Israel's capital. In 1993, he founded the pioneering venture capital firm Jerusalem Venture Partners (JVP). Anticipating the boom in media technology, he led some 15 successful IPOs (initial public offering of stock) of JVP start-ups, including the \$4.8 billion sale of Chromatis to Lucent in 2000. With the well of venture capital funds rapidly drying up in Israel, he brings crucial expertise in start-up funding to the Knesset.

He could also spur efforts to bring new industry and jobs to Jerusalem, just as he did under the legendary Kollek.

Jacob Perry: Perry served for 29 years in the Israel Security Agency (Shin Bet), heading it from 1988 to 1995. He was Chief Executive Officer of leading cellphone company Cellcom, and chairman of the board of Bank Mizrahi-Tfahot. For both Cellcom and Mizrahi, Perry led them to growth and profit.

Perry is fifth on Yair Lapid's Yesh Atid list.

If Lapid's new party joins the coalition, Perry would be a natural for Communications Minister.

Naftali Bennett: Bennett, 40, was elected head of Bayit Yehudi in November. In 1999, he launched a start-up called Cyota that developed pioneering anti-fraud software for credit cards, then sold it in 2005. Today, Cyota employs 300 people in Herzliya, and another 100 in Beersheba.

"The main thing that entrepreneurs need is to be left alone, for government not to stand in their way," Bennett tells The Jerusalem Report. "Today, Israel's economy is in the hands of a few power groups that are choking it – the big tycoons and the big unions. The key reform, I believe, is to free up the economy, so that it is easier for small businesses to thrive. Small businesses are at the bottom of the food chain, yet they are the biggest creators of jobs. We need reform. We need to sell much more land to the people.

The Israel Land Authority owns 93.5 percent of the land in Israel. Suppose 93.5 percent of the sugar in Israel was held tightly in a warehouse and kept off the market. The price of sugar would soar. This is true of land as well."

Several other newcomers are worthy of mention. One is Stav Shaffir, the 27-year-old social activist and one of the leaders of the 2011 social justice protests, No. 8 on the Labor Party list. She is expected to be one of the youngest ever MKs (the youngest was Moshe Nissim, who became an MK in 1959, at the age of 24). Shaffir was spokesperson of the social protest movement and will be an eloquent advocate of social equality and a representative of the young generation.

Two other dark horses are Moshe Zarfati and Reuven Agassi, second and third on the list of Rabbi Haim Amsalem's Am Shalem party. Agassi, with son and Better Place founder Shai Agassi, launched several startup companies, while Zarfati, a pilot and aeronautical engineer, also has extensive hightech experience.

Bennett, Margalit, Shamir, Perry and Shaffir, together with (perhaps) Zarfati, wildly different in their ages, backgrounds and political views, may help revitalize a Knesset that has lost respect and trust among ordinary Israelis. They may fill the gap left by the retirement from politics of Moshe Kahlon, the Likud communications minister who almost singlehandedly opened the cellphone and cable TV markets and slashed prices drastically.

In the 1960 US presidential election, in which John F. Kennedy defeated Richard Nixon, the Democrats distributed a poster with the slogan, "Would YOU buy a used car from this man?" together with a photo of Nixon. The daily Haaretz recently asked a random sample of Israelis, "From which politician would you be prepared to buy a used car?" Over a third said "none," and only 9 percent chose Prime Minister Benjamin Netanyahu.

In Israel and worldwide, politicians seem to have lost the trust of the people. I hope the fresh faces in the 19th Knesset will begin the long process of restoring our faith and trust in the political system, and bring us new ideas.

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