

Local Government in Israel

General Background,
Core Issues, and Challenges

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ABSTRACT

The present study offers a general background to the topic of local government in Israel and surveys the core issues and challenges related to its structure. Two main types of structural failures are identified: first, the excessive centralization of the Israel system of government, which curtails local authorities' powers; second, the internal deficiencies of local authorities, quite separate from their relations with the central government, of which the most prominent is the excessive power of the mayor/council head and the corresponding weakness of the council. The main recommendation offered here is a dual decentralization of the Israeli system of government: a devolution of power from the central government to the local authorities (a vertical transfer), and, within the authorities from the mayor to the members of the council (a horizontal transfer).

The fundamental assumption underlying the study is that there are two reasons why it is important to enhance the status of local government. As a matter of democratic principles, the strengthening of local government could reinforce the democratic political culture and improve the character of Israeli democracy with regard to representation, responsiveness, transparency, and citizen participation. With regard to the provision of

services, a stronger local government could improve the quality of the services provided to residents, bolster the public service, and develop the Israeli economy.

The present study of Israeli local government system is based on a historical survey of its development over the years as well as a comparison with other countries; on an examination of the internal relations between local government and the central government; and on the structure of local government itself. In most developed countries, as a matter of principle, local government has become an autonomous democratic entity; this idea is reflected in the European Charter of Local Self-Government (1985), endorsed by almost every country in Europe. By contrast, the prevailing idea in Israel is that local government is little more than an executive arm of the national government. This study demonstrates that Israel is one of the most highly centralized countries in the western world and that its local authorities are much weaker than those elsewhere. On the World Bank's decentralization of governance index, Israel ranks 94 out of 182 countries; among the OECD states, it comes in last—the least decentralized country.

The weakness of local government in Israel has many manifestations:

Fiscal. In Israel, local government budgets account for only 5.5% of GDP, as against an average of 11% in the OECD countries. One aspect of this economic concentration is that Israeli local authorities have hardly any control of their tax rates: 95.1% of local taxation is set by the central government, as against only 7.8% in the OECD countries. Similarly, according to the World Bank index, Israel stands at the bottom of the OECD with regard to fiscal decentralization

Human resource management. One way of assessing the independence of local governments is the degree of autonomy they enjoy in managing their personnel, including the ability to hire new staff, set salaries and wages, and dismiss employees without regulatory interference by the

central government. On the World Bank index, Israel ranks 109 out of 182 countries (the lowest of all the OECD states) with regard to administrative decentralization.

Powers. The powers wielded by local authorities in Israel are relatively limited. Education in particular stands out for its centralized nature. There are five main models of education systems in the OECD; Israel falls into the most centralized group of countries, because there is little coordination with local governments and school principals in the setting of policy. The centralization is also blatant with regard to transportation, especially public transportation.

The OECD data present a positive correlation between the decentralization of authority to local governments and the efficiency of government operations. Although this does not necessarily indicate a causal relation, there is an important theory that decentralization improves the quality of the services provided to residents, because local governments possess more information about residents and their preferences and are more familiar with the community and spatial environment; as a result, they are better equipped to provide the local public with the goods and services required, and at a higher level.

The need to grant greater power to local authorities has become more acute in recent years, given the chronic instability of the national government, which means that few ministers hold the same portfolio for long. This phenomenon was exacerbated by the governance crisis that struck Israel in 2019 and 2020, marked by repeated national elections and a caretaker Government with a prolonged tenure in office. This instability has a severe impact on the Government's ability to function. By contrast, local governments tend to be stable; many believe that this situation contributes to their much more successful performance.

In recent years the crisis state of the central government has expanded the phenomenon of local authorities that do not wait for the former

but act independently (as far as the law allows). This is exemplified by the local public transportation on the Sabbath project initiated by the Tel Aviv municipality, which began operating in November 2019. The coronavirus pandemic seems to have exposed the full latent potential of local government. While the decision-making process by the Government and Knesset has been roundly castigated by the public, many see the local authorities as the responsible adult that is trying to steer residents to appropriate behavior, in contrast to the chaos that prevails at the national level. When the pandemic first erupted, the Government tended to ignore the local authorities when it set policy and implemented essential tasks. But many local authorities did not wait for the central government and set up their own epidemiological systems to break the chain of infection. The professional echelons in Jerusalem who identified the strong points of local government pushed for the implementation of the Traffic Light plan, which assigns a major role to local authorities in management of the crisis.

These developments seem to have produced an increasing willingness among central government officials to delegate more powers to the local authorities. In practice, however, there have yet to be significant moves in this direction. Opinion polls have found that Israelis are in favor of more decentralization in the future. Various surveys conducted in recent years indicate that public confidence in local authorities far exceeds that in the Government, Knesset, and political parties. For example, a study conducted by the Israel Democracy Institute in 2019 found that 56% of Israelis trust their local authority, but only 33% trust the Government, 29% trust the Knesset, and 16% trust the political parties.

The present study highlights the internal weaknesses of local government in Israel. The most prominent of these is the excessive power wielded by the mayor/council head and the weakness of the council. Council members—especially those who sit in the opposition—have a very low status. In a majority of developed countries, the members of local councils

are compensated for their work and sometimes even receive a full salary. In Israel, by contrast, council members are essentially volunteers who receive no remuneration; nor, for the most part, are there budgeted resources to support their work. What is more, council members have very few effective means for tracking and monitoring the local authority's activities. This ineffectual oversight is redoubled by the weak status of local authority comptrollers.

The study also notes the structural flaws that plague local government in Israel. These include the system of local taxation (essentially property tax), which has a negative effect on the supply of residential housing; the disparity between localities and the damaging impact of the property-tax method on socioeconomically weak authorities, because of the prioritization of property taxes from industrial and commercial zones; the lack of transparency in some local authorities; the very low number of female council members and mayors, far below the rate in most developed countries; and the shortage of suitable personnel in some localities.

What are the Main Challenges facing Local Government in Israel Today? What is the optimum relationship between the central government and local authorities? How should the system of local government be revised to be closer to the norm so that it bears a greater resemblance to that in other developed countries? Against the background of the protracted instability of the central government in Israel in recent years and its handling of the COVID-19 pandemic, the untapped potential of local government has come to the fore. Public trust in local government is on the rise, thanks to its proximity and accessibility to residents, its long-term stability, and its deep familiarity with the local reality. Many local authorities no longer wait for the central government to act: to the extent that the law allows, they often act independently, in order to provide the best-possible service to their residents. Nevertheless, a comparative survey indicates that local governments in Israel have extremely limited powers, and that Israel is one of the most centralized countries—if not indeed the most centralized—in the West. This policy study provides a blueprint for reforms in the Israeli system of governance. At its core is the recommendation that local authorities should be freed of their role as merely the executive arm of the central government and function autonomously, as is common in most of the world. Two levels of decentralization are recommended: from the central government to the local authorities (vertical decentralization) and, within local governments, from the mayor to the members of the local or regional council (horizontal decentralization).

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