

## **Israel's March of Folly**

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*In 1964, Lyndon Johnson "defeated Goldwater by the largest popular majority in American history and gained unassailable majorities in Congress... the result put Johnson in a position to do anything he wanted. His heart was in the welfare programs and civil rights legislation that were to create the Great Society... He wanted to go down in history as the great benefactor, greater than FDR, equal to Lincoln. Failure to seize his chance at this moment to extricate his Administration from an unpromising foreign entanglement [in Vietnam] was the irreparable folly... Confident in his own power, Johnson believed he could achieve both his aims, domestic and foreign, at once."*

Barbara W. Tuchman. 2007 (1984): 398.

In June of 1967, three years after Johnson's unprecedented electoral win, Israel registered a decisive defeat over the armies of Egypt, Syria, and Jordan. By conquering the West Bank, it gained control over about half of the Palestinian people (including those who had become citizens of Israel in 1948).

Israel was now in an excellent position to make a serious attempt to put an end to its decades-long conflict with the Palestinians, a conflict that had transmuted over time into a confrontation with the entire Arab world and that had cost Israel three wars within twenty years. For one, Israel was in an ideal position to implement the very

same solution to the Palestine problem that the UN had mandated only twenty years earlier, in 1947, and that the leading Zionist leaders had willingly embraced at the time - a division of the land between the two peoples.

Such a solution might have allowed Israel to return to the huge project initiated in the early stages of Zionism, that of nation building and social and economic development. This project, which could be termed Herzl's Great Society, was far from complete when the 1967 war broke out. Israel still had a long way to go to realize the utopia described in Theodor Herzl's *Altneuland*; namely, a society that "cares for every sick and needy applicant," in which "education is free... from the kindergarten through the university" and in which women enjoy equal rights.

Many of the over a million Jews who had migrated to Israel between 1948 and 1967, and especially those who had come from Moslem countries (today called, collectively, Mizrahim), were still groping for a firm social, economic, and cultural footing; in fact, many had only recently left transitory immigrant camps for regular housing. The Palestinian citizens of Israel - those who had neither been expelled or fled during the war of 1948 - had been freed from military administration only a year before the war; for them, the achievement of full and equal citizenship was far away; in fact, it still is. Industrialization of the economy had begun in earnest only a decade before the 1967 war; in 1967, the country's two largest export items were still citrus and citrus products and processed diamonds. Furthermore, Israel was importing much more than it was exporting, with much of the balance being paid for with foreign aid. High school attendance was the privilege of a minority – the sons and daughters of the pre-1948 veteran Ashkenazi Jews; university attendance was even more circumscribed. Most of the new immigrant towns, set up in outlying regions of the country, had known long periods of mass unemployment, from which they were only beginning to emerge in 1967, thanks to the industrialization drive; at the same time, that very drive was turning many of them into company towns, dependent – as many still are – on one or two factories.

Yet, with its armies now stationed far from the pre-1967 borders, Israel decided to take advantage of the new circumstances in order to embark on a new national project: becoming a regional military power – within the orbit of the US. This was

bound to put severe constraints on Israel's ability to pursue a Great Society. The new project involved maintaining a large standing army, raising the military budget permanently and setting up a large weapons industry. The military-industrial complex brought great benefits to Israel's economy, providing it with products of much greater value added than citrus and diamonds; but it also resulted in a split in Israel's path of economic development, between an elitist hi-tech sector centered on the military industry and later on its civilianized offshoots, and a low-tech sector centered on the more traditional industries established prior to 1967 in the new-immigrant towns.

Last but certainly not least, instead of embarking on a serious and patient attempt to put an end to its conflict with the Palestinians, Israel began to gradually encroach upon their territories (Jordanian up to 1967) by way of settling increasingly larger numbers of Israeli civilians there. This sub-project, which began in 1967 with Labor-led coalitions striving for "border corrections," soon grew in scale. After the Likud accession to power in 1977, it turned into an explicit attempt to impede Palestinian statehood in one of two ways: either by denying a future Palestinian state territorial continuity, or by forcing future Israeli leaders to make the hard choice between continual confrontations with the Palestinians, and a potentially fratricidal attempt to remove settlers from deep inside Palestinian territory.

The US's march of folly in Vietnam lasted 27 years, if one starts the count at the end of the WW II. Israel's march of folly in the Palestinian territories has been going on for 43 years. Much as Johnson's dream of a Great Society was squandered by the growing involvement in Vietnam, with the deployment of wave after wave of US troops, Israel's march of folly in Palestine took the form of consecutive waves of settler reinforcements, each larger than the previous one – from 6,000 by 1977 to 107,000 by 1990, 200,000 by 2000 and almost 300,000 at the time of this writing – and this is not counting the some 200,000 Israelis living in the quarters in Jerusalem annexed unilaterally by Israel in 1967.<sup>1</sup>

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<sup>1</sup> Moshe Amirav, an aide to Jerusalem mayor Teddy Koled and to Prime Minister Yitzhak Rabin, utilized Barbara Tuchman's notion of a march of folly, used in this paper as well, to describe and analyze the story of Israel's annexation of East Jerusalem, including huge tracts land and of 28 Palestinian villages (Amirav, 2007:11). The most salient example of what Amirav calls "the March of Folly in Jerusalem": the decision to build Jewish neighborhoods in the newly annexed areas, in order to ensure a Jewish majority in the city. The scale of the building was massive – some 40 thousand apartments in 9 new neighborhoods. But the actual building was done by Palestinian laborers, causing

The consecutive waves of settlers were eventually accompanied by correlative increases in the size of the military forces assigned to protect them. The two Intifadas forced Israel to send large numbers of troops into the West Bank and Gaza Strip, to safeguard and patrol each of the dozens of settlements, and to create new special units and commands. A tour of service in the Palestinian territories became part of the routine for all IDF combat units.

The settlements, and the military forces assigned to defend them are the prime embodiment of Israel's march of folly, for the settlements were never essential to the Israel's transformation into a regional power, nor were they necessary for the exercise of Israel's hegemony.

Thus Israel proceeded to progressively squander most of the options opened to it by the military victory in 1967, in a march of folly driven by the delusion that by pouring into the West Bank more and more Jewish settlers, more and more soldiers to defend them and more and more budgets to pay for it all, it could conjure up a future in which there was no Palestinian state, in which Israel could continue to enjoy the fruits of Palestinian land and Palestinian labor, and in which all of this was taken in stride by a passive and submissive Palestinian population.

How does one measure the cost of all this? Most often, the figures tossed around relate to the direct cost of building the settlements. However, the actual cost is much higher; in fact, it is very difficult to disentangle the cost of the settlements per se from the cost of the occupation as a whole and from the cost of the continuing national conflict. In what follows, I will focus on four aspects of Israel's folly: the political folly, the economic folly, the military folly and the social folly.<sup>2</sup>

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Jerusalem to become an attractive economic option for many of them. Their numbers in East Jerusalem increased from 68 thousand in 1967 to 245 thousand in 2005, a 3.6 increase, compared to a 2.4 increase in the number of Jews, from 198 thousand to 475 thousand (Amirav, 2007: 212-213).

<sup>2</sup> The list is centered on those follies which directly affect the pursuit of what I have termed Herzl's Great Society and the pre-1967 nation-building project. But it is certainly not exhaustive. Most importantly, it does not include the growing moral disenchantment within Israel and certainly outside of it with Israel's continuing encroachment on Palestinian territories and its suppression of Palestinian national aspirations.

## *Political Folly*

In the United States, the growing entanglement in Vietnam forced Lyndon Johnson to choose between his Great Society and growing military appropriations. Not only that, Vietnam caused a split among the American public. In the end, Vietnam led to Johnson's decision not to run for reelection. The result was a quarter of a century of Republican hegemony, characterized by repeated neo-liberal attacks on many of Johnson's achievements.

In Israel, it was the shock caused by Egypt and Syria's surprise 1973 Yom Kippur attack that shook the foundations of the Labor party's decades-long hegemony. But the Palestinian issue was not far in the background, for the political disenchantment with the Labor party opened the door for the slow but persistent ascendance of a political right that contained a new right in the form of Gush Emunim. This religious settlers' movement gained national attention when it succeeded in forcing the Labor government to allow it to set up a settlement in Elon More near Nablus, in the heart of the Palestinian West Bank. When Menachem Begin came to power in 1977, he wasted no time in declaring that there would be "many Elon Mores."

Thus began a long period of right-wing ascendancy that continues to this very day. There were, to be sure, several short Labor interludes, those of Yitzhak Rabin and Ehud Barak; nevertheless, the agenda-setters of Israel have been Menachem Begin, Yitzhak Shamir, Benjamin Netanyahu and Ariel Sharon. In the elections held in February 2009, the Labor party received only 13 out of the Knesset's 120 seats. Netanyahu had the option of forming a coalition based solely on right-wing parties, but included Labor in order to gain international respectability. Furthermore, if one takes into account the fact that the alternative to a Netanyahu-led coalition would have been not Labor but Kadima, a party composed primarily of deserters from the Likud who support - some only half-heartedly - a two-state solution but who do not share Great Society visions on domestic policies, one can grasp the extent of the damage inflicted by the Palestinian-Israeli conflict on Israel's Great Society.

With Likud focusing on the settlements and enjoying the support of Gush Emunim,

Labor constituted, almost by default, the left-wing opposition, mainly through the Peace Now movement. Thus the Israeli-Palestinian conflict came to constitute the central issue in the Israeli political arena, defining and mapping the main camps within that arena. Israel's folly lies in the fact that a moment of national elation in 1967 led to a lost opportunity that turned into a source of deep and often violent internal conflict. That conflict, in turn, negatively affects Israel's very governability, as governmental coalitions rise and fall in quick succession following strong opposition from the left and, more often from the right – mainly the far right, to one or another development on the Palestinian front.

In 1985, five years after neo-liberalism entered the white house with Ronald Reagan, it arrived in Israel too, in the form of a series of "structural readjustments" aimed at downsizing the state, restricting government expenditures and transferring the leadership of economic growth from the government to the corporate elite. Labor, by now very attentive to the interests of the top executives of the military-industrial complex, was a full partner to the new trend. The pre-1967 nation-building agenda that emphasized such projects as the expansion of public education, affordable housing, labor rights, and universal health services, was now being replaced by a macro-economic policy that Israeli political scientist Michael Shalev aptly termed "a welfare state for business" (Shalev, 1992).

While the dream of a Great Society was being sidelined, the Palestinian issue took on the proportions of a national obsession. For most of the years since 1967, and certainly since the outbreak of the first Intifada, it has constituted the main business of Israel's political leadership. Prime ministers are occupied primarily with fighting the Palestinians, negotiating with them, contending with international pressures, and maintaining the stability of government coalitions in the face of developments in the Israeli-Palestinian arena – at the expense of the development of long-term policies in other areas.

Finally, the Israeli-Palestinian conflict led to the assassination of Prime Minister Yitzhak Rabin by a Jewish right-wing opponent of the Oslo Accords.

## *Military Folly*

Israel's control of Palestinian lands, which at first appeared to be effortless as well as costless, has become Israel's most persistent military preoccupation. The Palestinians never constituted a strategic threat: that role has been reserved to others, such as Egypt prior to 1979 and Iran in the present. Nevertheless, it is the policing of the Palestinian territories that now constitutes the "bread and butter" of IDF activities. The victory of 1967, so overwhelming that it appeared to have solved Israel's security concerns once and for all, resulted in years of daily confrontations that keep the IDF fully occupied.

The total cost of Israel's military control of the Palestinian territories is hard to ascertain because most of the defense budget books are not publicly disclosed. But an inkling of the extent of the military expenditure can be obtained from a figure published annually: additions to the defense budget appropriated specifically to pay for increased military activity in the Palestinian territories. Between 1989 and 2008, the Ministry of Defense received additions totaling NIS 36.6 billion (2007 prices). This figure is larger than the total budgetary outlay for elementary, secondary and tertiary education in Israel in 2007 (Swirski, 2008: 17).

Those additions include not only expenditures for regular military activities but also two especially heavy expenditures: one for the disengagement from the Gaza Strip and the other for building the separation wall.

In 2005, Israel unilaterally decided to dismantle the Israeli settlements and army bases in the Gaza Strip. The disengagement involved about NIS 9 billion (Israel State Comptroller, 2007: 246). The folly did not stop there: since the pull-out was made without prior consultation with the Palestinian Authority, the Authority's hold on the Strip weakened and Hamas seized control and then allowed the shelling of near-by Israeli localities. In 2009 Israel retaliated with massive military force – only to find itself facing the possibility of its top civilian and military leaders being hauled before an international tribunal on charges of crimes against humanity, consequent to the findings of the UN commission headed by South African judge Richard Goldstone.

The second large expenditure is for the separation wall that Israel began to build around the West Bank in 2003. Here, too, the action was unilateral. The only legitimate route for the wall would have been along the Green Line, the pre-1967 Israel-Jordan border now recognized internationally. Had the wall been constructed along the Green Line, it would have been 313 kilometers long. Instead, it was decided to build the wall along a route that would place a good many Israeli settlements – and thus large tracts of Palestinian lands - on the Israeli side of the wall. This made the wall more than twice as long – 790 kilometers – and much more costly (Ariely and Sfar, 2008: 129). This is not the end of the folly, for Israel's Supreme Court has responded positively to some of the appeals made by Palestinian villagers and Israeli peace activists to move the wall closer to the Green Line. The rulings raised the costs further, as some of the sections declared illegal had to be dismantled and rebuilt. The total cost of the wall is estimated at NIS 13 billion (Brodet, 2007: 15).

Even this is not the end of folly, for the wall, built to stem the flow of Palestinian suicide bombers that plagued Israeli cities, became largely irrelevant with the ebbing of the intifada and the changing political conditions. It was not the wall that stopped Palestinian suicide bombers from infiltrating into Israel but the mutual Israeli-Palestinian desire to reduce the level of conflict. In fact, the building of the wall was never completed.

One final military cost is not monetary: authoritative observers agree that one of the reasons behind the IDF's poor showing in the Lebanon war of 2006 was the fact that most of its combat units had been occupied in policing the Palestinian territories rather than in combat training (Winograd, 2007: 27; Brodet, 2007: 24). To compensate, the IDF trained intensively following the 2006 war. Tragically, the newly raised level of combat readiness was first employed against ... Palestinians, during the January 2009 operation "Cast Lead" in the Gaza Strip, where it led to massive Palestinian casualties, many of them civilian.

The working assumption of Israeli leaders is that the cost of the conflict will continue to constitute a heavy burden. This is the conclusion of the Brodet Commission,

charged in 2006 with examining the defense budget. Calling the Palestinian front "a black hole," the commission went on to state that ". . . The Palestinian front requires huge resources that take up a significant part of the regular outlays for routine defense as well as intelligence... this arena will continue to be central and carry even greater weight in the future ..." (Brodet, 2007: 14-15).

### ***Economic Folly***

The conflict's major cost to Israel has been macro-economic; namely, the fact that over the last thirty years, it has been the major source of economic instability. Instability, in turn, manifests itself first and foremost in the roller-coaster shape of Israel's economic growth chart. Each of the two intifadas brought with it a slowdown in the Israeli economy (damage to the Palestinian economy was much costlier, of course). The Oslo accords offered only a temporary lull: following the massacre of Palestinian Moslem worshippers by a Jewish settler opposed to the Oslo accords, Hamas launched a long series of suicide-bomber attacks inside Israel. The Bank of Israel reported annually on the negative effects of those attacks on Israeli economic activity and growth.

The second intifada was especially damaging, bringing about two years of negative GDP growth and three years of negative GDP per capita growth. The Bank of Israel, in its 2002 report, stated that that slowdown was the longest in Israel's history (Bank of Israel, Annual Report for 2002: 1).

Economic instability leads to retardation of the country's economic growth: looking at the decade 1997-2006, an international comparison shows that Israel grew less than the US and Western Europe, even though it enjoyed an average growth rate of 5% during the post-intifada years 2003-2008.

Furthermore, instability is one of the main reasons for Israel's relatively low credit rating. While Israel was ranked 23<sup>rd</sup> out of 177 countries on the United Nations

Human Development Index – a very respectable position – Israel's ranking by international rating firms was only 37<sup>th</sup> (in 2007). Not only that: Israel's credit rating is significantly lower than that of the 22 countries that precede it on the Human Development Index: most of these countries have the highest possible credit rating – AAA, while Israel's credit rating was A (see Swirski, 2008: 12).

Economic instability pushes the country towards a concentration in economic activities that are least dependent on local economic conditions and on the local market – especially hi-tech industries and services. The problem is that hi-tech employs only around 8% of the work force, mainly in the center of the country, while both the north and the south of the country are characterized by low investments, slow growth, low wages and high unemployment rates.

### ***Social Folly***

Lyndon Johnson believed that he could achieve both the Great Society at home and victory abroad. His confidence soon turned into bitter disappointment.

In Israel, the euphoria of 1967 led many to feel much the same way. But the end result was not to be much different: only three years after Israel's overwhelming military victory, Moshe Dayan, then minister of defense, expressed recognition of the same impossibility when he stated that Israel would not be able to raise two flags simultaneously - the flag of defense and the flag of social progress.

Since 1987, the Palestinian front has forced Israel to choose which flag to fly. This became especially clear during the second intifada, in the early 2000s. The severe economic contraction that began with the bursting of the international hi-tech bubble and which then continued and deepened due to the Palestinian intifada, resulted in a fiscal crisis. The government was faced with a choice between defense and social expenditures. In the midst of the intifada, the choice was never in doubt. The result was a series of deep cuts in the budgets of most of Israel's state-run social services whose effects are felt to this very day. In what follows I will focus on two of those effects: the social safety net and higher education.

### *The social safety net*

Compared to the US, Israel has a fine social safety net, similar in many ways to those in European states, with one important difference: the low level of most of the payments in Israel. Even so, the safety net has played an important role in decreasing poverty and inequality.

Following the second Intifada, during which the government made budget cuts totaling some NIS 65 billion, safety net payments were severely affected. In the course of five years – 2001 through 2005 – child allowances were cut by 45%, unemployment compensation by 47%, and income maintenance by 25% (Achdut et al, 2006: 7). The immediate result of the cuts has been a sharp rise in poverty – from about 17% in 2000 to about 20% in 2004. It has remained at that level ever since.

### *Higher Education*

Only about 30% of young Israelis who graduated from high school in 1998 went on to college by 2006.

Assuming a steady rise in candidates for higher education, many would have to be turned down. As a result of the fiscal crisis prompted by the second Palestinian uprising, between 2000 and 2005, the government per student budget for higher education declined by 19% (Swirski, 2008: 26). Instead of expanding, universities and colleges have had to cut their expenditures in order to stay afloat.

In 2007, two governmental commissions presented recommendations with fiscal consequences: one, the above-mentioned Brodet commission, recommended increasing the defense budget substantially, over a ten-year period (Brodet, 2007). The other, headed by Avraham Shohat, recommended putting a halt to expansion of higher education. While giving the universities partial compensation for the budget cuts of the early 2000's, it recommended that they increase their resources by raising tuition and soliciting private donations (Shohat, 2007).

These recommendations do not augur well for Israel's young people. Even now, the average years of schooling anticipated for Israeli children who in 2004 were less than five years old is 15.7, compared with the average of 17.4 for OECD countries (OECD, 2006: Table C11).

### ***The Folly of it All***

On all of the social and economic parameters just reviewed, the Palestinians fare much worse than the Israelis. But this only reinforces the point about the folly of it all: Israel's continuing occupation and continuing expansion of the settlements severely damage not only the Palestinians but also Israel itself. A Great Society is not on the top of Israel's agenda these days.

Economically, the Israel of 2009 is of course more developed and much richer than the Israel of 1967. Israel ranks 23<sup>rd</sup> on the United Nations Human Development Index. It has a very dynamic hi-tech sector. Some of its largest industrial and service conglomerates have expanded their reach internationally.

The point is that Israel could have achieved much more. Its GDP per capita could have been in the \$30,000s rather than in the \$20,000s. It could have developed more civilian alternatives to the military-industrial complex.

What is more important, Israel could have avoided the formation of deep social and economic gaps within its own borders. While it is true that the general standard of living has greatly improved since 1967, most Israelis have not kept pace with the high earning hi-tech kids: certainly not the 20% of families that fall below the poverty line, or the 70% of Israeli high school graduates who do not go on to college within eight years of high school graduation, nor many of the inhabitants of the peripheral areas of the country – the Palestinian citizens of Israel, the Mizrahi inhabitants of development towns, and many of the recent immigrants, especially those from Ethiopia.

Lyndon Johnson carried his country into a pointless war in Vietnam that led to his ousting from office; the Soviet Union did the same in Afghanistan, leading to the fall of its regime. France fought a pointless war in Vietnam and then a futile war in Algeria that nearly bled it white.

Israel's march of folly has lasted longer and has cost more. True, the Israeli-Palestinian conflict is more difficult to disentangle: the two nations share the same territory and leaving *en masse* is not an acceptable option for either side. In many parts of the country (within the Green Line as well as beyond it) partition is no easy task. Furthermore, Israel has no monopoly on folly: the Palestinians, too, have arms - and much like Israel, they have not always employed them in ways conducive to a political settlement. But it is Israel that holds the better cards; actually, it holds most of the cards. Perhaps it is this fact that lured Israel into its 43 years' march of folly, blinding it to the fact that its Palestinian gamble runs against its own long-term interests.

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