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REAL COST OF SETTLEMENTS REVEALED

Yot Aviv HA'ARETZ in Hebrew 25 Jul 80, p. 15

[Article by Tzvi Shuldiner: "The Real Cost of the Settlements; Including Indirect Expenditures, Settlements Budget Is 20 Billion Israeli Pounds, Not 7 Billion As Argued by Yig'al Hurvits, Out of a Budget of 248 Billion; Example: In Ministry of Education's School Construction Budget of 413 Million, 76 Million Will Be Spent in Maale Adumin Alone"]

[Text] During the various discussions of the cuts in the national budget, the minister of finance has argued several times that the total cost to the government relative to the settlements is only 7 billion Israeli pounds, or 15 percent of the total budget. This statement contradicts the data in the budget reports of the various departments of government. The direct investment in the settlements is more than double the amount mentioned by Mr Hurvits. If we add the indirect expenditures in the territories, the total will reach 20 billion. It should be pointed out that the national budget is 653 billion, of which 210 billion is spent on defense and 194 billion on payment of debts. Thus the amount left for all other expenditures and for development is only 248 billion. Any amount spent on settlements should be measured against this figure, if we are to determine its weight in the context of the civilian activities of the government, its influence on the economy, and its effect on the inflation.

The Budgets of Housing and Settlements

The problem of housing became obvious recently as demonstrations by various groups have proliferated. While resources earmarked for housing cannot be augmented without endangering the declared fiscal policy of the government, rather large resources are directed toward the construction budget in the settlements. The section dealing with rural construction is the most significant in the budget of the minister of housing, though not the only one. In Section 70, the ministry allocates 0.152 billion for rural construction and another half a billion as an expenditure predicated on income, out of a total of 2,712 billion. In addition, the ministry can make commitments of up to 3,325 billion.

Section 90 (expenditures) itemizes the expenditures for rural construction, reaching 2.6 billion this year, with permission to commit additional 2.925 billion (these figures do not include sums earmarked for small settlements, Druse and Circassian, totalling 100 million--though part of the money is spent beyond the green line).

How much is spent on rural construction beyond the green line? According to data on pages 186-192 of the budget report of the ministry of construction and housing, in the years 1967-79 some 6,952 apartments were built, of which only 1,100 were built within the green line (only 16 percent). According to these figures it is safe to assume that at least 80 percent of the figures in the budget were spent beyond the green line. The results are seen in the following chart (Source: the above-mentioned budget report):

Chart 1 (in millions of pounds)
Rural Construction--Budget of the Ministry of Construction and Housing

Budget Section	Sum	(80% beyond green line)	Permission to commit add'l funds	80% of Permission
90-63 (income)	1,680	1,344	2,741	2,192
70-63	2,712	2,169	3,325	2,960
90-63 (expend.)	2,600	2,080	2,925	2,340
Total	6,992	5,593	8,991	7,492

Yet the sums spent on rural construction do not reflect all the money earmarked for settlements. On page 184 of the above budget report it is stated clearly that these amounts do not include construction in major urban centers such as Kiriat Arba, Maale Adumin, etc. We do not have exact data on such urban centers throughout the country, but we can reconstruct the picture by looking at the data of the Jerusalem area. In this area the ministry tells us that 5,748 apartments are being built, including 816 in Kiriat Arba and Maale Adumin. Since the ministry estimates this year's cost of apartments at 2.4 million each, in the Jerusalem area alone we spend 2 billion beyond the green line. And if this is true there, it is safe to assume that in other sections large sums of money are hidden which are spent beyond the green line, without taking into account that the cost of development is, according to officials of the ministry of housing, extremely high and therefore the cost per unit does not reflect the accurate amount spent.

Rural and urban construction constitute some 7.5 billion pounds within the framework of the housing budget alone, which already exceeds Mr Hurvits's figure. It should be pointed out that apartments in the administered territories are considered apartments in development areas, and according to officials of the ministry 80 to 95 percent of the price is given to the buyers through various grants. Thus, for example, the defense grant in Kiriat Arba is 150 thousand pounds, same as Beit Shean, although the social criteria can be completely different.

is working to crumble Lebanon into racist and confessional mini-states, with the prospect of an explosion which would shake the entire Arab region, in order to strike at the resistance of Syria and the forces of Arab con-

As part of the project of construction of institutions the ministry will allocate 76 million for building a school in Maale Adumim (while the ministry of education is threatening introducing a second shift around the country) and 122 million for building the Wall Yashiva. The settlers who will be evacuated from Ofira will receive 380 million pounds, while the population of the town has grown as a result of the evacuation of the Sinai. From sources outside the ministry of housing in Section 30, the government allocates 3.6 billion pounds for the settlers who will be evacuated from Yamit and the Sinai.

Agriculture and Settlements

The ministry of agriculture with the assistance of the Jewish Agency will spend 3 billion pounds on new settlements. The ministry can commit an additional 3.8 billion according to the same section. To this one should add the carryover of half a billion in reserves from 1979. The ministry will spend a quarter of a billion in Merhav Shlomo (50 percent will be taken from the development budget), some of which will be spent on inexplicable areas such as Ras Muhammad and St. Catharine which have since been returned to Egypt. An additional 280 million will be spent on the Rafa Salient and the Sinai.

With the worsening of the irrigation problem the ministry will budget 1.3 billion for developing water sources. Of this 469 million will be earmarked beyond the green line (36 percent of the total investment!) with an additional comitable 222 million. All of this does not mean that all this money will indeed be spent beyond the green line, since these are relatively flexible sections. Proof: the hardship fund of 908 million pounds, of which the ministry will transfer 100 million to the new settlements.

The Israel-United States Foundation for Agricultural Research started its activities in 1976 and will continue this year. The ministry of agriculture states in its budget report (page 105) regarding the agricultural research: "Accelerated development of new areas of settlement and agriculture requires research and experiments of a local nature, which will contribute toward significant technological improvement for the local settlers...Because of the distance from the center (of the research posts, T.S.) require a special effort...and a relatively higher budget." How much, then, of the 939 million in this section is earmarked for the administrated territories if the ministry is thus cautioning us?

The credit for farmers this year is one billion pounds. The ministry explains that most of the money will be in the form of aid to settlements established since 1967. Since most of them are beyond the green line it is safe to assume that at least 750 million of this amount will be spent there, according to experts and to the ministry itself (page 128 of the ministry's budget report). The subsidy to farmers through the rates of water is hard to estimate, and it will increase as the prices go up during the year. A very cautious estimate of the amount awarded to the settlements in this fashion is at least a billion pounds.

There are no exact figures how much of the 477 millions earmarked for stimulating agricultural production will be given to the settlements in the territories. But if the policy followed by the ministry will apply here as well, the settlements will certainly not be left out. Despite the policy of cutting the subsidies for basic foods, the ministry of finance has found within the section an additional 124 million pounds for water supply for the settlement beyond the green line. The department of nature preserves (its budget is 57.5 million) keeps 40 percent of its manpower and one third of its vehicles beyond the green line. Of the 256 settlements (out of 867) still under the care of the settlement department of the Jewish Agency, 94 are beyond the green line. Needless to say, this care costs several tens of millions of pounds a year.

Emergency Expenditures and Small Departments

It is a known fact that the ministry of defense does not publicize its expenditures. Only the section regarding emergency expenditures and territories offers a peak into the goings on beyond the green line. The budget in this section is 2.7 billion pounds. The nature of the emergency expenditures is alluded to, for instance, in the budget of the ministry of construction and housing. Thus, 124 million is transferred from the section of emergency expenditures to the financing of rural construction, and there are other amounts to pay for past debts. The same applies to roads and other items related to development and settlement beyond the green line.

These amounts do not include the enormous expenses of guarding the settlements, vacating settlements not authorized by the government, or such tasks as transferring equipment by helicopter from Alon Moreh to Har Kabir, which add up to many millions of pounds but are included in the secret budget of the IDF.

Departments with relatively small budgets also make a contribution to the cause of the settlements, though they may seem removed from this matter. The ministry of religion builds synagogues and provides religious services to the tune of tens of millions of pounds excluding the annual grant of 23,000 per person given to 2,400 students in the religious academies. The ministry of communications spends 10 million in expanding the network, and 10 million on manpower in the territories, and more, and transfers two mobile telephone exchanges to Katzrin and Kiriat Arba (with one of the lowest rates of usage in Israel). The ministry of social betterment has opened an office in the Golan Heights and supports many day care centers and preschools in the territories. Mothers in the settlements are given many generous discounts (they are considered Al for this purpose), regardless of their economical circumstances, which is not the case within the green line.

The office of the prime minister grants an interesting subsidy: to encourage dialogue with the Arab residents in the territories, the newspaper Al Anba which enjoys zero prestige in the territories receives a grant of 25 million pounds.

Education and Development

Despite the warnings of Education Minister Hammer, whose budget is approaching the red line, the situation beyond the green line is different. There is no itemization of this ministry's budget, except for some indirect data. Thus, for example, of the 413 million allocated this year for building schools, 76 million will be spent in Maale Adumin, in a rather wide ranging national system. While classroom student ratio in 1978 in public schools averaged 29.3 students per class, in the West Bank even two children warrant the opening of a class.

Here are some figures which were issued by the ministry of education and the Central Bureau of Statistics in 1978: Kiriat Arba, religious public school--four teaching positions, 20 students; Hebron settlers' school--29 positions, 236 students; Alon Moreh--nine positions, 36 students; Elkana--eight positions, 38 students; Alon Shvut--18 positions, 169 students; Neveh Zzuf--31 students, three classes. The examples abound.

These figures--which point out to a rather wide ranging system--also show the existence of a system of incentives and benefits paid to the teachers, such as moving expenses, raises, seniority, interest free loans, etc. Though it has no socio-economical justification, the food program is generously carried out in the territories, and recently the settlements received more portions of food than the number of children.

The ministry of education has also established two Zionist institutes, one in Keshet and one in Alon Shvut. Here too indirect subsidies are passed on to the settlements through salaries, per diem, transportation, and various services. The transporting and boarding of children brought over across the green line, instead of spending shorter periods nearer home, is expensive, and constitutes spending of additional funds on the settlements. The same is true in regard to field schools, where 33 percent of the teachers, 30 percent of the youth leaders, and 25 percent of the housing of students is in the settlements. All this presents an annual hidden cost adding up to tens of millions. While the nutrition program this was cut back from 268 million pounds to 251 million, the security budget was increased from 1.7 million to 110 million, and the transportation budget rose from 297 to 631 million. Many maintain that much of this money is spent beyond the green line.

Within the framework of local government, the ministry of the interior transfers large sums of money to councils and settlements in the territories without any relation to the number of inhabitants. This includes salaries and various services. The ministry also spends 348 million on guarding the settlements, and it is not clear how much is spent beyond the green line. This is in addition to the expenditure of 350 million a year on police in the territories.

The ministry of industry and tourism will spend this year 751 million pounds on construction in development areas, and will be able to commit an additional 750 million. The various versions regarding the extent of this construction estimate the sum to be spent in the territories between 250 million according to the more conservative and half a billion according to others. For the purpose of grants and loans in the development areas the ministry spent last year 1.926 billion. Most of the settlements beyond the green line are considered category A or A plus, as distinguished from areas like Kiriat Malahi, Kiriat Gat, Yakne'am and others, which are category B.

Although in this area too the amount to be spent beyond the green line is not specified, it will reach some 400 million, and anyone who has lost his way in this maze may want to look at the following chart:

Chart 2 (in millions of pounds)

Ministry	Expenditure	Allowed to commit additional funds
1. Ministry of Housing	6,380	7,492
Rural construction	5,593 (80%)	7,492
Urban construction (Jerusalem only)	2,000	
Other areas	?	
Institutions	300	
Ofira evacuation	380	
Activating rural construction	107	
2. Ministry of Agriculture	7,019	4,222
New settlements	3,070	3,821
Transfer of reserves	500	3,821
Merhav Shlomo	250	
Rafa Salient and Sinai	280	
Developing water sources	469	222.083
Hardship fund	100	
Research and development (estimated)	500	
Credit (estimated)	750	
Water rate subsidy (estimated)	1,000	
Stimulating agricultural export	100	
3. Ministry of Defense (emergency expenditure and territories)	2,700	
4. Ministry of Finance	3,724	
Outposts water subsidy	124	
Sinai evacuation	3,600	
5. Small Ministries	170	
Religion, Social Betterment, Communications, Health, Transportation, Prime Minister		
6. Ministry of Education (estimated)	300	
7. Ministry of the Interior	350	

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280	
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100	
500	
750	
1,000	
100	
2,700	
3,724	
124	
3,600	
170	
300	
350	

Ministry	Expenditure	Allowed to commit additional funds
8. Industry and Tourism	1,000	500
Total in settlements	15,343	12,436
Sinai evacuation	3,600	
Emergency expenditure and territories	2,700	
Total settlements and territories	21,643	12,436

All of this means that the government, judging only from the known information, will spend some 15 billion pounds on the settlements. If we add the cost of dismantling settlements (in Sinai--3.6 billion) and the emergency expenditure, the total spent in the territories this year is more than 21.6 billion, and the permission to commit additional funds is more than 12 billion. This does not include the ongoing expenditures which no longer are treated by the budget--income tax exemptions for businesses and individuals (7.5 percent for individuals), a vast system of incentives, grants, exemption from real estate fees, and salaries of many government employees whose work is directly or indirectly linked to the system which has developed in the administrated territories.

According to the foregoing the budget in the territories is over 8 percent of the regular and development budget. Without looking at the political aspects of the settlements, it is clear that both the financing of the settlements and their role in increasing the inflation raise questions about the entire system and about the credibility of the pronouncements of the minister of finance. The amounts are much higher than those propounded by Mr Hurvitz, and constitute a rather major share of the total budget. This share is spent on 10,000 people, at the expense of 3 million people within the green line who suffer cuts in services, and at the expense of social and security needs which may be considered much more vital.

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SETTLERS REPORTED LEAVING GALILEE

Tel Aviv DAVAR in Hebrew 17 Jul 80

[Article by Shim'on Weiss, DAVAR co-Leave Development Towns in the Gali Government Does Not Help--We Have H

[Text] Grave concern was expressed development towns in the north which number of applicants for absorption Steering toward Settlement in Devel leaving those towns.

It was reported at the conference of Statistics, 14,080 residents left the years 1978-79. In 1979, 8430 : 6833 left. The outlook for 1980 is of those leaving will surpass that Galilee with the largest number of 2138 (a national record), and Haza which lost the most residents are respectively. The population of H percent.

Mr Zohar Gindel, Director of the C the Development Towns, said that g during the summer, but this year t are the problems of employment and advantage over the central part of

The mayors of the development town government has been neglecting the and aid to immigrants and settlers landscape and the peaceful environ Most of the complaints were direct new residents to invest about a m apartment, including a linked loss