A New Model of Religion and Welfare State Preferences: Evidence from Israeli Health Reform*

Noam (Numi) Katz
Advisor: Isabela Mares

April 29, 2022

*Katz: Department of Political Science, Yale University (numi.katz@yale.edu). Submitted in partial fulfillment of the requirements for a Bachelor of Arts.

Acknowledgements

This thesis has been shaped by countless professors, mentors, writing partners, and friends. While I formally began work on this thesis in the Spring of 2021 under the guidance of Isabela Mares, the work encompassed here began in high school and spans my coursework from Political Science to Judaic Studies.

First and foremost I want to thank the professors whose patience in meeting with me and gracious comments on varying levels of coherent ideas have helped this project come to fruition. To my advisor, Isabela Mares, your teaching and belief in the tools of Political Science to answer society's pressing questions continue to inspire my own work. Your support, from my time as a sophomore in your senior seminar, through the thesis process, has been a highlight of my time at Yale. I also wanted to thank Rohini Pande and Gerard Padro-i-Miquel for their guidance as I began the first stages of this project in their seminar, Political Economy of Development. Professor Padro-i-Miquel has pushed me to engage as deeply in the theoretical side of question as the empirical side. I hope this thesis reflects that. Lastly, I wanted to thank Professor David Sorkin in whose class I wrote the paper that serves as the background for my thesis. Your approach has taught me to take a deep historical approach to questions of politics and economics and your guidance in developing my historical thinking is one I will carry with me long after I leave Yale. Most of all, however, your care for your students and investment in my growth as a scholar, person, and member of the Jewish community have been invaluable.

Next, I wanted to thank Lincoln Caplan. Linc has served as my writing tutor since my first year at Yale, editing my first college paper and, now, my last. You have been an invaluable partner in finding not only my voice, in writing, but my values. For this, I could not be more thankful. Those gifts and your guidance are so much more than I could have ever asked for walking into your office in Davenport my first year.

Lastly, to my high school history teacher Mr. Hughes who helped me embark on the adventure of understanding *Haredi* politics in his Israel-Palestine seminar. Often, working on this thesis transported me to debates held around Harkness tables and our conversations which reshaped my relationship with Israel. Most importantly, your teaching has taught me to chase after the questions that matter in the classroom and that help further the values I hope to see in the world. Thank you for investing in me as a student and a leader at SPA.

And of, course, to my friends who have filled these past four years with more joy, laughter, and adventures than I could have imagined. To Avi, who has served, in this process, as my editor, my support, and my *chevruta*. And my parents, who are my greatest support. You all mean the world to me.

Contents

1 Introduction 4
2 Institutional Context 8
2.1 Institutional Roots: the Welfare State from the Mandate to Modern Israel . . 8
2.2 Political History: Three Periods of Party Competition 10
2.2.1 Labor Party Dominance: 1948-1976 10
2.2.2 Party Competition: 1977-1992 11
2.3 Why Now?: Israeli Healthcare in Crisis 14
2.4 *Haredi* Community and Politics in Israel 17
2.4.1 In Search of the Holy: Models of Communal Organization in *Haredi* Society 17
2.4.2 *Haredi* Political Preferences and Politics 19
3 Theoretical Set-Up: Three-Dimensional Model 24
3.1 Conventional Models of Welfare State Reform 24
3.2 The Israeli Context: Three Dimensional Politics 26
3.2.1 Mechanisms 26
3.3 Predicting Party Preferences 27
3.3.1 Changes to *Haredi* Preferences 27
3.3.2 Party Preferences and Coalitions 28
4 Methods and Data 31
4.1 Methods 31
4.2 Data 34
5 Analysis 37
5.1 Legislative Proceedings in the Knesset 39
5.2 Preferences Over Welfare State Generosity 40
5.3 Preferences Over the Distribution of Benefits 48
6 Conclusion 51
A Appendix A: Party Competition Data 56
B Appendix B: Original Hebrew Text for Knesset Debates 58
C Appendix C: Dataset and Alternative Specifications 60

1 Introduction

לעולם אין אדם מעני מן הצדקה ואין דבר רע ולע הזק נגלל

Never has anyone become poor by giving to tzedakah [charity], nor has anything bad ever come of it, nor has any harm occurred because of tzedakah (Mishneh Torah 10:2)

The 1980s marked the beginning of a "quiet revolution" in Israel's welfare state (Koreh and Shalev (2009)). This era of fundamental change saw the retraction of the state from areas of policy such as health care and social insurance and the extension of market liberalization measures to those areas of policy. The coalition of center-right parties and ultra-Orthodox, or *Haredi*, parties that ushered in this change were strange bedfellows. In the 1980s, the average *Haredi* family was very large and very poor: they had 6.5 children and received only 18 percent of their income from the formal labor market (Berman (2000)). These extraordinary patterns of high fertility and low labor market participation have made the community one of Israel's poorest demographic groups, with the average *Haredi* family living below the poverty line.

Why did *Haredi* parties support the dismantling of the Israeli welfare state?

Conventional models of welfare state reform theorize that an individual's income level and labor market status are the two axes necessary to predict their preferences about welfare state generosity and who should receive those benefits (Carnes and Mares (2014)). The second axis of importance is a person's labor market status, which is predictive of the distribution of benefits the individual prefers. Often, fights over the distribution of benefits are about defining which groups are the in-groups and the out-groups in receiving government support. Fights over the distribution of benefits are about defining which groups are the in-groups and the out-groups in receiving government support. In some contexts, these lines are drawn along union or labor lines– with workers in the formal labor market preferring contributory policy structures where one needs to pay taxes to receive benefits (Carnes and Mares (2014)). In other contexts, the question of in-group and out-group centers more on the question of which groups gain more from state support relative to others. For example, whether the welfare state structured to subsidize the care of the elderly or to support those in younger generations?

Conventional models of welfare state reform predict that the high poverty rates and low levels of labor market participation among *Haredi* constituents would translate into support for more generous and far-reaching state-run health care regime. However, those models fail to predict or

explain the seemingly self-sacrificial policy stance held by *Haredi* parties during the fight for health care reform.

I argue that in the Israeli case, a third axis of political conflict is necessary to understand the role of *Haredi* parties. In the model developed in this paper, religion impacts preferences about welfare state policy in two ways. Religion directly impacts preferences about the welfare state by creating a concern of state intervention or regulation of private life, particularly in areas where public policy might contradict religious beliefs. This framework predicts that religion leads individuals to support a less expansive and less generous welfare state to ensure that religious needs remain uncompromised by state policy.

The model also makes a novel theoretical contribution in claiming that religion impacts welfare state preferences indirectly, as well through labor market and income channels. For example, in the *Haredi* community, an emphasis on sustained engagement in religious study causes high rates of non-participation in the labor force among working-aged men (Berman (2000)). As religious practice increasingly distorts labor market choices and income, individuals should prefer more generous welfare state benefits out of economic necessity. By understanding both the direct and indirect channels through which religion impacts welfare state preferences, it is clear that religion can have countervailing or bi-directional effects on welfare state preferences.

This approach to understanding religion's impact on social policy preferences mark a significant extension of existing literature. Foundational papers in political economy have understood religion as having a uni-directional effect on welfare state preferences–either uniformly increasing or decreasing the generosity of welfare policy. For example, Epsing-Anderson argues that Christian institutions in Continental Europe led to the increased support for conservative, pro-family policies that reflected the values of pre-welfare state Christian institutions (Esping-Anderson (1990)). Huber, Ragin, and Stephens extend this work to argue that the presence of Christian Democratic parties increases welfare state expenditure, but mostly through direct transfers rather than the expansion of the state (Huber et al. (1993)). Lastly, Scheve and Stasavage argue that state-provided social insurance and community-based social insurance are perfect substitutes, so all else being equal, more religious individuals should prefer lower levels of state-provided social insurance (Scheve and Stasavage (2006)).

This paper extends these contributions to argue that religion should not be thought of as having

a one-dimensional effect on welfare state preferences; rather, that preferences are mediated by the extent to which religious observance impacts participation in the labor market and income. The model developed in this paper predicts that religion should have a bi-directional effect on welfare state preferences: religion should decrease the generosity of the welfare state based on concern about state intervention in private choices, but religion should increase welfare state programs that defray the unique economic externalities of religious observance. As religion increasingly affects labor market participation and income, the magnitude of the labor market channel as an opposing force increases.[1] This framework marks a significant theoretical break from the literature's approach to modeling the interaction between religion and welfare state preferences.

To test this new, three-dimensional model, I look to the legislative fight over the National Health Insurance Law in 1994 (NHIL 1994) in the Israeli parliament, or *Knesset.* This case provides a rich testing ground for the models' predictions. Beginning in 1988, the fight over the NHIL spanned two Israeli elections and four Israeli governments before the Knesset approved the final legislation in 1994.[2] In addition, a total of eleven proposals came before the Knesset, representing a variety of positions over health care policy. I leverage this extended period of legislative drafting to build a novel data set of legislative proposals. The dataset has variation in the identity of the governing party at the time, the makeup of the ruling coalition, and the strength of *Haredi* parties in the *Knesset.*

My main findings provide striking descriptive support for the theoretical model. *Haredi* party strength is associated, on the one hand, with health care proposals that are less generous overall. On the other hand, *Haredi* party strength is associated with targeted increases in support for young families and mothers–the demographic group most acutely impacted by poverty in the *Haredi* community. These findings hold across a variety of model specifications and are corroborated by qualitative evidence, as well.

This analysis yields a newfound understanding of this transformative moment in the political

[1]This formulation means that my theory does not necessarily reject work that empirically identifies a unidirectional effect of religion on the welfare state. Rather, it argues that one effect of religion overrode the other (either the direct effect of religion was larger in magnitude than religion's effect on labor market participation or that the effect on labor market participation overpowered the preference for less state intervention).

[2]The Israeli parliament, the *Knesset* follows parliamentary rules. As such, between elections the makeup of the ruling coalition can change through a vote of no confidence or through members of the ruling coalition leaving. This allows me to capture variation in the makeup of parties within the ruling coalition can vary even without elections occurring.

economy of Israel's welfare state. The passage of the NHIL marked one of the state's most fundamental changes in its day-to-day interactions with citizens. Many health institutions that the NHIL dismantled or reconstructed pre-date the establishment of the state of Israel. Institutions like the health care provider *Kupat Cholim*, founded in 1911, represented the founding mythology of the Israeli state: a synthesis of a Jewish and social-democratic ideals (Shvarts (1996); Shalev (1996)). The reform of these historic institutions also marked the revision and reimagination of the ideals they represented.

The case has broader resonances, as well. A significant theoretical and empirical literature has documented the concept of path dependency or the notion that, once welfare state policies are erected, they leave in their wake a set of actors and institutions that are resistant to reform (Pierson (2000). Understanding the factors that precipitated Israel's anomalous healthcare outcome illuminates conditions under which those strong institutional forces can be overcome.

In a comparative frame, religion plays a dominant role in shaping welfare politics in a wide variety of country contexts. A growing literature has pointed to the critical importance of religion in shaping the welfare state politics from the Middle East to Europe's advanced industrialized economies (Cammet and Jones, eds (2021); Huber et al. (1993); Van Kersbergen and Mannow (2009)). In addition, work by authors Melani Cammet and Lauren MacLean has highlighted the importance of understanding how non-state actors, like religious groups, shape the political fight over the bounds of state expansion into welfare provision (Cammet and Maclean (2014)). While this model developed in this paper speaks most directly to the eccentricities of *Haredi* politics, the mechanisms it highlights are portable across different country contexts and into similar advanced industrialized democracies.

Lastly, this work speaks to an underappreciated feature of the politics of welfare state reform: minority parties. Existing models of welfare state reform often focus disproportionately on the identity of governing parties or large parties not in the ruling coalition (Husermann (2010)). For example, work in the Northern and Western European contexts understands the disproportionate influence of minority parties on ruling coalitions as a emerging from weakly constructed coalitions organized around particular policy issues (Green-Pedersen (2007); Green-Pedersen (2001)).

In contrast, the Israeli context sees the strength of minority parties deriving from their king-maker-like status in parliament, which allows them to maintain influence despite changing policy

priorities in the *Knesset*. This work suggests that, under specific coalitional arrangements, minority parties can have a lasting and distortive impact on policy outcomes. The work calls for more rigorous investigation in comparative contexts.

This paper will proceed in four parts. Chapter 2 reviews the institutional context of Israeli welfare provision, health care, and politics will be developed; Chapter 3 develops the theoretical model used in this paper; Chapter 4 discusses the methods and data sources used to test the model; and Chapter 5 presents the NHIL as a case study for testing the theoretical model.

2 Institutional Context

The seeds of the conflict over Israeli health care policy were sown long before the first debates over the National Health Insurance Law (NHIL)in 1988. To understand the fight over the NHIL requires a historical perspective on the institutions and actors who built the welfare state of modern Israel.

This section will proceed in three parts. First, comes an institutional history of the welfare state, tracing its roots in the pre-state period, through the ascendance of the Labor movement, and finally the collapse of the healthcare system in the 1980s. Next comes the political history of Israeli parties and the three eras of party competition in the Knesset that set the stage for the strange coalition of center-right and *Haredi* parties. Finally, I turn to *Haredi* parties and the religious and cultural beliefs that structure their politics.

2.1 Institutional Roots: the Welfare State from the Mandate to Modern Israel

Kupat Cholim, one of Israel's largest health management organizations, is one of the most common reference points to the welfare state in Israeli society. This defining institution of modern Israel first began providing health care and mutual aid long before the state existed. In 1911, the state of affairs in Mandatory Palestine was dire. New immigrants faced dismal economic prospects: employment opportunities were scarce, pay was low, and little infrastructure existed to support integration into a foreign setting.

For the political leaders of the *Yishuv*, or settlement movement, these factors posed an existential threat to the foundation of a Jewish state. Entrepreneurial young party leaders, however, saw the crisis as an opportunity to ameliorate the plight of newly immigrated Jewish workers and recruit

workers to their political cause. The moment marked a potential turning point in Jewish and Israeli history–the early state period was a battleground for small political parties to fight over the ideology and politics of a future state. By providing public goods, a party could secure the support of new constituents in the short term and dictate future political decisions with its newfound power.

That calculus proved correct. Over the early state period, *Mapai*[3] the precursor to the Labor party, began erecting and consolidating a fiefdom of proto-welfare state institutions (Shapira (1984)). These institutions filled key gaps in the provision of public goods in the Mandate. For example, the Sick Fund (*Kupat Cholim*), founded in 1911, provided health services to workers affiliated with Labor (Shvarts (1996)). Similarly, *HaMashbir* was a consumer organization that guaranteed steady demand for producers by engaging in scheduled bulk purchases of goods and, on the other hand, provided consumers with lower-cost produce (Shalev (1996)). Lastly, the General Federation of Jewish Labor (the *Histadrut*), founded in 1920, provided employment opportunities to new migrants and protect the labor rights of workers (Shapira (2014)). These institutions represented the foundation of the Israeli welfare state, from the state's birth until the 1980s and 1990s.

But they served as more than a source of economic support for the Labor movement. To gain access to health care through the *Kupat Cholim* or wage bargaining through the *Histadrut*, new immigrants had to join the Labor party. That created a "labor movement [that] was built as a mixed system in which the economic aspect was used to enlist members and as an operative arm" (Sternhell (1998)). A monopoly on public goods provision became the basis for the Labor party's recruitment strategy. Labor leveraged political benefits from its close association with the welfare programs that supported the Jewish labor movement. That helped them expand appeal among settlers.

The Labor party also wielded its monopolistic power coercively: without affiliation with Labor-run institutions, workers had few tools to succeed in the *Yishuv*. They could not gain employment or fight for fair wages. Without healthcare, a minor illness could grow into a physical and economic curse. In short, as Labor leader and future Prime Minister of Israel, David Ben-Gurion reflected, "One can leave the party, but one is tied to the Histadrut with every fiber of one's being" (Sternhell (1998)). Before 1948, Labor already had a strong hold over the politics and ideology of the future

[3]Mapai is the abbreviation of the Hebrew for the Israeli Workers Party, or in Hebrew, מפלגת פועלי ארץ ישראל

state.

2.2 Political History: Three Periods of Party Competition

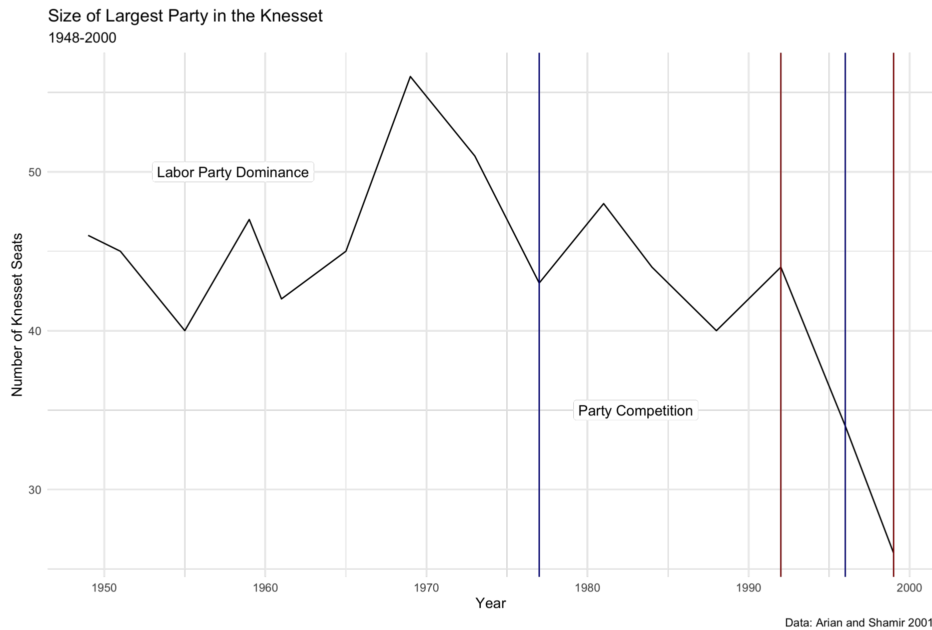
Scholars suggest that the party politics of Israel from 1948 to 1996 can be divided into two periods– first, that of Labor dominance from 1948-1976 and, then, that period of tight party competition between Labor and Likud from 1976-1992 (Arian and Shamir (2001)). While the story of the NHIL rests on the institutions that make up the Israeli welfare state, the rise and fall of those institutions is intimately related to the trajectory of party politics. As party competition grew increasingly vociferous, the fight over health care took on a dimension of existential importance: it marked, for Labor, a chance to protect the institutions that so long helped it maintain power, while, for Likud, it marked a chance to present a new vision of Israel and secure their party's future.[4]

2.2.1 Labor Party Dominance: 1948-1976

The unrivaled success of the Labor party, from 1948-1977 is regarded by scholars as the first of three eras of Israeli electoral voting patterns (Arian and Shamir (2001)). Labor held a striking command of the electorate: they garnered double the amount of seats in *Knesset* of any other party (Table 1) (Shalev (1996)). Scholars call that kind of sustained capture of the electorate, "single party dominance" (Shalev (1996)). Despite profound changes in the size and composition of the electorate in the years following Israel's creation, Labor™s share of the vote remained extraordinarily stable for those decades. During this period, Labor held an average of 43 and a maximum of 56 seats of the 120 seats in the Knesset (Figure 1).

[4]The full dataset on the evolution of party competition, party fragmentation, and ideological blocs constructed by Arian and Shamir is accessible in Appendix A

Figure 1: Size of Largest Party in the *Knesset*: 1948-1977



Note: Figure 1 shows the size of the largest party in the Knesset from 1948-2000, illustrating the two periods of party competition. Blue lines denote turnover elections to Likud and red vertical lines denote turnover elections to Labor.

What allowed Labor to retain its dominance in an electorate increasingly disparate demographically, socio-economically, and culturally? Political economist Michael Shalev explains:

> Mapai [Labor] could be described as a hegemonic party in other, deeper senses. The party's positions on key issues represented the center of a far-flung consensus; it enjoyed the power to direct and coordinate a highly ramified institutional complex; and its power reached out across the entire spectrum of political action.

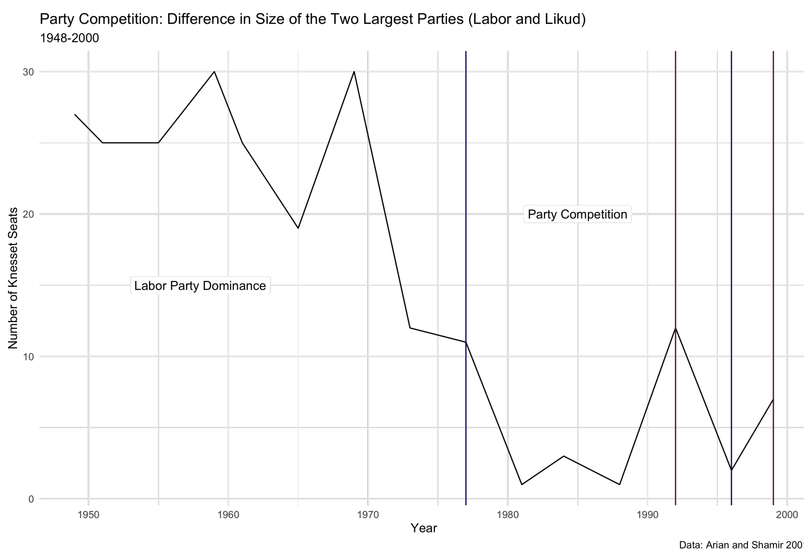
For the first two decades of the state's existence, the playbook that brought Labor into power in the pre-state period sustained its rule: building a consensus political platform and tethering voters to the party via welfare provision

2.2.2 Party Competition: 1977-1992

That playbook could hold voters for only so long, particularly as national security issues became a pressing concern for voters. Beginning in 1977, a new phase of electoral politics began: a competitive

period in which parties of roughly similar sizes competed for voters and were divided by their relatively dovish or hawkish stances on national security.

Figure 2: Party Competition in the *Knesset*: 1948-2000

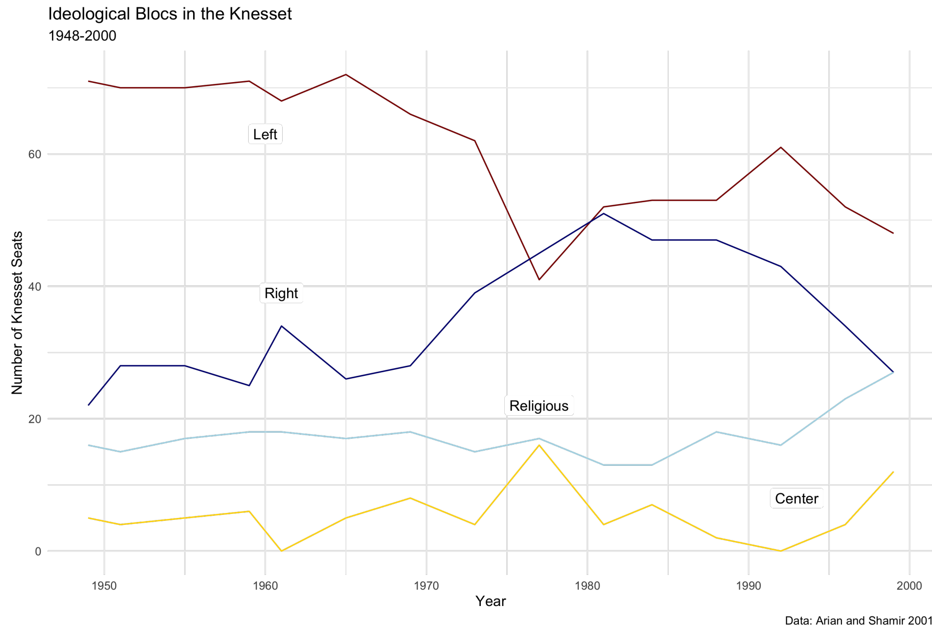


Note: Figure 2 shows the difference in size between the two largest parties in the *Knesset* between 1948 and 2000. Blue lines denote turnover elections to Likud and red vertical lines denote turnover elections to Labor.

This period began with Israel's first-ever turnover election, as Labor handed power to the center-right party Likud (Fig. 1). Led by Menachem Begin, Likud ascended to power after a series of so-called national security missteps by the Labor party. Likud espoused a hawkish view of national security and a neo-liberal economic approach. The rise of Likud ushered in the first true era of inter-party competition: for the three elections between 1981-1988 the difference in voting support for Likud and Labor averaged to just two seats (Figure 2)(Appendix A, Table G1). For the first time in Israeli history, power traded back and forth between the two parties.

This period of growing inter-party competition also marked an important shift in the coalitional partners that Likud relied upon to maintain power (Figure 3). Historically, Likud allied itself with its ideological affinity groups–other Zionist or hawkish parties. However, in this period those Zionist, hawkish parties formed a partnership with *Haredi* and religious parties that were largely ambivalent about Zionism (Appendix A, Table G2). This pairing marked the beginning of a religious-right coalition that, by the early 1990s and into the 2000s, fundamentally reshaped Israeli politics.

Figure 3: Ideological Blocs in the *Knesset*: 1948-2000



Note: Figure 3 shows the different ideological blocs within the *Knesset* between 1948 and 2000. The four main blocs, defined in Arian and Shamir (2001) are left-leaning parties, right-leaning parties, center parties, and religious parties.

The first hints of this historic significance of this alliance came in 1977 when Begin extended an olive branch to the *Haredi* community: he carved out a rare exception to Israel's mandatory military service law for students studying in religious institutions (*yeshivot*) (Israel Defense Service Law (Art. 40), 1978). In years following, these draft exemptions became a symbol amongst secular and left-leaning Israelis of what they considered unjustified favorable treatment of Israel's religious population under the law.

On this backdrop of competition and uncertainty, the fight over healthcare became a fight over which party would rise to dominance once more. In addition it also provided space for small, well-organized parties like *Haredi* parties to exert a newfound influence over a wide array of policy issues. What began in 1977 as a deal to bring *Haredi* parties into a new coalitional arrangement catapulted *Haredi* parties into a decisive role in reshaping the electoral politics of this period.

2.3 Why Now?: Israeli Healthcare in Crisis

One of the most striking features of the Israeli health system is the extremely stability of its institutional structure from the pre-state period to the 1980s. Many institutions that became the backbone of the modern Israeli health system, like *Kupat Cholim Clalit* (KHC), the health provider for the Labor party™s union the *Histadrut*, trace their roots back to the pre-state period. The persistence of those institutions comes from the peculiar relationship between the Labor party and its labor union, the *Histadrut*. The Labor party leveraged its power in the Knesset to secure favored support from the government and maintain an edge over competitors. However, due to a series of external political and internal financial factors, this arrangement fell into disarray in the 1980s. This section provides a brief history of the pre-reform system of healthcare in Israel and the factors that precipitated the NHIL reforms.

Beginning in the pre-state period, the Labor Party and its affiliated union organs held a de facto monopoly over healthcare provision. In the economically treacherous environment of the *Yishuv*, the *Histadrut* successfully consolidated and created a centralized provider of public goods, including health care (Shapira (1984)). The provision of healthcare proved to be both a potent tool for union recruitment and for maintaining the economic well being of the *Histadrut*. New immigrants could only access services like health coverage through *Kupat Cholim* by joining the *Histadrut*. To join the *Histadrut*, members had to pay dues, a majority of which went to the *Histadrut* and the rest went to *Kupat Cholim* (Sternhell (1998);Shvarts (1996)).

With the foundation of the State of Israel in 1948, Labor party leaders worked to turn this arrangement from a de facto monopoly into a de jure competitive advantage in health care provision. Labor exploited the government's reliance on the KHC to extend the service-provider's consumer base (Horev et al. (2003)). As Israel struggled to absorb a new wave of incoming immigrants in the 1950s, Labor leader David Ben-Gurion created an arrangement that made the KHC the health care provider for all new immigrants. The deal made the KHC the health provider for 80 percent of Israel's population (Horev et al. (2003)).

Politically, this legislation created a generation of unionized laborers and new immigrants who greatly benefited from the special relationship between the government and KHC. Financially, the arrangement secured the economic well being of the *Histadrut* and the Labor party. Rather

than individuals paying the KHC directly, the cost of health care coverage was covered by their membership dues to the *Histadrut*–70 percent of these fees remained in the pocket of the *Histadrut* and 30 percent went to the KHC (Chernichovsky and Chinitz (1995)). This arrangement provided the Labor party an incentive to maintain the financial link between the *Histadrut* and the KHC. Institutionally, as well, the portion of support from the government fostered the creation of hospitals and care centers that became the backbone of healthcare in Israel. Together, these forces meant that politically, financially, and practically, severing the tie among KHC, Labor, and government support became an increasingly daunting task.

In 1977, however, the position of the KHC as the dominant provider of health services in Israel became increasingly tenuous due to internal mismanagement and political attacks on the KHC. As the first Likud-led government came to power that year, the coalition it headed began its assault on the core institutions of the Labor-run welfare state. Institutions like the KHC represented both a political threat to Likud's success–the *Histadrut* acted as a potent tool for Labor-party voter recruitment (Sternhell (1998); Shalev (1996)). It also represented a legacy of a institutional bloat and fiscal irresponsibility in managing the Israeli economy that Likud, a proponent of neo-liberal economic policy, ideologically opposed (Chernichovsky and Chinitz (1995)). The Likud-led government began enacted a policy of fiscal austerity which starved of funds the Ministry of Health, and by extension the KHC which the Ministry financially supported (Mizrahi and Cohen (2012)). Because spending cuts originated from the state itself, health funds that were more reliant on government subsidies and support, like KHC, disproportionately suffered from this shift in policy (Chernichovsky and Chinitz (1995)).

The political attack on KHC compounded the organization's pre-existing financial challenges, as well. During this period, the underlying economic performance of the KHC began to falter as its cohort of customers became increasingly undesirable from the perspective of the insurer: they were largely elderly and experiencing health problems. The KHC began spending more on insuring its customers than it was profiting from providing care. In contrast, Israel's three other health funds–*Leumit*, Maccabi, and *Meuhedet*– served younger and healthier upper-middle class professionals and offered higher-quality and lower-cost medical services to their more healthy population (Clarfield et al. (2017)).

Table 1: Average Annual Percent Growth rates in Expenditure (1970 Prices)

Outlay	1970/71-1979/80	1980/81-1987/88
Total Real National Health Expenditure	6.48	2.72
Per Capita Expenditure	3.9	1.05
Total Real Investment in Health Services	6.07	1.87
Per Capita Expenditure	3.49	-3.54

Notes: Table 1 compares the percent growth in government expenditure from 1970-1980 to 1980-1988. Percent change is reported for both total and per capita spending. Data is from Chernichovsky and Chinitz (1995) using data from the Central Bureau of Statistics "Statistical Abstract of Israel 1988".

Starved of funds, KHC suffered from dire financial problems and became the center of national discourse. Customers complained of long wait times for procedures, the proliferation of "black market care," or under the table care provided by doctors, and growing unevenness in the care between the different health groups (The Thirteenth Knesset (1993); Chernichovsky and Chinitz (1995)). Some customers maintained their KHC affiliation, but sought additional services in the private sector. Between 1979 and 1987 private expenditure on health services skyrocketed: real private health expenditures increased by 74.1 percent (Chernichovsky and Chinitz (1995)). Others–disproportionately young and well-off individuals–fled KHC-care and flocked to smaller providers that promised better service and lower premiums (Horev et al. (2003)). This exodus of customers further cut into KHC's bottom line and exacerbated their spiral into financial disarray.

Table 2: Responsibility for Service Provision Prior to the NHIL 1994

Service	Access	Principal Providers
Preventative	Universal	Government, Sick Funds, Municipal Government
Maternal Care	Universal	Government
Primary	Sick Funds	Sick Funds, Non-profits, Government
Secondary and Tertiary	Sick Funds	Sick Funds, Non-profits, Government
Long-term Elderly Care	Universal	Private Institutions, Non-profits
Dental	Selective for Children	Private Institutions

Notes: Table 2 provides a picture of the health insurance landscape prior to the passage of the NHIL 1994. The responsibility for key areas of health care fell on a variety of different actors. Data is from Chernichovsky and Chinitz (1995) and "Sick Funds" refer to the organizations KHC, Maccabi, Leumit, and Meuhedet.

In the late 1980s, this politically caused and internally exacerbated crisis became untenable.

Likud capitalized on the moment and appointed a judicial commission, the Netanyahu Commission, to "examine the function and efficiency of the health system" (Chernichovsky and Chinitz (1995)). The Committee published its report in 1990, which included six basic tenets of reform that the majority members agreed upon. The main diagnosis of the committee was that Israeli citizens lacked a clear understanding of their rights in dealing with, or entitlements from, health providers. Public institutions at the national and municipal level provided a patchwork network of universally accessible health services and, for those qualified, means-tested programs helped provide access to more expensive services (Table 2). In the private realm, the "basket" of goods offered to customers varied substantially across the four main health insurance providers (KHC, Leumit, Maccabi, and Meuhedet) (Clarfield et al. (2017))(Table 2). The Netanyahu Commission emphatically recommended the creation of a "health basket" that would define a uniform set of services guaranteed to all citizens.[5]

The Netanyahu Report provided a structure for reform efforts and identified the policy questions that should have priority in the ensuing political debate.

2.4 *Haredi* Community and Politics in Israel

כה אמר ה אל־יתהלל חכם בחכמתו ואל־יתהלל הגיבור בגבורתו אל־יתהלל עשיר בעשירו
כי אם בזאת יתהלל המתהלל השכל וידע אותי כי אני ה חסד משפט וצדקה בארץ כי באלה חפצתי

Thus said the Lord: Let not the wise man glorify himself with his wisdom; and let not the strong man glorify himself with his strength; Let not the rich man glorify himself with his riches. For only with this may one glorify himself – in contemplating and knowing Me, for I am the Lord. . .for in these is my desire (Jeremiah 9:22-23)[6]

2.4.1 In Search of the Holy: Models of Communal Organization in *Haredi* Society

The story of ultra-Orthodox, or *Haredi*, politics is intimately tied to and shaped by political developments in Israel"since the 1980s. *Haredi* political parties have acted as kingmakers in the Israeli Knesset and their coalitional importance has profoundly impacted the trajectory of policy development. The *Haredi* community in Israel is more rich and multifaceted than this paper can hope

[5] For a full evaluation of the Netanyahu Report, see Chernichovsky and Chinitz (1995) pps 134-137.
[6] Translation courtesy of the Artscroll Tanach (*Tanach* (n.d.)).

to capture.[7] However, for the sake of this analysis, here is a brief communal history, an account of salient religious beliefs, and a summary of socio-political developments of the 1980s-1990s.

Study of the *Haredi* experience, however, also illuminates a theoretically and empirically under-specified understanding of how religious parties shape the creation of social policy. Strong, institutionalized religious parties populate many policy contexts. While their size varies in different places, they often exert outsized policy influence due to their ability to overcome collective action problems (Cammet and Jones, eds (2021)).

What makes the *Haredi* community empirically appealing in comparison to other religious communities is the relative ease with which they can be identified in state administrative data (Manski and Mayshar (2003); Berman (2000); Hasson (2002)). The *Haredi* community represents what might be characterized as an extreme case of religion intervening in individual life, as will be discussed below. That allows for a clearer identification of the mechanisms by which religion shapes policy preferences“mechanisms that are applicable and testable across country and religious contexts.

As a brief note on language, this paper chooses to refer to what is popularly called the "ultra-Orthodox" community by a different designation: the *Haredi* community (pl. *Haredim*). The term Haredi comes from a play on the word **חרד** (transliteration: *hared*), meaning fear or trembling, in the Book of Isaiah:

שמעו דבר־ה החרדים למען שמי יכבד־ה ונראה שמחתכם

Hear the word of the Lord, you that tremble [haredim] at his word; . . . Let the Lord be glorified: that we may see your joy . . .(Isaiah, 66:5). [8]

The term is associated with an awe and reverence for G-d and for all the aspects of life that *Haredi* communities believe G-d penetrates.

Many scholars claim the emergence of the *Haredi* movement in Europe came as a response to growing assimilationist and reform tendencies amongst German Jewry in the late eighteenth century. The first leaders of a proto-ultra-Orthodox movement rejected the Jewish enlightenment

[7] For an exhaustive account of the emergence of ultra-Orthodoxy, see (Silber (1992); Landau (1993); (Mendelsohn (1993)).

[8] Translation courtesy of the Koren Publishers Jerusalem Tanach.

movement, the *Haskallah*, which applied a rationalist model to Jewish law and practice as well as to the Jewish emancipation movement (Mendelsohn (1993)).

Haredi religious practice is typified by an observance of the most stringent opinions governing Jewish Law (*halachah*). The doctrine governing many decisions made by *Haredi* religious leaders is captured by an old saying, "all [new] innovation is forbidden by the Torah"–meaning that the original text and *halachic* opinions elaborated by religious texts cannot be changed.[9] In this sense, *Haredi* communities claim that they have recovered a more or faithful form of Judaism. In a belief that divine inspiration enters every sphere, the teachings of Torah and *halachah* (religious law) pervade all parts of life"-from dress, to education, to familial decisions (Landau (1993)).

In Israel, the *Haredi* community represents diverse sects of the *Haredi* community–from from Eastern European (or Ashkenazi Jewry), Spanish (Sephardic Jewry), or Middle Eastern (Mizrachi) Jews–as well as varying philosophical (*hashkafic*) approaches. Each community is structured extremely hierarchically, led by religious leaders, Rabbis, whose rulings are strictly followed by their constituents on everything from which foods are kosher, to family planning, to politics.

2.4.2 *Haredi* Political Preferences and Politics

The *Haredi* community presents a few puzzles in the context of social policy–*Haredi* communities have extraordinarily high labor force non-participation and fertility rates. These extreme aspects of the *Haredi* community help illuminate the channels through which religion shapes preferences over social policy in both a direct and indirect manner.

The trajectory of the Israeli political economy, from 1948 to the early 1980s, had been a sometimes unstable, but generally upward trend in individual prosperity. Only amongst the Israeli Arab and *Haredi* community did this trend not hold. In the 1979-1982 period, the average *Haredi* prime-aged male earned 57.1 percent of their salary from the labor market with an approximate fifty-fifty split between labor force participants and nonparticipants (Berman (2000)).[10] By the 1993-1996 period that fell to just 35.1 percent and the proportion of labor force non-participants rose to 69.5

[9]The slogan comes from a rabbinic gloss by the Chatam Sofer on a passage from the Talmud about collecting new grain during the period of the Omer. The name Chatam Sofer literally the seal of the scribe, is an acronym for Chidushei Toiras Moshe Sofer or the new teachings (rulings) of the Torah of Moses and is the name attached to the teachings of Moshe Sofer.

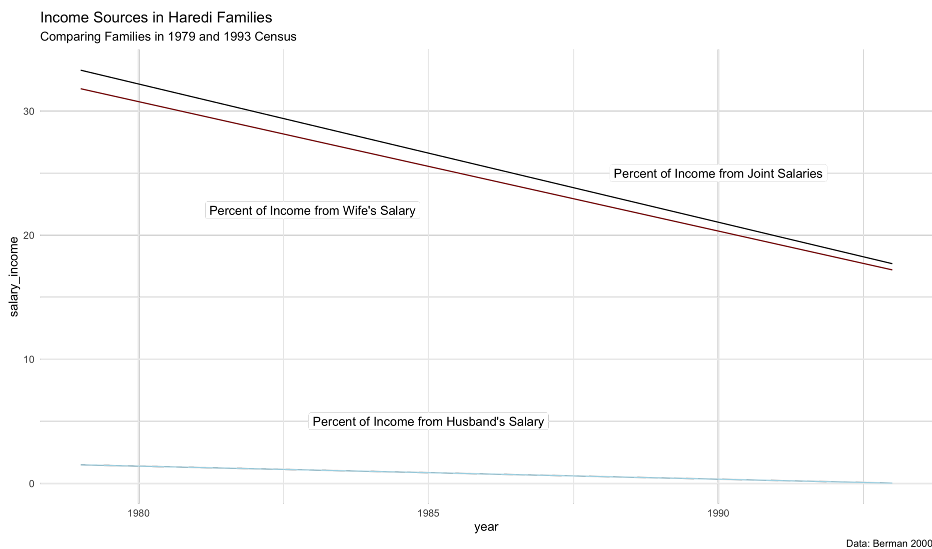
[10]I calculate the numbers reported here by taking the weighted average of labor participants and nonparticipants from Berman™s Table 1A. This produces the average income across both labor force participants and non-participants.

percent (Berman (2000)).

High poverty rates and low levels of labor force participation are both linked to a religious belief in the obligation of men to engage in religious study (Lipshits (2015);Shammai (2000)). Within the *Haredi*-run school system, graduates of primary school lack exposure to so-called "secular" topics such as the sciences and other basic skills for labor market participation. Secondary education centers around *Yeshiva* study, wherein men study Jewish texts full-time (Landau (1993); Lipshits (2015)). Women often pursue work outside of the home; however, this yields only small proportion of overall income (Figure 4).

Translating these demographic characteristics into the social policy preference space, members of the *Haredi* community fall almost uniformly into the bottom left of the distribution–with no or very sporadic employment and low income.

Figure 4: Trends in Income Sources Among *Yeshiva*-Attending *Haredi* Families: 1979-1993

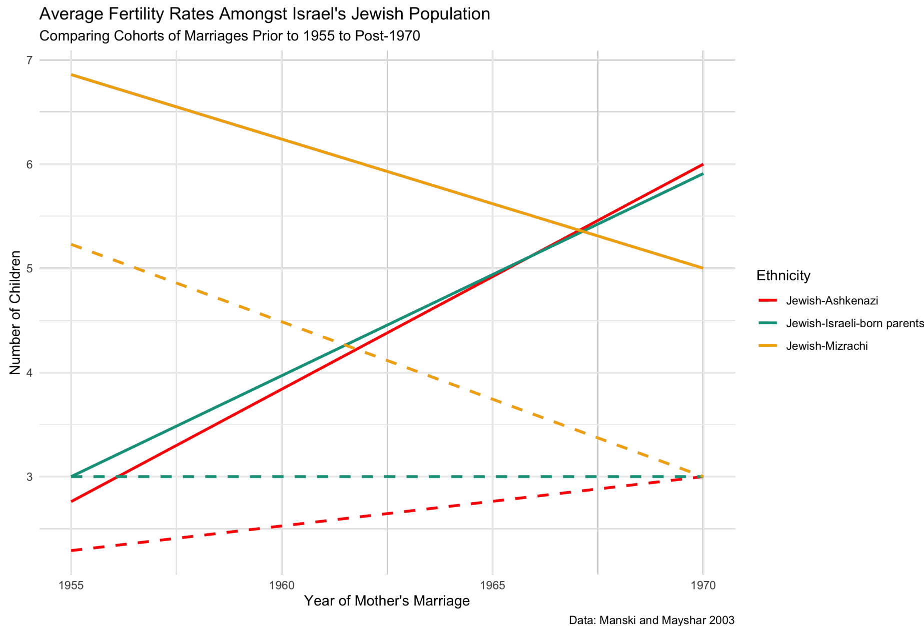


Note: Figure 4 shows the percent of income that comes from labor market salaries amongst two cohorts of *Haredi* families whose male head of household is in *Yeshiva*–those surveyed in the 1979 and the 1993 census. Data comes from Berman (2000) Table 1A Column 1.

The second extreme trend within the *Haredi* community is fertility patterns. Throughout most advanced industrialized economies, the transition towards a liberal and modern society is associated with what is known as the "fertility transition": new cohorts of women of child-bearing age began having fewer children than their predecessors (Manski and Mayshar (2003)). In Israel, a majority of

the population experienced this fertility transition. However, *Haredi* women were the only cohort to experience a "reverse" fertility transition between cohorts of women whose first marriage was between 1955 and 1970. Figure 5 displays the striking divergence between *Haredi* women (solid lines) and non-*Haredi* women (dotted lines). The average *Haredi* woman married in 1970 had 5.5 children in contrast to the average non-*Haredi* woman who had just 3 children (Figure 5). A shift towards larger families further accelerated through the 1980s and 1990s with the average *Haredi* woman bearing 6.5 children in 1980s and 7.6 children by the mid-1990s (Berman (2000)). Beginning in the 1970s and accelerating in the 1980s, trends in fertility both exacerbated poverty rates and began to shift the distribution of the *Haredi* population towards a younger cohort of individuals.

Figure 5: Fertility Rates in the *Haredi* and non-*Haredi* Community



Note: Figure 5 shows the fertility rates of two cohorts of Israeli women: those whose marriage was before 1955 and those whose first marriage was after 1970. Solid lines represent *Haredi* mothers and the line color represents the ethnicity of mothers.

Considering only the two-dimensional model of social policy preferences, these trends suggest that *Haredi* politicians represent a coalition of voters almost uniformly facing intense economic and demographic pressure: they should support a more expansive and redistributive social policy.

Rather than simply acting like a party of the poor, however, skepticism within the *Haredi* community towards the secular world informs their politics and interaction with the state, as well.

Haredi parties have a storied history in the Israeli *Knesset*, or parliament, but one defined by a strong preference for maintaining communal autonomy (Mendelsohn (1993)). This political ideology is informed by an almost 200-year socio-religious history in the Jewish diaspora: assimilation into secular society was viewed as an existential threat to Jewish life, so the role of Jewish politics was to maintain the autonomy of the Jewish community (Biale (1986)). With the establishment of the State of Israel in 1948, *Agudat Yisrael*, Israel's longest standing and most powerful *Haredi* party, opted to engage in secular politics to advocate for maintenance of communal autonomy (Shammai (2000)).

The *Haredi* approach to education policy demonstrates how this policy preference plays out, in practice. There are three tracks in Israeli education: (1) public schools that receive state funding and follow a state mandated curriculum; (2) recognized "ptor" (literally, exempt) institutions that receive funding but are subject to state supervision; and (3) recognized "non-official" schools that refuse to be part of the state education system and received little to no government funding (Lipshits (2015)). The advent of this third, "non-official" track came as a result of lobbying efforts by *Agudat Yisrael* to ammend the State Education Law (1953). This episode reflects the *Haredi* party's preference for maintaining communal autonomy even at the cost of less funding.

This stance did not come without conflict–from political partners and enemies alike. For example, when Prime Minister Yitzchak Shamir (Likud) once made an offhand comment that all *yeshivas* should adopt a *hesder* style–meaning students split their time between Torah study and army service–Rabbi Shach, a leader within *Haredi* politics and coalition partner to Likud, threatened:

> In the event that a *gezera* [decree] is passed against the *yeshivas*[11], not a single *yeshiva* student will remain in this country; and without Torah there will be no Jewish nation. I am an old Jew, and I have no strength. But I say clearly: If the day comes when decrees are promulgated against the *yeshiva* world, I raise my hand and declare "If I forget thee O Jerusalem, let my right hand forget its cunning" (Psalms 137:5). The *bnei Torah* [children of Torah] will not forget the Land of Israel, but they will exile themselves from it so that the Torah will not be forgotten by the People of Israel. [12]

[11] Here, *Yeshiva* students are used as a stand-in for the broader *Haredi* community.

[12] (Landau (1993))

The maintenance of communal norms and religious practice marked a red line that could not be crossed. But within the broader Israeli society, the approach adopted by *Haredi* parties is often perceived as controversial and stand-offish. For example, since the *Haredi* population is the one community that does not participate in the army, they are often characterized in popular culture as hypocritical–at once relying on the state to maintain *yeshivas* and their community, but not contributing to the broader Israeli social fabric through army service. Their religious views, also, are often inconsistent with the more secular culture of some areas and can be espoused in an abrasive fashion.

Despite this juggernaut position within Israeli politics, throughout much of Israel's history, the *Haredi* community was able to avoid dependence on the state and Israeli society. Despite high poverty levels, mutual assistance networks covering everything from low-priced bulk food stores, discounted halls for celebrations (*smachot*), and crowd-funding for unforeseen expenses helped maintain communal well-being. While the total scale of these goods is difficult to quantify, one example captures the ethos of these community-based support systems. If a family needs money to pay a debt, cover a medical procedure, or other costs, they can go to a "g'mach"–a loan maker who will lend for no interest (Landau (1993).[13] Because it is forbidden to charge interest on loans to fellow Jews, g'machs play a critical role in supplying the capital to keep the *Haredi* economy flowing. However, from the late 1980s, accelerating population growth challenged the pre-existing policy equilibrium: a growing population, high poverty rates, and increased demand for religious education strained communal support mechanisms and state support. That led to a new set of policy preferences for the *Haredi* parties of this period– United Torah Judaism (UTJ), an outgrowth of *Agudat Yisrael*, representing Ashkenazi voters, and *Shas* a Sephardic party founded in 1984 to challenge the Ashkenazi hegemony in *Haredi* politics.

One final note, before turning to Chapter 3. Models of social policy preferences rely on using individual-level characteristics to predict policy preferences. However, this paper uses party-level and coalitional data to discuss policy preferences. At the party level, I impute aggregate characteristics for Labor and Likud to make the shift from individual to party-level preferences. However, granular individual level survey data is difficult to collect amongst the *Haredi* population. Instead, I used a unique characteristic of the *Haredi* community to argue that party preferences are a reliable

[13]The word g'mach derives from the Hebrew *gemilut chasidim*, dispensing of kindness.

proxy for individual preferences.

As with many aspects of religious life, *Haredi* politics follow a top-down, hierarchical structure. Voting patterns, as well, followed strict edicts of communal leaders. As one scholar noted, discipline in the orthodox community is very tight and members usually vote according to the behest of their rabbi (Weissbrod (2003)). An almost total control of the policy agenda and policy stance of *Haredi* parties by political elites means that, for the purposes of this paper, the position of party leaders will be assumed as synonymous with the positions of their constituents.

3 Theoretical Set-Up: Three-Dimensional Model

על שלשה דברים העולם עומד על התורא ועל העבודה ועל גמילות חסידים

Upon three things the world stands: on the Torah, on the Temple Service [worship of G-d], and on acts of kindness (Mishna Avot 1:2)

3.1 Conventional Models of Welfare State Reform

Many conventional models of welfare reform predict that preferences over social policy vary along two axes: labor market status and income (Carnes and Mares (2014)). In these models, employment is defined as a continuous variable denoting an individual's work status, moving from no employment, to informal employment where a worker contracts sporadically with multiple firms, and, finally, to full employment in which a worker is contractually tied to a single firm. Next, income denotes an individual's earnings, a continuous variable from zero to theoretically infinite income based on the structure of a worker's remuneration. Each of these characteristics, in turn, are predictive of individual preferences over welfare state policy.

A person's income level is predictive of preferences over what I call welfare state generosity. [14] Empirically, as incomes rise, individuals become more risk averse and demand more protection against possible income loss (Meltzer and Richard (1981)). This protection can either come from government (public insurance) or from private actors (private insurance). I assume that as income

[14]While generosity carries a moral valence, here it solely refers to the level of benefits provided by and the state expansion into the welfare state. In essence, it is the opposite of what political scientists dub retrenchment, wherein the state rolls back welfare state support by decreasing overall expenditures to programs or by pulling back from specific service areas (Pierson (2000)).

rise, individuals will prefer to seek out private insurance for two reasons. First, in the Israeli case, private insurance and hospitals tend to attract higher quality providers and thus better service because they can offer higher wages than public hospitals. Second, rather than "double paying" for public and private insurance, high-income individuals should prefer less generous welfare state benefits (thus lower taxes) and invest in private insurance where they receive a higher return on their investment. For this reason, the model assumes an inverse relationship between income and preferences for increases welfare state generosity.

But individual preferences over the welfare state hinges both on the *level* of welfare state generosity and who reaps state provided benefits, or the *distribution* of benefits. A person's labor market status is often tightly linked to preferences over the distribution of benefits. Welfare states can be broadly divided into two categories: contributory and non-contributory regimes. In a contributory system, individuals buy into benefit access through wage taxation. In contrast, in a non-contributory system, welfare state funds are raised through general tax streams and both labor market participants and nonparticipants can access benefits. Those participating in the formal labor market prefer contributory systems as this increases the per-capita benefit received. However, for those informally or unemployed, contributory systems are preferred due to the progressive structure.[15]

However, the two-dimensional model fails to explain the experience of health care reform in Israel. In the pre-reform period, health care followed a contributory structure, with four main health management organizations providing health insurance to 95-96 percent of the population (Clarfield et al. (2017); Chernichovsky and Chinitz (1995)). The system disproportionately benefited unionized workers, as only formal labor market participants could participate (Cohen et al. (2007); Chernichovsky and Chinitz (1995)). Despite this high-level of take up, a significant uninsured population remained. Within the 4-5 percent of the population who lacked insurance, the impoverished, Arab Israeli, and *Haredi* populations were disproportionately represented (Clarfield et al. (2017)).

Under conventional theories, one would expect an impoverished voter to support the expansion of the welfare state and quality of benefits (income axis) and a shift to non-contributory regime

[15]For a concrete example of the two-dimensional model, see Carnes and Mares (2014) paper on pension reform in Latin America and the coalitional politics of non-contributory social insurance regimes.

(income axis). In Israel, *Haredi* communities are some of Israel's most impoverished. Indeed, the average *Haredi* family lives below the poverty line, with just 18 percent of their income earned in the formal labor market (Berman (2000)). However, *Haredi* parties allied with a center-right government who principally argued for a less generous and market-oriented approach to the welfare state.

How can this self-sacrificial policy stance be explained?

3.2 The Israeli Context: Three Dimensional Politics

This paper describes an alternate model for understanding the role of religion in shaping welfare state preferences. I argue that in Israel, a third axis led to social policy outcomes not predicted by conventional models of welfare state reform. I understand religion as producing a unique set of positive and negative externalities that shape in individual choices. Positive externalities from religious observance include high levels of community cohesion, communal insurance, and increased life satisfaction. Negative externalities, unique to the Haredi community, are high poverty rates and a demanding course of study for men, among others. Within the three-dimensional model, religion can be thought of as a continuous variable, ranging from no religious observance to strict religious observance. Importantly, as an individual moves towards higher levels of observance, both the negative and positive externalities of observance increase.[16]

Religion, in my model, enters into preferences over welfare state policy in two forms: directly, as in the independent axis, and indirectly, through its effect on income and employment.

3.2.1 Mechanisms

I argue that religion directly impacts preferences over welfare state policy, warranting the inclusion of a third axis in the preference model. *Haredi* politics is informed by a long socio-political history of fear of state incursion into private decisions over religions practice, including the restriction or discrimination against basic religious practices such as food laws (*kashrut*), the jurisdiction of internal judicial courts (*batei din*), or efforts to curtail religious observance. In the context of Israeli

[16]This formulation comes, in part from Berman (2000) who conceives of membership in the Haredi community as a club good. In order to access the benefits of membership, one needs to incur a high personal cost "pursuing many years of yeshiva education, foregoing wages in the labor market, or others, in order to access the positive externalities of group membership.

politics, this legacy transformed into a deep concern about the incursion of the secular state into policy areas that could potentially violate religious law (*halacha*) or cultural values. The axis of religion is particularly salient in disputes over social policy because it represents a distinct incursion on the part of the state into matters of religious law such as family planning, provision of life saving care, and potential violation of Sabbath and kosher observance.[17]

But religion also impacts preferences over the welfare state through its impact on the labor market and income axes, as well. In the *Haredi* community, high levels of labor force non-participation and low incomes amongst *Haredi* men reflect a religious preference for pursuing religious studies over entrance into the labor market (Hasson (2002); Lipshits (2015); Lau (2016)). Other private choices over areas such as fertility also have downstream impacts on both the labor market and income choices of *Haredi* individuals. High fertility rates further stretch the incomes of cash-strapped families and limit the ability of *Haredi* women to enter the workforce Manski and Mayshar (2003).

Political economy and social policy literature have broadly failed to recognize the labor market and employment effects of religion in understanding its impact on social policy preferences. While the *Haredi* community is an extreme example of these effects, recognizing the role religion plays in shaping private incentives over employment and income is portable to other settings as well. This approach also provides a theoretical motivation for predicting the direction and magnitude of religion's impact on welfare state preferences.

3.3 Predicting Party Preferences

3.3.1 Changes to *Haredi* Preferences

An intuitive question, given the parameters laid out above, is why, in the late 1980s, did *Haredi* parties make the substantial shift towards preferring more state support. I answer this question in two parts. I begin by answering the question of why the preferences of *Haredi* parties change. Then, I turn to the preferences of other parties in the *Knesset* to understand how this change reshaped possible coalition formation.

I argue that growing birth rates within the *Haredi* community inverted their historic preference

[17]To an outside observer, these concerns may seem esoteric or minor. In reality, a huge literature has emerged in the Jewish community in Israel and the Diaspora answering pressing questions on the topic of medical treatments and *halacha*.

for communal autonomy over government support. In the 1990s, high rates of non-participation in the labor force were compounded by rising fertility rates amongst *Haredi*. In 1980, the average *Haredi* woman had 6.5 children. By the mid-1990s this jumped to 7.6 children per woman Berman (2000). Accelerating population growth in the *Haredi* community challenged the pre-existing policy equilibrium: ballooning populations, increasing poverty rates, and increasing demand for religious education strained communal support mechanism and state support. This forced a shift to a new set of policy preferences for the *Haredi* parties of this period: United Torah Judaism (UTJ), an outgrowth of *Agudat Yisrael*, representing Ashkenazi voters, and *Shas*.[18]

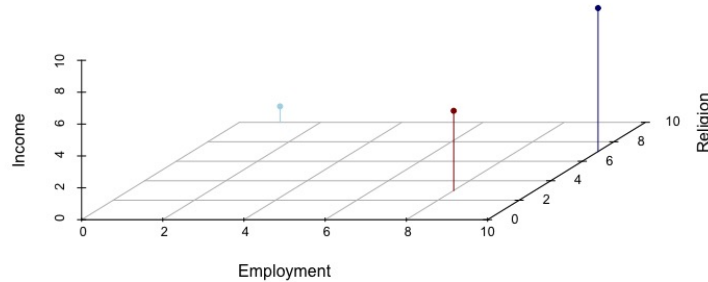
This preference shift marked a striking break from historical policy preferences in the *Haredi* community.

3.3.2 Party Preferences and Coalitions

To understand how this change within *Haredi* parties shaped the coalitional politics of health care reform, therefore, I map the main actors in the conflict over health care reform–Likud, Labor, and Haredi parties–in the three dimensional policy space. Figure 6 provides a summary of this exercise–mapping parties on a continuous high to low spectrum on employment, income, and religious practice.

[18] This period saw the bifurcation and reunification of some *Haredi*, particularly within the Ashkenazi wing. However, in discussing parties and reporting findings I aggregate these small parties into the two salient groups for the purpose of this paper, *Agudat Yisrael* which represents Ashkenazi voters, and *Shas* which represents Sephardic voters.

Figure 6: Mapping Parties in Three Dimensional Space



Notes: This figure shows a visual representation of the three-dimensional model. Labor is shown in red, Likud in navy,and *Haredi* parties in light blue.

The Labor party represents the middle- and high-income wage earners of Israeli society. Labor historically represented a wide mix of workers of different national origin and income. As discussed in Section 2, Labor party organs have held a monopoly on the provision of social services in Israel. To access benefits like health care, individuals had to join the labor union, the *Histadrut* which was the organizing arm of the Labor party (Sternhell (1998)). Those who unionized with the *Histadrut* benefited from higher per-capita benefits through a contributory regime. In return, of payments collected from workers for healthcare through the *Histadrut*, the *Histadrut* got to pocket 20 percent of profits for themselves (Chernichovsky and Chinitz (1995)). However, in the 1990s, this system came under fire by Likud and faced increasing financial pressure as its insured population became older and more costly.

With this history and demographic trajectory in mind, what were Labor's preferred pre-strategic policy preferences and what coalitions would we expect it to pursue? Labor's first-best policy choice would have been the continuation of their historic monopoly on public goods provision. If they could secure the financial rescue of a contributory health insurance system and maintain the *Histadrut*'s key role in providing public health, their historically successful strategy for garnering electoral support could be revived. However, with the deep financial disarray of the previous system, this policy choice was not viable. Instead, a second-best policy would be a class-based coalition between Labor and the *Haredi* parties to create a Labor-poor coalition in support of a non-contributory

welfare system. While they would be unable to maintain the link between the *Histadrut* and health provision, Labor could still benefit from rescuing a quickly deteriorating welfare system and pursuing a policy emphasizing equal access to high quality benefits regardless of one's socioeconomic status.

Next, Likud is a center-right party that rose to power in the late 1970s. The party represents generally higher-income, more socially conservative, and a more religious subset of the Israeli population. The party is typified by an emphasis on neo-liberal economic policy as well as a hawkish stance on foreign policy (Arian and Shamir (2001)). In the realm of social policy, Likud pursued a dual approach of centralizing fiscal authority within the Ministry of Finance (thereby limiting the ability of other Ministries to spend at their own volition) and introducing market-based reforms in the areas of unemployment, health, and other policy sectors (Mizrahi and Cohen (2012)). Representing a coalition of higher-income, business-friendly voters, a central feature of Likud™s party platform centered on streamlining government budgets and services by introducing competition into previously monopolistic or corporatist arrangements.

Lastly, representing one of Israel's poorest communities and one with the lowest level of participation in the labor force, the *Haredi* political parties *Agudat Yisrael* and *Shas* appear to be a straightforward coalitional partner in favor of a universalized, non-contributory insurance regime. However, their strong religious preferences create a more complex picture of party preferences and potential coalition partners. Religious needs enter into health care preferences in multiple ways. Indirectly, high fertility rates and decreasing labor force participation created a cohort of impoverished large families. The rhetoric of *Haredi* parties during this period greatly prioritized support for young families and disparaged the Labor government for its deep injuries to the livelihood of families¦ for example by limiting funding to young families.[19]

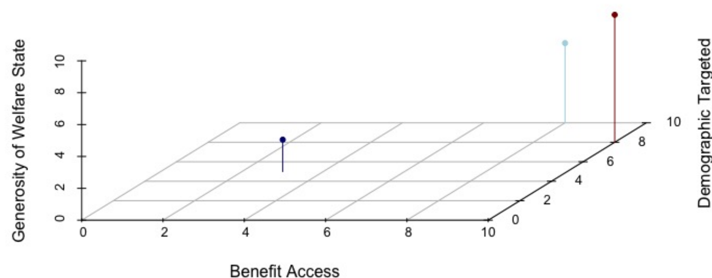
Religion entered health care policy preferences directly, as well, through two channels. First, state legislated health policy could often come in conflict with religious issues (*halachah*) governing choices around fertility, end of life care, and others, leading religious parties to opt for a more flexible policy. Despite the strong economic need among *Haredi* voters for greater state support, that need came in tension with a preference for communal and individual autonomy in seeking health

[19] Quote from the *Agudat Yisrael* party platform of 1988, accessed through the Israel Democracy Institute election archives (online).

services. This preference for a more pulled back role of the state–providing state for pluralistic health provision that could make space for the needs of *Haredi* communities"opened up the space for a surprising coalition of *Haredi* parties and Likud. Ultimately, this non-contributory, means-tested system allowed this impoverished community to receive relatively higher levels of benefits while maintaining control over where and how they received health services.

The health reform preferences of each party are represented in Figure 7.

Figure 7: Mapping Parties in Policy Space



Notes: This figure shows the position of the three parties in the policy space. The x-axis denotes preferences over who accesses benefits–with low scores meaning it is more means tested and higher scores meaning universal. The y-axis denotes the level of generosity of the policy–lower scores mean more retrenched and higher scores more generous. The z-axis represents the "age" bias of a policy–with lower scores representing benefits which disproportionately favor younger cohorts. Labor is shown in red, Likud in navy,and *Haredi* parties in light blue.

4 Methods and Data

4.1 Methods

To test my model in the case of Israel health care reform, I exploit a unique aspect of the legislation: the *sal briut* or health basket. Prior to the passage of the National Health Insurance Law (NHIL), Israeli citizens faced two problems in the context of health care. First, health services were not guaranteed by the government, which left between 4-5 percent of the population uninsured. Amongst the uninsured population, Haredi, Israeli Arab, and poor citizens were disproportionately represented (Chernichovsky and Chinitz (1995)). Second, significant variation in the quality and quantity of services covered by insurance existed between the four largest providers Horev et al. (2003). This trend created a quickly widening gap between citizens based on the level of health

insurance they could afford. To resolve this issue, the Netanyahu Commission Report suggested that health care reform should stipulate the creation of a standardized set of services, guaranteed by the government to every citizen. They called this vision the "health basket" (Chernichovsky and Chinitz (1995)).

I focus my analysis on the health basket for three reasons. First, from the publication of the Netanyahu Commission report, the contents of the health basket captured the attention of Members of the *Knesset*, or MKs, and laymen alike. As one Likud MK presciently stated during the floor debate on an early proposal, "The basket problem will become a major issue in the public and political debate" (The Thirteenth Knesset (1993)). Tracking changes to the health basket does not reflect esoteric reforms or log rolling at the margin of legislation; rather, it provides a strong proxy of overall preferences for healthcare.

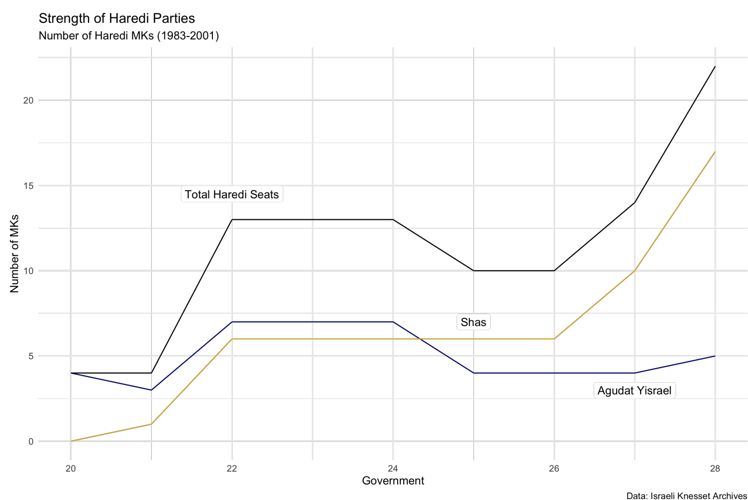
Second, the practice of defining the health basket captures two areas of significance for the model: preferences over welfare state generosity and preferences over the distribution of benefits. In selecting which services should be included in the health basket, and therefore which would be public benefits, MKs made the implicit decision about which services would be privatized. In essence, the practice of defining the health basket forced MKs to determine the level of generosity of public benefits. Alongside the question of generosity came the question of how benefits should be distributed. For example, the inclusion of maternal versus geriatric care represented a generational difference in which segment of the population reaped the benefits of legislative change.

Finally, the health basket provides a standardized method for comparing legislation"every proposal enumerates a set of services it believes the government ought to provide its citizens.

To test the model developed in Chapter 3 requires a method for capturing preferences, the influence different parties had on proposals, and legislative outcomes. I develop two methods for measuring the influence of parties on legislation and measuring the generosity of different legislative proposals.

To capture the influence of *Haredi* parties over legislation, I create three measures of *Haredi* party strength (Figure 9). My first measure of *Haredi* party strength simply uses the number of seats held by *Haredi* MKs as a proxy for party strength. In the *Knesset*, legislation requires a simple majority to advance. Regardless of a party's status in the governing coalition, party influence over legislation should be positively related to party size. My second measure of *Haredi*

Figure 8: *Haredi* Party Strength: 1983-2000



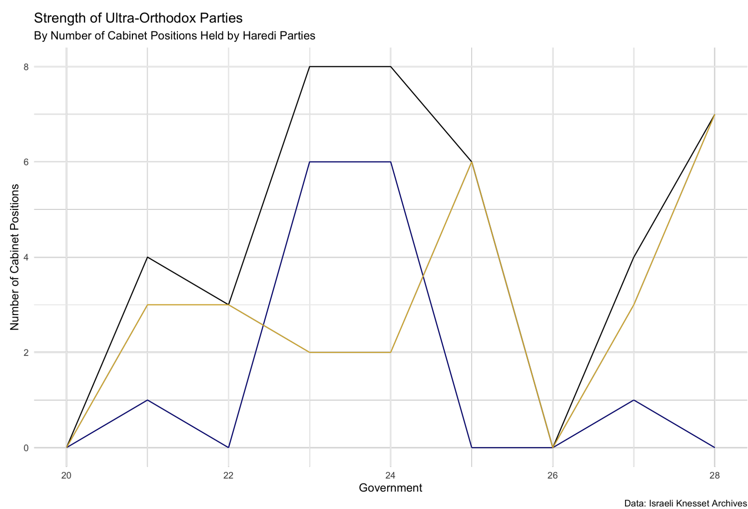


Figure 9: Two measures of *Haredi* party strength.

party strength takes on a value of one if one *Haredi* party is in the ruling coalition, a value of two if both parties are in the coalition, and a value of zero if neither are in the ruling coalition.[20] I expect this measure to be more precise and stronger as the Knesset follows parliamentary procedures, so if a disaffected coalition member leaves the coalition or brings a vote of no confidence the government dissolves. My last measure of *Haredi* influence, therefore, totals the number of cabinet positions held by *Haredi* MKs. Cabinet ministers are members of the ruling coalition who are provided specific policy portfolios over which they exert significant influence in policy prioritization and implementation. The appointment of an MK to a cabinet position is a sign of that MK's political importance to the coalition. I expect this measure to be the strongest and most precise. I report the second and third specification in the body of the paper and the first specification in Appendix C.

Lastly, I use legislative scores as outcomes in this analysis. I measure both the generosity and the distribution of benefits within each piece of legislation. To measure the generosity of each proposal I created a five-point scale for each of the eleven pieces of legislation with five as the most expansionary version of a particular service and zero as the absence of a particular service. These scores are totaled for each piece of legislation to generate a generosity score. However, two pieces of legislation could exhibit the same level of benefit but have divergent distributional impacts. To analyze variation in the distribution of benefits I read and coded floor debates for each proposal–totaling almost three hundred pages of speeches from Labor, Likud, and *Haredi* parties. This generated information on the groups prioritized by each party in the legislation.

4.2 Data

As described above, the empirical portion of this paper relies on data that reveals party preferences over legislation, their influence over the legislative process such that changes in legislation can be credibly attributed to a certain party, and data on legislation throughout the reform process.

Knesset Data:

I worked with the Judaic Studies Librarian at Yale, Konstanze Kunst to access archives from the Israeli Knesset. The archives have extensive documentation on parliamentary proceedings,

[20]This classification collapses *Haredi* parties into two overarching categories–Ashkenazi and Sephardi. In reality, this period saw bifurcation within the Ashkenazi camp. For the sake of simplicity I aggregate these small parties up to the more salient division of Ashkenazi (coded as *Agudat Yisrael*) and Sephardi (coded as *Shas*).

Members of Knesset, and the life cycle of legislation. I used the archives' search tool to identify the ten unique pieces of legislation analyzed in this paper. The archive provides data on the legislation sponsor, the committee it was assigned to, how many readings it received, and full text of the legislation and related debates. After identifying each proposal, I read the related legislation and recorded information on the health basket stipulated in each proposal.[21]

Data on floor debates comes from full plenum discussions of legislation. Because the full Knesset plenum convenes relatively infrequently; the legislative proposals were discussed on two dates, July 6th 1993 and June 15th, 1994 (The Thirteenth Knesset (1993)).[22] To discuss a bill, Members of Knesset or MKs must add it to a consent agenda. The sponsoring member will be allocated a set amount of time to speak after which debate and questioning ensues. In the Israeli context, the register of political discourse is much more direct, coarse, and unstructured than debates on the floor of institutions like the U.S. Congress. As such, when reporting quotes or text from floor debates, I do my best to faithfully piece together a single MKs entire thought, even if it was interrupted, and to provide context for the broader discussion. In addition, because Knesset legislative and parliamentary archives are only accessible in Hebrew, I report an excerpted translation to English in the body of my paper and include the full quote in English in footnotes. The full Hebrew quotations are available in Appendix B.

I also use the archives to build a dataset of the makeup of the Knesset from 1980-1990. I webscraped data on the number of seats held by each party, the cabinet positions held by each party, and the parties in the ruling coalition. I also document the number of seats and cabinet positions held by *Haredi* parties that I use for measures of *Haredi* strength. During this period, *Haredi* political parties splintered and crystallized across different lines. For the sake of this project those internal disputes do not represent analytically meaningful differences in party preference. As such, I collapse these breakoff parties into one of two categories: *Agudat Yisrael*, which encompasses the Ashkenazi Haredi parties and *Shas* which represents Sephardic Jewry.

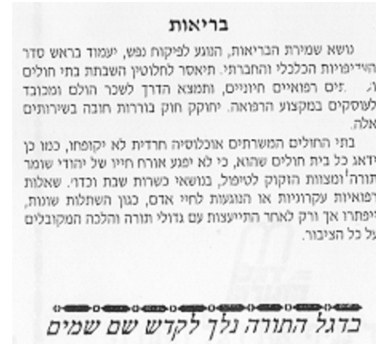
The ideal dataset for assessing party preferences would have included internal party documentation before and after debate on the NHIL started to identify each party's pre-strategic policy

[21] While there is better search functinality and more documents on the Hebrew site, the archives are accessible online, in English at: https://knesset.gov.il/archive/eng/ArchiveIntro$_e$*ng.html*

[22] Full plenum documents, as well as the legislation presented to the *Knesset* are both accessible online through the search function on the Kneset archive

Figure 10: *Agudat Yisrael* Party Platform 1988

(a) Front of *Agudat Yisrael* platform



בריאות

נושא שמירת הבריאות, הנוגע לפיקוח נפש, יעמוד בראש סדר העדיפויות הכלכלי והחברתי. תיאסר לחלוטין השבתת בתי חולים ו... זים רפואיים חיוניים, ותמצא הדרך לשכר הולם ומכובד לעוסקים במקצוע הרפואה. יחוקק חוק נוררות חובה בשירותים אלה.

בתי החולים המשרתים אוכלוסיה חרדית לא יקופחו, כמו כן ידאג כל בית חולים שהוא, כי לא יפגע אורח חייו של יהודי שומר תורה ומצוות הזקוק לטיפול, בנושאי כשרות שבת וכדו׳. שאלות רפואיות עקרוניות או הנוגעות לחיי אדם, כגון השתלות שונות, ייפתרו אך ורק לאחר התייעצות עם גדולי תורה והלכה המקובלים על כל הציבור.

בדגל התורה נלך לקדש שם שמים

(b) *Agudat Yisrael* health policy platform

position and how that position changed once debate ensued. While these archives are available for the Labor party and Likud, for *Haredi* parties, they are almost impossible to access from America and by outside researchers. In its stead I piece together a set of primary source documents from parties.

First, I look at party platforms. I utilize the Israeli Democracy Institute database for elections which houses digitized party platform archives for each Knesset election. I pulled party platforms for Likud, Labor, *Agudat Yisrael*, and *Degel HaTorah* for the 1988[23] and 1992[24] election cycles. No Shas platforms were available on IDI or the party manifesto database project. These platforms are posted throughout neighborhoods in the lead up to elections, emblazoned with a two-letter acronym for the party name that voters will see at the polls. For example, this is from an *Agudat Yisrael* party platform in the 1992 election. Within each platform, parties describe their stances on a set of issues and enumerate issues in terms of party priorities. In Figure 10 *Agudat Yisrael* is describing their stance on health (*briut*) with the party slogan.

In addition to party platforms, I also gathered limited newspaper excerpts from existing ethnographic work on the *Haredi* community in Israel. These include *Mishpacha* a Haredi newspaper, *Hamodia* another *Haredi* daily paper, and *Yom le'Yom* the *Shas* movement newspaper. While these are not necessarily representative of the entire corpus of each newspaper, I use them to corroborate patterns in legislative data and as primary source support for claims made in secondary

[23]Platforms and party lists are accessible at this link: https://en.idi.org.il/israeli-elections-and-parties/elections/1988/

[24]Platforms and party lists are accessible at this link: https://en.idi.org.il/israeli-elections-and-parties/elections/1992/

literature.[25]

In addition to preference and legislative data I also gather a host of demographic and socioeconomic data. I rely on fertility data from the Central Bureau of Statistics and analyzed by Manski and Mayshar (2003). Data on *Haredi* labor market participation and *Yeshiva* attendance comes from Berman (2000). Data on state and individual health care expenditure comes from the Israeli Central Bureau of Statistics and Chernichovsky and Chinitz (1995).

Lastly, information on pre-state health institutions was gathered with the help of Professor David Sorkin and includes my own archival work. I read the writings of a host of Labor Zionist leaders, with a particular focus on a multi-volume set of memoirs and political writings by Berl Katznelson who founded *Kupat Cholim* and led the Labor Zionist movement alongside David Ben Gurion (Katznelson (1944)).

Together, I hope these sources weave together the deep institutional roots of the conflict over health care reform and demonstrate the mixed methods approach which enriched this project.

5 Analysis

רבי יהושע בן קרחה אומר מצווה לבצוע שנאמר אמת ומשפת שלום שפטו בשעריכם והלא במקום שיש משפת אין שלום ובמקום שיש שלום אין משפט אלא איזהו משפת שיש בו שלום הוי אומר זה ביצוע

Rabbi Yehoshua ben Korchah says: It's a mitzvah [good deed] to make a compromise, as it's said: Judge truth and the justice of peace in your gates. (Zechariah 8:16).

[But,] isn't it so, that where there's justice there's no peace? And where there's peace, there's no justice?

Rather, what's justice that has an element of peace in it? I would say: This is compromise. (Talmud Bavli, Sanhedrin:6b).

The legislative debate over the National Health Insurance Law or NHIL (1994), provides rich grounds for testing the theoretical predictions of my model and illuminating the role of religion in shaping welfare state preferences. I test my three dimensional model using eleven proposed drafts

[25]These excerpts were not collected myself but rather rely on the impressive fieldwork of Shlomo Hasson (Hasson (1993); Hasson (2002)) who canvassed *Haredi* communities in Israel to study the dynamics of *Haredi* party political mobilization at the municipal level. He has extensive sourcing from newspapers which I relied on after my own document requests were unable to process during Covid.

of NHIL legislation. These proposals and the related debates on them occur between from 1988 to 1994, spanning two elections and four different governments. The long duration of debate allows me to test how proposals changed as the relative strength of parties fluctuated, new parties joined the ruling coalition, and *Haredi* parties took on new roles.

This analysis produces seemingly contradictory findings. Measures of *Haredi* party strength are associated with less generous health policy proposals. However, measures of *Haredi* party strength *Haredi* party strength was also associated with the expansion of health services to one specific demographic group: young families, in particular mothers and children. Conventional two-dimensional models cannot explain these findings; rather, they predict that *Haredi* parties would advocate for the expansion of health care services (See Sec. 3.1).

In the absence of a clear theoretical or ideological framework with which to structure these findings, there is a tendency for observers of religious parties to descend into calls of hypocrisy or log-rolling. However, these conflicting policy preferences can be modeled with the same rigor and explanatory power as two-dimensional models. The model identifies a coherent organizational principle–the primacy of religious observance–that explains these seemingly contradictory outcomes.

I argue that these findings can be explained through the theoretical model developed in Section 3. In particular, the finding that increases in *Haredi* party influence coincide with less generous proposals aligns with the model's prediction that religion directly shapes preferences over the welfare state by increasing concern of state intervention in the private sphere. But religious observance also indirectly impacts two other axes of the model: income and employment status. High fertility rates and labor force non-participation created a financial crisis within the *Haredi* community, overwhelming communal insurance structures. The second finding of this chapter, that *Haredi* strength is associated with targeted expansions of the state health care apparatus for maternal and child care, can be read as an externalization of a communal crisis precipitated by strict adherence to traditional family practices and pursuit of religious education.

This chapter will proceed in four sections. Section 5.1 provides a brief overview of the legislative process in the Knesset and the particulars of the National Health Insurance Law. Section 5.2 and Section 5.3 each,in turn, substantiate the claim that (1) Haredi party strength is associated with decreases in the overall level of generosity in a given piece of legislation and that (2) it is associated with increases in outlays to young families.

5.1 Legislative Proceedings in the Knesset

The legislative fight over the Israeli health care system long predates the final passage of the National Health Insurance Law of 1994 (NHIL 1994). Between the publication of the Netanyahu Commision Report which prompted reform in 1988 and the passage of the NHIL in 1994, MKs introduced ten unique legislative proposals on the Knesset floor. Over this period, the Knesset experienced two elections and four changes in the makeup of the government. This protracted period of reform provides an (albeit endogenous) source of variation in the party and religious makeup of the Knesset and ruling coalition. This variation allows me to test my model under multiple different configurations of party strength and under different ruling parties rather than just one period of observation.

The procedure for submitting bills to the full plenum, or all 120 members of the Knesset, follows a four-step process. First, bills are introduced by either the government or by individual members of the Knesset. Once considered by the full plenum, legislation is either tabled or moved forward. Next, all bills go through a series of three readings and between each reading the bill is sent to its assigned committee for any necessary adjustments. If the bills advance through all three readings they are enacted into law by simple majority and published by the Knesset.

This analysis relies on Knesset archives of eleven legislative proposals–ten unique proposals and two drafts of the same proposal–and the relevant floor debates for each of the eleven pieces of legislation. Each proposal is recorded in Table 3.

Table 3: Summary: Legislative Proposals by Party Sponsor

Party	**Number of Proposals**
Labor	6
Likud	3
Labor-Likud	1
Meretz	1

Notes: For proposals with sponsors for multiple parties, I coded the party sponsor identity by the more prominent party in *Knesset*. For example, legislation with sponsors from both Labor and Meretz were coded as Likud proposals.

5.2 Preferences Over Welfare State Generosity

The three-dimensional model generates a set of testable predictions about the relative level of welfare state generosity preferred by each party. At one extreme lies the Labor party–representatives of low- and middle-income individuals, of workers who are represented by the *Histadrut*, and of Israel's largely secular population–who support a generous and redistributive state. On the other extreme lies Likud–representatives of higher income individuals, often those who are self-employed, and of a more traditional religious background–who support welfare state retrenchment and the continuation of a robust private market for health services. And between these two extremes rests the *Haredi* parties–representing Israel's poorest, unemployed, and most religious individuals–who support expanded healthcare out of necessity but are critical of state intervention.

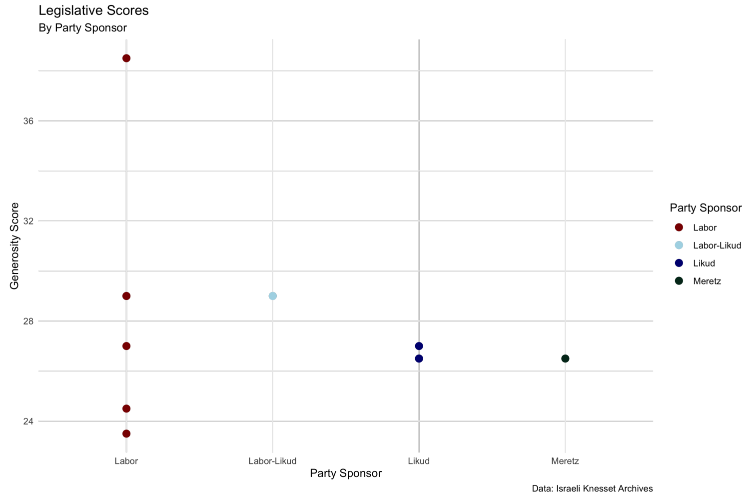
To test these predictions, I scored each service stipulated in each NHIL proposal and generated proposal-level generosity scores by totaling the generosity of each service. This approach produces eleven generosity scores based on the party affiliation of the MK who sponsored the legislation. Scores can be interpreted either in the frame of support of welfare state expansion or, conversely, support for welfare state retrenchment. As Paul Pierson (2001) notes, welfare state retrenchment can occur through a variety of relatively transparent or opaque channels (Pierson (2000)). Those can include the straightforward elimination of a given program, but can also occur through the introduction of strict means-testing or reallocation of funding authority so programs receive lowered funding. This scoring procedure–by capturing both the presence or absence of a given program, and also the level of accessibility–reflects this often multifaceted process of welfare state retrenchment. Scores are summarize in Table 4.

Table 4: Summary Statistics of Legislative Scores

Party Sponsor	Generosity Score	Standard Deviation
Labor	28.58333	5.36
Labor-Likud	29.00000	N/A
Likud	26.66667	0.289
Meretz	26.50000	N/A

As a first pass, a visual distribution of scores suggests that the generosity of NHIL proposals

Figure 11: Legislative Scores by Party Sponsor



Notes: Fig 11 shows the mean score of legislative proposals by their party identity of the legislation's sponsor.

follows the general model predictions (Figure 11). Labor proposals are, on average, 1.9 points more generous than their Likud-sponsored counterparts. In addition, legislation co-sponsored by Labor and Likud scores higher than the average Likud proposal and lower than two of six Labor proposals, suggesting that the scoring, at first pass, accurately captures compromise across party preferences.

To further validate that the health basket serves as an accurate proxy of party preferences over welfare state generosity, I turn to analysis of Knesset debates on each of the eleven proposals (The Thirteenth Knesset (1993); Knesset (1994)). Floor speeches made by Labor and Likud MKs reflect the models predictions about welfare state generosity. Describing the principles upon which Labor proposals are based, Labor MK Eli Dayan explained, "*There should be no public insurance for the rich, on the one hand, and the poor, on the other.* We must *set the basket of services at the highest level possible*, and there will be no additional payments...When there is additional payments or supplementary insurance, *those who have–they buy, those who don't–they don't buy and don't receive the service* [emphasis added]" (The Thirteenth Knesset (1993)). These twin goals""the provision of high quality services and the creation of an egalitarian health system–he said, signing off his speech, was, "the basic principle over which we are fighting"(The Thirteenth

Knesset (1993)).[26][27]

In contrast, Likud advanced a tripartite agenda for Israel's re-imagined welfare state. The first prong of their argument centered on the idea of "free choice" on the part of consumers. As Likud MK Dan Maridor explained, "A very important principle this proposal offers and that we must ensure is *fully implemented is the complete separation between Histadrut membership or any other organization and the right to receive health services* [emphasis added]" (The Thirteenth Knesset (1993)). The second prong of the Likud agenda put forward a modified neo-liberal economic vision for healthcare. Toeing the line between an ideological affinity for free-market principles and the reality of institutional constraints, Likud explained their position as, "The free market, which we usually strongly support, and government intervention, which we usually do not want–these rules do not apply simply in health matters." While they insisted that "we must still ensure competition," Likud conceded the fact that a full health care privatization was out of the question. The last principle governing Likud proposals was fiscal conservatism. Likud ministers warned throughout the debate that, "we must ensure that, all things considered, the total expenditure on government expenditure does not skyrocket when reliance on government is on the table" (The Thirteenth Knesset (1993)). [28] Together, these floor speeches suggest that results from scoring the health basket reflect the real values of Labor and Likud in their respective reform efforts.

While generosity scores based on party affiliation provides a rough estimate of the distribution of party preferences among those parties who sponsored legislation, it ignores the influence of one critical actor in healthcare reform: *Haredi* parties. Floor debates highlight the pivotal role *Haredi* parties played in the politics of health reform and how preference shifts within *Haredi* parties acted as a watershed for reform. Speaking at the debates on initial NHIL proposals in 1993, Likud MK Dan Tichon reflected on how the reticence of *Agudat Yisrael* to pursue healthcare reform long

[26]Full quote: " ¦There should be no public insurance for the rich, on the one hand, and the poor, on the other. We must set the basket of services at the highest level possible, and there will be no additional payments, and there will be no supplementary insurance. When there is additional payments or supplementary insurance, those who have"they buy, those who don't"they don't buy and don't receive the service. This is the basic principle over which we are fighting."

[27]Translation by author and original Hebrew text available in Appendix B.

[28]Full quote: "A very important principle of this proposal offers and that we must ensure is fully implemented is the complete separation between *Histadrut* membership or any other organization and the right to receive health services¦[Next,] The free market, which we usually strongly support, and government intervention, which we usually do not want"these rules do not apply simply in health matters¦We must still ensure that there is competition, so that the provision of services can be improved. We must be careful that, even if there are gaps in the population, the level of health for the entire population doesn't fall but rather rises. And we must ensure that, all things considered, the total expenditure on government expenditure does not skyrocket when reliance on government is on the table".

stalled Likud's agenda in this area:

> We insisted on this [separating the *Histadrut* and KHC] probably for fifteen years, but due to the position of our coalitional partners, *Agudat Yisrael*–Rabbi Shapira [MK of *Agudat Yisrael*], I'm speaking to you; due to the position of our two partners, *Agudat Yisrael* and Mafdal, we will not succeed in passing national health insurance.[29]

Minority parties are often overlooked in legislative analysis, or their impact on legislation considered to be marginal. However, a deeper engagement with the legislative history of the NHIL demonstrates the extent to which reform efforts hinged on the preferences of*Haredi* parties.

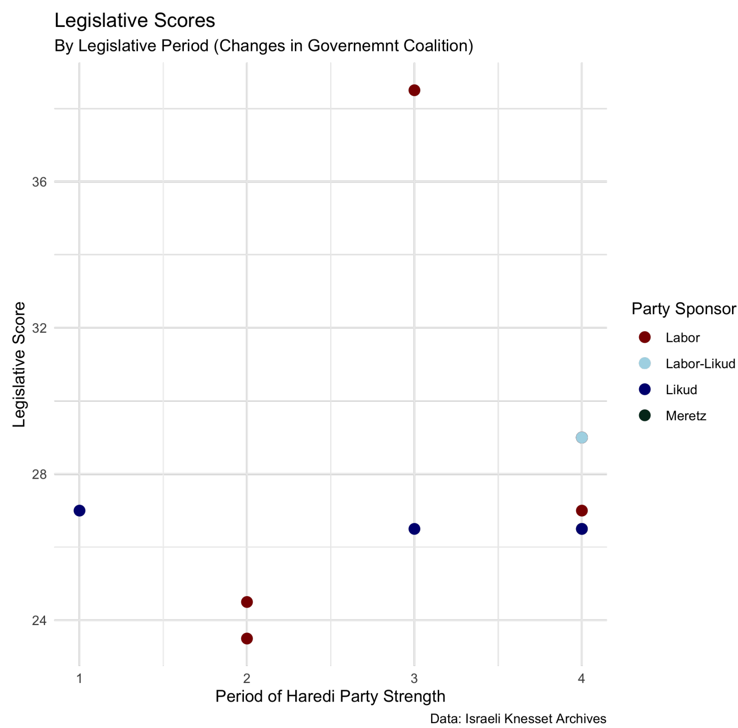
However, cleanly identifying the preferences and influence of *Haredi* parties remains a challenge. Because *Haredi* parties never put forward their own legislation, their preferences and impact on legislative proposals must be measured by proxy. To measure the impact of *Haredi* parties on legislative proposals, I look at the impacts of various measures of *Haredi* party strength on the generosity of legislative proposals.[30]

The model suggests that, given the initial positions of Likud and Labor, *Haredi* party influence should increase the generosity of Likud proposals and decrease the generosity of Labor party proposals. To identify this effect I report two different specifications for Haredi party strength. Figure 12 shows the effect of having *Haredi* parties in the ruling coaltion on the generosity of NHIL proposals based on party sponsorship. I divide the time from 1988-1994 into four periods based on the four changes in governments–in Period 1 there are two *Haredi* parties in Likud's coalition, in Period 2 Shas joins Labor's coalition, and in Periods 3 and 4 neither party is in the ruling coalition. The second measure shown in Figure 13 relies on the number of *Haredi* MKs who are in cabinet positions as a proxy for party strength. During the 1988-1990 period when *Haredi* parties boasted of eight cabinet positions, *Haredi* parties held two of the most important cabinet positions with regards to health care and social policy: Rafael Pinchasi (*Shas*) was Minister of Internal Affairs and Moshe Ze'ev Feldman (*Agudat Yisrael*) was Minister of Labor and Social Welfare. In the following period 1990-1992, *Shas* briefly continued to hold powerful cabinet positions such as the Minister of Finance and Minister of Religious Affairs portfolios, among others, which also held influence over healthcare.

[29]Original Hebrew text available in Appendix B (The Thirteenth Knesset (1993))

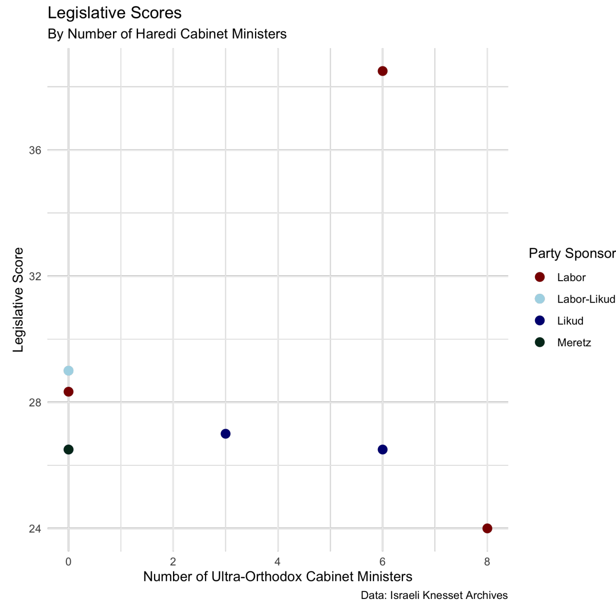
[30]While I ran three different specifications, based on the three measures of *Haredi* party strength described in 4, I report only the impact of Haredi parties in coalition and *Haredi* cabinet members on legislative proposals here. Alternative specifications are provided in Appendix C

Figure 12: Legislative Scores by Number of *Haredi* Parties in the Ruling Coalition



Notes: Fig 12 shows the mean score of legislative proposals by the period of *Haredi* party strength in the ruling coalition and the identity of the legislation's sponsor. The 1988-1994 period is divided into four units based on the four changes in the ruling coalition. In Period 1 both *Haredi* parties in coalition, in Period 2 only *Shas* remains in coalition, and Periods 3 and 4 have neither party in coalition.

Figure 13: Legislative Scores by Number of *Haredi* Cabinet Ministers



Notes: Mean score of legislative proposals by the number of *Haredi* Cabinet Ministers.

Labor proposals (dark red) decrease in response to increased *Haredi* party strength in both specifications. In Figure 12 , comparing period four, in which Haredi parties did not participate in Labor's ruling coalition (1993-1995) to when Labor relied heavily on Shas as a coalition partner (1992) the average legislative score was 24 points (n=2) and 28.5 points (n=4), respectively. Even excluding an outlier proposal in 1993 with a generosity score of 38.5, the average score of Labor proposals still remains heightened at an average score of 28.3 (n=3). Even under this conservative estimate, a 4.3 point reduction in generosity during a period in which *Shas* commanded outsized influence on social policy is striking. Turning to Likud (navy blue), the patterns of *Haredi* party influence are less striking, with scores dipping by half a point after Period 1 and remaining unchanged in the following periods.

As noted in Chapter 4, the impact of *Haredi* MKs on generosity scores provides a more precise corroboration of the model predictions. Labor proposals, excluding the outlier of 38.5, are inversely related to the number of *Haredi* MKs in cabinet positions (Figure 13). Likud proposals see a slight increase in generosity when moving from no MKs to 3 MKs and dip back to 26.5 again with 6 MKs. This result could be interpreted two ways. On one hand, it could mean that *Haredi* cabinet ministers did not have significant impacts on Likud proposals. Alternatively, given the heavy reliance of Likud on *Haredi* party support, the initial Likud legislation may have already incorporated the preferences

of *Haredi* parties into their legislative proposals so no change is observed overtime.[31]

To more precisely estimate the effects of party sponsors, *Haredi* parties, and the joint effects thereof, I also run a regression interacting the party affiliation of legislative sponsors with the number of *Haredi* cabinet ministers. The introduction of an additional *Haredi* cabinet member decreases the generosity of a Labor sponsored proposal by 0.1660 points. In contrast, the introduction of an additional *Haredi* cabinet member on the generosity of Likud increases scores by 0.1660 points. Given the small sample size, the point estimates for the regression are quite noisy and I do not draw any conclusions about the causal effects of *Haredi* party strength on generosity scores from the regression. However, it does provide loose support for the claim that *Haredi* party influence has heterogeneous effects on generosity scores depending on whether legislation is sponsored by Labor or Likud.

Table 5: Impact of *Haredi* Cabinet Ministers on Generosity Scores

	Generosity Score
Labor-Likud	−0.19
	(6.13)
Likud	−2.53
	(5.73)
Haredi Cabinet Members	−0.17
	(0.58)
Labor-Likud:Haredi Cabinet Members_cab	
Likud:Haredi Cabinet Members	0.17
	(1.38)
Mean dep. var	27.91
N	11
R^2	0.08
Adjusted R^2	−0.83
Residual Std. Error	5.32 (df = 5)

Notes: This regression interacts the number of *Haredi* cabinet members with party identity of legislative sponsors to capture the effects of party identity alone as well as the interaction of party identity and *Haredi* party strength.

The negative effect of *Haredi* party strength on Labor party scores is seen in *Haredi* MK speeches on the Knesset floor, as well. Speaking in response to the first government-sponsored NHIL proposal, *Agudat Yisrael* MK Rabbi Menachem Porush calls out the Labor government's

[31] Unlike with Labor proposals, it is difficult to precisely compare the effects of *Haredi* party strength on Likud proposals over time because Likud only ran the ruling coalition in Period 1 of the analysis. However, in the later periods when neither Likud or *Haredi* parties were in the ruling coalition, since the *Haredi* vote still mattered for the fate of the NHIL, it is still plausible that Likud proposals were responsive to *Haredi* preferences even if that influence was less strong.

ever expanding vision of state-provided healthcare:

> I must say, that this [the state NHIL proposal] does not work for me, and I think–for many. On the one hand, the government is taking steps to fulfill the privatization and remove the government from different tasks at all levels: privatization of banks, privatization of state-owned companies, and soon we will all be asked to sing the anthem of privatization. How does it work, then, that this government, which advocates for privatization, will take the opposite direction when it comes to health insurance, when the subject of health insurance is in the hands of *Kupat Cholim*? Is not the nationalization of the health insurance fund a contradiction of the privatization method?[32]

In the long debates on the *Knesset* floor over the NHIL, *Haredi* parties speak relatively rarely. This scarcity therefore lends immense importance to the words spoken by *Haredi* MKs on the floor the *Knesset*. Here, there message is resoundingly clear: a rejection of an an ever-encroaching state apparatus into private decisions about health care and a preference for a more pulled back approach.

Looking to party platforms, a clear logic for this suspicion of state intervention crystallizes. Describing their position on health issues, the *Agudat Yisrael* party platform from 1992 states, "The issue of maintaining health will stand at the top of the economic and social agenda" (*Degel HaTorah Party Platform (1992)* (1992)). But the immediacy of resolving the health care crisis is contingent, in the eyes of the party. The platform continues, "the hospitals that serve the ultra-Orthodox population will not be deprived, and any hospital will ensure that it does not harm the lifestyle of the Jews who keep the Torah and the staff who need treatment in matters of Kosher, Shabbat, and the like" (*Degel HaTorah Party Platform (1992)* (1992)). A policy that threatens to impinge on the *halachic* or religious observances of *Haredi* individuals, is not a tenable policy response to Israel's healthcare crisis. The religious axis of politics demands a policy response that either creates a system where all hospitals meet the *Haredi* standard or, alternately, that allows the state to delegate areas of health policy to create a plurality of health options to satisfy a pluralistic population. This logic clarifies the stance of Rabbi Porush"given that there will not be a regression to *Haredi* preferences across Israeli healthcare, *Haredi* parties advanced a preference for a less state dominated and centralized version of health provision so that they could protect community needs at a local level.

---

[32] The Thirteenth Knesset (1993)

Together, legislative scores and text analysis suggest that *Haredi* parties (1) advanced a preference for limited expansions of the health system and (2) *Haredi* party strength was weakly associated with heterogeneous effects on the generosity of legislation based on party sponsorship"Likud proposals increased in generosity while Labor proposals decreased in generosity. Importantly, this analysis only captures level changes in the generosity of health care proposals. Now, I turn to the effect of *Haredi* party strength on the distribution of health care benefits.

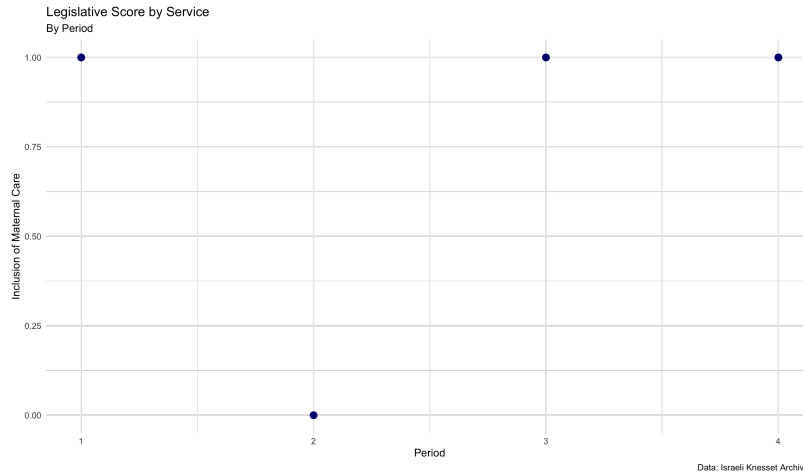
5.3 Preferences Over the Distribution of Benefits

The second set of predictions generated by the model speak to individual preferences over the distribution of welfare state benefits. A universal conflict in welfare state reform centers on who should receive the finite resources provided by the state. Because of strong sorting into political parties the model generates testable predictions about the preferred demographic distribution of welfare state benefits for each party. In particular, the Labor party and *Haredi* parties represent two opposite ends of the distribution in terms of demographics and labor market participation. Labor represents the nation's older demographic and wage-laborers whereas *Haredi* parties represent mostly unemployed or informally employed and disproportionately young demographic. This feature of the conflict over the NHIL allows for a stylized comparison of pieces of the health basket that impact these particular demographic groups to test whether the distributional preferences predicted by the model hold in reality.

To investigate these predictions, I investigate one service in the health basket with explicit demographic components: the provision of outpatient care. An interesting feature of the outpatient care debate is that it includes both both maternal care (disproportionately helping a younger demographic) and geriatric care (disproportionately helping an older demographic). Overtime, the proposals vary in whether they include both services or just one–displaying a clear distributional preference for a certain demographic group. I provide two measures of demographic bias of legislative proposals. First, I create a dichotomous variable for the presence or absence of maternal care in a given proposal. Second, I also report the generosity score of each proposal which includes both maternal and geriatric care.

The model suggests that increases in *Haredi* party strength should be associated with proposals that structure benefits towards younger demographic groups whereas Labor proposals should

Figure 14: Inclusion of Maternal Care in NHIL Proposals

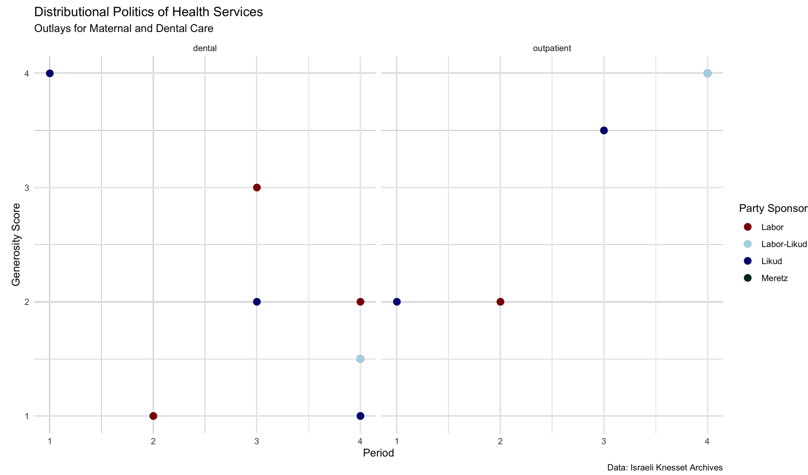


Notes: Presence or absence of maternal care in NHIL provision by period. The 1988-1994 period is divided into four units based on the four changes in the ruling coalition. In Period 1 both *Haredi* parties in coalition, in Period 2 only *Shas* remains in coalition, and Periods 3 and 4 have neither party in coalition.

preference benefits towards an older demographic. To test this prediction, I create four periods of *Haredi* strength, as described above, and look at the generosity scores of legislation based on the strength of *Haredi* parties in the ruling coalition. This periodization allows for both an analysis of *Haredi* party strength in each period, but also the development of proposals in a single issue area over time.

While *Haredi* parties declined in strength over the 1988-1994 period, they had a long lasting influence on maternal care provisions in the NHIL. Figure 14 shows that all proposals except for two proposals in Period 2 include maternal care coverage. The two proposals that exclude maternal care are Labor sponsored and instead provide coverage for chronic care support. To capture a more full picture of demographic conflict, Figure **??** plots the generosity score for outpatient services in each period. In period 1, a score of two reflects the coverage of only maternal care services, in Period 2 maternal coverage is substituted out for geriatric services, but in Periods 3 and 4 maternal care is covered in every proposal and each remaining Labor proposal also covers some form of geriatric or chronic care provision.

Figure 15: Distributional Politics of Health Services



Notes: Mean score of legislative proposals for outpatient and dental care by *Haredi* party strength. The 1988-1994 period is divided into four units based on the four changes in the ruling coalition. In Period 1 both *Haredi* parties in coalition, in Period 2 only *Shas* remains in coalition, and Periods 3 and 4 have neither party in coalition.

The long afterlife of this insertion, I argue, is its centrality to *Haredi* support for the NHIL. For *Haredi* parties, support of young families became a rallying cry in the 1988 and 1992 elections as the community became increasingly economically overwhelmed. For parties like *Agudat Yisrael*, party rhetoric reflected a conception of the welfare state as functioning with the singular goal: support of young families. As one *Haredi* party platform described its stance on social policy, "Assistance to the weaker strata will be increased, while paying special attention to families who welcome children" (*Degel HaTorah Party Platform (1992)* (1992)). With the average *Haredi* woman in the 1990s having 7.2 children, the inclusion of maternal care services represented an imperative for protecting the financial viability of communal norms (Berman (2000)). This extraordinary need overrode a historically immovable preference for little state intervention, carving out areas of limited state expansion in the NHIL that were supported by *Haredi* parties.

6 Conclusion

This thesis developed a novel, three-dimensional model for understanding welfare state preferences. I theorize that religion impacts preferences about welfare state policy through two channels. First, religion directly impacts preferences by creating a preference for less state regulation of private choice. This tension is on display in areas in which state policy may potentially intervene in religious observance. In health policy, this includes areas like family planning, access to foods that meets individual dietary restrictions, or end of life care. Religion, in this way, represents a stand-alone axis in modelling welfare state preferences. In addition, religion impacts welfare state preferences indirectly. By structuring choices about entrance into the labor market, religious observance can have downstream effects on individual and household employment and income leading to a preference for greater welfare state support. In cases like Israel, the obligation of men to pursue intensive religious study leads and cultural emphasis on large families creates high-levels of non-participation in the labor market and poverty. By identifying the mechanisms by which religion impacts welfare state preferences, the model highlights the bi-directional effects of religion: on the one hand, a preference for less state incursion and, on the other, a reliance on the state for economic reasons.

Testing the model in the Israeli context provides preliminary support for this claim. Looking at a data set of legislative scores and government composition I test the effects of religion on two aspects of welfare state preferences: preferences about the level of benefits and about the distribution of benefits. My main finding is that *Haredi* party strength is associated with decreased generosity in the overall level of healthcare proposals, but targeted increases in funding towards mothers and young families that would ameliorate the economic externalities of religious observance. The empirical strategy pursued in this paper is descriptive and does not attempt to attribute any causal weight to the relationships observed. However, I gather a variety of quantitative and qualitative data that all display this unique bi-directional pattern in welfare state preferences.

This approach marks a significant contribution to work on modelling welfare state reform. I make a novel extension of literature on welfare state reform in identifying the labor market and income effects of religion on preferences. The role of religion has been a central question in work on the welfare state from Esping-Anderson (1990) to Cammet and Jones, eds (2021). While the

model, here, focuses on the specific dynamics of the *Haredi* community the mechanisms identified are portable to other advanced industrialized democracies with institutionalized religious influence.

The paper also has implications about the role of minority parties in shaping reform efforts, generally.The importance of small parties is often underspecified in models of welfare state reform.*Haredi* parties significantly distorted welfare state outcomes in the context of the NHIL reform. In Israel, these parties continue to exert outsized influence on politics. Providing a structure with which to understand their role in the political system represents a pressing question in Israeli political economy work. But the role of minority parties has importance in other contexts with parliamentary systems. A growing literature has centered on the question of how small, issue-oriented parties impact European policy making (Green-Pedersen (2001)). This thesis suggests that minority parties ought to be investigated more rigorously in models of welfare state reform.

I also hope that my work leaves open many theoretical and empirical questions to be explored in the Israeli and comparative context. Theoretically, the model should be developed in other religious and country contexts to investigate its generalizability. Empirically, there are a host of techniques that can be applied to better identify the effect of religion on welfare state preferences. While this thesis used legislative analysis to analyze preferences, future work could use survey experiments or other techniques to directly test the impact of religion on individual-level welfare state preferences.

References

Arian, Asher and Michal Shamir, "CANDIDATES, PARTIES AND BLOCS: Israel in the 1990s," *Jerusalem Academic Press*, 2001, *7* (6), 689–710.

Berman, Eli, "Sect, Subsidy, and Sacrifice: An Economist's View of Ultra-Orthodox Jews," *The Quarterly Journal of Economics*, August 2000, *115* (3), 905–953.

Biale, David, *Power and Powerlessness in Jewish History*, Shocken, 1986.

Cammet, Melani and Lauren M Maclean, *The Politics of Non-state Social Welfare*, Cornell: Cornell University Press, 2014.

_ **and Pauline Jones, eds**, "What™s Religion Got to Do With It?," in Melani Cammet and Pauline Jones, eds., *The Oxford Handbook of Politics in Muslim Societies*, Oxford: Oxford University Press, 2021.

Carnes, Matthew and Isabela Mares, "Coalitional realignment and the adoption of non-contributory social insurance programmes in Latin America," *Socio-Economic Review*, 2014, *12*, 695–722.

Chernichovsky, Dov and David Chinitz, "THE POLITICAL ECONOMY OF HEALTH SYSTEM REFORM IN ISRAEL," *Health Economics*, 1995, *4*, 127–141.

Clarfield, Mark, Orly Manor, Shifra Shvarts, Zaher S Azzam, Arnon Afek, Faud Basis, and Avi Israeli, "Health and health care in Israel: an introduction," *Lancet*, 2017, *389*, 2503–2513.

Cohen, Yinon, Yitzchak Haberfeld, Tali Kristal, and Guy Mundlak, "The State of Organized Labor in Israel," *Journal of Labor Research*, 2007, *28* (2), 255–273.
Degel HaTorah Party Platform (1992)

***Degel HaTorah Party Platform (1992)**, 1992.*

Esping-Anderson, Gsta, *The Three Worlds of Welfare Capitalism, Princeton: Princeton University Press, 1990.*

Green-Pedersen, Christoffer, *"Minority Governments and Party Politics: The Political and Institutional Background to the Danish Miracle," Journal of Public Policy, 2001, 21 (1), 53–70.*

_ , *"The Growing Importance of Issue Competition: The Changing Nature of Party Competition in Western Europe," Political Studies, October 2007, 55 (3), 607–628.*

Hasson, Shlomo, *Urban Social Movements in Jerusalem: The Protest of the Second Generation SUNY Series in Israeli Studies, State University of New York Press, July 1993.*

_ , *"The Struggle for Hegemony in Jerusalem Secular and Ultra-Orthodox Urban Politics," Technical Report, THE FLOERSHEIMER INSTITUTE FOR POLICY STUDIES, Jerusalem October 2002.*

Horev, Tuvia, Shifra Shvarts, and Yair Babad, *"Evolution of a healthcare reform: The Israeli Experience," International Journal of Healthcare Techonoly and Managemetn, January 2003, 5 (6), 1–11.*

Huber, Evelyne, Charles Ragin, and John D. Stephens, *"Social Democracy, Christian Democracy, Constitutional Structure, and the Welfare State," Journal of Sociology, 1993, 99 (3), 711–749.*

Husermann, Silja, *The Politics of Welfare State Reform in Continental Europe: Modernization in Hard Times, New York: Cambridge University Press, 2010.*

Katznelson, Berl, *Kitvei B. Katznelson, Vol. 1-7, Tel Aviv: Mapai Publications, 1944.*

Kersbergen, Kees Van and Philip Mannow, *Religion, Class Coalitions, and Welfare States, New York: Cambridge University Press, 2009.*

Knesset, The Thirteenth, *"Floor Speeches of the 187th Session of the 13th Knesset," June 1994.*

Koreh, Michal and Michael Shalev, *"Dialectics of institutional change: the transformation of social insurance financing in Israel," Socio-Economic Review, September 2009, 7 (4), 553–584.*

Landau, David, *Piety & Power: The World of Jewish Fundamentalism, London: Martin Secker and Warburg Limited, 1993.*

Lau, Moshe, *"Anxious About their Faith:The Political Power of the Ultra-Orthodox and the Development of the Welfare State in Israel, 2015-1980." PhD dissertation, Hebrew University, Jerusalem 2016.*

Lipshits, Hadar, *"Budgeting for Ultra-Orthodox Education: The Failure of Ultra-Orthodox Politics, 1996-2006," Israel Studies, 2015, 20 (2), 135–162.*

Manski, Charles F. and Joram Mayshar, *"PRIVATE INCENTIVES AND SOCIAL INTERACTIONS: FERTILITY PUZZLES IN ISRAEL," Journal of the European Economic Association, 2003, 1 (1), 181–211.*

Meltzer, Allan H and Scott F Richard, *"A Rational Theory of the Size of Government," The Journal of Political Economy, 1981, 89 (5), 914–927.*

Mendelsohn, Ezra, *On Modern Jewish Politics, Oxford: Oxford University Press, 1993.*

Mizrahi, Shlomo and Nissim Cohen, *"Privatization Through Centralization in the Israeli Health Care System: The Case of the National Health Insurance Law and its Amendments," Administration & Society, 2012, 44 (4), 412–437.*

Pierson, Paul, *"Increasing Returns, Path Dependence, and the Study of Politics," American Political Science Review, June 2000, 94 (2), 251–267.*

Scheve, Kenneth and David Stasavage, *"Religion and Preferences for Social Insurance," Quarterly Journal of Poltical Science, 2006, 1, 255–286.*

Shalev, Michael, *"The Labor Movement in Israel: Ideology and Political Economy," in "The Social History of Labor in the Middle East," Routledge, 1996, pp. 131–161.*

Shammai, Samuel, *"'Cultural Shift': The case of Jewish religious education in Israel," British Journal of Sociology of Education, 2000, 21 (3), 401–417.*

Shapira, Anita, *Berl: The Biography of a Socialist Zionist, Cambridge: Cambridge University Press, 1984.*

_ , *Ben-Gurion: Father of Modern Israel, New Haven: Yale University Press, 2014.*

Shvarts, Shifra*, "Kupat Holim and Jewish health services during the Mandate," in "Health and Disease in the Holy Land," Lewiston, NY: Edwin Mellen Press, 1996.*

Silber, Michael K*, "The Emergence of Ultra-Orthodoxy: The Invention of a Tradition," in J Wertheimer, ed., The Uses of Tradition: Jewish Continuity in the Modern Era, New York: Jewish Theological Seminary, 1992, pp. 23–84.*

Sternhell, Zeev*, The Founding Myths of Israel, Princeton: Princeton University Press, 1998.*
Tanach

Tanach, artscroll edition ed., Jerusalem: Artscroll.

The Thirteenth Knesset, "Floor Speech of the 113th Session of the 13th Knesset," 1993.

Weissbrod, Lilly, "Shas: An ethnic religious party," *Israel Affairs*, 2003, *9* (4), 79–104.

A Appendix A: Party Competition Data

Table G1 provides the full data set on Israeli electoral politics constructed by Arian and Shamir (2001). Party fragmentation represents the number of parties represented in the Knesset in a given electoral period. Party competition is captured by a number of variables, including the size of the largest party (Table G1 Column C) and the difference in size of the two largest parties (Table G1 Column E). Table G2 shows the evolution of the four main ideological blocs–Left, Center, Right, religious, and the joint religious-Right bloc–from 1949-1999.

Table G1: Party Fragmentation and Party Competition: 1949-1999

	Party Fragmentation	**Party Competition**			
Year	**Number of Lists**	**Size of Largest Party**	**Size of two Largest Parties**	**Difference in Size of Two Largest Parties**	**Turnover Year**
1949	12	46	65	27	No
1951	15	45	65	25	No
1955	12	40	55	25	No
1959	12	47	64	30	No
1961	12	42	59	25	No
1965	12	45	71	19	No
1969	11	56	82	30	No
1973	9	51	90	12	No
1977	13	43	75	11	Yes (Likud)
1981	10	48	95	1	No
1984	15	44	85	3	No
1988	15	40	79	1	No
1992	10	44	76	12	Yes (Labor)
1996	11	34	66	2	Yes (Netanyahu PM, Labor Majority)
1999	15	26	45	7	Yes (Unity)

Table G2: Evolution of Ideological Blocs in the Knesset

	Evolution of Ideological Blocs				
Year	**Number of Seats Held by Left Bloc**	**Number of Seats Held by Center Bloc**	**Number of Seats Held by Right Bloc**	**Number of Seats Held by Religious Bloc**	**Number of Seats Held by Right and Religious bloc**
1949	71	5	22	16	38
1951	70	4	28	15	43
1955	70	5	28	17	45
1959	71	6	25	18	43
1961	68	0	34	18	52
1965	72	5	26	17	43
1969	66	8	28	18	46
1973	62	4	39	15	54
1977	41	16	45	17	62
1981	52	4	51	13	64
1984	53	7	47	13	60
1988	53	2	47	18	65
1992	61	0	43	16	59
1996	52	4	34	23	57
1999	48	12	27	27	54

B Appendix B: Original Hebrew Text for Knesset Debates

Figure G1: Full Hebrew Text of Labor MK Eli Dayan

<u>אלי דיין (העבודה):</u>

מה ההבדלים בינינו לבין השר רמון? שלושה הבדלים מרכזיים, שיקבעו את דמותה של המדינה, שיקבעו איזו בריאות ממלכתית אנחנו רוצים, והם כדלקמן: העיקרון הראשון שאנחנו קובעים הוא, שלא תהיה רפואה ציבורית לעשירים, מצד אחד, ולעניים מצד שני. חייבים לקבוע סל שירותים ברמה הגבוהה ביותר, ולא יהיו תשלומים נוספים, ולא יהיה ביטוח משלים. כשיש תשלומים נוספים וביטוח משלים, מי שיש לו – קונה, מי שאין לו – לא קונה ולא מקבל את השירות. זה העיקרון היסודי שעליו אנחנו נלחמים.

אם ממשלת העבודה רוצה להביא הצעת חוק לביטוח בריאות ממלכתי, היא צריכה להביא לפי אותם ערכים שוויוניים. היום יש גם רפואה שחורה. אנחנו רוצים שהיא תימשך? אתם יודעים מה קרה בחינוך. כבר יש לנו חינוך אפור.

Figure G2: Full Hebrew Text of Likud MK Dan Maridor

<u>דן מרידור (הליכוד):</u>

גברתי היושבת-ראש, גבירותי ורבותי חברי הכנסת, שר הבריאות מכובדי, אני אתמוך בהצעת החוק הממשלתית לביטוח בריאות ממלכתי לא מפני שאני מסכים עם כל פרטיה, אלא מפני שהמהלך הוא מהלך נכון, ואני מקווה שנזכה בתוך זמן לא רב להפיכתה של הצעת החוק הזאת לחוק המדינה.

עיקרון חשוב מאוד שהצעה זאת מציעה ואנחנו חייבים לדאוג שימומש במלואו הוא ההפרדה המוחלטת בין חברות בהסתדרות או בארגון אחר כלשהו לבין הזכות לקבל שירותי בריאות. המצב האנכרוניסטי שאנחנו חיים בו היום, שלפיו צריך להיות קשר כפוי בין היותך חבר בארגון עובדים כמו ההסתדרות לבין היותך חבר בקופה מסוימת, לא רק פוגע בזכויות אזרח יסודיות אלא גם גורם לאי-יעילות, לבזבוז משאבים יקרים שהבריאות נזקקת להם.

הצעת החוק איננה נקייה משאלות ומספקות. כבר למדנו שכלכלת בריאות היא ענף מיוחד של הכלכלה. השוק החופשי, שבדרך כלל אנחנו תומכים בו מאוד, והתערבות הממשלה, שבדרך כלל אנחנו לא רוצים בה, הכללים האלה לא יכולים לחול בצורה פשוטה בענייני הבריאות. כאשר אנשים מבקשים בריאות, הם אינם יודעים חלק גדול מהעובדות שצריך לדעת בשוק חופשי רגיל. כאשר אנשים מבקשים בריאות, לפעמים הם מוכנים להוציא הוצאות שאין להן שיעור, מפני שמדובר בבריאות. מדינה יכולה מהר מאוד להתגלגל להוצאה עצומה מתוך התוצר הלאומי שלה ומתוך תקציבה, כך שלא יישאר לה מספיק לצרכים חברתיים אחרים. לכן, אין מנוס ממעורבות ממשלתית חקיקתית מסוימת בענייני הבריאות, מה שלא היינו רוצים בשטחים אחרים.

למרות הדברים האלה, עדיין חייבים לדאוג לכך שתהיה תחרות, כדי שאפשר יהיה לשפר את השירות. צריך לדאוג לכך, שגם אם יש פערים באוכלוסייה, הרמה של הבריאות לכלל האוכלוסייה לא תרד אלא תעלה. וצריך לדאוג לכך שסך כל ההוצאה הלאומית לבריאות לא ירקיע שחקים, כאשר ההסתמכות תהיה על שולחן הממשלה.

Figure G3: Full Hebrew Text of Likud MK Dan Tichon

אני חוזר שנה אחורה. כאשר ניסחנו את מצע הליכוד לקראת הבחירות, כללנו בו את הסעיף שמדבר על חוק ביטוח בריאות ממלכתי. ידענו שעקב-אכילס של מפלגת העבודה מצוי בזיקה שקיימת בין קופת-החולים הכללית לבין ההסתדרות. אבל עמדנו על כך, שכנראה במשך 15 שנים, בשל עמדתם של השותפים שלנו, אגודת ישראל – הרב שפירא, אני מדבר אליך; בשל עמדתם של שניים מהשותפים שלנו, אגודת ישראל ומפד"ל, אנחנו לא נצליח להעביר את חוק ביטוח בריאות ממלכתי.

ואכן, כך היה. אנחנו נכשלנו בנושא הזה. אבל במצע האחרון התחייבנו לחוקק את החוק הזה בתוך 100 ימים אם נזכה בבחירות. מפלגת העבודה הבינה, בצדק, לפני סיום מערכת הבחירות, שעקב-אכילס שלה מצוי בזיקה שבין ההסתדרות, קופת-חולים ומפלגת העבודה.

Figure G4: Full Hebrew Text of *Agudat Yisrael* MK Menachem Porush

אני חייב לומר, שהדבר לא מסתדר אצלי, ואני חושב – אצל רבים. מצד אחד, הממשלה צועדת
צעד אחר צעד להגשים את שיטת ההפרטה ולהוריד מהממסד הממשלתי את המשימות השונות בכל
המישורים: הפרטת הבנקים, הפרטת חברות ממלכתיות, ונתבקש עוד מעט לשיר המנון על ההפרטות.
איך זה מסתדר, שהממשלה הזאת, הדוגלת בהפרטה, תנקוט כיוון הפוך במה שנוגע לביטוח בריאות,
כאשר נושא הבריאות נמצא בידי קופות-החולים? איך ניתן להסביר את העובדה, שיש להוציא את נושאי
הבריאות הממוסדים בממסד חי ופעיל, וגם יעיל, ולהעבירם למסגרת ממלכתית? האם הלאמת קופת-
חולים, זו לא סתירה לשיטת ההפרטה?

C Appendix C: Dataset and Alternative Specifications

In Table **??** I provide the legislative scoring that is used to generate the analysis in Chapter 5. Here I provide the scoring for the most volatile parts of the health basket, a subset of 6 services. I also include the total score for each draft. Lastly, the final column reports the dichotomous variable for the presence of maternal care in a given piece of legislation.

Next, I report the final specification for *Haredi* party strength. Table C reports summary statistics for legislative scores based on the identity of the party sponsor and the number of *Haredi* parties in the Knesset. Table C reports the regression results interacting the number of *Haredi* seats with the identity of the legislative sponsor. The patterns emergent in the other specifications are less strong here; however, this is the specification in which I expect *Haredi* parties to have the least influence on legislation.

Table G3: Full Set of Legislative Scores

Legislation	**Score Type**	**Score**	**Maternal Care**
Likud 1988	Preventative	2	1
Likud 1988	Outpatient	2	1
Likud 1988	Inpatient	3	1
Likud 1988	Occupational	2	1
Likud 1988	Dental	4	1
Likud 1988	First Aid	4	1
Likud 1988	Total Score	27	1
Labor 1992 (1)	Preventative	1	0
Labor 1992 (1)	Outpatient	2	0
Labor 1992 (1)	Inpatient	2.5	0
Labor 1992 (1)	Occupational	2	0
Labor 1992 (1)	Dental	1	0
Labor 1992 (1)	First Aid	3	0
Labor 1992 (1)	Total Score	23.5	0
Labor 1992 (2)	Preventative	1	0
Labor 1992 (2)	Outpatient	2	0
Labor 1992 (2)	Inpatient	2.5	0
Labor 1992 (2)	Occupational	2	0
Labor 1992 (2)	Dental	1	0
Labor 1992 (2)	First Aid	3	0
Labor 1992 (2)	Total Score	24.5	0
Labor 1993	Preventative	4	1
Labor 1994	Outpatient	3.5	1
Labor 1995	Inpatient	4	1
Labor 1996	Occupational	2	1
Labor 1997	Dental	3	1
Labor 1998	First Aid	2	1
Labor 1999	Total Score	38.5	1
Likud 1993	Preventative	1	1
Likud 1994	Outpatient	3.5	1
Likud 1995	Inpatient	4	1
Likud 1996	Occupational	2	1
Likud 1997	Dental	2	1
Likud 1998	First Aid	2	1
Likud 1999	Total Score	26.5	1

Table G4: Full Set of Legislative Scores (ctd

Legislation	**Score Type**	**Score**	**Maternal Care**
Government 1994	Preventative	4	1
Government 1995	Outpatient	4	1
Government 1996	Inpatient	3	1
Government 1997	Occupational	2	1
Government 1998	Dental	2	1
Government 1999	First Aid	2	1
Government 2000	Total Score	29	1
Meretz 1994	Preventative	2.5	1
Meretz 1995	Outpatient	4	1
Meretz 1996	Inpatient	3	1
Meretz 1997	Occupational	2	1
Meretz 1998	Dental	1	1
Meretz 1999	First Aid	2	1
Meretz 2000	Total Score	26.5	1
Likud 1994	Preventative	2.5	1
Likud 1995	Outpatient	4	1
Likud 1996	Inpatient	3	1
Likud 1997	Occupational	2	1
Likud 1998	Dental	1	1
Likud 1999	First Aid	2	1
Likud 2000	Total Score	26.5	1
Final Initial	Preventative	1	1
Final Initial	Outpatient	4	1
Final Initial	Inpatient	3.5	1
Final Initial	Occupational	2	1
Final Initial	Dental	1.5	1
Final Initial	First Aid	2	1
Final Initial	Total Score	27	1
Final Reading 1	Preventative	2.5	1
Final Reading 1	Outpatient	4	1
Final Reading 1	Inpatient	4	1
Final Reading 1	Occupational	2	1
Final Reading 1	Dental	1.5	1
Final Reading 1	First Aid	2	1
Final Reading 1	Total Score	29	1
Final Reading 2	Preventative	2.5	1
Final Reading 2	Outpatient	4	1
Final Reading 2	Inpatient	4	1
Final Reading 2	Occupational	2	1
Final Reading 2	Dental	1.5	1
Final Reading 2	First Aid	2	1
Final Reading 2	Total Score	29	1

Table G5: Summary Statistics of Legislative Scores-by Number of *Haredi* Seats in Knesset

Party Sponsor	Religious Seats	Generosity Score
Labor	10	28.33333
Labor	13	28.83333
Labor-Likud	10	29.00000
Likud	10	26.50000
Likud	13	26.75000
Meretz	10	26.50000

Table G6: Regression Results: Interacting Haredi Seats and Party Sponsor

	Generosity Score
Likud	0.67
	(6.19)
Likud	−1.00
	(31.37)
Haredi_Seats	0.17
	(1.46)
Labor-Likud:Haredi_Seats	
Likud:Haredi_Seats	−0.08
	(2.63)
Mean dep. var	27.9090909090909
N	11
R^2	0.07
Adjusted R^2	−0.86
Residual Std. Error	5.36 (df = 5)