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## THE FIGHT OVER "SPECIAL ALLOCATIONS" FOR HAREDI RELIGIOUS EDUCATION IN ISRAEL

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**NIS400-500 Million to the Haredim / The Beginning of Special Allocations / Agudat Israel Returns to Coalition Politics / Haredim Hold the Balance of Power / The National Religious Party Leads the Opposition / A Zionist State Funds Anti-Zionist Schools**

### **NIS400-500 Million to the Haredim**

"Special allocations" have been made for years to certain favored institutions by those in power in Israel, in a manner reminiscent of patronage in other political systems. They involve allocations of government funds outside the standard budgetary process. Since the founding of the state, certain funds have been given out by way of specific Knesset members of certain parties who are the patrons of those privileged institutions.

This year, for example, during the last hours of the budget debate in the Knesset, scores of millions of shekels were allotted at the last minute by the Knesset Finance Committee to various special interests. Both Labor and the Likud arranged for about NIS5 million each in special allocations to a list of their favorite institutions including, for example, the Beit Berl College, in the case of the Labor party. The Likud, which

does not have as many similar institutions, has over the years also developed clubs, museums and cultural institutions which also get such allocations.

In the past two years, however, the order of magnitude of special allocations to haredi religious educational institutions has grown enormously. While the two major parties will each get NIS5 million, this year the haredi parties will receive NIS400-500 million from the Treasury. This period coincides with the collapse of the Likud-Labor unity government and its replacement by a Likud-led government which is totally dependent on the three haredi parties for its narrow majority in the Knesset.

### **The Beginning of Special Allocations**

The whole business of special allocations has a long and honorable (or dishonorable) history. It started even before the beginning of the state

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in the World Zionist Organization. After the first year and a half of the State of Israel, Agudat Israel left the government, but it needed funds for its separate institutions. So Mapai-led governments agreed to a system of matching funds, whereby the Mapai-controlled Treasury would match the money such institutions brought into the country from abroad in the form of donations. This was done without any criteria to compare these institutions with the level of funding in regular schools. In the late 1950s and 1960s the whole business became even more fragmented to the point where it became a question of personal access to the Finance Minister, especially during the period of Pinchas Sapir when a lot of things were done on a personal patronage basis.

Why were these funds not included in the budget? First of all, the entire status of the haredi school system (at the time exclusively the Agudat Israel independent school system) is a very curious one. From a formal point of view, the state school system was established in 1954 ostensibly for the purpose of eliminating the earlier system of ideological streams. There was a state general (secular) school system and a state religious system. The Aguda system was simply not recognized as a formal system, and the beginnings of state funding for it came about very sporadically in the wake of various coalition needs, especially those of Mapai and afterwards the Labor party to assure Aguda support on particular questions. From 1950-51 until 1977 Aguda stayed out of government coalitions, but periodically their votes in the Knesset were needed — most dramatically, for example, in 1964 when they provided the few votes needed to defeat the proposal to abolish military government in the Arab areas of Israel. The Aguda votes provided the tiny majority Mapai needed at the time, and they were rewarded in this sort of informal, under-the-table basis.

There was also a certain question of principle for the Aguda side, something that still exists today for the Aguda and its offshoot, Degel Hatorah. Should these bodies, which are anti-Zionist or non-Zionist, "taint" themselves by accepting money from the Zionist entity. Of course, the ideological answer was "no," but yet they needed the government funds badly. The solution for this dilemma was to seek

control of the Knesset Finance Committee and to accept deputy ministerships in key ministries but not membership in the "Zionist" cabinet.

These practices should also be seen in the perspective of the older Jewish tradition of *halukkah*, the way by which Jewish institutions were funded in Eastern Europe as well as the various religious institutions set up in Eretz Israel in the nineteenth and early twentieth centuries, where money was raised abroad by different rabbis and emissaries of religious institutions and distributed informally with a minimum of public control or oversight.

So not only has this been going on from the beginning of the state, and not only religious institutions benefitted, but there was a general patronage system which distributed money according to a party key, alongside the main budget.

#### **Agudat Israel Returns to Coalition Politics**

What changed? Politically, the change began in 1977 when Agudat Israel again entered into coalition politics after a 26-year break. Menachem Begin's Likud could not have established a coalition majority without Agudat Israel, for the first time in Aguda's political life. This was not the case under Labor, which was dependent on the National Religious Party — but not totally so — for a coalition majority, but not on Aguda. From 1977 onward, the Likud became totally dependent on Aguda and eventually on the other haredi parties, and this lent them new political leverage. Since these parties' main interest was in their religious educational institutions, the degree of government support grew accordingly.

Interestingly, during the period in the late 1970s and early 1980s when more money was available, Rabbi Eliezer Schach, today the leading mentor of the Shas and Degel Hatorah parties, who at the time was simply one of the members of Aguda's Council of Torah Sages, very much objected to any haredi institution having more than 50 percent of its budget funded from Zionist sources. It was, in fact, a compromise with the principle of not taking money from "tainted" Zionist sources. Thus it was carried out not by the rabbinical mentors such as Rabbi Schach and others, but by the Aguda politicians in the Knesset.

### **Haredim Hold the Balance of Power**

Especially since the 1981 election, Israel has found itself in an unprecedented situation of an electoral deadlock between the two major political blocs. This standoff has persisted for the last three elections, in which Agudat Israel and the other haredi parties have held the balance of power, and in effect determined whether Likud or Labor would form the government.

An additional contributing factor, of course, is the splitting of the haredi bloc and the growth of new parties. In 1981 the Tami party of Aharon Abuha-tzeira split away from the National Religious Party, and from 1984 Shas emerged after splitting away from Aguda. At the same time, Shas created its El Hamaayan organization, which led to a gigantic proliferation of educational institutions to serve as a separate Sephardi haredi educational system paralleling that of Aguda.

The 1980s also saw growing criticism of this entire system. In 1983 the State Comptroller's Annual Report was extremely critical of this system which was marked by an absence of any real control over the allocation and use of these funds. There were also several cases in which the High Court of Justice came out against the administrative irregularity of such systems of allocating money without any objective criteria. Interestingly, one of the applications to the High Court in 1983 was by the Habad movement, which protested that the Knesset members of Aguda and Tami were distributing the money in a way that left them completely out in the cold since Habad was politically unaffiliated at the time. In 1984 the Attorney General published guidelines for distribution of the money according to objective criteria, but they were ignored by the politicians in the Knesset Finance Committee.

At the beginning of the Likud coalitions in the late 1970s, the amount of money for special allocations to religious institutions was somewhere between 30 and 70 million Israeli pounds, a relatively much smaller part of the overall budget.

The really big growth in special allocations occurred just during the last few years and is a reflection of the very impressive growth of Shas' El Hamaayan and of the religious institutions affiliated with Degel Hatorah and Aguda. Only two years ago,

in 1989, the amount of money going to such special allocations was estimated at NIS65 million. The year 1990 saw a huge jump in these allocations to NIS260 million, and in 1991 they went up to between NIS400 and 500 million, depending on the final outcome of last-minute negotiations. Since there is a formal decision not to continue with this system in the coming year, one of the ways of getting around the last budget crisis was to divert many scores of millions of shekels from the 1991 budget reserve.

One of the reasons that the debate this year was so intense is that because of the U.S. economic recession of the past two years, especially in the field of real estate, many private donations to haredi institutions have been curtailed. These institutions have thus become more dependent than ever on government money.

The huge jump from NIS65 million in 1989 to NIS260 million in 1990 is primarily a reflection of the strategic position won by the haredi parties, who were assumed to be willing to join either the Likud or Labor during the coalition crisis of the spring of 1990. Labor chairman Shimon Peres, who has believed since 1977 that Labor could not return to power unless it is supported by the haredi parties, has for years gone out of his way to court them. During the 1990 coalition crisis when both major parties were outbidding each other in their promises to the haredi parties, Peres was ready to outbid Shamir any day. This served to jack up the price the haredi parties ultimately won from the Likud.

Peres had brought down the national unity government at the instigation of Arye Deri of Shas on the assumption that Shas and part of Aguda would go along with a Labor-led government under Peres instead of the government of national unity under the Likud's Yitzhak Shamir. In the end, Peres and Labor lost their bid to unseat Shamir by a hair's breadth when the haredi MKs refused to go along with that assumption under pressure of their hawkish electorates.

Even prior to that, right after the 1988 elections, Peres and Shamir had each promised Agudat Israel to amend the Law of Return in regard to the Who is a Jew question. Both parties are convinced that they cannot form a government without the haredim so they are both competing ferociously for their

support — a competition that is the lifeblood of the haredim.

During the years when the National Religious Party was in coalition with Mapai and Labor, it never made trouble for Labor on defense, foreign or economic policies, as long as its religious interests were satisfied. In that sense they were very easy coalition partners. The same is true of Agudat Israel, Degal Hatorah and Shas today. The haredi parties permit the Likud to conduct whatever major policies it wants in exchange for satisfying the haredi religious interests — a price seen by Likud and by a good part of Labor as very cheap indeed.

### **The National Religious Party Leads the Opposition**

Why is this practice seen as so much more of a political scandal today? It has been criticized every now and then in the past, but the general attitude until very recently was that this is admittedly one of the unseemlier but still unavoidable aspects of politics. However, the gigantic growth in the amount of money that is going in this direction could not help but attract criticism and outrage. It is also attracting greater attention because there are more elements of personal corruption being attributed to it: the suspicions around Interior Minister Arye Deri, the actual charges of personal corruption filed against M.K. Yair Levy of Shas, the fact that subsequent to one of the appeals to the High Court it transpired that some of the religious institutions listed in the budget simply did not exist or that the numbers of students attributed to the institutions were vastly inflated.

Finally, what brought this entire issue to public attention was a very strange political situation in which the main body leading the fight against special allocations turned out to be the Zionist National Religious Party, which in the past had been one of the main beneficiaries of this system. For quite some time, however, the NRP had not had to resort to this informal conduit for money because they controlled the ministries that serve as the major conduits for religious education funding in the regular budget, especially the Ministry of Education and the Ministry of Religious Affairs. Until the mid-1980s they also controlled the Ministry of Interior, which was a major channel for such moneys through its subven-

tions to local authorities.

Now, the National Religious Party made this a major issue and was ready to bring down the coalition if the special allocations were not abolished. For the NRP, the rise of these new educational systems, which compete with the state religious system which it has controlled since the beginning of the state, is a question of political life and death. Up until the mid-1980s, the proportion of children in state religious schools was gradually declining, with the main but slow shift being to the state general schools. In the 1969/70 school year, close to 28 percent of school children were in the state religious system, with 65 percent in the general system, and a little more than 6 percent in various Aguda and other haredi schools. By 1987/88 the proportion of children in the state religious schools was down to 21 percent, with no change in the haredi proportion. Over the past four years, however, many children who previously went to state religious schools have shifted to Shas' El Hamaayan, a trend of very great concern to the NRP and the interests it represents.

The success of Shas and El Hamaayan as a competing school system must also be seen as a reaction to the very real discrimination against children from families of Sephardi, Moslem-country origin in many religious and especially haredi schools.

Of course, a good part of the criticism levelled against the special allocations should be seen in terms of good government; how one should allocate money to permit the making of rational choices; a question of honesty in government and the prevention of corruption. Yet while these are important issues, they are not issues that grab the imagination of the Israeli public or of the Knesset, or rank at the top of their order of priorities. Indeed, questions of effective, good and honest government have never been very central in the political debate in Israel to date.

This year, as the Knesset Finance Committee became mired in the whole argument over special allocations, it did not even have the time to approve the draft budget line by line. Originally, in the 1950s, when Israel was living from hand to mouth, the budgetary process was also a very flexible affair. By the 1970s, however, there had been quite a bit

of progress made in regard to orderly governmental processes and especially to the budget. In the past 15 years, however, there has been a marked regression in regard to an orderly budget approval process.

### **A Zionist State Funds Anti-Zionist Schools**

Perhaps of even greater importance in its impact on Israeli political life is the consideration of what this money does. It appears to be anomalous in the extreme for an ostensibly Zionist political system, with a set of values that are shared by secular and national religious Zionists, to provide the major funding for unabashedly anti-Zionist and anti-modern educational systems.

In addition, whereas haredi schools were certainly being funded at a lower level per capita throughout the 1950s, 1960s and 1970s, in many ways the situation today is reversed. This would certainly seem to be the case when one takes into account the governmental subsidization of married adult yeshiva students, compared with the fact that university students are not given such support and must pay stiff tuition fees and work for their livelihoods.

What has the potential of turning into an even more incendiary political issue is the different levels of funding of kindergartens and elementary schools. The El Hamaayan and the Aguda schools and kindergartens today receive enough funding to provide for long school days at a time when in other school systems the school day is being cut to the bone. Furthermore, the haredi school systems are able to provide funded hot lunches, which have been cut out from most schools of the state systems.

In all of the recent studies on public attitudes to the religious-secular complex of issues, there is wide

spread agreement throughout Israeli society on one issue — that of exemption from military service for yeshiva students. On this issue, 85-90 percent of the population, including most religious people, are opposed to such exemptions. Yet the haredi schools educate their pupils to avoid such military service.

This obviously entails a clear clash in values. Do parents have the right to determine the content and nature of the education which they want to give to their children and, opposing that, does society have a right to determine the values it wants to impart in the education of that society's children? I, for one, truly believe that from an Israeli societal point of view, state funding of anti-Zionist haredi education should be seen as equivalent to the state funding of PLO education in the Arab sector, which, of course, would be inconceivable.

Given the order of magnitude of the special allocations today, state funding of haredi institutions, in any guise, could well emerge as an important issue in domestic Israeli politics. As more of the population becomes aware of the declining level of the education of their children due to budgetary cuts, politicians of the major parties may be expected to turn this into a live political issue. The government's failure to obtain the U.S. loan guarantees and the need for far-going budgetary belt-tightening may speed up the confrontation on this issue.

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