

The Debate over Israel's Defense Budget

Shmuel Even

In discussions held by the government and the Knesset about the defense budgets for 2014 and 2015, the traditional wrangling between the Ministry of Defense and the Ministry of Finance went up a notch. “Wrangling” is a situation of a major lack of agreement between the sides – on the boundaries of the discussion, the powers of the parties, the concepts involved, and the contents of the discussion. The dispute regarding the defense budget reached a new level when in May 2014, the IDF was forced to stop the annual training exercises of reservists due to lack of money. Overall, the Finance Ministry argues that the defense budget “is too big for the economy,” while the higher echelons in the Defense Ministry argue that the budget is too small to meet Israel’s defense needs – evidenced by the fact that by May additional funds were already needed for 2014. The ritual is repeated every year. The arguments raised by the Finance and Defense Ministries, and the government’s difficulty in taking responsibility and deciding between the positions, invite the question as to whether the defense budget is determined in a proper, measured process that takes account of both defense challenges and civilian needs. A related question concerns the role of each party in this process.

This chapter presents data on Israel’s defense expenditure and defense budget, reviews the disputes over the size of the budget and the reasons for the disagreement, and proposes means toward a more informed, productive debate of the budget.

Israel's Defense Expenditure

Expenditure on defense consumption in Israel – “*defense consumption*” – is defined as the total direct expenditure on defense in Israel. This concept includes expenditure on all security forces (the IDF, GSS, Mossad, and others).¹ In 2014 Israel's defense consumption amounted to NIS 62.5 billion.² Expenditure on local defense consumption (not including purchases in foreign currency, funded mainly by United States aid) amounted to NIS 52.3 billion. In 2013, expenditure on defense consumption reached NIS 58.6 billion, and local defense consumption totaled NIS 48.4 billion.

In real terms, Israel's defense consumption has grown over the decades (figure 1). This trend has continued in recent years – notwithstanding the greater sensitivity to social needs, particularly since the social protests of 2011 – due to violent security incidents, high levels of threat, and uncertainty given the instability in the Middle East. Israel is threatened by an “extremist Islamic front” that does not recognize its existence and includes Iran, Hizbollah, Islamic State, Hamas, and Palestinian Islamic Jihad. This “front” joins the ongoing potential for friction with the Palestinian Authority and the instability elsewhere in the region, increasing the need to guard Israel's borders. In other words, the instability of the Middle East demands high levels of security, and

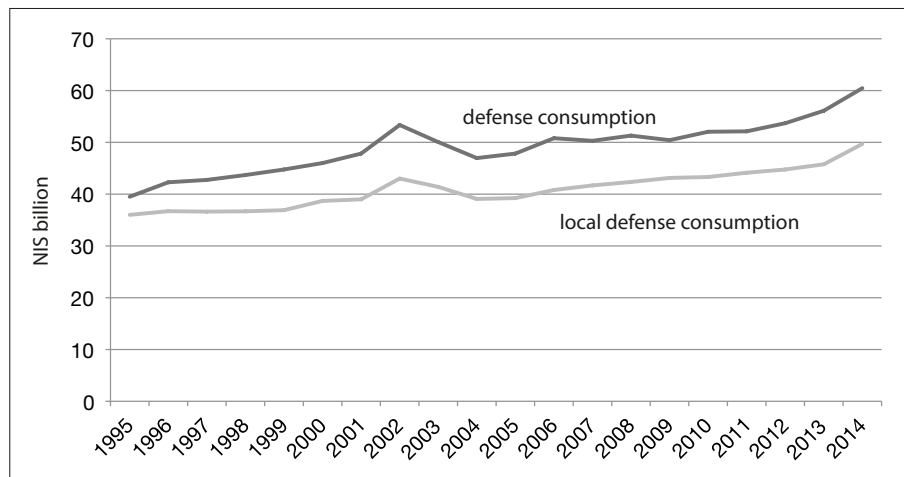


Figure 1. Defense consumption, 1995-2014 (NIS billion, in fixed prices of 2010)

Source: Central Bureau of Statistics

the defense establishment contends that the resources allocated to defense do not cover the existing and developing security challenges.³

The Defense Burden on the Economy

The defense burden in economic terms is measured by relative quantitative indicators, e.g., the ratio between defense consumption and product, the ratio between defense consumption and public consumption, and defense consumption per capita. These indicators are intended to be a significant element when discussing the defense burden on the economy. The lower the ratios, the smaller the effect of defense expenditure on the economy.

All the indicators display a similar picture: notwithstanding the absolute growth in defense expenditure, there is a definite long term decline in the defense burden in economic terms in recent decades, due to the more rapid increase in economic sources. However, in recent years the pace of the decline slowed due to some decline in growth rates, and in 2014 there was even a rise in the defense burden indicators, following Operation Protective Edge.

Ratio between local defense expenditure and product: In 2014 this ratio was 4.8 percent, in 2013 it was 4.6 percent, in 2000 – 6.2 percent, and in 1995 – 8.5 percent (figure 2).

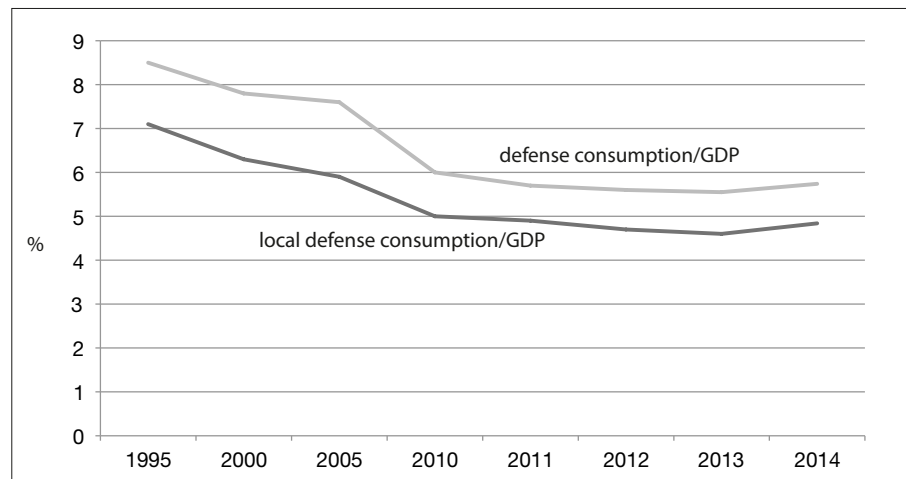


Figure 2. Defense consumption as a percentage of GDP, 1995-2014

Source: Central Bureau of Statistics

Ratio between local defense consumption and total public consumption (without IDF procurement): In 2014 this ratio was 22 percent, compared to 21.5 percent in 2013, approximately 26 percent in 2002, and approximately 27 percent in 1995. According to this indicator, there has been a perceptible long term decline in the defense burden (figure 3).

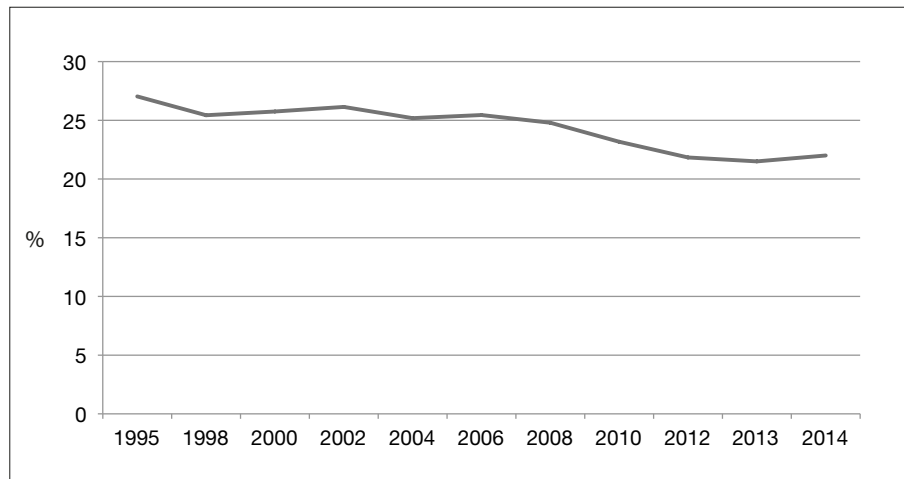


Figure 3. Local defense consumption as a percentage of public consumption (without IDF procurement), 1995-2014

Source: Central Bureau of Statistics

Per capita defense expenditure: Table 1 shows the real changes in per capita sources and uses of the national resources (“uses”) in the years 1995-2014. Per capita defense expenditure maintained its real value throughout the period (about NIS 7,000 per capita, in 2010 prices, excluding a rise to NIS 7,300 due to Operation Protective Edge). By contrast, there was a real increase in per capita civilian resources (private and public consumption), so that per capita civilian consumption as a percentage of total per capita uses rose from approximately 71 percent to approximately 75 percent of total uses, while the share of per capita defense consumption fell from 7.5 percent to approximately 6 percent. In recent years, while there has been some stabilizing and even a small rise in the share of per capita defense consumption, a comparison between the start and end of the past two decades shows that the division of resources has clearly leaned toward civilian

Table 1. Real trends in per capita civilian consumption in relation to per capita defense consumption, 1995-2014 (in 2010 fixed prices)

Year	Per capita uses (NIS thousand, real values)				Per capita uses as a percentage of total per capita uses		
	Per capita investment	Per capita defense consumption	Per capita civilian consumption	Total per capita uses	Per capita investment as % of total uses	% of per capita defense consumption	% of per capita civilian consumption
1995	20.2	7.0	66.2	93.4	21.6	7.5	70.9
2000	20.5	7.1	74.0	101.6	20.2	7.0	72.9
2005	17.5	6.8	76.1	100.4	17.4	6.8	75.8
2010	20.2	6.8	83.9	110.8	18.2	6.1	75.7
2011	23.3	6.6	84.9	114.9	20.3	5.8	73.9
2012	24.0	6.7	86.1	116.8	20.5	5.7	73.7
2013	23.5	6.9	87.2	117.6	20.0	5.9	74.1
2014	22.7	7.3	88.5	118.4	19.2	6.1	74.7
% real change from 1995	12.6	3.5	33.7	26.9	-11.3	-18.4	5.4

Source: Central Bureau of Statistics

consumption over defense consumption, and to a lesser degree at the expense of investment. Israel's defense burden is still large in international terms but it has declined over the years, and defense expenditure is not a dominant cause of socio-economic difficulties in Israel, as distinct from the situation in the 1970s and 1980s. Israel's economic situation is much better than in many other countries whose defense burden is far lower.

If so, why do many Israeli citizens not feel this? The answer lies in the civilian sector itself. Per capital civilian consumption has indeed risen considerably in real terms, but as numerous studies have shown, not everyone is benefiting equally – if at all – from the growth, due to large gaps in income and wealth between population groups in Israel.⁴

The Contribution of Defense Expenditure

The direct contribution of defense expenditure to normal economic activity. The resources allocated to the defense forces affect the country's ability to defend itself from war and terror and hostile activities, the ability to deter

enemies, and the ability to shorten the duration of wars or limit their damage – for example, in Operation Protective Edge. In spite of the campaign, the Israeli economy ended 2014 with real growth of 2.6 percent, compared to 3.2 percent in 2013. The gap is not large, considering the 50 days of fighting. Presumably without the protection of the Iron Dome system, the cost to the Israeli economy would have been much higher. Figure 4 illustrates the behavior of the capital market during Operation Protective Edge, showing the confidence of the business community in Israel and abroad in the Israeli economy, at least during an incident of this scope. Clearly in the event of a more massive attack, for example by Hizbollah, the challenge will be much more difficult. Therefore, defense expenditure can also be seen not only as a drain on resources in the civilian sector, but as an investment that reduces the country's level of risk and enables the economy to continue operating as well.

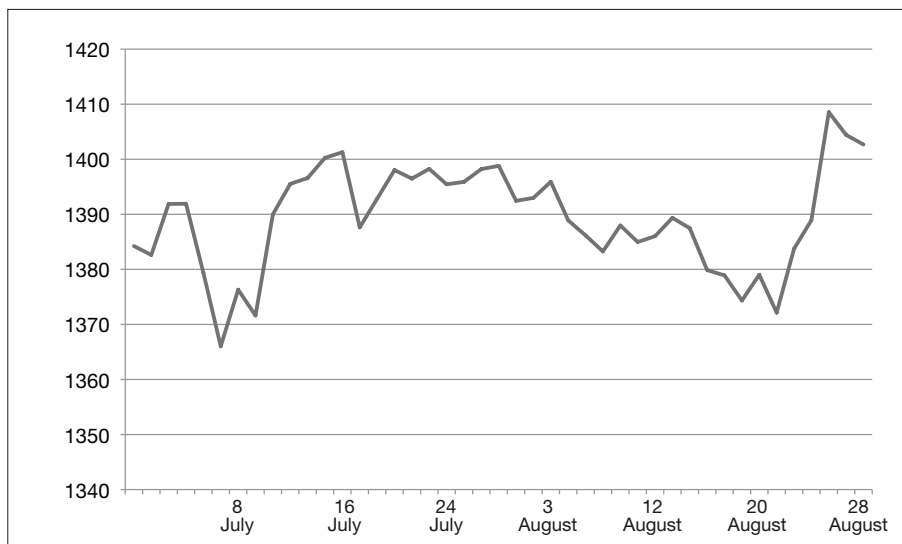


Figure 4. Tel Aviv 25 Index during Operation Protective Edge (July 8-August 26, 2014)

Source: Investing.com

Indirect contribution of the defense establishment to the economy. In addition to defense itself, the defense establishment contributes indirectly to the economy and to society in several ways: cultivation of good work habits,

professional knowledge, and qualities of leadership and excellence; creation of a source of skilled workers, managers, and entrepreneurs; facilitation of start-ups; contribution to technological development and security industries; source of growth in product and exports; and contribution to social integration, education, medicine, employment, settlement, and more. These contributions constitute a considerable addition to national defense for society and the economy, and are not taken into account when the defense budget is determined, except in special cases, such as the relocation of IDF bases to the Negev.

The Defense Budget

According to the state budget book, Israel's "defense budget" is the budget of the Ministry of Defense, plus a few small budget items. The Ministry of Defense budget is the monetary expression of the IDF annual work plan and of the Ministry's departments. The budget also has "non-military" items, such as expenditure on pensions for retired IDF and Ministry personnel, expenses for rehabilitation of the wounded, family support, and commemoration. The Ministry of Defense budget does not include budgets for civilian security organizations, including the Mossad, GSS, and others. The composition of the defense budget is not the same as that of defense consumption, although both include IDF expenditure.⁵

The defense budget includes various categories that affect how it is discussed and planned, as follows:

- a. The original net defense budget: the basic defense budget shown in the budget book, including regular United States aid. This serves as the basis for discussion of the coming year's budget.
- b. The original gross defense budget includes the original net budget plus "income-dependent expenditure," which is based on additional US aid, over and above the regular aid, and Ministry of Defense income from the sale of equipment, land, services, and so on.
- c. Additions to the budget: additional amounts usually given during the year, when it becomes clear that the budget is insufficient for defense needs, or while preparing the budget, when the need is recognized for a one-time additional amount that is not part of the basic budget that was used in calculating the budget for the following year.

“The Proposed State Budget for 2015” (November 2014)⁶ states that the net defense budget will be NIS 52.7 billion, and the gross amount will be NIS 64.8 billion (table 2). The latter figure represents 15.6 percent of the total proposed gross defense budget, and 5.8 percent with reference to the Finance Ministry’s predicted GDP for 2015. In December 2014 the Ministry of Defense claimed that it needed another NIS 5.6 billion for defense needs in 2015.⁷ Apart from the Ministry of Defense, the proposed state budget for 2015 also included an increase from 2014 in the budgets of the Ministries of Education, Health, and Welfare, and an increase in the budget deficit.

Table 2. Defense budget (2013-2015)

		Budget 2013	Budget 2014	Proposed Budget 2015
a	Original net budget (basic budget)	52.5	51.0	52.7
b	Income-dependent expenditure	5.3	6.7	7.8
c	Original gross budget (a + b)	57.8	57.7	60.5
d	One-time addition to net budget ⁸	3.5	2*	4.3
e	Addition for income-dependent expenditure	0.6	0.7	0
f	Total gross budget (c + d + e)	61.9	60.4*	64.8

* Without the costs of Operation Protective Edge, amounting to NIS 7 billion.

Source: Finance Ministry, Proposed State Budget for 2015, from November 2014.

The Defense Budget Debate

In 2014, it was evident that the highest military ranks, i.e., the Minister of Defense and the Chief of Staff, were deeply involved in the effort to explain to the government and the Knesset the need to increase the defense budget base. According to the Ministry of Defense, the original defense budget was far from able to meet the country’s defense needs, and therefore each year an additional amount was needed, even without any exceptional events requiring a special supplement. For example, it was reported that in the original defense budget for 2014, the items for funding the army, its activity, and training amounted to only NIS 26 billion. The remaining Ministry of Defense budget was allocated to items that do not allow any flexibility in use by the

IDF, including: military procurement with aid money, special means, taxes, and Ministry of Defense headquarters, as well as payments to pensioners, rehabilitation of the wounded, support for families, and commemoration.⁹ Pension costs, for example, are an obligation of the Ministry of Defense, anchored in agreements to which the Ministry is a party. With these figures it is hard for the IDF to build additional capabilities enabling it to provide more defense, and it is even forced to make cuts in ground forces reserve units that could be very important in the event of large scale wars.

It is the Finance Ministry's job to coordinate the work of preparing the state budget, and it is the government's job to allocate budgets for the various ministries according to its priorities, until there is a budget deficit acceptable to the government. However, in practice the Finance Ministry assumes the task of limiting the defense budget. It has the tools and powers to review the financial requests of the Ministry of Defense in terms of pricing and to propose certain efficiency measures. At the same time, the Ministry of Finance does not have the authority or the tools to recommend the size of the defense budget because it is not familiar with the details of the defense challenge and how to confront it. Although the total expenditure of the civilian ministries is far higher, and they too are required to make efficiency savings, they do not seem to engage in the same annual struggle with the Finance Ministry. Why then does the Finance Ministry focus on the Ministry of Defense? Is it not overstepping its function and entering the sphere of political decision making?

Essence of the debate. The defense budget is mainly the monetary expression of the IDF work plan. The Finance Ministry does not have the tools to examine it, and this is not its job. As such, the debate between the Finance Ministry and the Defense Ministry is not an in-depth discussion of the budget, the plans behind it, and the larger questions about building and maintaining a force, for example: how much money should Israel invest in building attack capability against Iran's nuclear program? Can Israel allow itself to limit its reservist land forces? Should Israel increase the number of Iron Dome batteries? What should be added to military capabilities and what can be given up? Rather, the Finance Ministry focuses on the issues within its general purview, such as budget taxes and the subject of IDF salaries and pensions. While it is certainly important to examine these issues as part of

the discussions about salaries and pensions in the public sector and as part of the discussion about the model of IDF service, there are other aspects of the budget that are no less important. The result is that the dispute between the Ministries could create the false impression of close control, but in fact apart from the Ministry of Defense, there is no body in the country that deals with the defense budget in depth before its approval by the government.

Reasons for the debate. The traditional wrangling between the Ministries of Finance and Defense has the semblance of arm wrestling between two strong ministries. The Defense Ministry partly controls its budget, while the Finance Ministry indisputably controls all other items of the state budget. Apart from the Defense Ministry, which benefits from unique rules of budgeting and expenditure that affect its special needs,¹⁰ other ministries have difficulty confronting the powers and strength of the Finance Ministry and therefore the debate does not reach such proportions.

Another, perhaps more important reason for the debate, lies in the differences in the world views and objectives of these ministries, where each sees the good of the country from a different angle. For the Defense Ministry, security (in the military sense) takes top priority because this is its area of responsibility, and because security is a necessary condition for achieving the state's other objectives. The Defense Ministry also points out the contribution of the IDF and the security sector to the GDP growth and society in Israel. At the same time, the Ministry of Defense is not familiar with the needs of the civilian ministries and the economy as a whole. For its part, the Ministry of Finance sees the defense budget as a heavy burden on the civilian sector and perhaps the source of the national budget deficit, and therefore makes major efforts to cut it. However, it is clear that the deficit is not unique to defense expenditure, and results from any overspending by the government. The stability of the economy and development of its human capital (education) are extremely important for Israel's long term national security, and therefore it is sometimes better to take risks in the field of security – but it is the government that should take these risks when distributing resources.

Consequently, the disputes occur because the Ministry of Defense, which is responsible for defense, does not see the whole picture of resources and needs, while the Ministry of Finance does see that picture but lacks expertise

in the field of defense. The solution requires close cooperation between the ministries, but in fact they have developed strong mutual mistrust. In June 2012, for example, Finance Ministry Accountant General Michal Abadi-Boiangiu said, "I see the Ministry of Defense as a partner. In recent months, important work has been done, but the process of building trust between the Finance Ministry and the Defense Ministry will take a lot more time."¹¹ It appears that since then relations have actually worsened. As a rule, the ministerial rank does not make sufficient effort to resolve this problematic relationship, which perhaps to some extent relieves it of the need to decide about security risks.

Conduct of the debate. It appears that the "debate" that is supposed to take place only in meeting rooms has become public – whether done openly or through leaks, making use of selective or biased information, and not necessarily by virtue of "the public's right to know." The impression is that it has become a struggle for prestige, using tactics to embarrass the other side and undermine its credibility with the public and the political system; and ultimately, to create public pressure, which could be interpreted as an effort to impose the position of the professional level on the elected political level. Such an open exchange between Finance and Defense officials is unheard of elsewhere in the world.

This dynamic is harmful to everyone. The public sees that this is not a professional dispute, and the impression is that the Ministries are engaged in a process of bargaining, each disclosing data that supports its position. In fact, nearly every year the planned budget approved for the Ministry of Defense is far less than its needs, apparently to the Finance Ministry's satisfaction, but during the year this budget becomes irrelevant, and Defense receives a large additional budget – a matter of routine. This makes the public and the Knesset wonder about the quality of planning and performance of the original budget.¹² Clearly there is a significant economic price for such swings, and a heavy price in terms of public confidence in governance (the ability to manage state affairs) in Israel.

The latest crisis. The traditional dispute between the Finance Ministry and the Defense Ministry over the defense budget rose a notch in 2013. Following cuts in the defense budget for 2014, as decided in 2013, the defense establishment took steps to reduce costs, including the dismantlement

of ground forces reservist units. In May 2014 the IDF announced that due to lack of funds it had stopped various activities, including training for reservists. The IDF spokesman explained that “the work plan for 2014 was drawn up responsibly for the tasks and the size of the army, as approved in October 2013 by the Cabinet and in January 2014 by the Foreign Affairs and Defense Committee.” He said that throughout the process, the military had presented the implications of approving a work plan with a lack of funding for all the relevant functions. He clarified that in May “the IDF would reach a point when difficult decisions would be necessary.”¹³ In May 2014, Chief of Staff Lt. Gen. Benny Gantz said: “We are dealing with a resource challenge more complex than anything we have known in the past, and there may be dramatic consequences for the IDF... At present we are being forced to make painful decisions, that affect all the systems, all areas – the reserves and the regular forces, training, and work in the field and at home. The country has clear priorities; we in Defense have already taken the most possible risks... I am concerned for our present fitness and very worried about future directions.”¹⁴ In June 2014 agreement was reached between the Finance Ministry and the Defense Ministry, whereby funds would be transferred to Defense to continue regular activities. In July 2014, however, Israel launched Operation Protective Edge.

Operation Protective Edge increased the gap in the state budget, and a dispute followed over the cost. The Defense Ministry claimed that Operation Protective Edge cost NIS 9 billion, while the Finance Ministry claimed the cost was NIS 5 billion. Ultimately it was decided that the cost was NIS 7 billion. Why was there such a large gap? According to published reports, this is apparently in part a question of the different accounting and pricing rules used by the parties. For example, should the IDF be credited with the cost of ammunition used or its current price? Should training and field security exercises that were not held because of the fighting be deducted from the 2014 budget, or should they be rolled over to the next financial year? When implementing the lessons of the campaign, some funding was required to resolve the threat of the attack tunnels and to strengthen means of defense, such as Merkava tanks and the Trophy Armored Shield Protection systems against anti-aircraft missiles. At a government meeting on August 31, 2014, Prime Minister Benjamin Netanyahu stated the order

of priorities: “We must make up the deficits in the defense system, to reflect our understanding that security comes before everything... This requires us to buckle down and enable the IDF, the GSS, and the other security forces to defend Israel effectively.”¹⁵

In early September 2014, Minister of Defense Moshe Ya'alon said that in order to maintain Israel's military superiority, the defense budget for 2015 had to be increased: “Harming the defense budget, and as a result, research, development, and procurement, will take the State of Israel down to depths that it should never reach.. It is impossible to demand a trained, skilled army, with defensive and offensive technological capabilities of the first order, and at the same time tie its hands.”¹⁶ Finance Minister Yair Lapid said: “There is a professional discussion with the defense establishment. The discussion on the defense budget is a discussion of the State budget. It's all the same money. The same money has to be used for education, health, and welfare.”¹⁷

In October 2014 the government authorized an additional NIS 6 billion for the defense budget for 2015. Yet even after the budget was approved, a fierce dispute broke out in the Cabinet between the parties, where the Defense Minister revealed that most of the additional funding was a one-time allocation, and that the budget items that the Finance Ministry had undertaken to fund outside the defense budget (such as the IDF move to the Negev) had been assigned to the proposed defense budget for 2015. After receiving the additional budget, the IDF began 2015 in an orderly manner.

The Locker Commission to examine the defense budget. In mid-2014 the commission to examine the defense budget led by Maj. Gen. (ret.) Yochanan Locker began work on a proposed outline for determining the long term defense budget. The Defense cabinet decided to establish the commission in October 2013, following disagreements between the Defense and Finance Ministries; in addition, some Cabinet members claimed that the conclusions of the Brodet Commission of 2007 were no longer relevant.¹⁸ The Locker Commission is due to submit its conclusions in the coming months, and this may influence the defense budget for 2016 onwards.

Conclusion and Recommendations

As a rule, there is a long term trend of decrease in the defense burden on the economy and the priority given to defense with regard to resources in

relation to the civilian sector. Thus, the defense expenditure is not a dominant factor in the social-economic difficulties. Taking account of an assessment of the security situation and cost/benefit considerations, it appears there is no reason for a significant cut in defense expenditure. Such cuts could involve a significant increase in risks, while the amounts saved would not lead to a significant rise in the standard of living and investments in Israel.

There is no in-depth professional discussion of the defense budget between the Finance Ministry and the Defense Ministry. In fact, outside the Defense Ministry there is no serious examination of the assumptions and IDF work plans that are the basis of the budget. Hence, what is needed now is to create a proper process whereby planned defense expenditure will be decided based on considerations of both defense needs and civilian needs, with the government taking responsibility for the calculated risks involved.

Therefore, it is recommended that:

- a. The precise roles of all parties involved in preparing the defense budget be defined. This should include the following clarifications:
 - The government has full responsibility for determining the defense budget. The budget should reflect the level of security risk that the government is willing to incur, taking into account security threats and other national needs. The decision should not be made by the Defense Ministry, and certainly not by the Finance Ministry, or even as a compromise between them.
 - The role of the defense system is to present data, assessments, proposals, and prioritized options, based on the understanding that some of the requests will not be granted.
 - The role of the Finance Ministry is to present an assessment of economic resources for the entire national budget, the significance of the budget deficit for the economy, and proposals for greater efficiency. In addition, it must coordinate preparation of the state budget, supervise its implementation, and review the outcomes and further demands of the Defense Ministry. It is important for the professional level in the Finance Ministry to distinguish between their professional responsibility and their opinions on the distribution of resources in the state budget, which is a matter for politicians to decide.

- The National Security Staff should be charged with coordinating preparation of the discussion on the defense budget, ready for approval by the government.
 - Public wrangling between the professional ranks in the Finance and Defense Ministries should be avoided.
- b. A common language be defined:
- Draw up a procedure for preparing the defense budget, including clear concepts, accounting rules, and one mutually accepted database for discussing the budget.
 - Define criteria for discussing and determining the defense budget: for example, the government should base its decisions on assessments of security risks, ways and means of reducing them, the physical, technological, and operational depreciation of the defense establishment, changes in economic sources available to the state, and so on. It would be best to separate the debate on the IDF budget from the discussion of non-military items in the Defense Ministry budget, e.g., state obligations to former members of the defense establishment.
 - Simplify presentation of the defense budget in the state budget booklet: all concepts used in the budget must be defined (for example, “the actual defense budget”).
- c. It is better to define a realistic budget in advance, rather than grant supplements each year. There should also be a definition of the terms and circumstances in which the army may receive additional budgets.
- d. It is proposed that the defense establishment and the National Security Staff present the government with budget options in the form of possible defense baskets, in terms of defense capabilities and outputs. For each basket of services, they should clarify which security scenarios it meets (for example, the ability to wage war against Hizbollah and Hamas) and which scenarios it does not meet, whether fully or in part. Each basket will represent a possible level of defense budget. Part of the military ability in a basket will be at the level of immediate readiness, and part at a low level of readiness, that will constitute a realistic option for building the force and shortening response times if certain risks materialize. From this defense menu (the range of baskets), the government will select that basket that is closest to its understanding of security needs and its

- willingness to take risks. This method will require the government to decide not only on the size of defense budgets but also on their content.
- e. Prepare and update a long term plan, based on a security perception: while the ability to plan for the long term has declined due to geopolitical changes in the region and rapid technological advances worldwide, the process of building military strength requires a long term work plan, which will be the basis of a defense budget for several years. The proposal is to examine the option of changing to a three year plan for the IDF (instead of the five year plan, which in any case is not approved), where longer projects will continue into the next three year period. The plan should be reviewed and updated each year, so that there is always an up-to-date three year plan. In order to increase the room for maneuver by decision makers, projects will be classified by order of priority, so that implementation of projects can be adjusted to developments in resources.

Notes

- 1 Defense consumption is not identical to the defense budget, although the two amounts are not very different in size. Both include IDF expenditure, but each has an extra element not found in the other. Defense consumption includes the costs of the GSS and the Mossad (not in the planned defense budget). The defense budget also includes the costs of pensions for IDF and Ministry of Defense retirees, and the costs of rehabilitating the wounded, support for families, and commemoration. Defense consumption includes a credit for contributions to pensions only for those in active service. The actual defense budget (performance data) is not the same as the items in the planned defense budget, so it is hard to make a precise comparison between planned and actual. Defense consumption reflects a better picture of direct defense costs.
- 2 National accounting figures for 2014 in the article are based on primary data from the Central Bureau of Statistics.
- 3 Motti Basok, "Ya'alon Warns: Harming the Defense Budget Will Harm Israel," *The Marker*, September 6, 2014, <http://www.themarker.com/news/1.2426054>.
- 4 Shlomo Swirsky, Etti Connor-Attrias, Emma Rapoport, "Social Situation Assessment 2014," Adva Center, January 11, 2015, p. 22, <http://www.adva.org/default.asp?pageid=1001&itmid=836>.
- 5 See note 1.
- 6 Source: "Proposed State Budget for 2015" booklet, pp. 87-91, Ministry of Finance, November 2014. As of the time of writing (January 2015), the proposal

is not valid, given the forthcoming elections, but it is indicative of trends and decision making. Until a new state budget is approved, the various ministries are supposed to operate on a monthly basis, according to the allocation in the state budget for 2014.

- 7 Motti Basok, "A Good Time for Opportunists," *The Marker*, December 7, 2014, <http://www.themarker.com/news/politics/1.2505445>.
- 8 Total additional amounts given during the budget year in 2013 and 2014, and a one-time addition recorded in the general reserve when preparing the budget for 2015.
- 9 Yoav Zeitun, "Director General of the Ministry of Defense: 'We Don't Have Any Excess,'" *Ynet*, May 26, 2014, <http://www.ynet.co.il/articles/0,7340,L-4524061,00.html>.
- 10 Ibid.; Eliezer Schwartz, "How the Security Budget is Drafted, and Means of Supervision," presented to the Knesset Finance Committee, October 31, 2011, <http://www.knesset.gov.il/mmm/data/pdf/m02945.pdf>.
- 11 Ram Ozeri, "Abadi-Boiangiu: Our Crowning Achievement – Transparency in the Security Budget," *The Marker*, June 26, 2012, <http://www.themarker.com/markets/1.1740826>.
- 12 Yitzhak Sporta and Maharan Prozenper (financial advisor to the former Chief of Staff), "Closing the Account," Channel 2, September 5, 2014.
- 13 Yoav Zeitun, "The Budget Battle Takes Off: Training Flights are Grounded," *Ynet*, June 1, 2014, <http://www.ynet.co.il/articles/0,7340,L-4525426,00.html>.
- 14 Elad Halperin, "Due to Budget Constraints: All Reserve Training to be Stopped," IDF website, May 19, 2014, <http://www.idf.il/1133-20727-he/Dover.aspx>.
- 15 Amir Tibon, "Netanyahu on Cuts in the Budget: 'Security before Everything,'" *Walla*, August 31, 2014, <http://news.walla.co.il/?w=9/2781016>.
- 16 Basok, "Ya'alon Warns: Harming the Security Budget will Harm Israel."
- 17 Television interview with Channel 2, September 3, 2014.
- 18 Motti Basok, "They Aren't Waiting for Locker: The Security Establishment Demands an Extra 4 Billion Shekels," *The Marker*, April 1, 2014, <http://www.themarker.com/news/1.2286033>.