

## HAARETZ

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## No money for East Jerusalem

On Sunday, a festive cabinet meeting was held in the Western Wall Tunnels in honor of Jerusalem Day. Like every year, this time, too, a series of decisions was made regarding government investments in the capital. A good look at these decisions exposes the current government's failure once again to address the Israeli public's real problems. Instead, it focuses on funneling money to associates and investing in facades rather than in substance, and shows an ongoing lack of professionalism.

The most important decision that was supposed to be made was for the new five-year plan for East Jerusalem. The previous plan that was approved in 2018, after former Minister Ze'ev Elkin pressed for it, was the largest government investment in the eastern part of the city since 1967. Some 2.1 billion shekels (\$575 million) were invested in education, higher education, infrastructure and boosting employment. The plan had its problems, but it brought about positive change in a number of areas in East Jerusalem.

For the past six months, teams in the Jerusalem Affairs Ministry have been working on a new five-year plan. The professionals calculated that to preserve the previous plan's achievements, the budget for the new plan would need to be at least double. After pushback from various ministries, chiefly the Finance Ministry, last week a more modest plan was submitted, with a budget of 3 billion shekels from the budgets of the Finance Ministry, the Jerusalem Municipality and the government ministries. Unlike that vast anticipated investment in Haredi education and in party funds, this budget would be completely dedicated to improving the lives of all of Jerusalem's residents, to strengthening the economy and providing opportunities to the weakest communities in Israeli society.

But Finance Minister Bezalel Smotrich and other ministers also opposed this plan and after some intense discussions, the cabinet decided only that the ministries would attempt to come to agreements on the matter in the coming month. The prevailing expectation is that the budget will be significantly reduced from the current proposal, and that due to Smotrich's opposition, it must not contain any mention of promoting higher education for young people from East Jerusalem.

At the same time, the cabinet approved a raft of decisions that will pump money into projects that will only enrich groups and organizations that are close to the government, and that will adversely affect the relationship between Jerusalem residents. Sixty million shekels will go to the Western Wall Heritage Foundation and tens of millions to projects of the Elad foundation, some at the expense of Palestinian residents who have been evicted from their land.

From one cabinet meeting to the next, from one decision to the next, the evidence keeps mounting that this government is dead-set on destroying things with maximum speed and efficiency. Whichever professional bureaucrats still remain in the government ministries must warn against the severe implications of these decisions, and make it clear that a five-year plan for East Jerusalem is not just in the interest of East Jerusalem residents, but in the interest of all Israelis.

Sarah goes to attend Milchan's testimony



Eran Wolkowsky | eranwol@haaretz.co.il

Zvi Bar'el

## What we are protesting on Saturday

Suddenly the hundreds of thousands of participants in the protests who filled the streets, blocked roads and along the way gathered in people who never dreamed their Saturday nights would be like this – are now in a panic.

What will we protest about this Saturday, they wonder, as if the party had ended before they arrived, and the threat of the coup turned out to be a cloud on a summer's day. Look at the number of people who came to Kaplan Street in Tel Aviv last Saturday, maybe it would have been better to stay at home so as not to embarrass ourselves, a few of them suggest.

But in front of our eyes a much more monstrous coup continues to develop. Its foundations rest on changing the face of Israeli society by constructing a new demography. Its poisonous roots lie in the budget that presents two disastrous goals, even more dangerous than the overthrowing of the legal system: doubling the number of settlers, and feeding the Haredi bulimia. Finance Minister and Minister in the Defense Ministry Bezalel Smotrich this month ordered government ministries to prepare to absorb another 500,000 settlers in the West Bank. Smotrich promised that "budgeting for these steps

will not be a problem." (Yaniv Kubovich, Haaretz, May 5)

Given the billions of shekels the government is scattering, Smotrich's commitment seems to have a solid basis. Funding for this exalted project will come from the pockets of those who create the revenue for this country – business owners, high-tech workers

funding when more worthwhile alternatives are offered instead on the hills of the West Bank, and turn Israel inside the Green Line into their printer of money. One out of every seven Jews will be a settler who carries around a racist, colonialist ideology, on that will also obligate anyone who moves there merely for economic reasons.

the State of Israel within the Green Line as an ideological threat, or at least a historic mistake that requires correcting – and the cost of this correction will of course be paid by those who caused the "damage."

These two destructive strongholds don't really need the coup against the system of government. The half-million West Bank settlers and million-plus Haredim got along just fine with the "old system," including the High Court of Justice, which turned the settlements into a legal entity and never managed to enforce the law to draft Haredim. Now, after they have stolen the government treasury, they are galloping toward the demographic revolution that will bring forth a debilitated and limited society, fascist and ignorant.

Anyone who fears for the fate of Israeli society, who fears the abyss of messianism it is rushing toward, the sacralization of the air it breathes, the creation of a parallel state, a Dark State, who fears the invasion of the agents of its destruction, cannot and has no moral right to torment his soul over what they will protest on Saturday. This is no longer just a battle over the character of the regime, it is a war of survival.

**If Smotrich's plan is realized, about 25% of Israel will be Haredim and settlers – and not in 20 years, but in two to three.**

and salaried employees, and at the expense of the poor and underprivileged, the educational system, which already ranks at the bottom of Western achievement scores, and the collapsing health system.

The result will be that the settlers will hold enormous and much more dangerous political power that they already do. If today they can dictate the division of the budget, set security goals and use the military as a private defense force, once their power has doubled they will determine the content for the educational system, dictate the national narrative, empty out towns unable to cope with their lack of

This will be just one leg of the demographic coup; the other is already rooted deep in the Haredi educational institutions, where unrestrained parasites are developing, most of whom do not even recognize the State of Israel. According to data from the Israel Democracy Institute, about 1.2 million Haredim live in Israel today – some 13 percent of the population – more than twice the number of settlers. If Smotrich's plan is realized, about 25 percent of Israel's population will be Haredim and settlers – and not in another 20 years, but in two to three years. These are two groups that see secular Israeli society and

Eran Yashiv

## Israel is on the way to becoming a Jewish Iran

"The Party seeks power entirely for its own sake. We are not interested in the good of others. ... We know that no one ever seizes power with the intention of relinquishing it. Power is not a means, it is an end. One does not establish a dictatorship in order to safeguard a revolution; one makes the revolution in order to establish the dictatorship" (George Orwell, "1984").

The government's planned legal overhaul, which now hovers threateningly over Israel, is a reflection of a regime that is currently authoritarian and could well become theocratic. This regime is busy extracting and redistributing the country's resources while also attempting to perpetuate its rule. The protests against it are based on the protesters' economic power, on key elements of the army that support them and on the refusal by victims of resource extraction to hand over their resources.

How did Israel reach this situation, and can it extricate itself from it?

A confluence of deep currents that seek to turn Israel into a religious Jewish state and politicians' personal interests led the governing coalition to jointly seek to achieve these goals. But this

will be possible only through an overhaul of the legal system, including the destruction of the Supreme Court – the only barrier to their attaining their goals.

Why can't these goals be achieved simply by having the parliamentary majority pass an ordinary state budget? Because they entail seizing resources for personal use and giving resources to special-interest groups that stand in sharp opposition to the desires of the groups that are the main producers of these resources. Consequently, it isn't possible to achieve these goals "honestly." These are processes that support neither economic growth nor the welfare of all Israelis.

Members of the governing coalition have a single leader coordinating their activities, whereas their opponents have no one who is playing a similar role. Moreover, the coalition seeks to turn a temporary majority into a permanent one.

Not a single one of its component parties has an agenda of running the state for the benefit of all its citizens, nor do any of them even dream of formulating a genuine policy agenda. They are preoccupied solely with selecting the most suitable means to seize resources, as noted above.

Prime Minister Benjamin Netanyahu, the coordinat-

ing leader, has a desire for power and its pleasures. His resource extraction is channeled into securing resources for his family and cronies. If he had truly wanted to run the country, he wouldn't have emptied his Likud party and its cabinet representatives of anyone with ability and replaced them with vulgar incompetents.

This tone-deaf, insensitive man, devoid of feelings

**None of the coalition parties seeks to run the state for the benefit of all its citizens, nor do any of them even dream of formulating a genuine policy agenda.**

(though intelligent and energetic), is not essentially different from any other dictator. Like other populist or autocratic rulers, he devotes much of his effort to resource extraction. Like Turkish President Recep Tayyip Erdogan, who built himself a 1,000-room palace, Netanyahu commissioned a luxury plane for himself, demanded and received state funding for several different residences and made wasteful trips to Paris, Rome and London even as Israel was burning.

But unlike similar rulers such as Vladimir Putin,

Viktor Orban, Erdogan or Donald Trump, Netanyahu's own party does not have a parliamentary majority, so he needs partners. In other words, he's a unique case of an autocrat without a broad base of support.

His coalition partners are also preoccupied with resource extraction and redistribution. The dominant group in this context is the ultra-Orthodox. The

background to the Haredi parties' demands is their leaders' desire to preserve the walls that prevent their community from leaving the cultural and economic ghetto in which they live or improving their economic situation. Consequently, they must rely on state funding for their education, health care and welfare.

These resources come from payments by the country's productive sectors, and they are also reflected in the time and sometimes lives sacrificed by those who serve in the army. Con-

sequently, these are exploitative transfers that perpetuate gaps and aren't for the benefit of the general public; quite the contrary.

The Religious Zionism party has a long-term goal of creating a state based on Jewish law and an interim goal of strengthening West Bank settlements and building policing agencies in both Israel and the West Bank. It is therefore seizing resources for these purposes. Because Netanyahu gave it control over the Finance Ministry, it can allocate pork-barrel funding on an unprecedented scale – 13.7 billion shekels (\$3.8 billion).

The coalition's members desire different things, but they are smart enough to cooperate to achieve them. A crucial tool for doing so is the destruction of the legal system, which blocks resource extraction and unreasonable funding allocations. That is why they announced a legal "reform" that is aimed primarily at the Supreme Court, which solely might block this redistribution. What is there to talk about in the negotiations on the legal overhaul now taking place at the President's Residence, or anywhere else, if these are the coalition's goals?

Two main groups are standing in the breach and may well prevent the achieve-



Netanyahu, with coalition MKs in the Knesset.

Emil Salman

ment of the coalition's goals – high-tech workers and entrepreneurs, who make a key contribution to the economy, and the pilots who constitute the main might of the air force – a high-quality force in a mediocre army. The anti-overhaul protests serve as a significant base of support for these two groups.

The possibility of high-quality groups like these leaving the country would greatly threaten the national resources coveted by the coalition. One example of a similar flight by a productive elite took place recently in Greece. Half a million Greeks left their country during the previous decade, out of a total population of 11 million.

The coalition's goal is also to perpetuate its rule. The main tool for accomplishing that is denying Arab Israelis any possibility of voting for Knesset. This essay isn't long enough to detail all the ways that could be done.

But it's also important to recall where Israel is head-

Sami Peretz

## The miracle of high-tech

There's something especially bewitching about the number 1 million ("Who wants to be a millionaire?"), and politicians are just as taken with this number as the rest of us. Last year, then-Prime Minister Yair Lapid presented his vision of "a million high-tech workers." That seems improbable today, given that the local sector currently employs about 350,000 people. Last week, Finance Minister Bezalel Smotrich unveiled his vision for 1 million residents in West Bank settlements (from 500,000 today). That seems less improbable in light of the priorities of the current Netanyahu government.

The threats to Israeli high-tech have heightened over the past year due to the global crisis and the government coup. This has manifested in layoffs, a drop in company valuations, a steep decline in investment and a sharp rise in Israeli startups incorporating abroad. A few of these processes are natural, allowing the industry to become more efficient, but others negatively affect the Israeli economy in the medium and long terms.

High-tech's centrality to Israel's economy cannot be overstated: It accounts for 25 percent of income tax revenue, even though only 11 percent of salaried workers are employed in the industry. High-tech accounts for 56 percent of Israeli exports as well as 40 percent of the valuation of the companies on the TA-35 Index. This means that any adversity in the industry has a rapid ripple effect on the national economy. And at present, the industry is in a state of great uncertainty. The pausing of the judicial overhaul legislation has somewhat damped the protests, but as long as the coup threat remains on the table, the damage to high-tech will persist.

Eyal Waldman, the founder and former CEO of Mellanox Technologies, argues that high-tech executives' focus on the protest is distracting them from their businesses and harming the industry. Erez Shachar, a partner in Qumra Capital, says that as a result Israel is missing a tremendous opportunity to get into the hottest field today, artificial intelligence.

This does sound troubling, but one also has to admit that

this danger has done something good for high-tech too. This industry was the first to react to the government coup attempts, and for good reason. High-tech relies on foreign investment; its dependence on local regulation and politics is low and its operation in the local market is very limited. As a result, there is little danger of losing customers by taking a stand on the issue. The entrepreneurs and executives are free from quid pro quo pressures from local politics and bureaucracy.

In the past few months, many high-tech executives have focused on organizing and participating in the protest against the judicial overhaul. They have a lot to bring to the fight – resources, know-how, organizational capabilities and social responsibility. This is a fight over the character of Israeli democracy, and since they represent the entrepreneurial, creative and technologically advanced side of Israel, they are the country's best ambassadors.

And while high-tech has gained prominence in recent years for its major contribution to the economy, it has also become known for its relative foreignness from what goes on in Israel. Its playing field is the world, the investors come from abroad as do most of the clients, the language is English, the organizational culture is a foreign import and high-tech leaders seem to have little connection with the economic and social challenges in Israel. For many of them, the judicial overhaul push was as a wake-up call that connected them with the Israeli reality, which turned out to be less stable than they thought, and drove home the understanding that although personal success may provide financial security, a deterioration in the quality of Israeli democracy detracts from this security.

Yes, they could get on a plane and move somewhere else, but there's a dramatic difference between someone who chooses to move elsewhere knowing they have a good place to come back to, and someone who leaves the country in the hands of extremist and conservative forces that are weakening its institutions and will turn it into a binational state.

It's very hard to move forward with scenarios that would place Israel on an acceptable path, especially as long as Netanyahu is in the picture. In a situation where many groups are fighting over resources, and some are doing so recklessly, it seems unlikely that any real solutions will be possible. The Haredim, for instance, won't be convinced to enlist in the army or have their children study the core curriculum, because these would contradict their leaders' goals. Every politician and every political group works to promote its own goals. The problem isn't that the ultra-Orthodox are not aware, for instance, of the core curriculum's contribution to employment and growth. The problem is they don't want to undermine their own narrow interests, however shortsighted they may be.

It's more reasonable to expect a continuation of existing trends with ongoing shocks, and therefore, to expect Israel to weaken over time. There's a real danger that ultimately, a Jewish Iran will be created here – a theocratic state with a weak economy whose productive, contributing citizens will leave the country, quietly but steadily.

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