National Priority Areas: Between Redistribution and Discrimination

Ofra Bloch[[1]](#footnote-1)\*

Abstract: Something about regions and redistribution. In the early 1990s, the Government of Israel set forth a plan to designate certain areas as National Priority Areas (NPAs). The designated areas and their residents enjoy certain benefits, subsidies, and privileges that are meant to narrow socioeconomic gaps and promote equality between them and more affluent parts of the country. Despite being a central redistributive tool that reallocates billions of shekels each year, the NPA mechanism has drawn almost no scholarly attention. In this paper, I aim to fill the gap by providing descriptive and theoretical accounts of NPAs. Tracing NPA history, I show that this tool has been abused over the years to serve predominantly the Jewish majority and, more specifically, Jewish settlements in the occupied territories. I demonstrate how, even when the High Court of Justice struck down overtly discriminatory lists of NPAs and mandated the use of objective criteria in classifying such areas, the government found new and more sophisticated ways to prioritize Jewish settlers and discriminate against the Palestinian-Arab minority. Finally, I consider the alternatives. After rejecting a place-neutral approach, [?] I see a main alternative to NPAs in group-based development plans that earmark funds specifically for Palestinian-Arab municipalities and population. Using racial classifications to promote economic inclusion is controversial, but I show that it may be the best alternative, especially under hostile regimes that tend to manipulate racially-neutral criteria. Another option is the regions as B+RZ describe them

# Introduction [ctrl-alt-1]

*The working definition of “regions,” for the purpose of this study, is sub-national but supra-local (including inter-local) governmental entities, encompassing all or part of the national territory.*

Regions are often used in development and distribution policies,[[2]](#footnote-2)and scholars point to their potential as tools for redistribution.[[3]](#footnote-3) Yet we know very little about the role regions play in redistributive efforts.

the roles regions actually take in (re)distribution efforts, as well as the potential and risk of using them for redistribution.[[4]](#footnote-4) For the past 30 years a large-scale place-based distributive plan has been operating in Israel. This long-term experience, this paper shows, makes Israel an excellent case-study to examine these questions.

In Israel, development and regions were tied together from early on.

In the early 1990s, the Israeli government set forward a plan to designate certain areas as National Priority Regions (NPRs). Designated regions and their residents enjoy certain benefits, subsidies and privileges “in order to reduce socioeconomic gaps and promote equality between NPRs and more established regions in Israel”.[[5]](#footnote-5) Despite being a central tool for redistribution that reallocates billions of Shekels each year, almost no scholarly attention was paid to it. This paper aims to fill this gap, providing an empirically-descriptive and theoretical accounts of NPRs. Tracing the history of NPRs, I show that this tool has been abused over the years to dominantly serve the Jewish majority and more specifically the Jewish settlements in the occupied territories. The paper demonstrates how, even when the Court stroke down overtly discriminatory maps and required the use of objective criteria, the government found new more sophisticated techniques to prioritize Jewish settlers and to discriminate the Palestinian-Arab minority.

Building on this historical , theortical account of NPRs, using regions but being controlled soally by the central gov. it makes it a hybride theortically.… the paper highlights the risks of regionalism and critiria. The worng hands.

Finally it considers two alterntaitives. First race based.

Finally, the paper also considers the main alternative to NPRs – first rationalism all the way down, the second groups based. Not giving a complete answer also not sure we have to choose. The two can operate together. ?

—group-based development plans that designate funds specifically to Palestinian-Arab municipalities and population. Using racial classifications in order to promote economic inclusion is controversial, but this paper shows it might be the better alternative, especially under hostile regimes that tend to manipulate racially-neutral criteria. Another option is the regions as B+RZ describe them The second, regionalism all the way down>> staying at the regional level, but taking it all the way, giving them authorities to distribute etce. The thing is, that here we are vulrable again.

Place based approach is a way to deal with both knowledge and power.

Missing from Blank and Rosen Zvi is redis

National Priority Regions (NPRs) are… . On their on merits, meant to… But do they? Tracking their history, descriptive—no one covered it. But also rising questions about the aspiration/requirement for setting objective criteria and equality law. Is there a point? Like much else, depends on the alternatives. Here regions v. group based. Probably can’t work with only objective if you want to do redistribution, because if you want to get pass race you have to acknowledge it? But no in a symbolic level, in the political economy level of redistribution of resources.

History –

Pre-history, before 1993 – origins

history 1993-2006

2006-2022

2018- political in a very narrow way – sector based criteria

What is at stake – first, just knowing what is going on. There is a lot of law and regulation happening that no one knows about because it is now in the judgment. A crit comment.

Theoretically, policy, redistribution. Tradeoff and the alternatives.

A few paragraphs about global use – Trump Zones, EU, Etc.

# I. National Priority Areas: A History in Three Acts (1971–2022)

Development

## Act I: From a Messy Beginning to Systemic Discrimination (1971–2006)

The antecedents of what we now know as National Priority Areas were “development areas.” It was back in 1961 that the Israeli tax code authorized the Minister of Finance to exempt or reduce the taxation of income created in newly inhabited or “development” areas.[[6]](#footnote-6) It was in the 1970s, however, that the Israeli legislator first embraced specific areas as a development category as a way to prioritize some locations over others. In 1971, an amendment to the Encouragement of Capital Investments Law authorized the government to grant subsides to Class A Development Areas.[[7]](#footnote-7) In subsequent years, this statute was amended several more times to allow other benefits, mainly tax exemptions, to factories located in development areas.[[8]](#footnote-8)

From early on, the rationale for using areas as a development category was dual: Zionist or Jewish-nationalist as well as distributive. The stated goals were to encourage Jewish settlement in specific regions, especially where Jews were a demographic minority, and concurrently to promote the socioeconomic status and wellbeing of those living in the national periphery. The balance between those two rationales shifted over the years, usually commensurate with the ideology of the government in power. The Development Towns and Areas Law, enacted in 1988, authorized a special ministerial committee to classify some areas and towns as development areas on the basis of (1) their distance the center of Israel; (2) their socioeconomic status and the level of public services available; and (3) the security situation in the area.[[9]](#footnote-9) The localities selected were to receive certain subsidies, benefits, and reliefs. The objectives of this law were “to encourage settlement and development and to promote the socioeconomic status of development towns and areas.”[[10]](#footnote-10) “Encourag[ing] settlement” may be interpreted as a neutral and nationally blind term, but the explanatory notes attached to the statute make it rather clear that the objective was, at least in part, Zionist.[[11]](#footnote-11) Although this law was never implemented,[[12]](#footnote-12) similar objectives continued to motivate the creation of similar regional tools, as I show below.

In 1992, the government appointed a National Priority Areas committee that recommended the creation of two levels of priority areas—Class A (*Alef*), and Class B (*Bet*)—reflecting two levels of government support that would be given.[[13]](#footnote-13) According to the recommendations, “Due to the special needs of minorities’ villages and the government resolution to appoint a specific committee for that matter, the recommendations will not relate to minorities’ villages.”[[14]](#footnote-14) Indeed, a committee “for the inclusion of Arab citizens of Israel in various aspects of national life” was established that year.[[15]](#footnote-15) More generally, under the Rabin Government that was then in power (1992–1995), a major turning point occurred with respect to attempts for the inclusion and “development” of the country’s Palestinian-Arab population. Budgets and funds were reallocated in those years to promote Arab schools and municipalities,[[16]](#footnote-16) although not nearly enough to affect the huge disparities between Arab and Jewish towns.

In January 1993, pursuant to these recommendations, Government Resolution 721 officially established the NPA plan. The unique feature of the plan was its comprehensiveness and uniformity. No longer relating to a specific tax cut or benefit, it was a mechanism that would prioritize certain areas across all governmental allocations and through all ministries.[[17]](#footnote-17) The stated rationales for this resolution were “dispersing the population, revising national priorities, and integrating ‘*aliya* (Jewish immigrants).”[[18]](#footnote-18) Thus, formally, the goals were less concerned with socioeconomic gaps and more with attentive to Jewish settlement across Israel. Furthermore, instead of the three criteria listed in the Development Towns and Areas Law, the classification of NPAs would follow the rather vague criteria of “demographic variables, residency, employment, education, and more.”[[19]](#footnote-19) This, the law states, should be done according to “uniform and equal criteria and standards.”[[20]](#footnote-20)

Peculiarly enough, in Resolution 721 the Government declared that it did not derive its authority from the Development Towns and Areas Law.[[21]](#footnote-21) Several months after the resolution was promulgated, the city of Kiryat Gat petitioned the High Court of Justice against it.[[22]](#footnote-22) The petitioner argued that the government did not have the authority to make decisions regarding the classification of NPAs because this authority was granted to the special ministerial committee that had been set up under the Development Towns and Areas Law.[[23]](#footnote-23) The respondent, countering, argued that the Government does have the authority to determine National Priority Areas by virtue of its residual authority under Section 29 of the Basic Law: the Government (today s. 32). In *Kiryat Gat Municipality v. State of Israel*, the Court ruled: “When there is a law that creates an arrangement, the power of the Government defers to it and it may not create an alternative arrangement.”[[24]](#footnote-24) The resolution, the Court explained, was meant to circumvent the Development Towns and Areas Law and create an alternative arrangement; thus, it was not acceptable. This was one of the few cases in which the Court reached the conclusion that a law creates a negative arrangement that prohibits the Government to act within its residual power. Thus, perhaps, as Yoav Dotan suggests, the decision should be understood less as a matter of enforcing principles of legality and more as a statement against the possibility of wrongful political motivations behind the resolution.[[25]](#footnote-25)

*But who benefited from the NPA system? And how did it shift over the years?* There are at least two interesting strands to follow: Palestinian-Arab villages and towns and Jewish settlements in the occupied West Bank (hereinafter: Jewish settlements). Before 1993, Jewish settlements were classified as Class A Development Areas and thus received the highest level of governmental support. Resolution 721 repealed this classification of almost all Jewish settlements by not including them in the NPA list.[[26]](#footnote-26) This situation changed quickly with the establishment of the first Netanyahu Government in June 1996. Its first decision regarding NPAs, made in December 1996, added all but a few Jewish settlements (about 130 villages and towns) in the occupied West Bank to the list of NPAs irrespective of their socioeconomic status.[[27]](#footnote-27) Continuing in 1998, the second Netanyahu Government announced that it had updated the NPA map according to its basic principles: “to give national importance to settlement in the Negev, Galilee, the Golan Heights, the Jordan Valley, and the West Bank, as part of Israel’s security apparatus and as the fulfilment of Zionism.”[[28]](#footnote-28)

Given this strong Zionist sentiment and its linkage of Jewish settlement to security interests, it is not surprising that Palestinian Arab villages were left worse off than were Jewish ones. Arab villages and towns had been underrepresented in the initial classification of NPAs in 1993[[29]](#footnote-29) despite their obvious socioeconomic disadvantage. During the ensuing years of Labor Party government (1992–1996), it is hard to point to a form of systematic discrimination as Palestinian-Arab, Druze, and Bedouin villages were gradually added to the list of NPAs.[[30]](#footnote-30) Under the subsequent Netanyahu Government, however, despite formal adherence to the socioeconomic rationale of the NPA plan, Palestinian-Arab villages were actively taken off the NPAs list while Jewish ones were added.

Most notably, in Resolution 3292 (1998) the Government classified seventeen towns, none of them Arab, as Class A NPAs. The decision also elevated eleven towns, again none of them Arab, from Class B to Class A. In contrast, of thirty-four towns that lost their NPA status, fourteen were Arab.[[31]](#footnote-31) In addition, the Government granted entitlements to education benefits to multiple towns but left the Palestinian-Arab sector out of the arrangement, even though this sector is the most in need of such assistance[[32]](#footnote-32) and even as other sectors, such as the Druze and Circassian, were given Class A NPA status.[[33]](#footnote-33)

On July \_\_\_\_ 2002, the Ariel Sharon Government promulgated Resolution 2288 (replacing Resolution 3292). The resolution opens with the following statement:

In these areas [NPAs], a variety of benefits and incentives will be given in order to further their advancement, narrow gaps in the standard of development and standard of living between the national priority towns and all other towns in Israel, encourage the next generation to settle in national priority towns, and encourage the settlement of new immigrants and of longstanding citizens in the national priority towns, while implementing government policy with regard to the planned distribution of the population throughout the territory of the state.[[34]](#footnote-34)

Thus, the duality of the NPA program was maintained as a socioeconomic mechanism and a tool for encouraging *Jewish* settlement. More explicitly than before, the resolution came with separate maps of NPA classifications parsed by areas of activity: industry, agriculture, tourism, education, and housing. In regard to education benefits, the government declared in the resolution that:

Aid in education is intended to improve the standard of achievement of students in national priority areas with the aim of narrowing gaps and creating a high-quality and equal education system in view of the importance of the level of education in creating a spectrum of socioeconomic opportunities.[[35]](#footnote-35)

Despite this egalitarian focus in respect to education, the Government resolved that the map delineated in Resolution 3292 would remain in effect as a framework for providing aid and incentives in education.[[36]](#footnote-36) Under this resolution, 500 towns received NPA status for education purposes; among them, only four were Arab towns.[[37]](#footnote-37)

It was against this backdrop that three leading NGOs petitioned the High Court of Justice, asking it to declare illegal the sections of Resolution 2288 that concerned education benefits. The petitioners argued that the government did not have the authority to establish an NPA plan without primary legislation by the Knesset. More interestingly:

The petitioners further argue that the Government resolution has no equal, open, clear, and written criteria. The criteria on which the classification is based are unclear; sometimes they are geographic and sometimes socioeconomic…. In any case, it is difficult to find a connection between the criteria stated by the respondent and the manner of implementing them de facto, especially with regard to towns from the Arab sector…. The petitioners argue that Government Resolution 3292 is discriminatory and unlawful because it distinguishes unjustifiably between Jewish towns and non-Jewish towns, and especially with regard to Arab towns.[[38]](#footnote-38)

## Act II: The Liberal Moment

In 2006 the Israeli Supreme Court convened in a special panel of seven Justices who ruled unanimously in favor of the petitioners.

בחלק השלישי – דני גוטווין שלטון הנאמנות

<https://peacenow.org.il/incentives-may-2009>

באק 3 – כבר ייהוד אסור, אז מוצאים דרכים אחרות

Despite the Court’s decision, the government did not stop using NPAs, but instead,

improper because it does not rely on primary legislation.

קריית גת עוקף חו

ועדת המעקב

המטרות יותר ציוניות פחות סוציואקונומיות

זה מסלול עוקף חוק

קריית גת

ואז ההחלטות של ממשלת נתניהו בזמן שדחו את החוק וחשבו שפתרו את הבעיה.

הפליה לטובת ההתנחלויות בנוסף לזה שלא היו ישובים ערביים >> לא מפתיע

נגד המצב הזה עתרו

פרק 2 – ועדת המעקב – הרגע הליברלי

פרק 3 – חקיקה וקריטריונים אוביקטיבים. המצב משמעותית יותר טוב יש הרבה ישובים ערבים. עם זאת, לא מספיק ובנוסף, ההתנחלויות. שני מסלולים >> קריטריונים ניטרלים, השני שינוי הגישה ביחס להתנחלויות.

Maybe break into two? Before 92 anf after

## The liberal Moment of 2006

## Formal Equality, Objective Criteria and the two new forms of discrimination

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# Conclusion

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Note the way the odd page header differs from the even; note also that there’s no header on the first page. That’s a pretty normal layout for published works.

1. \* Author’s note. [↑](#footnote-ref-1)
2. [↑](#footnote-ref-2)
3. Yishai and Issi forth function + policy papers about redistribution and regionalism [↑](#footnote-ref-3)
4. Scholarship about redistribution and regionalism [↑](#footnote-ref-4)
5. Gov. dec. no. [↑](#footnote-ref-5)
6. §11, Income Tax Ordinance, 5621-1961. [↑](#footnote-ref-6)
7. Encouragement of Capital Investments Law (Amendment no. 8), 5731-1971. [↑](#footnote-ref-7)
8. Encouragement of Capital Investments Law (Amendment no. 14), 5736-1976, Encouragement of Capital Investments Law (Amendment no. 17), 5738-1978, Encouragement of Capital Investments Law (Amendment no. 26), 5746-1986, Encouragement of Capital Investments Law (Amendment no. 27), 5747-1987, Encouragement of Capital Investments Law (Amendment no. 35), 5749-1989, Encouragement of Capital Investments Law (Amendment no. 39), 5750-1990.

   [הערה ליובל: להוסיף כמה מילים על כל תיקון מה הוא הוסיף] [↑](#footnote-ref-8)
9. §3(a), Development Towns and Areas Law, 5748-1988. [↑](#footnote-ref-9)
10. §1, Development Towns and Areas Law, see note 8. [↑](#footnote-ref-10)
11. לתרגם חלקים רלוונטיים מעמוד 3 אצל יובל ולאזכר כמו שצריך "ערי הפיתוח הן ישובים המייצגים ומסמלים כיום את התחדשותו של העם היהודי בארץ ישראל." "פתתרון בעיות דמוגרפיות באזורים שבהם היו היישובים העבריים מיעוט". [הערה ליובל: בעמוד 3 הבאת כל מיני מובאות מדברי ההסבר לחוק שמראים שיש לו מרכבי יהודי-לאומי – מבקשת שתתרגם כמה מהחזקים, כמו מה שהעקתי כאן, ולאחר שתכניס את הציטוט כמובן תפנה למקור]] [↑](#footnote-ref-11)
12. The law was repealed in §161, Economic Efficiency Law (Legislative Amendments to Implement the Economic Plan for 2009 and 2010), 5769-2009. [↑](#footnote-ref-12)
13. Office of the Prime Minister, *National Priority Areas* [in Hebrew] 6 (November 30, 1992) (ISA-PMO-Coordination-000ww3m). [↑](#footnote-ref-13)
14. *National Priority Areas*, see note 12**שגיאה! הסימניה אינה מוגדרת.**, page 9.

    [הערה ליובל – תראה מה הבעיה פה בבקשה] [↑](#footnote-ref-14)
15. Letter from Elyakim Rubinstein, Government Secretary, to Alouph Hareven and Dr. Faisal Azaiza (of Sikkuy, a nonprofit organization) [in Hebrew] (July 29, 1992) (ISA-PMO-GovernmentSecretary-R0003jyj). [↑](#footnote-ref-15)
16. Government Policies Towards the Arab Citizens 24-27, in The Index of Arab Society in Israel (2013) (Document by Abraham Initiatives(. [↑](#footnote-ref-16)
17. §2, Government Resolution 721: National Priority Regions – Reclassification of Development Towns & Regions (January 24, 1993).

    [יו להפנות ל-2 נראה לי בסדר] [↑](#footnote-ref-17)
18. Government Resolution 721, see note 16, §1. [↑](#footnote-ref-18)
19. Government Resolution 721, see note 16, §14(c). [↑](#footnote-ref-19)
20. 14 ג --- [יובל, אם משהו בה"ש לא ברור אתה יכול לקרוא את הטקסט עצמו ולנסות להבין משם] [↑](#footnote-ref-20)
21. Government Resolution 721, see note 16, §13. [↑](#footnote-ref-21)
22. HCJ 2918/93, *Kiryat Gat Municipality v. State of Israel*, 47(5) PD 932 (1993) (Isr.). [↑](#footnote-ref-22)
23. *Kiryat Gat Municipality,* see note 21, para. 8. [↑](#footnote-ref-23)
24. *Kiryat Gat Municipality,* see note 21, para. 14. [↑](#footnote-ref-24)
25. Yoav Dotan, *Non Delegation and the Revised Principle of Legality*, 42 Mishpatim 379, 388 n.27 (2012) (Hebrew). After the judgment was given, the state asked the Knesset—mainly for budgetary reasons—to postpone the enactment of the Development Towns and Areas Law. The Knesset did so twice, until 1999. Therefore, it ostensibly authorized the government to continue taking resolutions with respect to NPAs. s. 10 of the draft State Economy Arrangements (Legislative Amendments for Achieving Budgetary Goals) Law, 5756-1995; s. 4(2) of the State Economy Arrangements (Legislative Amendments for Achieving Budgetary Goals) Law, 5759-1999, which was enacted and published in Statutes, 5759, 90. [יובל: לתקן – לקחתי את זה מהתרגום של ועדת המעקב] [↑](#footnote-ref-25)
26. עדיפות לאומית – חלק ב', עמ' 61 – מסמך לאזכר [↑](#footnote-ref-26)
27. סעיף א להחלטה 878; Except for about 10 very affluent settlement next to the green line. להפנות לעמודים 35-37 בתיר חלק ב' (כמובן לפי שם מסמך והכל) [↑](#footnote-ref-27)
28. עמ' 3 – תיק "פרסומים – אזורי עדיפות לאומית 1994-1998" [↑](#footnote-ref-28)
29. The list of priority towns and regions during this time is found in *Localities of the State of Israel and Their Affiliation to National Priority Areas by Authorities* [in Hebrew] (October 19, 1993) (ISA-PMO-Coordination-000vs1b). Some major Arab cities and regions are not prioritized in the list. [↑](#footnote-ref-29)
30. See, for example, letter from Yossi Rousso, Head of the Coordination Division of the Office of the Prime Minister, to the Director General of the Office of the Prime Minister [in Hebrew] (April 5, 1995) (ISA-PMO-Coordination-000vs1b). In this letter, Rousso proposes the classification of Sakhnin, an Arab town, [הוספתי—העורך] as a Class National Priority Area A rather than Class B.

    [יובל – להפנות גם לעמודים 58-59 באותו התיק (אזורי עדיפות לאומת כרך א – ולחפש שם בבקשה אם יש עוד כמה כאלה ] [↑](#footnote-ref-30)
31. נספח ב' להחלטה. עמוד 76-77 לתיק <https://www.archives.gov.il/archives/Archive/0b07170680036a76/File/0b07170680eb1eda> [↑](#footnote-ref-31)
32. נספח ב סעיף 6 להחלטה עמ 77 לתיק לעיל [↑](#footnote-ref-32)
33. ה"ש 44 במסמך שלך. ס ו להחלטה 3292. כמו כן, להפנות לפסקאות הרלוונטיות במאמר שלי על שילוב היררכי בשנות ה50-60 – החלק שעוסק בדרוזים והעדפתם לטובה. [↑](#footnote-ref-33)
34. סכיפים רלוונטיים בהחלטה . תרגום לקוח מועדת המעקב, קורדוזו פסקה 4 [↑](#footnote-ref-34)
35. סכיפים רלוונטיים בהחלטה . תרגום לקוח מועדת המעקב, קורדוזו פסקה 4 [↑](#footnote-ref-35)
36. סעיף רלוונטי בהחלטה (נדמה לי ב.1) [↑](#footnote-ref-36)
37. פס 19 לפסק דין ועדת המעקב [↑](#footnote-ref-37)
38. פסקה 6 לפסק הדין [↑](#footnote-ref-38)
39. Footnote text [ctrl-alt-F, though it should come up this automatically].

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