

A growing butcher's bill



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The Bank of Israel Governor Amir Yaron is worried. He is keeping an eye on the ballooning costs of his country's war against Gaza and the Palestinians. Initially, the Netanyahu government promised to increase its defence budget by NIS 20 billion (\$5.48 billion) per annum in the aftermath of the war. But a document from the Finance Ministry presented to the Knesset Finance Committee on December 25 suggests that the number is NIS 10 billion greater.

Israel's Finance Ministry is also projecting that the war against Hamas will cost the budget somewhere in the order of NIS 50 billion (\$13.8 billion). NIS 9.6 billion will go towards such expenses as evacuating residents close to the borders in the north and south, buttressing emergency forces, and rehabilitation purposes. The increased military budget is predictable and in keeping with the proclivities of Israel. What is striking is that Prime Minister Benjamin Netanyahu has regarded Israeli defence expenditure as generally inadequate when looked at as a percentage of gross domestic product (GDP). Between 2012 and 2022, military expenditure as a percentage of GDP fell from 5.64% to 4.51%. Doing so enables him to have two bites at the same rotten cherry: to claim he was blameless for that very decline in military expenditure, and to show that he intends to rectify a problem he was hardly blameless for.



Palestinians hold posters of Israeli Prime Minister Benjamin Netanyahu and US President Joe Biden during a demonstration in the city of Nablus on October 29, 2023.
● NASSER ISHTAYEH/GETTY IMAGES

Even in wartime, Netanyahu is proving oleaginous in his policymaking. The mid-December supplementary budget for 2023, coming in at NIS 28.9 billion, was intended to cover the ongoing conflict with Hamas and Hezbollah. But its approval was hardly universal. Opponents of the budget noted the allocation of hundreds of millions of shekels towards "coalition funds" intended for non-war related projects relevant to parliamentarians and ministers. Benny Gantz's National Unity party, a coalition partner, would have nothing to do with it. Intelligence Minister Gila Gamliel was absent from the vote, while Yuli Edelstein of Netanyahu's own Likud Party abstained. Opposition leader Yair Lapid pointed the finger at the rising budget deficit.

On December 18, Yaron gave vent to some of his concerns. "During this period, more than at any other time, and as investors, rating agencies, financial markets, and the public as a whole are carefully examining policymaking in Israel, it is necessary to manage economic policy — fiscal and monetary — with great responsibility."

Body counts interest Yaron less than budget figures and reputational damage in the markets, though killing Palestinians is proving an expensive business. "The government will have to find the right balance between financing war expenses and the expected increase in the defence budget and the need to continue investing in other civilian budgets, which are already low, in particular in growth engines such as infrastructure and education."

Yaron has every reason to assume that costs will continue to balloon. For one thing, Netanyahu's idea of peace in the current conflict reads like a blueprint for ongoing, lengthy massacre, accompanied by permanent mass incarceration: the destruction of Hamas itself, the demilitarisation of Gaza, and a Palestinian society free of radical elements. This is a nightmare to both humanitarians and the belt-tighteners in the Israeli Finance Ministry.

Notably, the plan says nothing about Palestinian statehood, which, in the scheme of Israel's aims, has been euthanised. Gaza, the designated monstrosity Israel nourished as a supposedly useful tool to keep Palestinian ambitions in check, is to be turned into a prison entity that seems awfully much like it was prior to the October 7 attacks by Hamas. (The cruel, in such cases, lack imagination.)

A "temporary security zone on the perimeter of Gaza and an inspection mechanism on the border between Gaza and Egypt" will be established in accordance with "Israel's security needs". The zone will also serve to prevent "smuggling of weapons into the territory", which sounds much like the original blockade, lasting 14 years, that was meant to achieve the same purpose.

The Israeli PM is, however, promising that the destruction of Hamas will take place "in full compliance with international law", begging the question what sort of international law he is consulting. Given various official statements from Netanyahu's cabinet and the Israeli Defence Forces, it must be either a law of jungle provenance or one applicable to animal kind. That same standard of legal analysis has permitted the generously expansive massacre of over 20,000 Palestinians, a staggering number of them children, the ongoing flattening of Gaza, and the utter destruction of critical infrastructure.

Given that Israeli law, alongside military and administrative policy, does nothing other than encourage the radicalisation of Palestinians and the fertilising of the Jihadist soil, this is charmingly delusional. The current war will simply prove to be the same as previous ones, protean, adjustable, and shape changing. Conflict will simply continue by other means, a continued growth of flowering hatreds, leaving Israel a butcher's bill of shekels and casualties it is only now chewing over.

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