

Annexation Trumps Start-up Nation

Two Settlement Projects = Two Different National Agendas

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The Israeli-Palestinian conflict affects not only international and domestic politics but also Israel's society and economy.

To illustrate we will compare two Israeli settlement projects: the development towns, established before the Six Day War, and the settlements in the occupied territories, the first of which was set up immediately after that war and became Israel's major national project after 1977.

The development town project was the heart of a national agenda whose main object was to strengthen and establish a firm footing for the state created within the borders of 1948, through investment in absorption and settlement of hundreds of thousands of immigrants, often on the site of Palestinian villages abandoned in the war. In accordance with the spirit of the times, that agenda included the promise of development, employment, education and a decent standard of living.

In contrast, the settlement project is the beating heart of an agenda whose main content is the expansion of the borders of Israel beyond those established in 1948. Before Israel had completed the task of absorbing the new territories and populations added after the 1948 war, it resolved to reinforce its hold on the territories conquered in 1967, thus preventing the establishment of an independent Palestinian state – even at the cost of fanning the flame of conflict with the Palestinians into the foreseeable future.

The settlement project guarantees that annexation will trump development. The reference is not only to development towns but to all the localities and social groups in need, amongst them Arab localities and poor neighborhoods of the big cities.

Development Towns

Development is a concept with a message. In the period following the Second World War, it served as a promise made by the affluent West to countries in Latin America, Asia and Africa, to raise them up to the West's high standard of living. While this promise involved accepting western hegemony, including ideology, economy and political institutions, the promise was attractive to many of the countries that had just achieved independence. It was also attractive to Israel, hard pressed as it was to support its growing population. Israel, in turn, utilized the concept of development in order to communicate a message of economic and cultural uplifting to the Jewish immigrants, mainly from Arab lands, who arrived during the early years of statehood.

Development, which was many-faceted, was perceived as the mission of the national government. "The developmental state" initiated and built infrastructures and factories and provided education and training. In Israel, the two outstanding entrepreneurs of development were neither financial tycoons nor millionaires, but rather two government officials: Levi Eshkol, Minister of Finance and Prime Minister, and Pinhas Sapir, Minister of Finance and Minister of Commerce and Industry. Development – immigrant absorption, housing and education, investments and training – all these enjoyed a high place on the national agenda.

Following the Six Day War, Israel opted to become a regional power. The big money then went to the armed forces, the defense industries – and holding onto the occupied territories, including by means of establishing Jewish settlements in their midst.

Concurrently, development lost its centrality. In 1985, the concept of development was almost completely obliterated, when the government of Israel declared that it had ceased to serve as the engine of the economy; rather, it was transferring this power to the private business sector. Thus the policy of development was superseded by the ideology of economic growth. Now, economic growth is a concept that is much narrower than development. While development represented a broad human and cultural vision, the concept of economic growth focuses entirely on the extent of economic activity. Economic growth can be achieved even when not all parts of society attain a high level of development. While supposedly, the only change that occurred in 1985 was a change in who held the steering wheel, in actuality, it was a basic change, as businessmen do not perceive themselves as responsible for development: their interest is in increasing economic activity (first of all their own); in other words, economic growth.

Today, there is only one context in which the term development is used, the remnant of an age that is past and gone.

Development Towns

From the very start, the promise of development was problematic: the towns were located far from the center of the country, and for years they suffered from lack of economic infrastructure and high unemployment. Instead of serving as urban service centers for their rural surroundings, they lost out in competition with the veteran kibbutzim and moshavim. While the center of the country entered the age of hi-tech, the development towns remained dependent on low tech. The promise inherent in the concept "development" was then superseded by resignation over being stuck in locations far from the center. The mission of development was truncated long before it was realized. It was replaced with a new concept:

Periphery.

Periphery is a concept devoid of promise. It offers only two possible solutions: connecting outlying areas to the center with better transportation and/or attempting to attract "strong populations" from the center of the country to settle in the periphery.

Over the years, the development towns have undergone numerous changes. Perhaps the most significant of these was the absorption of thousands of immigrants from the former Soviet Union. Today the population of the development towns stands at 850,000. The largest, Beit Shemesh, has 115,000 residents. Most of the towns are ranked in socio-economic clusters 3-5, where the scale runs from 1 (lowest) to 10 (highest). Beit Shemesh itself is ranked low – cluster 2. Only Yavneh, Yokne'am Illit and Karmiel are ranked higher – in clusters 6 and 7. Fifteen out of the 25 development towns are considered fiscally unstable, that is, unable to balance their books without external supervision.¹

At the time of writing, the government promulgated an initiative "whose purpose is to enable significant development and investment [in development towns]... by formulating a business plan for each city." The first stage is to be a pilot carried out in four towns: "Dimona, Ofakim, Akko and Kiryat Shemona. The initiative was made against the background of what the announcement defined as "prolonged neglect".² Of course, it remains to be seen how the initiative is to be implemented, for the neglect has been reflected in, among others, frequent promises that were never kept.

Settlements

Just as development was disappearing from the development towns and they were becoming the periphery, a new national project was developing in the center of the country.

The Settlements

The first settlements were established immediately after the 1967 war. Twenty years later there were still only about 50,000 settlers. Today the settlers number 600,000, including Israeli residents of the Jerusalem quarters annexed after the war; without them the settlers number 400,000. ³

Unlike the development towns, whose appellation includes the promise of joining the developed world, the settlements carry a different message, one that is not socio-economic but rather political: Israeli control of the Palestinian territories conquered in 1967. This message is a derivative of the new national meta-project: making Israel a regional power.

The settlements also have a socio-economic dimension, which can be illustrated by dividing the settlers into three distinct groups. The vanguard consists of the "ideological" settlers, most of them from the National Religious Zionist camp. These settlers took advantage of the generous assistance bestowed upon them by the government to attain a standard of living similar to that of affluent communities inside the Green Line. Next come the settlers known as "standard of living" or "housing upgrade" settlers, residents of the large urban settlements in Judea and Samaria – Ma'aleh Adumim, Ariel and Giv'at Zeev; these settlers enjoy housing and public services far superior to those they could aspire to inside the Green Line. The third group consists of Ultra-Orthodox settlers, who reside in Emanuel, Modi'in Ilit, and Betar Illit. These settlers received inexpensive housing the likes of which they would never have been

able to attain inside the Green Line. All three groups have an additional advantage: most of them are in the center of the country, close to Jerusalem in the East or the greater Tel Aviv area in the West, where most of the employment opportunities are to be found.

Yet, the promise encapsulated in the settlements project is not primarily socio-economic but rather political: to prevent Palestinian sovereignty in the territories occupied in 1967 and to reduce the territorial basis of Palestinians by chopping up the territory into separate enclaves.

This purpose is clearer today than it was in the past, against the background of the demand voiced by the right-wing settlers: to annex all of the settlements to Israel. A more comprehensive demand is to annex all the Palestinian territories to Israel, the same way that East Jerusalem and the Golan Heights were annexed.

Recently, this demand was bolstered by the US ambassador to Israel, who declared that under certain circumstances, Israel has the right to annex parts of the Palestinian territories.⁴

The message is annexation.

And in the competition between two national projects, annexation trumps development.

Between Development Towns and Annexed Settlements

Since the 1967 war, with the exception of two short periods – those of the National Unity Government in the middle of the 1980s and the Rabin government at the beginning of the 1990s – the government of Israel has striven to promote the settlements project. The development towns, which until the 1967 war constituted one of Israel's largest national projects, found themselves relegated to the margins of public interest.

In contrast to the development towns, the settlements were not in need of development, as they were located near large cities in the center of the country. Many of the settlements serve as "bedroom communities" for government officials, military personnel, teachers, nurses, social workers and the like.

In the settlements, demographic changes were much more dynamic than in development towns. Between 1991 and 2017, when the population of Israel grew by 74% and that of the development towns by a similar 71%, the population of the settlements grew much more: the "housing upgrade" settlements, that is, the non-Ultra-Orthodox urban settlements, grew by 156%. The "ideological" settlements grew by 280%, and the urban ultra-Orthodox settlements grew by 504% (between 1997 and 2017 – no figures are available for Ultra-Orthodox settlements prior to 1997).

As for the development towns, they underwent a process of demographic erosion, when in the middle of the 1980s the balance of migration was negative – the number of those who departed was larger than the number of those who arrived. At the start of the 1990s the balance became positive, thanks to the absorption of tens of thousands of immigrants from the former Soviet Union. The apex was in 1991. However, later on the balance once again became negative, with the lowest point in 2006, remaining

stable until 2014. In contrast, in all the settlements, the balance of migration was positive throughout, even though the number of arrivals v. departures lessened during the second intifadah and remained at the same level in its aftermath.

The settlements outdid the development towns not only with regard to population but also on the economic dimension. This is first and foremost due to their proximity to the center of the country, where employment opportunities are plentiful, including for highly educated persons. The Ultra-Orthodox settlements are the exception due to their low labor force participation.

About a fourth – 23.1% of the settlers – are engaged in education, in comparison with 12.6% for the Israeli population as a whole; 13.8% work in public administration, defense and social security, compared to 10.2% for the general population; 12.5% are employed in health and social services, compared to 10.9% in the general population. Almost half of employed persons in the settlements – 49.4% – work in the public services, compared to about one-third – 33.7% – in the general population.

Most of the residents of the settlements that we termed "bedroom communities," using the American parlance, work outside their localities of residence. In 2017, almost two-thirds – 65.2% – of the employed persons in these settlements worked outside their home communities, compared to 53.9% in Israel as a whole. Not only that: the vast majority – 84.6% – were employed outside their home districts, that is, outside of Judea and Samaria, in Israel proper.

The gap between center and periphery is well illustrated by wage levels. In 2016, the average wage in the "ideological" settlements was the highest – NIS 11,027 a month. The average monthly wage in the non-Ultra-Orthodox urban (housing upgrade) settlements – Ma'aleh Adumim, Ariel and Giv'at Zeev – NIS 10,205 – was similar to the general average wage in Israel – NIS 10,488. In contrast, in the development towns, the average wage was NIS 8,725 – lower than the national average by 17%. The lowest wage was to be found in the urban Ultra-Orthodox settlements – NIS 5,889.

How Much Does it Cost Us?

The amount of money channeled to the development towns was never very great. Infrastructures were poor, as were the public services. In the 1950s and 1960s, the state itself did not have much in its kitty.

The amount of money channeled to the settlements is much greater, among others because when they were set up, the resources of the state were much greater. The settlements are the recipients of generous government budgets: the state assists the settlers, mainly those in "ideological" settlements, with home purchase, by means of convenient mortgages, financing for half of the development costs of construction, exemption from tenders on the land and a discount of about 70% on the value of the land itself. In addition, the government subsidizes education at a higher rate than it does for localities inside the Green Line.⁵

Proximity to the job market in central Israel enables the "ideological" settlements to enjoy a high standard of living. As for the development towns, while some of them – Yokne'am, Yavneh and Kiryat Gat – boast hi-tech companies, most of them are characterized by wages that are lower than the national average and are highly dependent on low-tech plants – those that most Israelis become aware of only when one of them closes down, leaving many families without a living. The figures also show that the non Ultra-Orthodox settlements have a higher standard of living than the development towns. Only the Ultra-Orthodox settlements have a lower standard of living.

This being said, the largest budgetary outlay on the settlements has little to do with their standard of living but rather is expended to provide military and police protection for the settlers – round the clock.

The first expense has to do with maintenance of entire IDF brigades engaged day and night in protecting the settlements.

A second expense is connected with road construction, among others in order to facilitate access to areas inside the Green Line, where, as we have seen, most of the settlers work. In addition to the main roads, among them the Trans-Samaria Road, the Trans-Binyamin Road, the Trans-Judea Road and one Eastern road, hundreds of kilometers of by-pass roads were built to circumvent Arab localities.

The third expense is for protecting the settlements themselves – electric fences, patrols, guard towers, observation equipment, defense squads, panic buttons, electric gates, emergency exits, and more.

To all this should be added armored buses and the provision of escort vehicles to service providers and suppliers.

And then there are control mechanisms to keep the Palestinians in line – a series of roadblocks, barricades, gates, checkpoints and passage points.

Finally, there is the separation fence, which was constructed along a contorted path whose object was to "annex" many of the settlements into Israeli territory, extending 815 kilometers and costing NIS 15 per kilometer – more than NIS 12 billion in total. ⁶

For years, the government of Israel justified the settlements as contributing to the security of Israel. The reality, however, is that instead of bolstering Israel's security, the settlements themselves constitute a defense burden. At the present time, protecting the settlements is the main day-to-day task of the IDF. It increases Israel's defense costs, which are heavy enough without the settlements. ⁷

It can be stated that the main cost of the settlements, beyond the daily military expenses and beyond the many state benefits bestowed, is the fact that by their very existence, and of course by their

expansion, they augur the continuation of the Israeli-Palestinian conflict. While a political arrangement involving the most generous terms that Israel could offer cannot guarantee peace and quiet forever, there is no doubt that the settlements not only fail to promise peace but also guarantee continuing hostilities.

In other words, the settlements project promises that annexation will continue to trump development. Had the sums spent on the settlements over the years been channeled to the Israeli periphery, it is reasonable to assume that it would by now be far less peripheral.

As long as the conflict continues, the Israeli economy will labor under the threat of instability, threatening its international status;

As long as the conflict continues, Israel will not be up to the task of reducing the socio-economic gaps between its center and periphery;

As long as the conflict continues, Israel will be hard pressed to reduce the poverty rate, which is among the highest among developed countries;

As long as the conflict continues, Israel will not find the wherewithal to reduce inequality within; today Israel is among the developed countries with the highest degree of inequality.

As long as the conflict continues, Israel will have a hard time extracting itself from the delirium of annexation in order to adopt an agenda of development.

A Minority that Dictates the National Agenda

We have seen many differences between the settlements and the development towns.

Now we can add another significant difference, which in many senses includes all the rest: the increasing political power of the ideological settlers, as compared with the declining political power of the development towns.

The development towns experienced a political high point in the 1980s and 1990s, when some of their mayors became political celebrities and were elected to the Knesset and appointed to senior positions in government. Since then, they have not been able to replicate that success.

In contrast, the political camp that supports the settlements and their annexation is increasing its power and becoming central in the determination of Israel's political agenda. This is happening through the growth of political parties belonging to the national religious camp, morphing into "the settler right." Although these parties represent different social groups holding different positions on civilian matters, the main issue that unites them is preservation of the settlements and advancement of the policy of annexation.

The most prominent supporter of the settler right has been the Jewish Home party under Naftali Bennett. Bennett is identified more than anything else with the ideology of annexation, which he began to promote as early as 2012, calling for annexation and extension of Israeli sovereignty over all of Area C, which constitutes about 60% of the territories of Judea and Samaria.

In the recent elections (April 2019), the electoral achievement of the settler right political parties was not particularly impressive. The United Right list received 3.7% of the votes. Together with two additional lists that did not pass the electoral threshold – "The New Right" and "Zehut" – the settler right received 9.7% of the total votes.

The largest concentration of settler right voters were to be found in the ideological settlements, where for the last two decades the settler right received half of the votes. In the urban non Ultra-Orthodox (housing upgrade) settlements – Ma'aleh Adumim, Ariel and Giv'at Zeev, 16% of votes, on average, went to the settler right during the same elections. In the Ultra-Orthodox settlements – Modi'in Elite, Betar Elite and Emanuel, almost all of the votes went to the Ultra-Orthodox political parties.

In the development towns, which since the political turnover of 1977 were considered "the stronghold of the right," only 10% voted for the settler right.

However, the political power of the settler right goes beyond its electoral achievements. This is because the settlements are now the very heart of the continuing conflict. Thus, the settler right constitutes a key factor in the determination of the entire national agenda: the constant pressure to jettison the Oslo Accords, to oppose negotiations with the Palestinians, to increase construction in the recognized settlements, to achieve recognition for the illegal outposts, to take over Palestinian buildings, to torment Palestinian farmers, to demand more and more military protection – to define who and what is patriotic and who and what is not.

Development towns – and the entire Israeli periphery – never succeeded in attaining such a position, one that would enable it to put development back on the Israeli agenda.

Annexation trumps development.

Population by Type, 1991-2017

Type of Locality	1991	2017	Percentage of Change 1991-2017
Israel	5,058,800	8,798,900	74%
■ Urban Settlements: Ultra-Orthodox	(1997) 21,200	128,100	(1997) 504%
■ Urban Settlements: non- Ultra-Orthodox (Housing Upgrade)	29,200	74,700	156%
■ Ideological Settlements	57,200	205,800	260%
■ Development Towns	488,500	835,200	71%

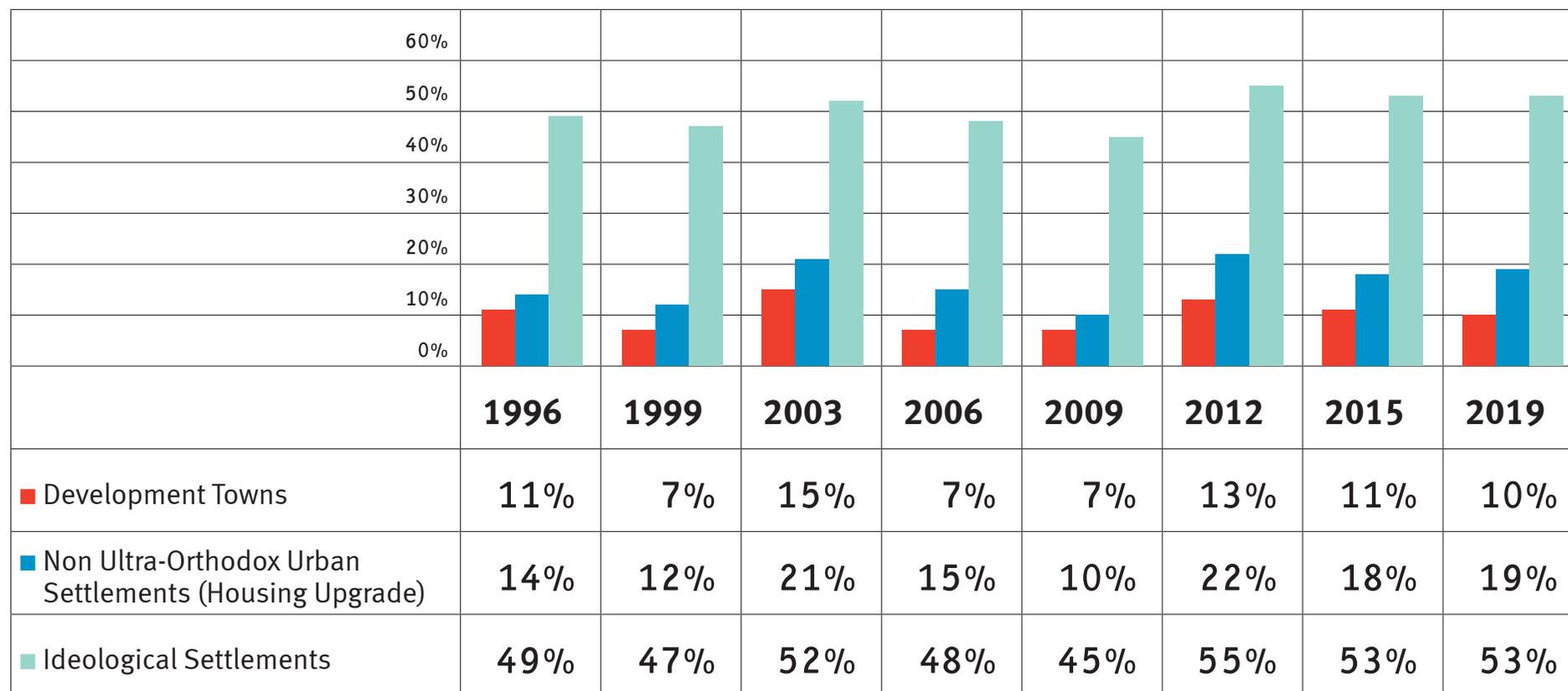
Notes:

1. 1997 is the first year for which complete data exist for the population of the three urban Ultra-Orthodox settlements.
2. Ultra-Orthodox settlements: Betar Illit, Modi'in Illit and Emanuel.
3. "Housing upgrade" non-Ultra-Orthodox urban settlements: Ma'aleh Adumim, Ariel and Giv'at Zeev.
4. "Ideological" settlements: the rest of the Israeli settlements in Judea and Samaria, not including the Gaza Coast Regional Council.
5. Does not include residents of the Jewish neighborhoods of East Jerusalem.

Sources: Central Bureau of Statistics, *Statistical Abstract of Israel*, various years; Adva Center analysis of the Locality Database, various years.

Proportion of Votes for the Settler Right By Type of Locality, 1996-2019

Results of elections from the 14th (1996) to the 21st (2019) Knessets. As a Percentage of the Total Votes in the Locality



Notes:

1. Non Ultra-Orthodox urban settlements (housing upgrade) include Ma'aleh Adumim, Ariel and Giv'at Zeev. Ideological settlements include all the rest of the non-Ultra-Orthodox Israeli settlements in Judea and Samaria (and the Gaza Strip prior to 2005).
2. The settler right political parties include the following: National Religious Party, National Unity Party, Jewish Home Party, United Right Party, Jewish Power, Herut, The New Right, Yahad, and Zehut.

Source: Adva Center analysis of election results from the 14th to the 21st Knesset. Data from the website of the Knesset Elections Committee.



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Endnotes

- 1 Knesset Center for Research and Information (2018). **Looking at the Development Towns, 1972-2016**, p. 20. Hebrew.
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- 4 Churi, J. and Tibon, A. (June 10, 2019). "The US Ambassador does not rule out annexation: Israel has the right to hold on to part of the West Bank." **Haaretz**. Hebrew.
- 5 The Peace and Security Association (2012). **Settlements Do Not Equal Security**. Hebrew.
- 6 Ibid.
- 7 See, for example, The Peace and Security Association, op. cit. and Molad: Center for the Renewal of Israeli Democracy (2017), **National Security and the Settlements**.

