

The Budget Threat

by

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The story of the “health basket”, that bundle of medicines and medical technologies included in the annual national health bill, symbolizes how this country formulates its national priorities. The public commission in charge of determining the annual additions to the basket has concluded that the required new drugs and technologies will cost 470 million NIS. But the government is not willing to approve more than a 200 million NIS addition to the basket. “No money” is the oft-cited claim.

How many other budget items influence our quality of life more than health care in an hour of need? In a country that tosses around sums like 290 million NIS (and up) as if they were candy as part of coalition agreements, isn't it possible to find another 270 million NIS that will benefit patients from all of the parties, races and religions? The intention is not to increase the budget but to ask a simple question: where is all of our money really going?

The time has come to puncture the public illusion that the State of Israel does not have sufficient funds to adequately take care of business. Not everything here is going to defense – though it is true that too much is being wasted on defense in the absence of adequate transparency and public oversight. However, there is more than enough left over for civilian purposes.

According to the Bank of Israel, public expenditure in 2003 reached 268 billion NIS, or 54% of GDP. That same year, average public expenditure among OECD countries amounted to just 40.8% of GDP. However, contrary to public mythology, the difference in expenditure is not just because of Israel's large defense outlays. Even after excluding defense spending, civilian public expenditure in Israel is 45% of GDP, compared with an average of 38.4% in the OECD.

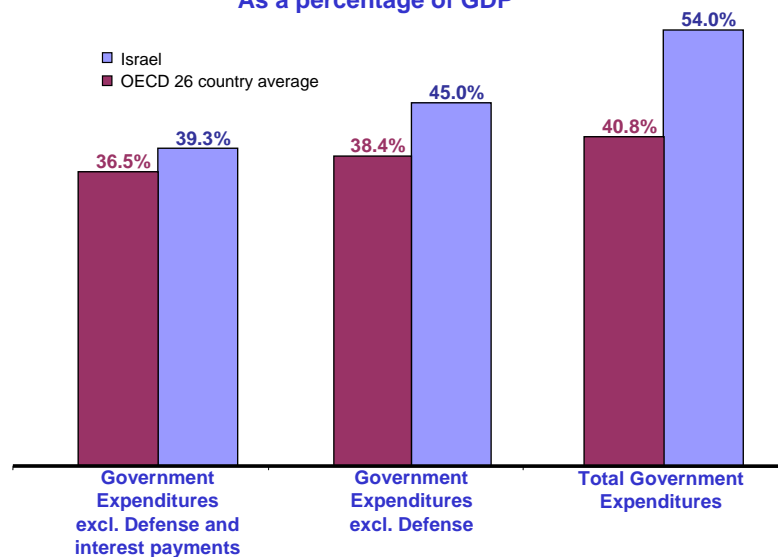
In other words, there is no lack of money – and for a long time now there hasn't been a lack of money – in terms of non-defense, civilian, expenditures in comparison with the OECD. Hence, there is no justification for the relative decline in living standards or the steady increase in poverty and income inequality over the past 30 years. It is all a question of national priorities.

The oft-cited “mahapach” (loosely translated as “revolution”) that we underwent in the 1970s was much more far-reaching and extensive than most people imagine. It changed our fundamentals at their very core and it actually moved an entire country to new long-term trajectories. Disastrous ones, as it turns out.

As a result of such high levels of spending, the exceedingly heavy tax burden in Israel is insufficient and we need to borrow. Interest payments on these loans in 2003 surpassed 29 billion NIS. For comparison purposes, Israel summarily chucks into the sea – i.e., pays its lenders rather than investing in infrastructure and providing services – each year an amount much larger than its entire public expenditure on primary and secondary education. This is an amount similar to, not the health basket, but the entire public health expenditure. This is what Israel's national agenda looks like since the 1970s.

Government Expenditures 2003

As a percentage of GDP



source: Dan Ben-David, Tel-Aviv University
Data from the Bank of Israel, the OECD and the CIA.

The time has come for the Israeli public to replace its hard drive and change its operating system – to internalize the fact that it is our money that is in the hands of those whom we elected to decide on its allocation. The MK's and cabinet ministers did not win the Lotto and receive from us billions of shekels – our hard-earned money that we pay as taxes – for purposes of self-glorification or for providing jobs to party hacks. It is long past time for national, as opposed to nationalistic, considerations to finally prevail over narrow personal and sectoral interests. After thirty years, the time has come for a new “mahapach” – one that returns the country to the trajectory of sanity.