
Five part series published in the *Times of Israel*

From the 1970's political pivot to the current political upheaval

Dan Ben-David

For decades Israeli politics has been leading Israel straight toward the iceberg. Disconnected leaders are steadily mortgaging the country's future by diverting scarce public resources toward sectoral and personal directions. This series focuses on the domestic changes that Israel has undergone and highlights the root problems that a nation choosing to survive must address.

Part 1 **The unsustainable path of the start-up nation**

For years, the economy has been like an engine running on just a few of its cylinders. The coalition's judicial overhaul risks exacerbating the strain (March 9, 2023)

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Israelis today are paying the price**

Traffic jams and packed hospitals are just two results of decades placing sectoral interests above national ones (March 12, 2023)

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Illusions and facts about Israel's haredim**

While the share of Haredim in Israel's population doubles every 25 years, Haredi leaders deprive their children of the basic education necessary for global economy and modern democracy (March 14, 2023)

Part 4 **Tackling an existential danger:
Israel's neglected education system**

With half of Israel's children receiving a third-world education – and belonging to the country's fastest-growing population groups – a first-world economy will be unsustainable, a first-world army impossible (March 15, 2023)

Part 5 **For a glimpse of Israel's future,
look not at Poland nor Hungary but at Afghanistan**

Israel has reached its demographic-democratic point of no return. At some point, the secular Netanyahu will be gone. Not so his Haredi and Jewish supremacist partners.

(March 16, 2023)

Part 1 of 5

The unsustainable path of the start-up nation

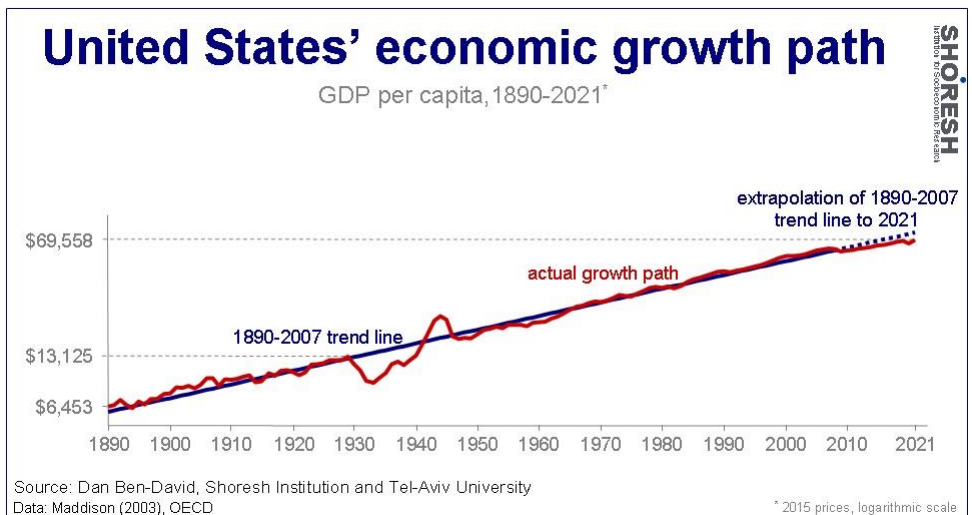
*For years, the economy has been like an engine running on just a few of its cylinders.
The coalition's judicial overhaul risks exacerbating the strain*

by

Dan Ben-David

One of the key broad truths – called "stylized facts" in economic jargon – of nations' long-run growth paths is their steadiness. Countries' living standards (as measured by their GDP per capita) tend to rise along uncannily steady trajectories.

In the case of the United States, living standards grew at a 2 percent average annual rate between 1890 and 2007, the year before the onset of the Great Recession. Since that recession, the United States has been below its long-run path, with the pandemic only further delaying its return to it.



The underlying determinants of a nation's long-run growth are its key infrastructures, ranging from physical and human capital (e.g., education) to its legal and bureaucratic systems. A nation's priorities determine how much of its budget is focused on maintaining and improving these key infrastructures. As these progressively improve over time, productivity rises, bringing up living standards together with it.

Major events may cause a country to fall under the long-run path into a recession, or to rise above it into inflationary periods. Given the short time horizons of democratically elected governments, most of their attention tends toward smoothing out these business cycles and getting

reelected. While governments may differ in their approaches to shortening recessions and reducing inflation, they rarely have the bandwidth to focus on the bigger questions regarding infrastructures that affect the height and the slope of the entire path.

Consequently, policy changes in these realms tend to be less significant and long-lasting – hence, the steadiness of the long-run paths.

Israel has been beset by major events at a pace and magnitude experienced by few – if any – other countries. Major wars, hyperinflation, and massive waves of immigration increasing the country’s population by several orders of magnitude, have combined to give Israelis a sense of skepticism with regard to the applicability of economic “stylized facts” within the country.

And yet, Israel is no exception to this long-run growth rule – while also a being prime example of how a dramatic shift in national priorities can lead to a sharp pivot in the long-run path.

The slope of the growth path reflects the rate of economic growth. The steeper the path, the faster the growth.

Israel’s growth path



from 1950 (two years after attaining independence) to the 1973 Yom Kippur war was truly exceptional. Despite a major recession in the early 1950s in which the country had to ration food in order to feed the waves of destitute immigrants that inundated it, Israel managed to grow at a phenomenal pace. It not only managed to feed and house the new immigrants – while having to defend its very existence in wars by neighbors determined to destroy it – it also found the wherewithal to build the infrastructures of a modern nation. When compared to the eight countries

with GDP per capita most similar to Israel's in the early 1950s (see upper left graph insert), Israel grew faster than most during its first decades.

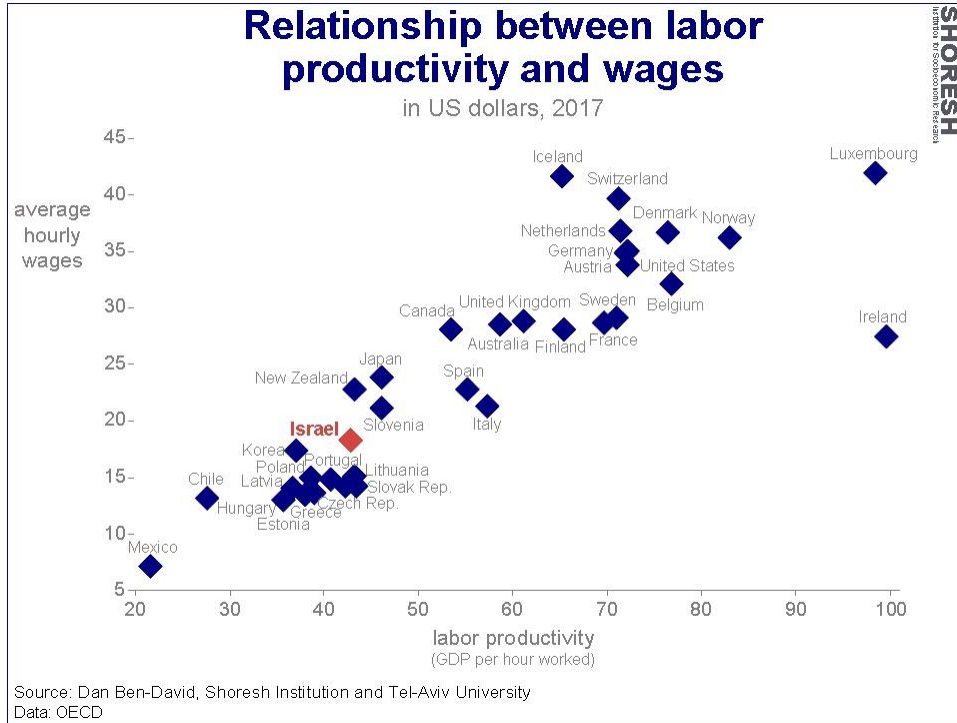
The massive surprise attacks on Israel on Yom Kippur in 1973 shook the country to its core. Israel's Labor party leadership (in its various formats), which had led Israel since its birth, was perceived to be smug and overconfident, increasingly corrupt and out of touch with Israel's real needs. Huge and persistent nationwide protests ultimately led to Israel's first political upheaval since its birth. In those 1977 elections, Likud took over the leadership mantle and formally cemented changes in Israel's national priorities.

Some of these changes had already begun a couple of years earlier with the first illegal West Bank settlements receiving tacit government approval. These policies were set in stone and broadened by the new right-wing government. Another vital partner enabling the formation of the new coalition in 1977 was the haredim (ultra-Orthodox Jews), who had never before been coalition partners in any government.

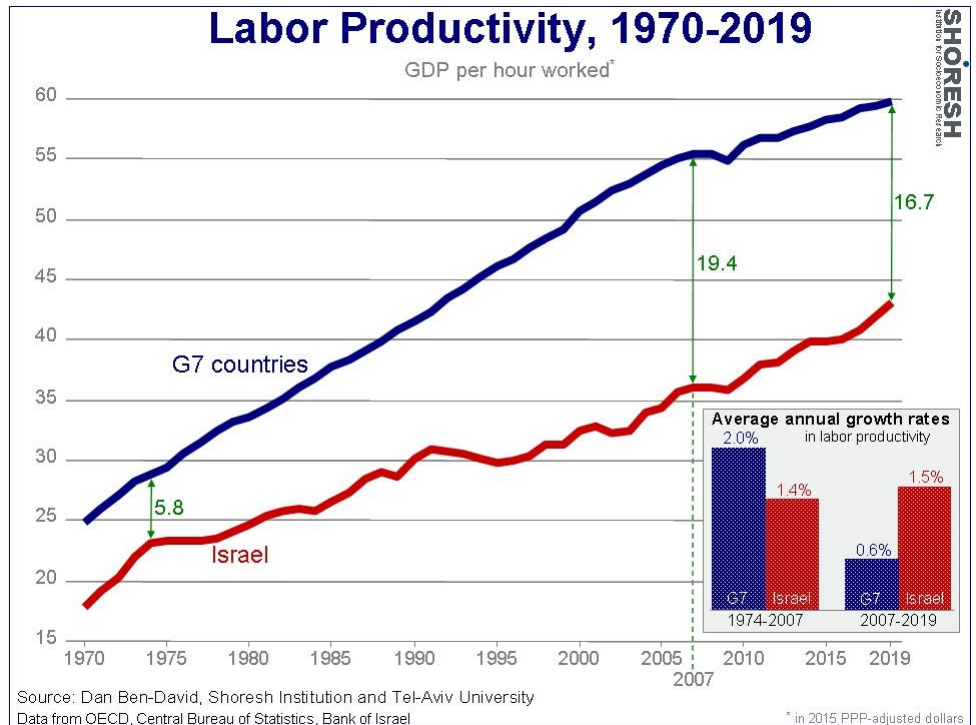
Instead of recovering from the Yom Kippur War and eventually returning to its earlier long-run growth path, the changes in national priorities shifted Israel to a new, much slower path (the extent of this shift is highlighted in the lower right graph insert). When compared to the eight countries with GDP per capita most similar to Israel in the mid-1970s (four countries ranked immediately above and four countries ranked immediately below Israel), the country's average annual growth of 1.8% placed it near the bottom of the group.

Despite it being home to the "start-up nation", the rest of Israel has been left far behind. A sharper focus reveals just how problematic the post-seventies trajectory actually is. The average hourly wage in a country cannot be high if the average amount produced per hour is low. Specifically, hourly wages at the national level are strongly related to GDP per hour worked – also known as labor productivity.

Labor productivity in Israel is below that of all the relevant developed countries. As such, the country's average hourly wage is also below all of these countries.



A long-term comparison of Israel's labor productivity with the average of the G7 countries that lead the developed world (the United States, Canada, the United Kingdom, Germany, France, Italy and Japan) shows just how problematic Israel's growth picture actually is. Between the mid-1970s and 2007, the gap between the G7 and Israel grew nearly four-fold. Labor productivity growth in the G7 averaged 2% during this period, compared to 1.4% in Israel.



While a small part of Israel's population propelled

its hi-tech sector to the frontiers of human knowledge, the remainder of the population did not receive either the tools or the conditions to work in a modern economy. Israel's schools are the developed world's worst (more on this in a later piece in this series) while its physical infrastructure was neglected. The outcome is similar to an engine running on just a few of its existing cylinders. It is extremely difficult for those few exceptional cylinders to move the entire vehicle forward.

Following the onset of the Great Recession in the latter part of 2008, the G7 countries slipped to a slower growth path, with their average annual productivity growth falling to just 0.6%. In light of Israel's strong dependency on its hi-tech sector, a sector much less affected by the Great Recession, the country's labor productivity growth remained nearly unchanged, at 1.5% per annum.

Contrary to public perception, the reduction in the gap between the G7 and Israel was not due to a major upward shift in Israel's path – which has been extremely steady since the mid-1970s – but rather to the decline in the G7's path. Presumably, the stylized fact describing long term national growth will eventually reassert itself and the G7 will return to its previous path, while there is nothing on the horizon to suggest that Israel will shift to a new, faster growth path.

As such, the big picture emanating from the graph above is not sustainable. Though Israel has received a temporary reprieve in recent years, it cannot continue to fall further and further behind in the long term. While there are many Israelis who will remain in the country no matter what, the greater the gap between the leading developed-world nations and Israel, the greater the incentive for many to emigrate.

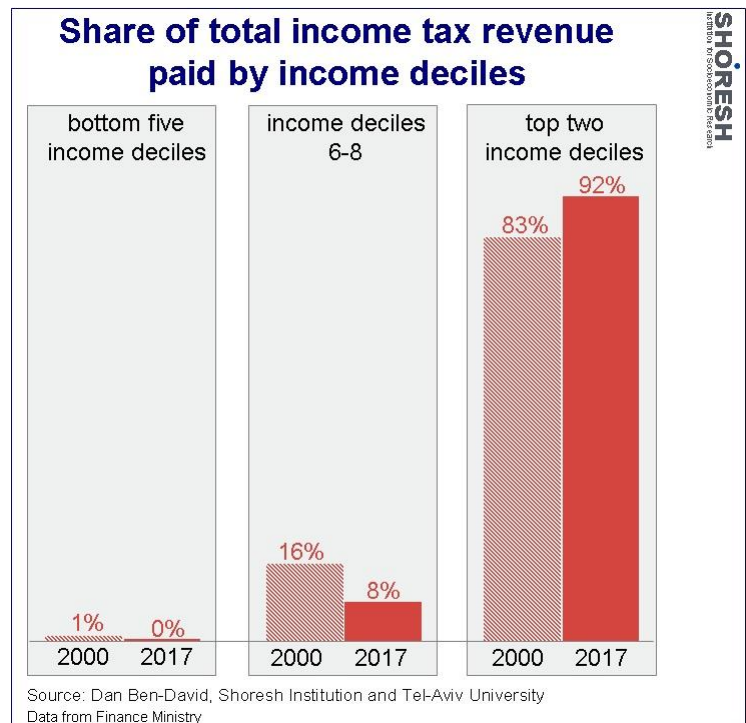
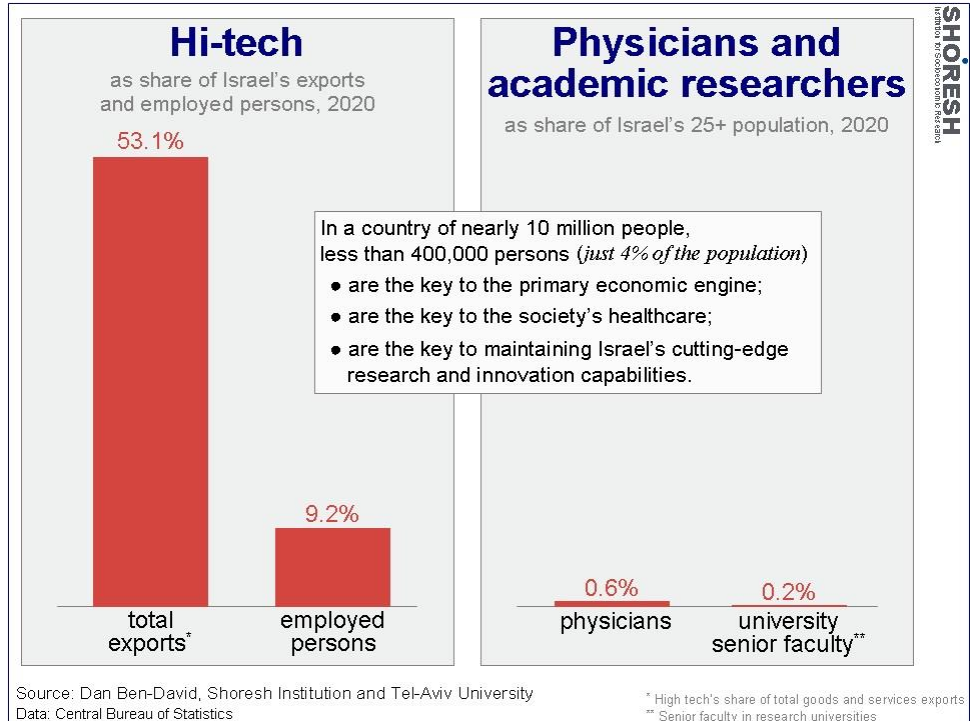
Importantly, in a country of nearly 10 million people, there is no need for 1-2 million to leave for Israel to collapse. The hi-tech sector employs just a tenth of Israel's work force, but it is responsible for over half of the country's exports. The quality of Israel's healthcare is ultimately determined by its physicians. They account for roughly one-half of one percent of the adult (25+) population. The majority of the country's hi-tech leaders and physicians are educated in Israel's

cutting-edge research universities. The senior faculty in these institutions comprise just 0.2% of Israel's adult population.

In short, fewer than 400,000 individuals are responsible for keeping Israel in the developed world. If a critical mass of them decide to leave, the consequences for Israel will be catastrophic.

A different perspective of the country's dependency on the shoulders of just a few can be gleaned from the distribution of income tax payments, who shoulders the burden and who does not. Half of Israel's adults are so poor that they do not even reach the bottom rung of the income tax ladder, and they pay no income tax at all. In 2017, 92% of all income tax revenue came from just 20% of the adults, rising from 83% of all income tax revenue in the year 2000. Over time, this situation has only been exacerbated, as a large – and growing – population is being left behind.

With the labor productivity gap growing between the leading countries and Israel, alongside a growing income tax burden on the country's most skilled and educated persons, the emigration process has already begun.

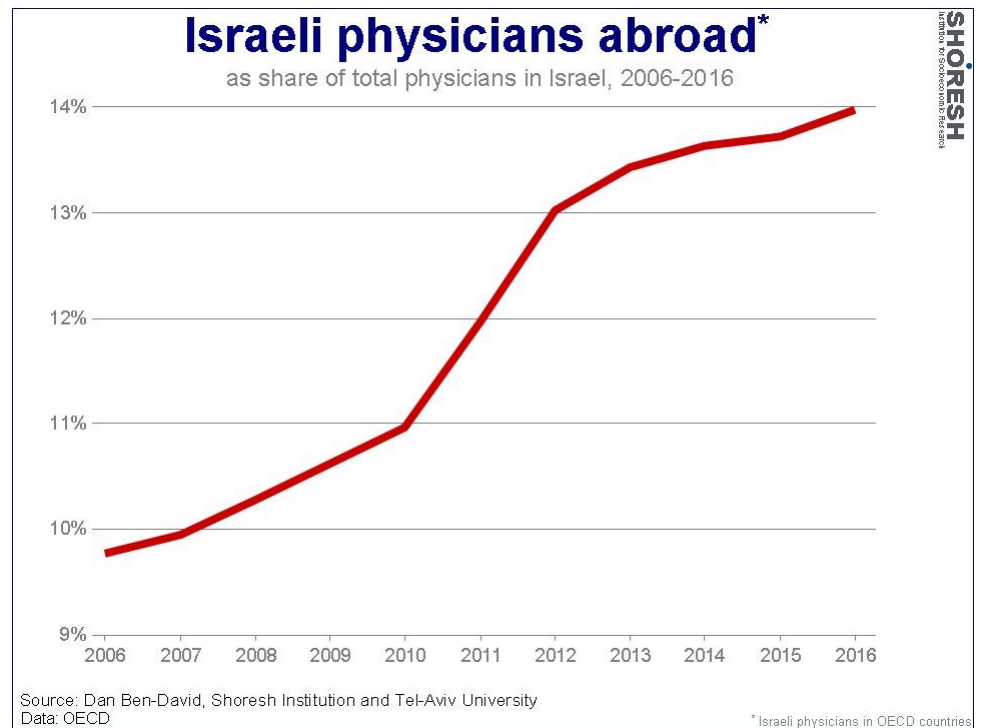
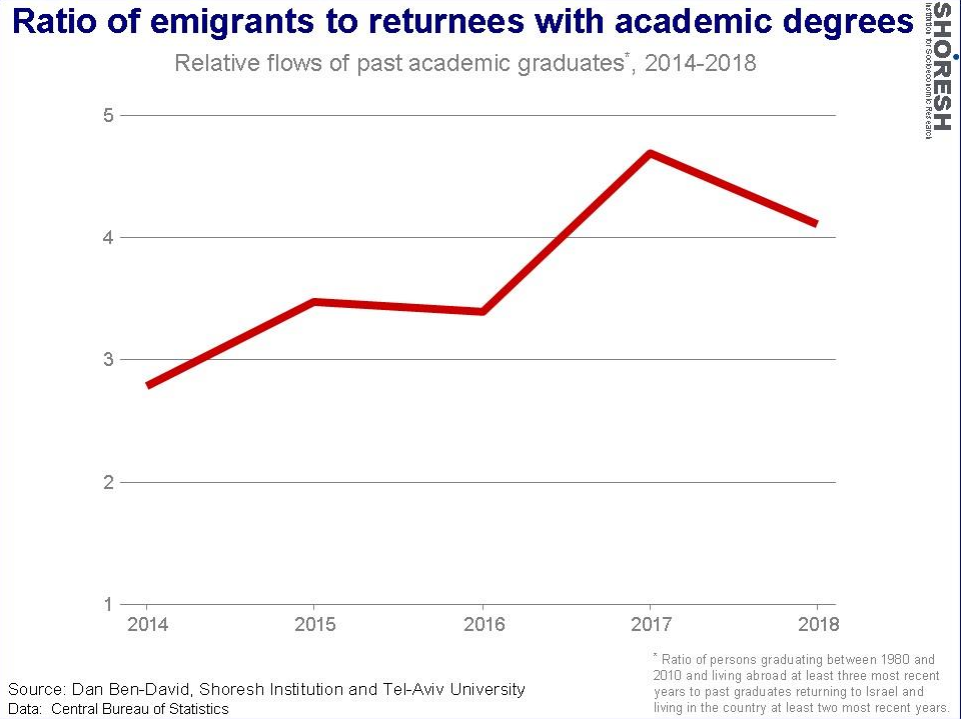


The new coalition's judicial overhaul did not initiate the brain drain from Israel, but it may become a major accelerant to the already problematic process. An examination of all Israelis receiving academic degrees between 1980 and 2010 shows that for every such Israeli who returned to Israel in 2014, another 2.8 left the

country. By 2018 (the most recent data), this number climbed to over 4 emigrants for every returnee. While the absolute numbers are still small, a continuation of this trend is unsustainable.

A similar trend reflects what is transpiring among Israel's physicians. In 2006, the number of Israeli physicians practicing in other OECD countries was 9.8% of the total number practicing in Israel. A decade later, this number rose by nearly half, to 14% in 2016.

The emigration of Israel's most skilled and educated citizens has still not



reached a critical mass. But the increasing gaps between what these individuals could earn elsewhere and what they earn in Israel has no doubt contributed significantly to the direction, and the steadiness, of the emigration paths – especially when the other aspects of life in Israel, and what the future holds, are also factored in.

These days, when the new government is running roughshod over the liberal ideals of a large part of Israel's educated and skilled workforce, it would be a good idea to stop the process in its tracks and give a little thought to the kind of country that in which our children will have to live, or leave.

Part 2 of 5

Israel's priorities pivoted in the 1970s. Israelis today are paying the price

Traffic jams and packed hospitals are just two results of decades placing sectoral interests above national ones

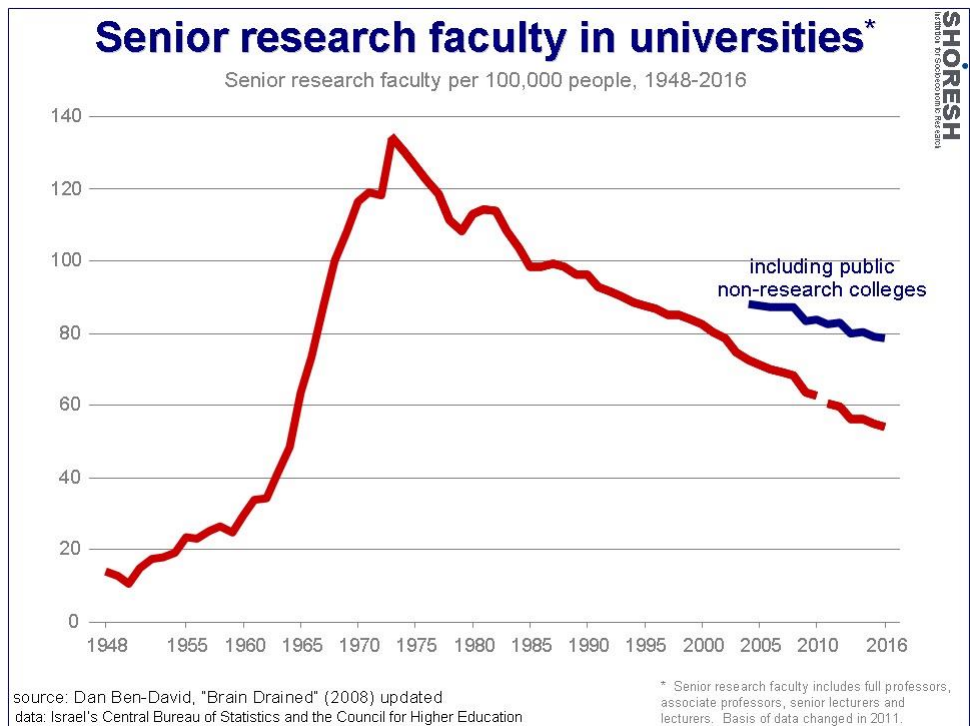
by

Dan Ben-David

The enormous national shock caused by the Yom Kippur War, followed by the country's political upheaval – from left to right – in the 1970s, led to a major pivot in Israel's national priorities, with far-reaching consequences felt to this day. A small sample of these changes illustrates just how wide-ranging and deep the effects of this pivot Israel are.

While an ingathering of Holocaust survivors and Jewish outcasts from Middle Eastern countries, arrived in Israel with only the clothes on their backs, the country managed to build towns, roads – and, incredibly enough, research universities that became among the world's best. Israel's population grew exponentially during its first decades, and the number of senior academic faculty rose even faster. By the mid-1970s, the number of senior faculty per capita in the universities approached American levels.

Since then, Israel's GDP per capita has risen to more than twice its mid-1970s level, while the population has grown nearly threefold. The need for top-notch academic institutions is there, and the means have



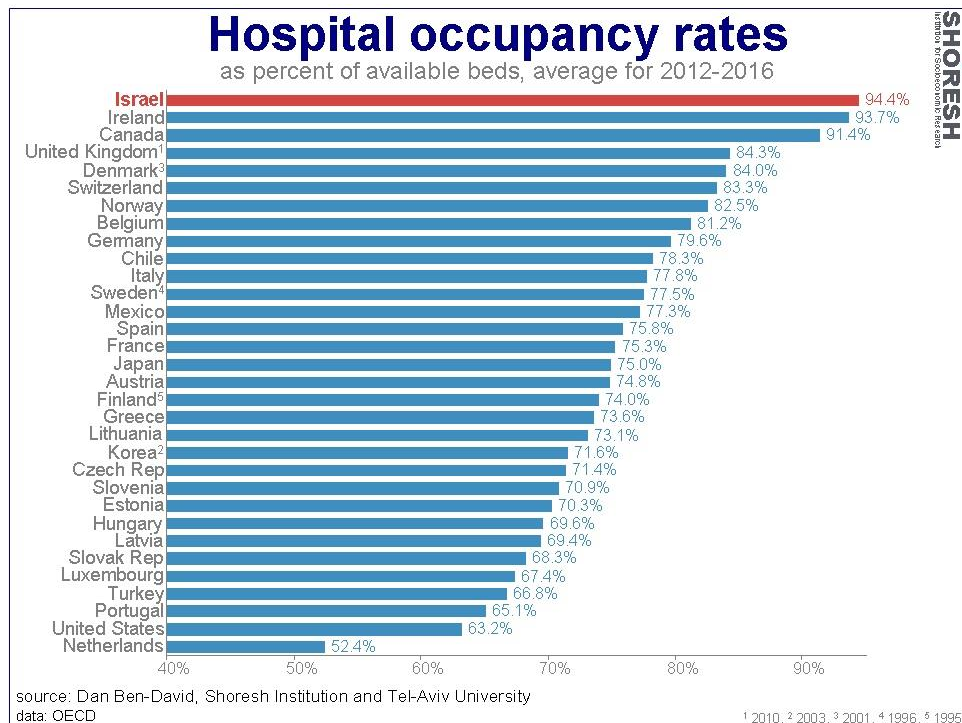
certainly been available. But Israel's national priorities have since been diverted elsewhere, and the number of senior faculty has dropped like a rock, to less than half of its mid-1970s level.

Healthcare suffered a similar fate. During its very difficult early decades, Israel nevertheless managed to build hospitals and add hospital beds

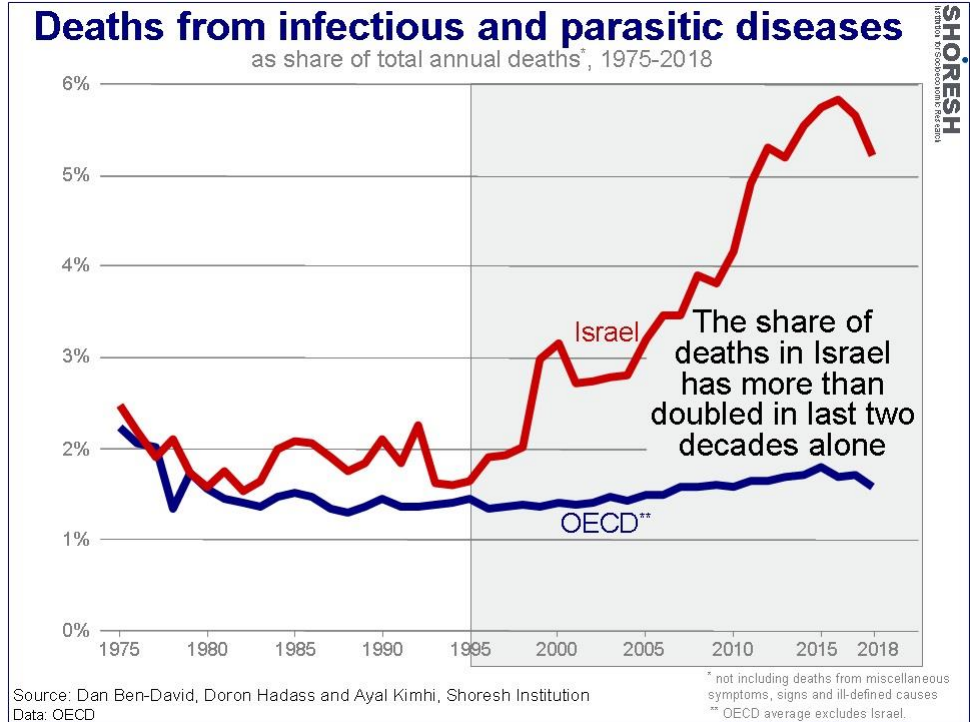
at a pace matching its exponentially increasing population. All of that stopped abruptly in 1977, with the number of beds per capita beginning a freefall that has continued ever since.

The result has been hospital occupancy rates that were the highest in the developed world in the period prior to the Covid pandemic. Many of Israel's hospitals have over 100% occupancy rates for much of the year, having to place patients in hospital corridors and dining areas.

The combination of insufficient staffing – from physicians to nurses to hospital

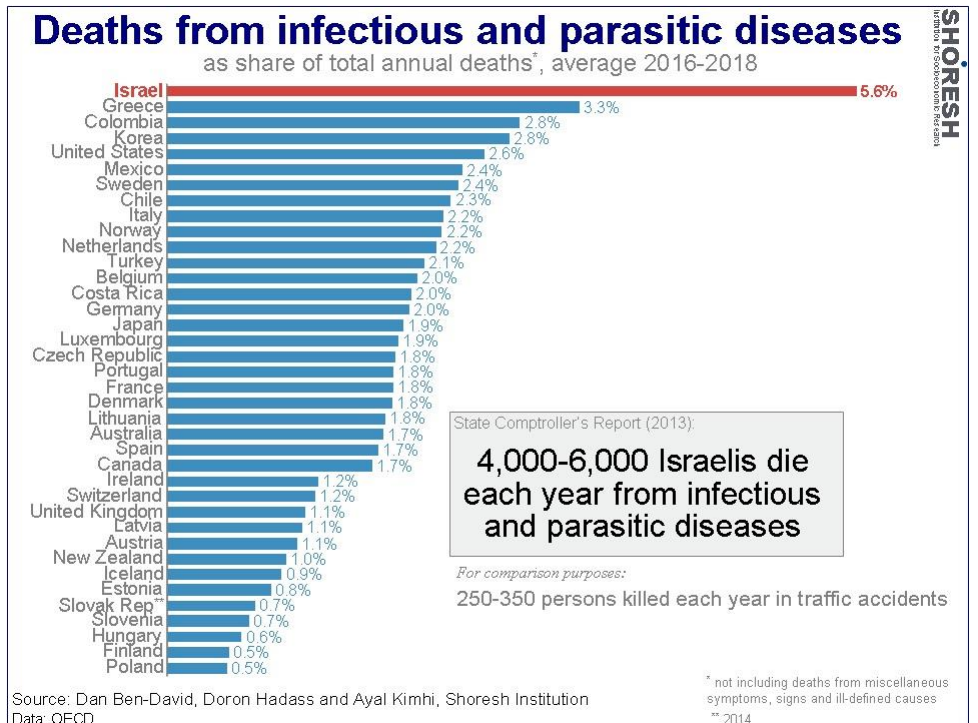


orderlies – and patient congestion does not provide the safest, or the most sterile, form of hospitalization. As a result, the share of Israelis dying from infectious diseases has more than doubled in just two decades, making Israel a major outlier in the developed world which experienced nothing like that spike during the same period.



According to the State Comptroller’s Office, between 4,000 and 6,000 Israelis die each year from infectious diseases, a number that is roughly 17 times the number of persons killed annually in traffic accidents. When compared with the other OECD countries, the share of Israelis dying from infectious diseases out of all deaths in the country is 70% greater than the share in the number two country, Greece.

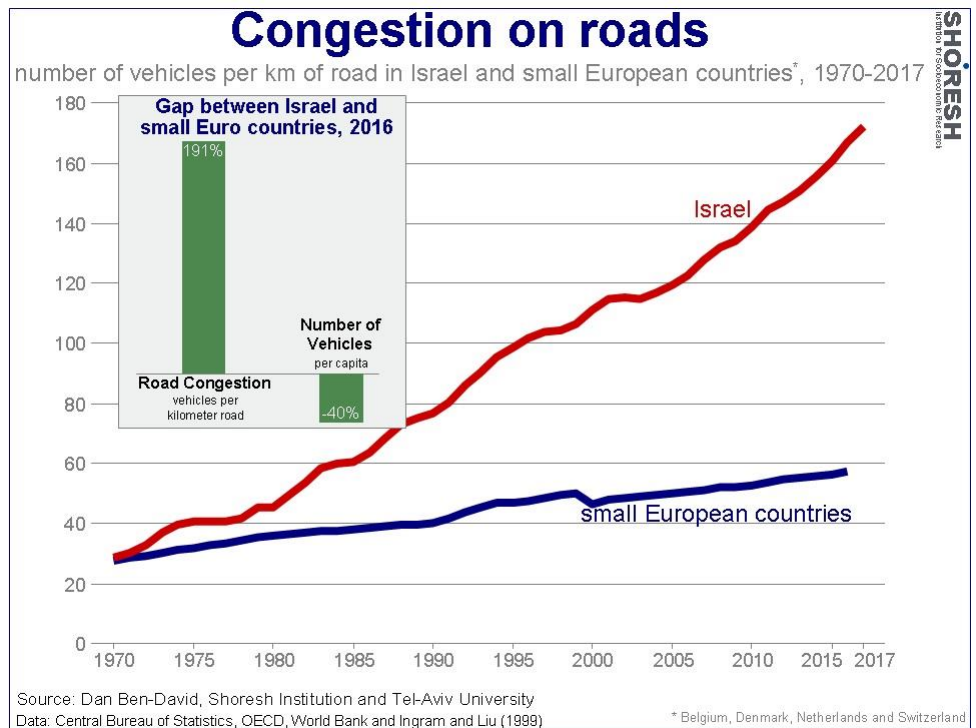
Congestion on the roads plays a major role in reducing productivity. For example, if a firm needs to hire twice the number of drivers to deliver the same amount of stock because they



are sitting in traffic jams all day, then the labor productivity of these drivers is cut in half, with all of the attendant effects that this has on the drivers' wages.

Interestingly, in 1970, Israel had already managed to reach complete equality with the small country average in Europe in terms of the number of vehicles per kilometer of road. Since then, the congestion on Israel's roads has risen to nearly three times the small country average in Europe. This, despite the fact that Israelis have 40% fewer vehicles per capita.

The reason why Israel's roads are so congested, notwithstanding the relative paucity of vehicles, is because of a major underinvestment in the country's transportation infrastructure – and in particular, a severe lack of public transportation alternatives. Thus, while there is finally a surge in

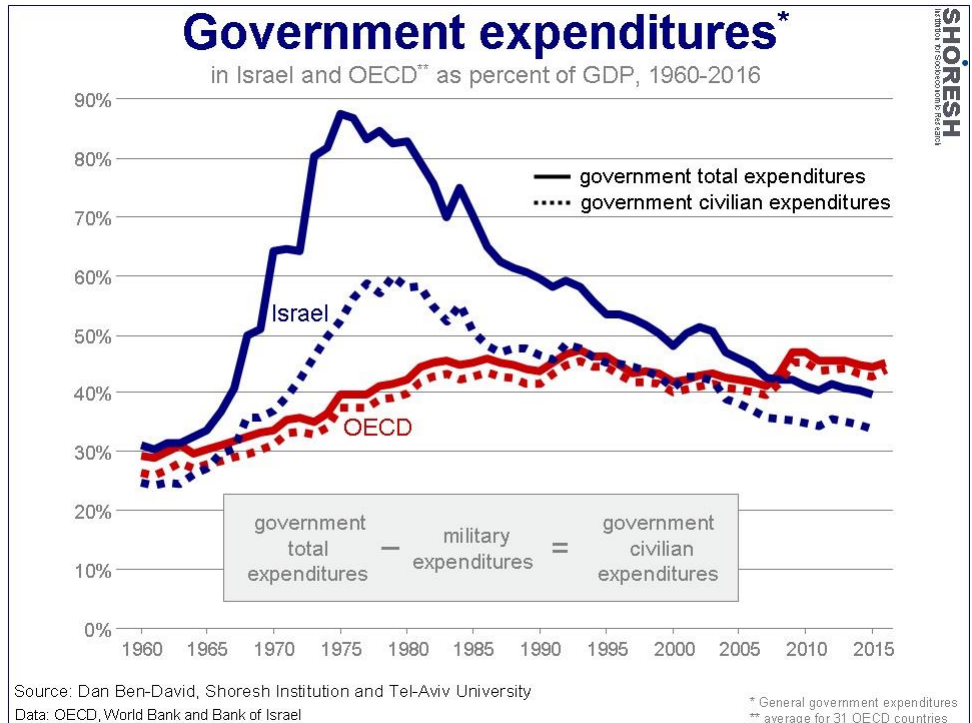


such investment, it is way too late and not nearly enough to even slow down the significant growth in traffic congestion.

The above are but a few examples of the major diversion of national priorities away from vital infrastructures. One could counter – as Israeli governments are wont to do – that it is not a question of national priorities but rather an outcome of the excessive defense expenditures that Israel is forced to make because of the inhospitable neighborhood that it is in. The claim is that there is simply not enough left in the public coffers to fund non-military needs.

While Israel's military expenditures are indeed exceptionally high in comparison with other developed countries, the contention that this does not leave enough for civilian uses is

misleading – at best. The share of government civilian expenditure (that is, total government expenditures minus defense spending) out of GDP is indeed below the OECD average in recent years. However, this was not the case between the mid-1960s until just after the turn of the century – the decades that were witness to the widescale

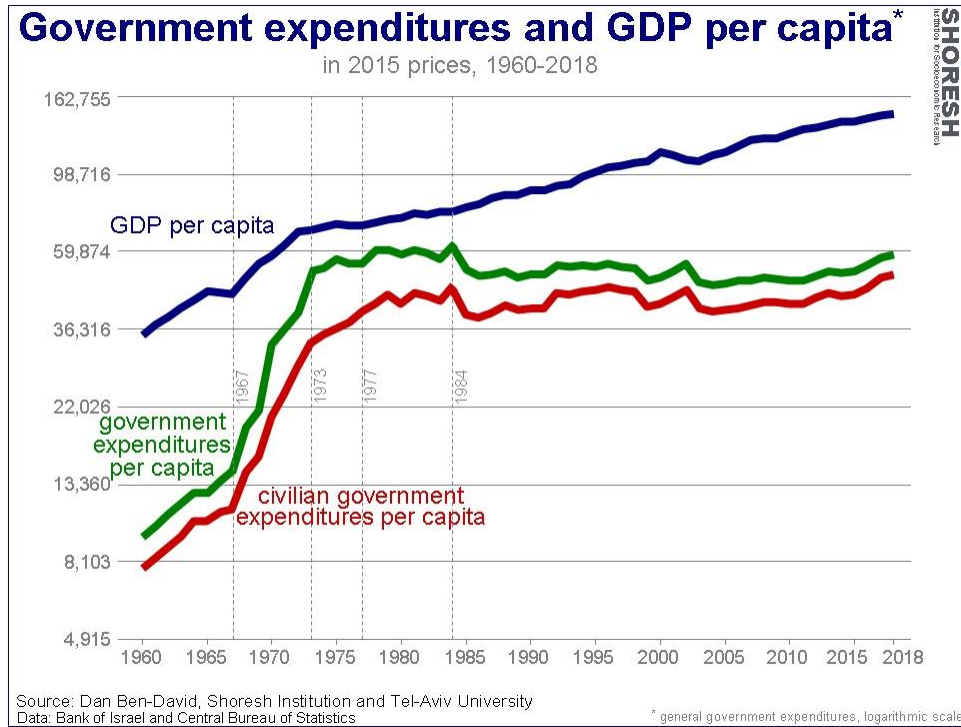


pivot in Israel's national priorities. In fact, for most of this period, the Israeli government's civilian expenditures were not just above the OECD average, they were far above it.

Until recently, money was never scarce and could not have been the reason for the lack of emphasis on what prior generations deemed important. Since the mid-1970s, the money was simply diverted elsewhere.

While Israel's national budget is seemingly transparent, with thousand of budget items listed under the various cabinet ministries, the information provided to the public is to a large extent meaningless. For example, one might presume that the Education Ministry budget reflects total government expenditures on education. However, not all of that money goes for educational purposes. In addition, a plethora of other ministries also give money directly, or indirectly via NGOs that they support, to various aspects – often politically connected – of the country's education system.

Hence, while it is clear which infrastructures were neglected, it is not possible to get an accurate picture of where the public resources actually went. But it is possible to piece together available information to try and gain a better perspective of what transpired.



After discounting inflation and population growth, there was extensive growth in government expenditures between the 1967 Six Day War and the 1973 Yom Kippur War – with the increase in expenditures per capita far exceeding the growth in GDP per capita. This period not only covered the War of Attrition with Egypt, but also a major building-up of the territories occupied in the Six Day War. While some of this was military expenditure, the spike in civilian government expenditures is also suggestive in this regard. The government continued to fund the previous national priorities while beginning to fund new ones emanating from Israel's expansion.

The Yom Kippur War was followed by a much stronger jump in total government expenditures than in the civilian government expenditures, though the latter also rose steadily over the next decade. With total government expenditures going through the roof, coupled with an inability to raise taxes to the levels needed to pay for the expenditures, the Bank of Israel printed money – lots of it – to cover the deficits. The result was hyperinflation.

Presumably, the post-1973 years were a period of realization that the government could no longer fund both the pre-1973 national priorities together with the post-1967 priorities.

Furthermore, the unprecedented addition of the haredim (ultra-Orthodox Jews) into the governing coalition in 1977, for the first time in history, meant that even more money had to be channeled in their direction – lots of money if the subsequent jump in their fertility rates, which coincided with a freefall in the employment rates of male haredim, is any indication.

The bottom line is that with inflation raging and spiraling ever upward and the need to regain control of the government budget, a decision was apparently made to replace the old national priorities with the ones reflecting the new government coalitions. Israel has been paying the price of this decision ever since.

Part 3 of 5

Be fruitful and multiply: illusions and facts about Israel's haredim

While the share of Haredim in Israel's population doubles every 25 years, Haredi leaders deprive their children of the basic education necessary for global economy and modern democracy

by

Dan Ben-David

The 1967 Six-Day War led to a chasm between Israel's right and left that only deepened over the years. A decade later, in 1977, the right took over the government helm for the first time. This also marked the first time that the haredim (ultra-Orthodox Jews) became a part of the governing coalition – and, in the process, became Israel's political kingmakers between the right and the left. With the exception of just a handful of years since 1977, the haredim have sided with the right.

The one- or two-state solution to the Palestinian conflict have been secondary considerations for the haredi parties. Their primary demands were – and continue to be – enabling their men to evade compulsory military service alongside depriving their children of a core curriculum that would provide them with serious opportunities to work in a competitive global economy and a serious understanding of the underpinnings of modern democracies. On top of all this, the haredi politicians demanded, and received, considerable government aid that led to extraordinarily high fertility rates (rising from 6 to 7 children per woman in just the decade after they joined the government) that in turn fed their perpetually growing electoral base, while enabling lifestyles of non-work – primarily among men.

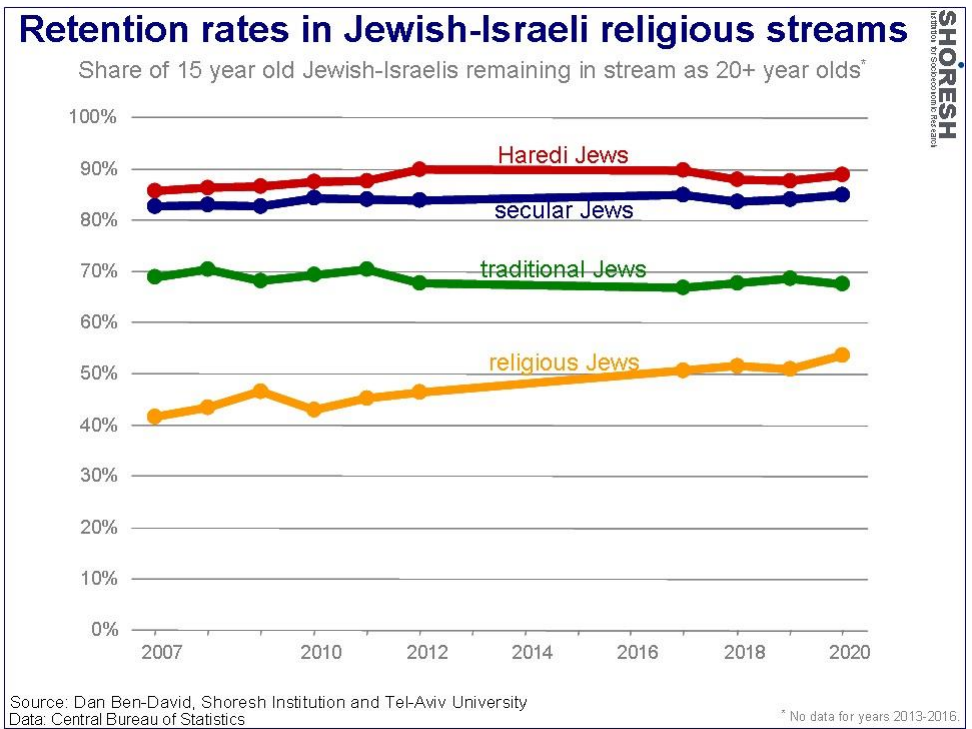
While conventional wisdom in Israel is that haredi males never worked, the facts suggest otherwise. Over 80% of prime working age (35-54) haredi males were employed in the late 1970s. This fell to under 40% in just three decades. Only when some of the benefits that they received

were cut during the major recession brought on by the Second Intifada did haredi male employment begin to rise slightly.

To avoid having to reconcile their differences with regard to the future of the territories occupied in 1967 and their inhabitants, both right and left have been willing to pay the haredim's price for nearly half a century, mortgaging the country's future for political expediency in the present. This myopic unwillingness to come to terms with what such a future will bring was ostensibly based on an assumption – fed by very partial anecdotal evidence – that as the haredi population grew and became exposed to modern society, an increasing share of its members would decide to work and study – and possibly even leave the haredi lifestyle.

The problem in a modern society bombarded with factoids is that many people tend to take anecdotes, or partial bits of information, that support what they hope is occurring, and turn these into narratives that they convince themselves are empirically based. However, when examining only selected parts of the full picture, one tends to see a misleading and deceptive depiction of reality.

Contrary to the assumptions of many, the share of haredim remaining in the religious stream that they grew up in is neither low nor is it falling. In fact, just the opposite is true. Haredi retention rates are the highest among all the Jewish streams in Israel, and they are very stable – even rising slightly during the last decade and a half.

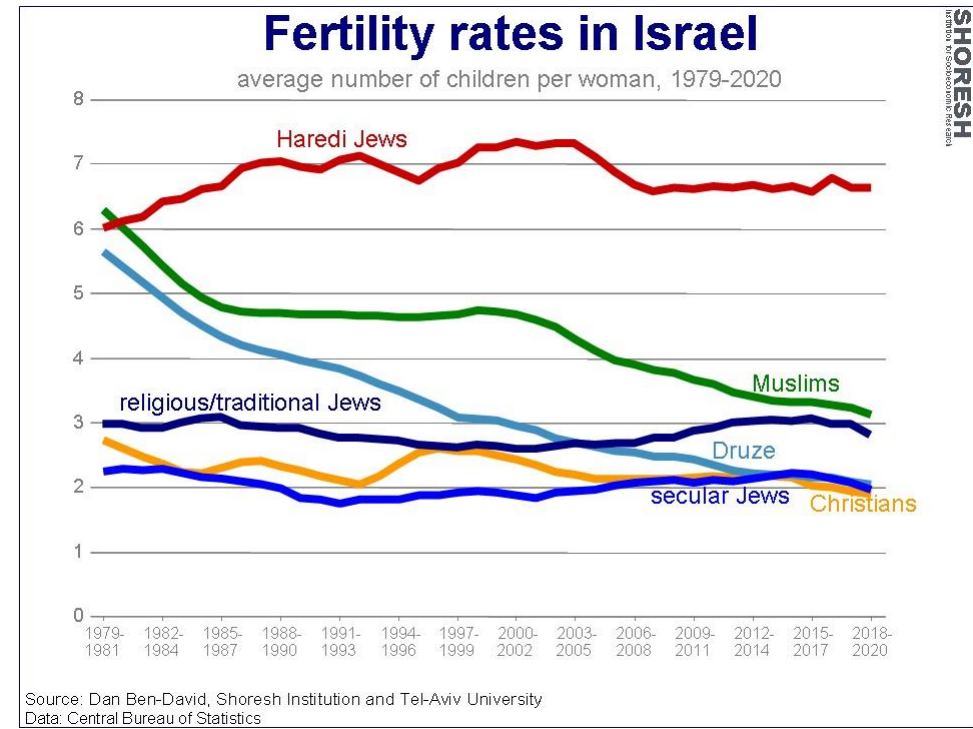
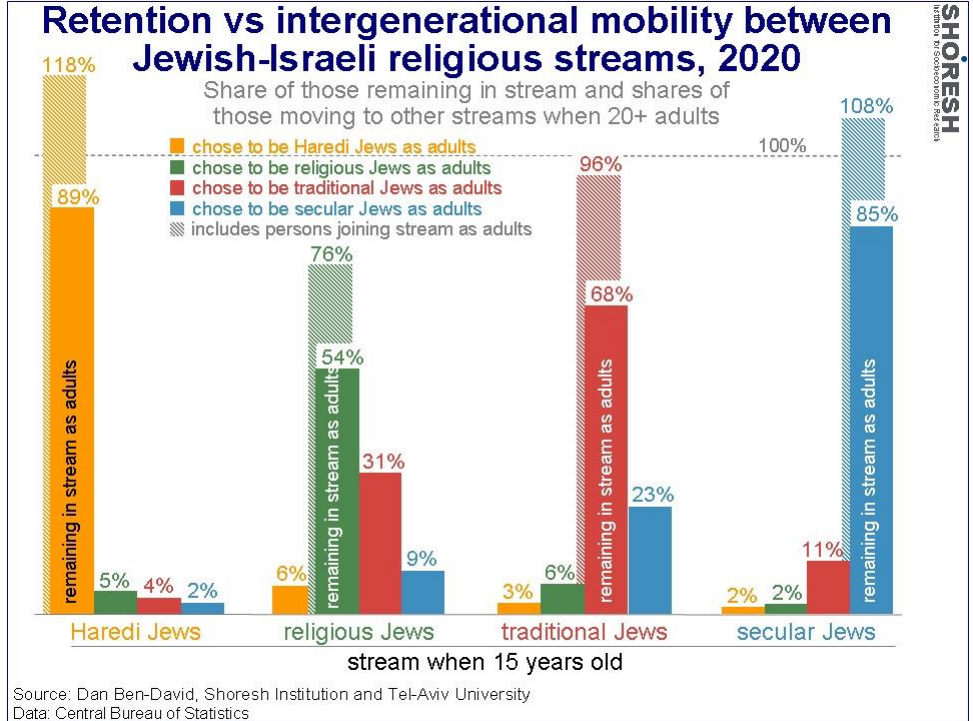


When taking into account where individuals who left their childhood streams ended up as adults, it turns out that the adult haredi population is 18% larger than all those who grew up as haredim.

However, the above data do not tell the entire story regarding the direction that Israel's Jewish population is

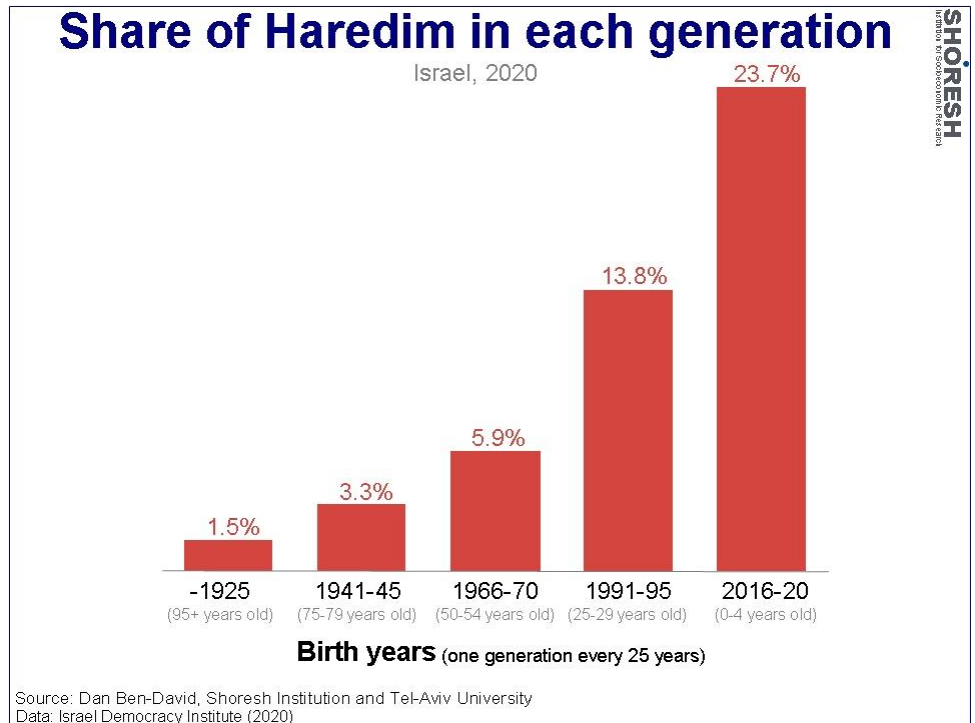
headed because it does not take into account haredi fertility rates. Not only do just a negligible number of haredim leave the stream that they grew up in, their fertility rates are also more than triple those of Israel's secular Jews. And contrary to many common beliefs, Haredi fertility rates are not falling. They have been constant at third world levels (6.6 children on average per haredi woman) during the past a decade and a half.

When all three of the above points are combined, the implication is that the haredi share in Israel's population is doubling every 25 years (i.e. every generation), from 1.5% of all people 95 and up, through



3.3% for people in their upper seventies, 5.9% for people in their low fifties, 13.8% for people in their twenties and 23.7% for infants and toddlers. The Central Bureau of Statistics forecasts that in just four decades, one-half of Israel's children ages 0-14 will be haredim.

In other words, the share of adult haredim in



Israel's population is low, and has been low for many years. This, in turn, leads many to feel that there is really no problem here, and that "we will deal with this when we absolutely have to". But haredi population growth reflects an exponential function, and this is exactly how such functions work. For a very long period of time, the problem seems minor and under control. This causes general anesthesia among those who do not understand the difference between a linear function and an exponential one.

To illustrate this point, suppose that just one thousandth of a milliliter (0.001 milliliter) of water is put into a one-liter (1,000 milliliter) bottle, and in each period the amount of water in the bottle is doubled. How many periods will it take until the bottle is full? In other words, how many periods will it take for the first amount to increase a million times over?

It takes 10 periods to reach only half a milliliter. But it takes only 5 additional periods to reach 16 milliliters. In another 5 periods, half of the bottle is full – and it takes just one more period to replicate what was done in all 20 previous periods to fill up the other half of the bottle.

During Israel's first decades, when the number of adult haredim was low and appeared to be changing slowly, Israeli society preferred to focus on the issues that appeared to be more urgent,

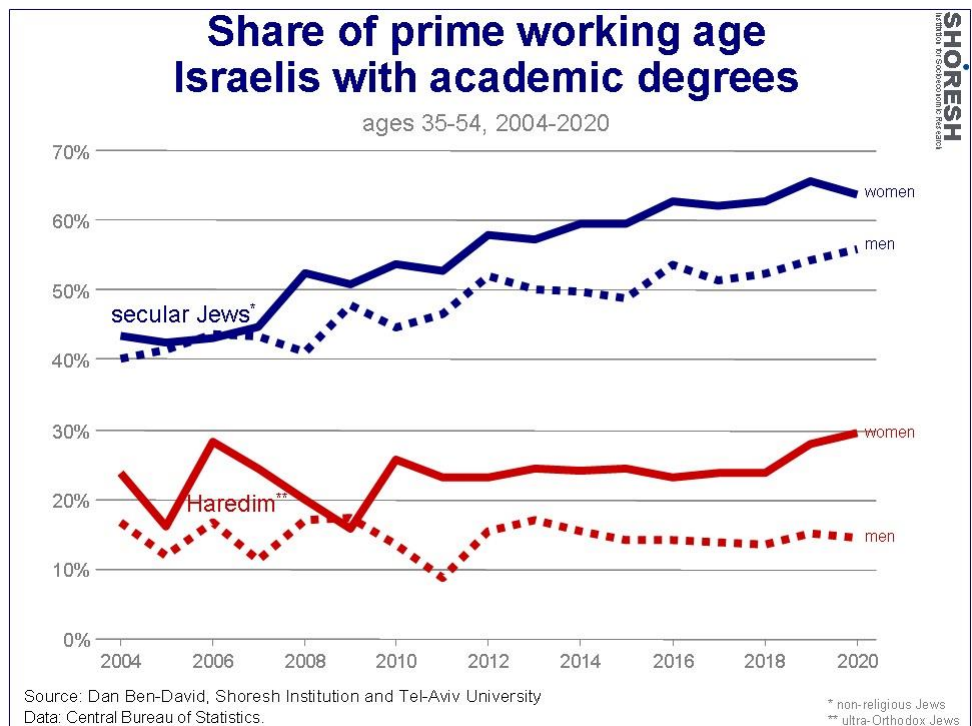
looking for and grasping reassuring bits of information that reinforced the very Israeli attitude of “everything will be okay” (*yi’hiye beseder*). As such, many did not feel the need to open up a front against the haredi leadership and demand that their children study a core curriculum as is required in every other developed country. Instead, people preferred to rely on prevailing gut feelings that adult haredim can overcome having not learned core studies as children. This belief is seemingly buttressed by the increase in the number of haredim who embark upon an academic track, despite the very low level of basic education that they received as children.

But what is important is not the increasing number of individuals – out of a population group that is itself growing very rapidly – who embark on the academic track. What matters is how many of them manage to survive the track and actually receive an academic degree. According to the State Comptroller’s Office, over half of the women (53%) and over three-quarters of the men (76%) drop out of the track that includes pre-academic preparation and subsequent academic studies – even though the vast majority of this study was at very low level academic institutions.

Contrary to the fantasies in the minds of many Israelis, there has been absolutely no change in the share of haredim receiving an academic degree (apart from a small increase among haredi women in the last two years) during the past two decades.

Like filling the bottle with water, Israel’s period from independence until the

turn of the Millennium resembles the first 10 periods that it took to fill the entire bottle (i.e., half of the necessary periods). Israel’s last 20 years are perhaps the more similar to the next five periods



in filling the bottle – when people begin to recognize the problem, but still think there is time to take care of it. However, when the issue is not dealt with while it is still possible to do so, the bottle starts to fill up at an increasing rate, until it explodes when it can no longer contain what is inside it.

Israel is hurtling forward toward a clearly unsustainable future, fueled in large part by an exponentially growing society of mostly well-meaning haredim led by cynics and opportunists – and in the case of the Shas leadership, a repeat offender convicted of corruption charges – intent on depriving their own community of any exposure to existing knowledge that would enable them to live and think independently of their leaders' dictates. When this becomes an existential issue for Israel as a whole, there is a need to say enough is enough.

Every developed country – including Israel – requires all children to go to school. Because these are innate rights that all children have to ensure that they have an opportunity at a future, no country asks parents if this coincides with their beliefs. Similarly, all developed countries – except Israel – require that this be an actual education by mandating a set of core requirements that each child must study.

It is time for Israel to join the family of developed nations in this regard. Receipt of a full core curriculum will enable haredim to choose any lifestyle they wish, providing them with the requisite tools to independently support themselves, and to make fertility decisions for which they alone will have to be responsible. The accompanying reduction in welfare benefits that have disproportionately gone their way will help sharpen the focus for all those needing a reminder of the importance of getting a good education and making decisions with regard to the number of children that they can support.

Part 4 of 5

Tackling an existential danger: Israel's neglected education system

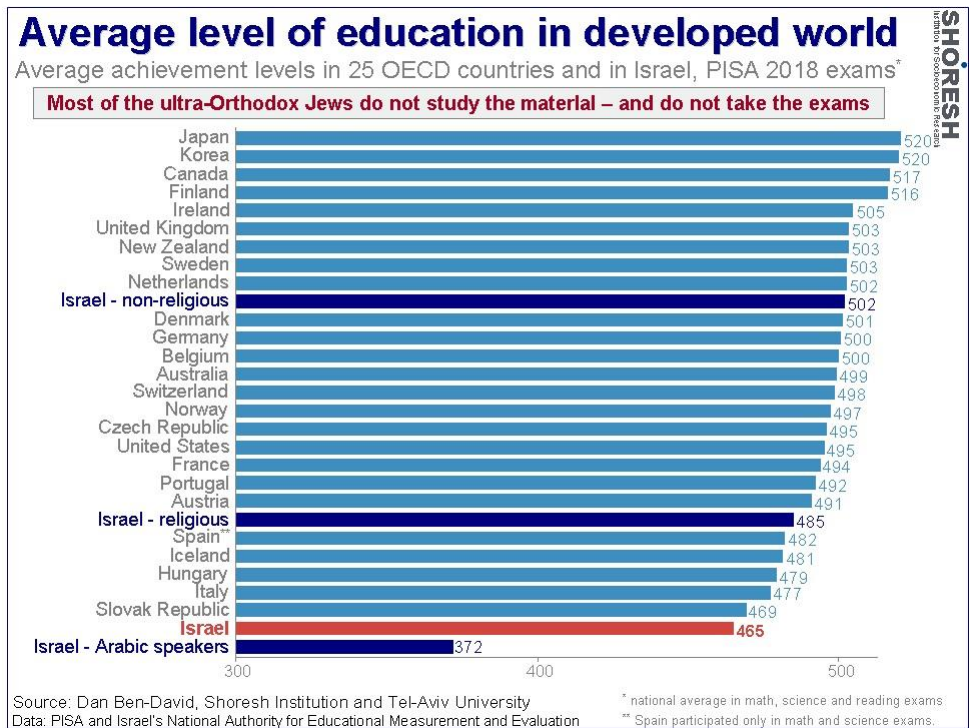
With half of Israel's children receiving a third-world education – and belonging to the country's fastest-growing population groups – a first-world economy will be unsustainable, a first-world army impossible.

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Dan Ben-David

Since no country can – or wants – to produce everything it needs by itself, all developed countries have to compete with one another in the global and competitive marketplace. This competition will only increase in the future, and the graph below reflects how each of the developed countries is preparing its children for that modern labor market.

Even excluding haredi children – most of whom do not study the required material and do not take the international exams – the achievements of Israeli children in the core subjects are below those of all developed countries. The average knowledge of pupils in the state-religious system in mathematics, science and reading places them below 80% of the developed countries.



Below the non-religious and religious Jewish schools are the country's Arabic-speaking schools. Their pupils rank below many third world countries. In fact, Israel's Arabic-speaking

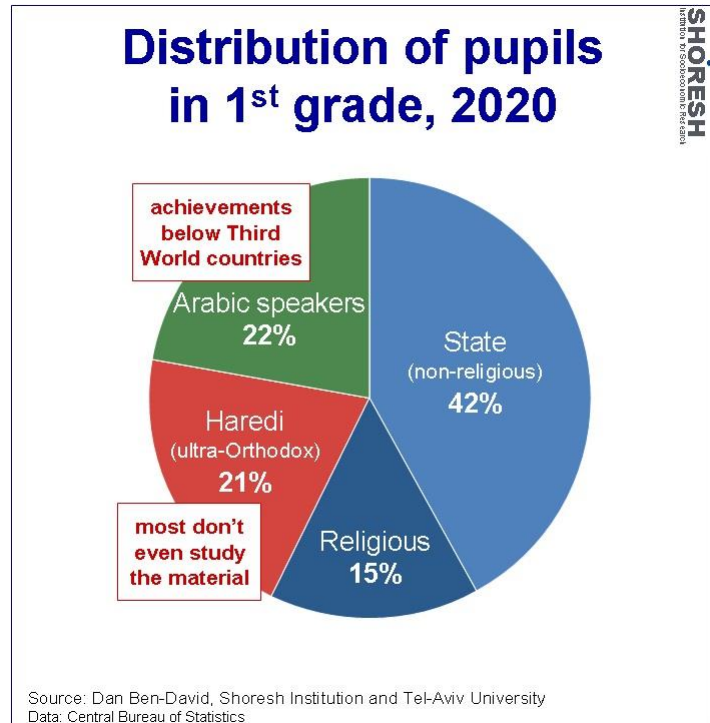
pupils score below nine of the 10 predominantly Muslim countries that participated in the last PISA exam – the OECD’s assessment program. This lack of fundamental knowledge will significantly limit their future economic opportunities.

In addition to the haredi and Arab children (each of these groups alone accounts for over a fifth of the country’s first grade pupils), there are many children living in Israel’s geographic and social peripheries receiving a third world education in the basic fields of study.

The three aforementioned groups together comprise roughly half of Israel’s children – and they belong to the fastest-growing parts of the country’s population. As adults, they will not be able to maintain

a first world economy, only a third world one. But a third world economy will not be able to support a first world healthcare system, or a first world welfare system. Perhaps most importantly for a country located in the most dangerous neighborhood on the planet, a third world economy cannot maintain a first world army. In other words, if we don’t come to our senses in time, Israel will not become a third world country when our grandchildren reach our age. It just won’t be.

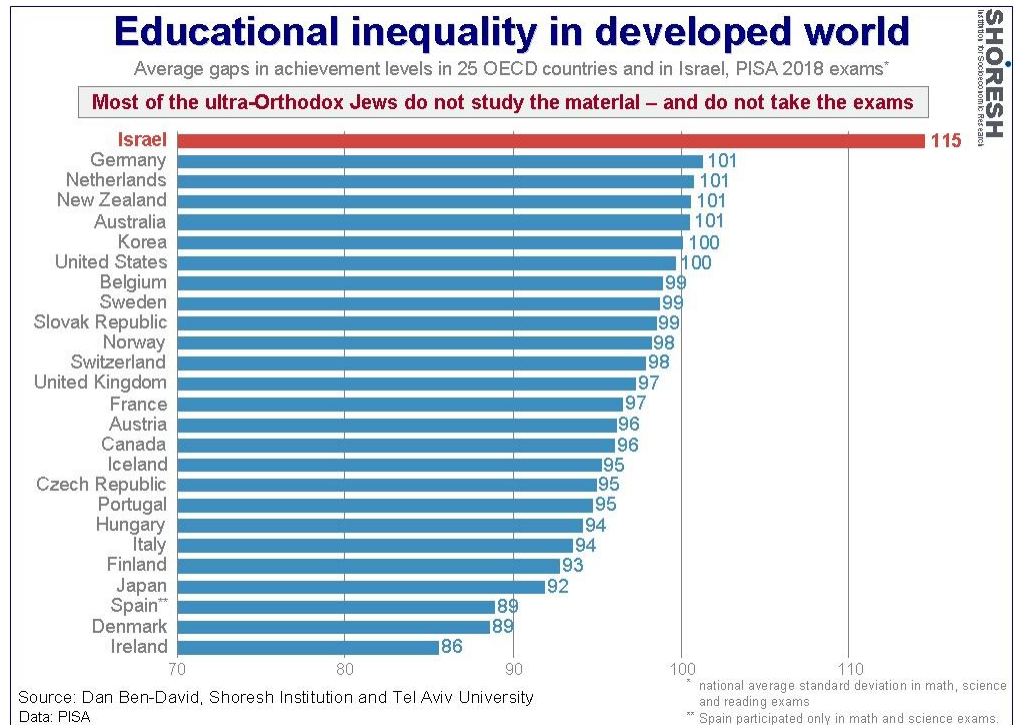
When former president of Israel, Reuven Rivlin, began his presidency, I showed him an earlier version of the above pie graph. Understanding the implications from that briefing, Rivlin and his strategic adviser, Roni Elon, wrote his “four tribes of Israel” speech. That graph came to symbolize the president’s plea for the four tribes to strive for a joint future and overcome self-serving internal pressures. The current governing coalition’s frontal attack on the fundamental underpinnings of democracy suggest just how deaf some tribe leaders are to president Rivlin’s appeal.

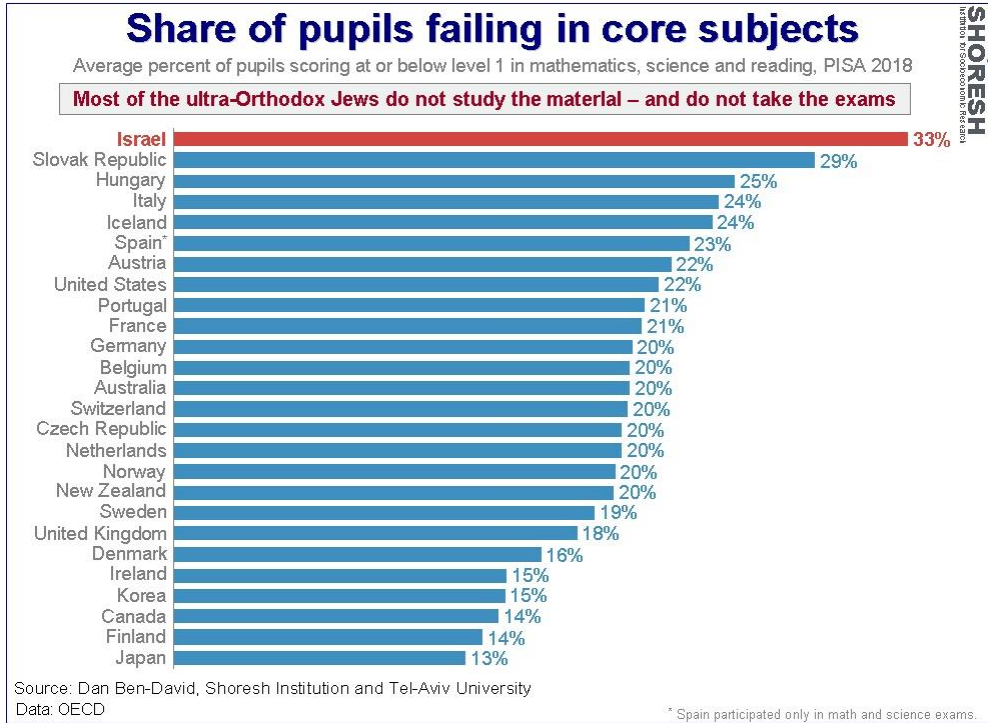


Not only is the average level of core education in Israel at the bottom of the developed world, the educational gaps between its children are also the highest – by far. And this problematic outcome was attained without the haredi children, whose inclusion would have yielded a more accurate, but considerably higher, level of educational inequality than is displayed in the graph.

When these children become adults, the disparity in the educational tools that they have been given will translate into income disparity. In the lonely Middle Eastern outpost that is Israel, social solidarity has been a key to its physical survival. Huge income inequality steadily but surely corrodes this vital shared sense of purpose and willingness to sacrifice that is so indispensable for Israel's continued existence.

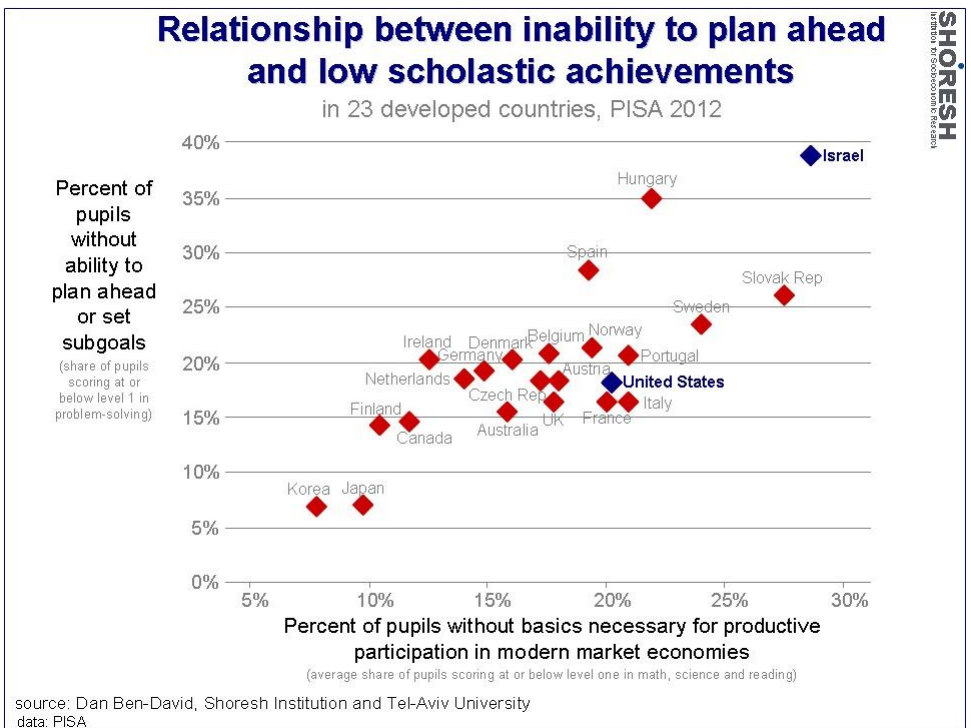
The prime candidates to live in poverty as adults are children who fail in school. Clearly this is not a blanket statement that all such children are doomed to be poor. However, the lower the jumping board into the marketplace, the more difficult it is to jump high. A full third of Israel's children fail in math, science and reading – and that does not even include the haredi children who do not even study the material or participate in the exams. What kind of a future is Israel preparing these children for? What chance do the majority of them have to become a part of the startup nation?





The failure rate in core subjects is highly correlated with another variable that has huge implications for the viability of democracies. The higher the share of children in a country who fail in the basic subjects, the higher the share of pupils unable to plan ahead or set subgoals.

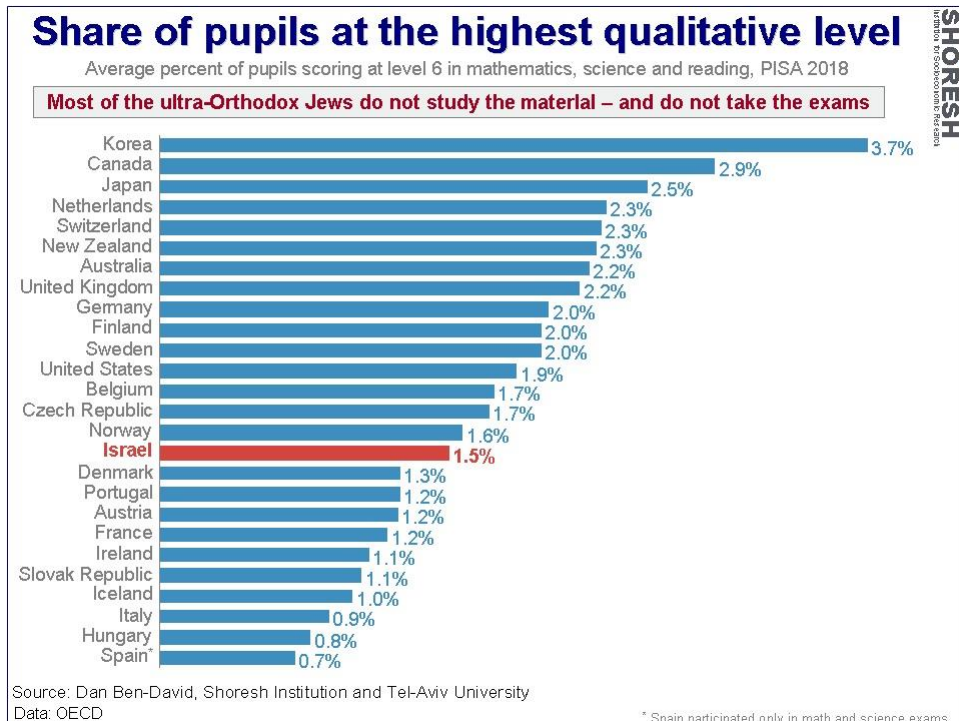
In other words, countries with many children who do not understand basic material will end up with many adults exhibiting similar limitations. These individuals will have a difficult enough time as it is to make ends meet in a modern economy. But in a downturn, they become the hardest-hit group, with little to no safety net to rely on.



When a recession becomes truly severe, these individuals look for any ray of hope that they can find, becoming fertile ground for populists, demagogues and charlatans. In democratic countries where a large share of individuals are unable to understand the implications or veracity of what they are being promised, but with an identical vote to individuals who do understand, the danger to democracies should be readily apparent. It has already reared its head in a number of developed countries following the Great Recession that they underwent over a decade ago.

Israel, with the highest share of children who do not understand the material, and the highest share of children who do not understand the implications of what they are being told, is in the most precarious position among the developed countries. As such, it should not come as a surprise that four of the six people heading the political parties comprising Israel's current governing coalition have criminal records, have been arrested or are currently on trial for corruption – and are now waging a frontal assault on Israel's key democratic institutions.

Those children who excel in the core subjects will disproportionately emerge as Israel's future tech, business and academic leaders. In Israel, these pupils account for 1.5% of all those who took the exam, a percentage that is below most developed countries. The actual Israeli percentage of excelling pupils is lower than this because the denominator in the graph does not include the haredi kids who do not study the material and do not take the exam.

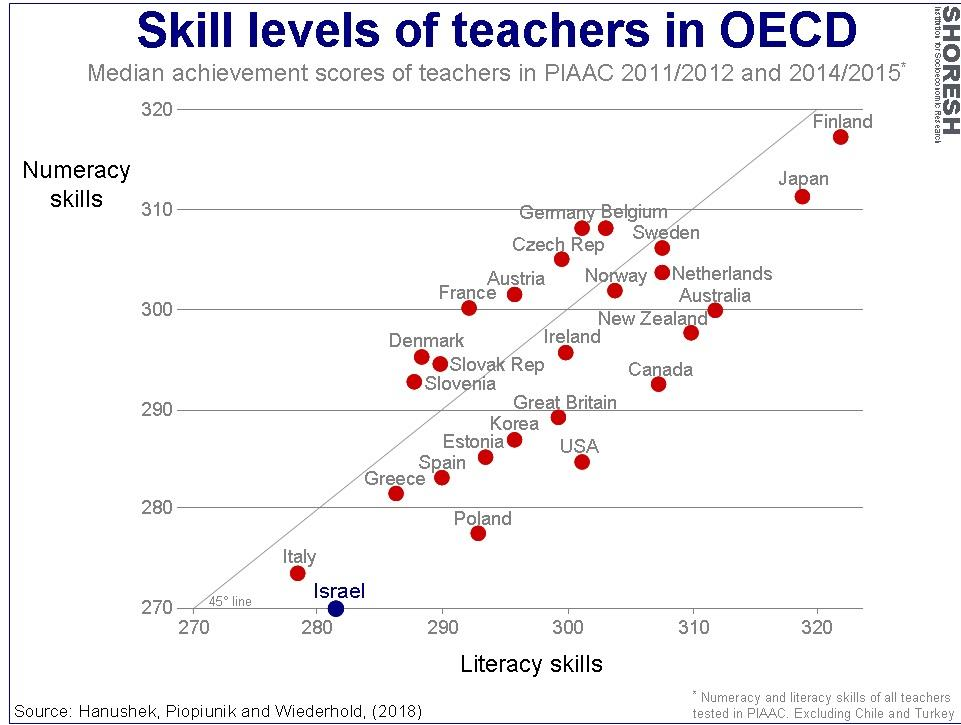


The quality of education that Israel gives its children has had a very negative impact on large swaths of its economy. As the country's recent elections have shown, it has also brought the country's democratic institutions to their knees. An Israel seeking a viable future needs to gain control of its schools – all of them. Specifically, Israel needs to implement a systemic, comprehensive and thorough reform of the country's education system. This education reform should be based on three cornerstones.

1. A significant upgrade of the core curriculum for all Israeli children. This means raising the overall level of study in the basic subjects in grades 1 to 12 – and making this core curriculum uniform and compulsory in all of the schools in each of Israel's education streams, including all of the religious and haredi schools.
 - While there are many different lifestyles in Israel – and it is fine that schools also teach values consistent with the lifestyles of the parents – there is only one global marketplace common to us and all the other countries. It is inconceivable that we deny any Israeli child the opportunity to work and succeed in that modern economy. A strong basic education will be good for them – and for us all.
 - Similarly with regard for the need to introduce into the core curriculum basic democratic principles such as civil and human rights, the need for checks and balances between government branches, and the concept that having a majority does not confer tyranny of the majority.

Absolutely no public funds may be given to schools that do not teach the full core curriculum.

2. Fundamentally changing the way that teachers are chosen, trained and compensated needs to be addressed. The basic knowledge level of Israeli teachers is at the bottom of teachers in the developed world.



Therefore, instead of studying for a teaching or education degree – as is customary today – and along the way, a bit of math, English, physics, and so on, all individuals considering the possibility of becoming a teacher in Israel should be required to first get accepted to academic programs in math, English, physics, etc. and obtain a degree in those disciplines. Afterward, they should study towards a teaching certificate.

Consequently, those who go through this route do not have to become teachers. If the State of Israel wants them as teachers, it will have to pay them accordingly – but it will also then be able to demand that they work accordingly, from morning to evening, every day, all year round, with work and vacation times similar to their alternative possibilities in the workforce. This will enable the hiring of fewer teachers, with much greater compensation for each – while gaining a much higher level of knowledge from them to pass along to our children.

3. The Education Ministry must undergo a structural transformation. It is not possible to manage a grocery store the way the largest governmental budget is currently being run. The ministry determines the contents of the teaching materials, it is responsible for their implementation in the classrooms, and it is the body that checks whether it has fulfilled what it determined that it should do – in other words, complete conflicts of interest. The ministry acts as if issues such as measurement and evaluation are beyond its realm of concerns. For example, matriculation (*bagrut*) exams have been administered for decades, but it never occurred to the ministry to perform even the minimal step of calibrating the exams from year to year and between schools throughout the country. As a result, the Education Ministry has no idea whether the level of knowledge of Israeli children has improved or declined over the decades, nor how it compares across schools.

School management must be transferred to the schools themselves – combining accountability with the provision of the necessary authority to the principals, who will be subject to a board of directors comprising individuals from the Education Ministry, the local municipality, parents and teachers (with a majority for the Education Ministry). The ministry will establish a formula for the determination and distribution of budgets to the schools while the school principals will have to present their strategic plans to their board of directors showing how they plan to allocate their budgets to achieve the national goals (such as core curriculum) as well as those objectives reflecting local lifestyles (in such areas as culture, art, religion, and so on). Principals should be given full discretion to decide who their teachers will be and their salaries, with the school board of directors having the ability to hire and fire principals on the basis of their accomplishments or failures.

Children must be raised with a clear understanding of the dos and don'ts of a liberal society – regardless of their choices along the religious-secular spectrum. Children with a firm grasp of the basic skills will have opportunities to thrive and personally develop in a modern economy, reducing their dependency on others. Better educated adults will also understand the incumbent requirements of parenthood and will be more judicious in their fertility decisions.

Part 5 of 5

For a glimpse of Israel's future, look not at Poland nor Hungary but at Afghanistan

Israel has reached its demographic-democratic point of no return. At some point, the secular Netanyahu will be gone. Not so his Haredi and Jewish supremacist partners.

by

Dan Ben-David

An emergency webinar recently organized by the Israel Economic Association (which includes all of Israel's academic economists) and the International Economic Association, headed by Prof. Dani Rodrik from Harvard University, provided an illuminating glimpse of the steps taken by Turkey, Poland, Hungary and Russia in their descent from democracy toward authoritarian rule. Leading economists from each of these countries detailed the surprisingly similar routes taken in each of their countries until their citizenry finally understood what they had lost.

Rodrik, a prominent Jewish-American economist formerly from Turkey, summarized what was about to unfold in the webinar during his opening remarks. He highlighted what he referred to as the "authoritarian-populist playbook" that each of these countries followed. The process included four steps:

- Capture the judiciary and the media
- Identify and target the "enemy of the people"
- Create alternative reality through control of public narratives
- Concentrate power and establish one-man rule

This chillingly familiar playbook is so fully underway in Israel that it is no wonder so many Israelis voice concern about our nation going down those countries' path. But this is only a partial picture of the process now happening in Israel. The prime minister's criminal trial on corruption charges may be what opened the country's door to the authoritarian playbook. But demography

is the ultimate game-changer that will take Israel far beyond the Hungarian-Polish example to the Afghanistan model.

The five political parties that joined Netanyahu's Likud in creating the current government are even more gung-ho about demolishing Israel's democracy than Netanyahu because it conflicts with their underlying beliefs and lifestyles. Two of his so-called "natural partners," as Netanyahu likes to refer to them, are the haredi parties, United Torah Judaism and Shas. The other three are Jewish supremacist parties, Jewish Power (*Otzma Yehudit*), Religious Zionism, and Noam. The attempts of these five parties to appropriate Judaism and Israel's national symbols have been ongoing for years.

At some point, the secular Netanyahu will no longer be a part of Israel's political landscape. Not so with regard to his religious partners. Recognizing who and what these parties represent is key to understanding how Israel can avoid becoming Afghanistan.

The haredi leadership is determined to prevent its children from receiving an education that would provide them with opportunities in the marketplace that would reduce their dependency as adults on the ability of the political parties to channel scarce government budgets their way. This leadership ensures that haredim be shut off from all communication to the outside world to guarantee that they remain oblivious to such liberal fundamentals such as democracy, women's rights (not one woman is allowed to serve in either haredi party) and racism (toward other Jews, toward Arabs). The result is an attitude of intolerance and condescension to all who are unlike them – as is often evident in the resultant clashes when the haredi community expands into non-haredi neighborhoods and towns.

However, the primary victims of the haredi leadership are the haredim themselves. Aside from the dependency that is forced upon them is the norm of a crushing social ostracism for anyone daring to question the leadership – or for the remaining families of those who dare leave the haredi community.

And then there are the three Jewish supremacist parties. These are primarily graduates of Israeli religious (non-haredi) schools. While there are religious Jews who clearly abhor these

parties' racist tendencies, they are neither sufficiently vocal nor are they a sufficiently large group to have their own political representation.

The religious schools ostensibly teach math, science and English, but it is at very low levels – below 80% of the developed world countries (as shown previously in this series). Meirav Arlozorov notes in a recent four-part *The Marker* series on Israel's religious school stream that these schools differ markedly from the secular school stream. While political solicitation is prohibited in secular schools, political identification with the religious parties and their agendas is part and parcel of the religious stream schools, sending the children in organized school buses to political gatherings and protests of Israel's religious right. The curriculum of the religious stream's schools instills the importance of annexing the occupied territories – with no suggestion of the international illegality of such a move, nor any concept of the need to accord full equal rights to all of the inhabitants upon annexation. Not only do the school curricula differ between the religious and secular streams, but secular individuals are also barred from teaching in the religious schools – a policy of discrimination that is unheard of in the secular schools.

Consequently, the three parties representing the religious (non-haredi) Jewish community are led by, and composed of, racists and homophobes. Itamar Ben-Gvir, the head of the Jewish Power party was convicted repeatedly on charges of incitement to racism. The leader of the Religious Zionism party, Bezalel Smotrich, was arrested – but not tried – for being part of a Jewish terror cell, His tweeting in support of segregation of Arab and Jewish women in hospital maternity wards speaks for itself. And then there is Avi Maoz from the Noam party, who advocates gender segregation at public events, opposes LGBT rights and is a staunch supporter of legalizing so-called “conversion therapy” to coerce gays into becoming straight.

One of the guiding principles in a liberal democratic society is allowing each person the freedom of self-determination, as long as it does not infringe on the rights of others. Religious freedom is part and parcel of this concept – which brings us to present-day Israel.

The dominant feature of the haredi and religious parties comprising the current government is their intolerance toward alternative ideals – and oftentimes, laws. Unfortunately for them,

upholding these basic tenets of a liberal society is the role of the courts. Hence, these parties' first order of business is to weaken the courts' ability to limit their breaches of the law such as illegal evasion of the military draft by the haredim and unequal distribution of public funds to the haredim, as well as illegal settlements by the settlers and unequal distribution of funds to them.

While secular Jewish women give birth to an average of two children each, religious women average twice that number, and haredi women average 6.6 children each. The two latter population groups still do not comprise a majority of the voting public, but the demographic direction that Israel is headed should be clear to all.

Netanyahu's corruption trial and his desire to intimidate the courts into letting him off the hook made him politically untouchable for all of the other parties spanning the political spectrum from right to left. It is no wonder that he considers the only ones remaining, the haredi and the Jewish supremacist parties, as his "natural partners." But in the process, Israel has just received a promo of what the future will be like when the haredi and religious parties control the Knesset.

There can be no middle ground between intolerance and liberalism. Only one can prevail. The irony – and what gives liberal society its current advantage – is that the intolerant are completely dependent on the liberals. Only a liberal society that encourages freedom of thought and expression can provide the living standards, medical services, welfare assistance and national security that both the intolerant and liberals desire.

If we want to prevent the current promo that is being played out in the Knesset from becoming the full feature, it is incumbent on Israeli democracy to rise up and defend itself. I leave the mechanics of this civil unrest to others. But that defense needs to come with an immediate plan of action for the day after. Following Churchill, "Never let a good crisis go to waste."

Israel needs to completely overhaul its system of government. The executive branch should be able to lead and implement its rulings, alongside the creation of effective checks and balances with independent legislative and judicial branches. Also a must – a constitution setting in stone the national foundations that will protect the country's basic institutions and minimize future destabilization attempts.

But these actions are not enough. They will not affect the future character of the nation – which, in turn, will determine its long-term viability. Without a complete overhaul of Israel’s education system (along the lines outlined in the previous article in this series), the country’s future will be a Jewish version of Afghanistan, an inhospitable place that our children and grandchildren will not want to live in, a racist country that is a pariah in the international community. But that will only be a passing stage. Such a country situated in the most inhospitable region of the world will not be able to defend itself – with all of the existential implications that this has on the future of the only home that the Jewish people have.

It is possible that the most recent elections mark the beginning of Israeli society’s last stage of the demographic process – but this does not have to be the case. Israel has a long history of dealing with its fundamental problems at the last possible minute. What is different in this case is that it will not be possible to press the undo button in the future to turn unskilled and poorly educated adults into children who, in the next round, will learn what is required in order to save their own future – and ours.

We have reached Israel’s demographic-democratic point of no-return. What we decide today will determine if Israel will be the home for our children, and the safe haven for our people.