

# The Political and Public Discourse Surrounding Constitutional Reform and its Implications for the Israeli Economy

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## Abstract

The Israeli government's 2023 initiatives to accelerate constitutional reform sparked widespread debate across the media, political circles, and society, exacerbating divisions within Israeli society. Proponents argued that reform is necessary to enable elected officials to fulfill their campaign promises and govern effectively. Conversely, objectors contended that these measures exploit the majority rule, potentially marginalizing minority groups in Israeli society. This situation sparked widespread civil protests that not only challenged the legitimacy of the Israeli government but also permeated through to the ranks of the Israeli army. This study explores the impact of this contentious debate on Israel's economic indicators throughout 2023 and its implications for the country's attractiveness to international economic institutions and foreign investors. The research methodology involves two primary approaches. First, it includes a thorough examination of primary policy documents such as legislative proposals, government reports, and parliamentary committee protocols. Second, it entails the presentation and analysis of diverse economic indicators pertinent to the Israeli economy. The research conclusions indicate that the promotion of reform-related legislation increased the level of uncertainty ascribed to the Israeli economy, manifested in a rise in risk premiums on Israeli sovereign debt, a downgrading of its credit ratings, and deceleration of imports and of the inflow of foreign direct investments in 2023. Moreover, Israel's advanced industry experienced a decline in capital raised and in investments in local high-tech companies, as well as in worker recruitment for these companies.

**Keywords:** Constitutional Reform, Constitutional Revolution, Israeli Economy, Democracy, Autocracy