

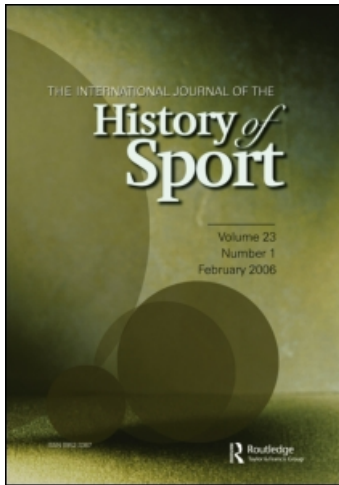
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Just for Sport!? Sport, Gambling and Politics in Israel

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Just for Sport!? Sport, Gambling and Politics in Israel

Moshe Levy and Yair Galily

By adopting a developmental approach, this essay describes and analyses the key processes that led to the establishment and institutionalization of sports gambling in Israel. The socio-historic examination of these processes (1951–1971) suggests that sports gambling in Israel was primarily designed to satisfy a convergence of political interests among governmental decision-makers, leaders of sports institutions and powerful private entrepreneurs.

Introduction

Both professional and non-professional sports in Israel rely heavily on revenues generated from legal sports gambling. Sportoto Israel (through the Sports Gambling Council), the body that is in charge of regulating and operating all legal sports gambling in Israel, funds roughly 90 per cent of the income of the various Israeli sport associations: Gambling revenues are also directed towards developing infrastructures for different sport activities. The economic reliance of Israeli sports on these budgets generated a public discourse which justified sports gambling. The purpose of this paper is to analyse the key processes that led to the establishment and institutionalization of sports gambling in Israel, and to ascertain whether the logic underlying their design was aimed solely to benefit Israeli sports. The socio-historic examination offered here will focus on the convergence of interests between governmental decision-makers, leaders of sports institutions (who were actually emissaries of political parties) and powerful private entrepreneurs. Such a convergence ultimately led to the legalization of sports gambling in Israel and to the establishment of Sportoto Israel as a monopolistic organization in this field.

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Frame of Analysis

While most gambling theories have traditionally been focused on individual gamblers and their experiences, they usually tend to neglect examining of the role of the state and other political agents in the dissemination and establishment of gambling in modern life. Gambling in modern times, whether legal or not, is closely related to political and legal processes promulgated to a great extent by the state, its institutions and other political agencies. [1] Nonetheless, a recent British perspective on the role of the state is offered by David Miers who, based upon British Home Office files and contemporary accounts, evaluates how the law was used to control and suppress popular gambling. While many of the concerns that excite controversy today are little different from those with which the British government grappled for most of the nineteenth and twentieth centuries, Miers's work shows how and why prohibition gave way to the recognition that regulation offered a more effective method of controlling a social pastime that, by the mid-twentieth century, had become a feature of everyday life. [2]

This paper will seek to understand the gambling phenomenon in its political context by attempting to trace the role of the state and other political agents and institutions in the shaping of sports gambling in Israel. This explanation of the role of various agents will attempt to avoid unnecessary generalizations concerning the universal connection between the state apparatus and gambling (as in Marxist theories of gambling), [3] focusing instead on the specific historical and social constellation that led to the establishment and institutionalization of sports gambling in Israel.

In seeking to comprehend the processes and achieve the above aims, we found it useful to call upon the 'figurational' or 'process sociology' developed by Norbert Elias. [4] Elias's sociology offers a useful approach to the study of the development of sports and other procedural aspects of culture. We will argue that the process through which sports gambling developed in Israel can be understood adequately only by presenting it in a historical context and by examining its interdependent processes. Using a process-sociological perspective, we paid particular attention to balance of power among individuals and groups. The struggles between sport organizations, political parties and private entrepreneurs in Israel are examples of balances of power that led to both intended and unintended consequences.

The Beginning of Sports Gambling in Israel

Although the rabbinic literature of every age was vehemently opposed to gambling and almost unanimously denounces it as sin, [5] Jewish countries have practised gambling for various needs. Lotteries and betting were used by Jews worldwide both for entertainment and for recruiting funds for hospitals, schools and even religious institutions. [6] As Zionist Jews laid the foundations for a Jewish state in the first half of the twentieth century, they used gambling practices to fund some of the Zionist

activities such as bringing Jews for Europe to Palestine and purchasing lands for those new immigrants. The establishment of Jewish sports in Palestine [7] was accompanied by a few minor attempts to operate sports betting among the Jewish settlers. [8] Those small-scale and sporadic attempt were not to forecast the flourishing of sport gambling in the newly founded state of Israel.

The first body to offer gambling on soccer match results was the weekly publication *Sport Israel*. On Tuesday 14 August 1951 the paper published a form listing 12 soccer games to be played that Saturday. Readers were asked to submit their punting guesses by Thursday, and on Sunday the correct guesses and the winners' names would be published. [9]

Gambling on the results of soccer games appeared sporadically in other newspapers, such as *Yediot Acharonot*, *Haolam Haze* and *Chadshot Hasport*. *Yediot* had readers speculating about single games that attracted public attention and were widely reported on in the paper's sports section. To participate in the drawing, readers had to complete a form that appeared in the newspaper and submit their prediction about the result of the game. Thousands of the newspaper's readers participated in the contest and the winners who guessed correctly won a check for 10 Israel pounds (first prize) or free lottery tickets as lower prizes.

Other organizations such as 'The Weekly Guesses' or 'Toto for All' recognized the commercial potential in sports gambling and began to offer organized gambling on the results of soccer games. Most of these organizations were short-lived, either because they did not take root or they did not win the public's trust. This lack of trust was mainly due to fraudulent practices – usually gambling operators announcing themselves or their fronts as first prize winners so as to reduce actual payouts. [10]

The year 1955 marked the beginning of a significant change in gambling, and especially in sports gambling. This was the year in which three entrepreneurs joined forces to establish organized and profitable sports gambling in Israel. Unlike the other enterprises mentioned above, the three individuals involved in this new venture – soccer coach Jerry Beit Halevi, electric company worker Ijo Hameiri and court clerk Shmuel Birenboim – first studied the subject in depth. During a number of meetings they thoroughly examined and translated the British Littlewoods book of rules into Hebrew, pored over books and the professional press, and formulated a marketing strategy suitable for gambling. The important component of this strategy was to engage the financial, political and marketing backing of a large commercial newspaper.

In an amusing side note, in order to put their meticulously prepared business strategy into action, the three conducted a lottery to decide who would approach each of the large newspapers. The draw had Hameiri approaching *Maariv* and Beit Halevi *Yediot Acharonot*. When Hameiri asked to meet then-editor of *Maariv*, Azriel Carlibach, he received a flat-out refusal. Carlibach would not even allow Hameiri into his office.

Beit Halevi's meeting at *Yediot Acharonot* went more successfully. The newspaper's editors, Noah Moses and Dov Yudkovski, enthusiastically embraced the enterprise

and agreed to be a part of it. To operate the new venture a company called Gesher was established, 51 per cent of which was controlled by the Moses and Yudkovski families, and the remaining 49 per cent by the three initiators of the project.

The birth pangs of the gambling project, which was dubbed 'Toto Kaduregel' (Soccer Lottery), ended in December 1957. Starting that month, *Yediot Acharonot* published a weekly list of 12 games whose results were to be predicted. Participants had to mail the form, which was cut out of the newspaper, together with 25 agorot for each column they completed. *Yediot Acharonot* allocated 800 Israeli pounds for the first week as first prize. When the envelopes that were collected were opened by the newspaper editorial board the results yielded only 257 pounds – about one third of the first-prize money. Fortunately for the entrepreneurs, nobody that week guessed the results of all the games correctly, so the first prize was not awarded.

Over time Toto Kaduregel gained momentum, as reflected in the growing revenues and number of columns submitted. On Saturday nights, the main Toto station at 12 Mikve Yisrael Street in Tel Aviv attracted thousands of gamblers eager to know the results of the games, which were displayed on a special neon board at the station. As there was still no mechanized method for collecting and checking forms, the company hired hundreds of people to do the work, many of them students, who were taken on as a result of agreements signed between Gesher and various universities. The great popularity of soccer gambling, which was advertised regularly in *Yediot Acharonot*, led to the opening of additional Toto stations. Newspaper distribution agents received franchises to operate these stations and took 7 per cent of the weekly revenues into their pockets.

From its first week of operation, Toto Kaduregel had competition. The Hapoel and Maccabi sport centres set up a rival organization called 'Sportoto Israel'. Their intent was to use the revenues generated by soccer gambling to finance and develop Israeli sports, by channelling the profits to the various sports institutions. In its early days, this effort was not successful, mainly because the organizers refused to announce a minimum distribution of prize money per week. Logically, therefore, gamblers preferred the competitors, who were willing to take the risk of promising minimum distributions even though they knew that revenues in a given week might be smaller than the prize money.

The inability of Sportoto Israel to attract the gamblers' money led its organizers to take a different tack. These leaders, who were representatives of the sports institutions and very close to the political elite, utilized their connections to thwart their competitors at Gesher and to threaten them..

The only obstacle facing Sportoto Israel was the large share that *Yediot Acharonot* had in Toto Kaduregel. To avoid a confrontation with this large and powerful newspaper, the heads of the sports institutions decided to form a coalition among themselves. When the owners of Gesher were notified of the sports institutions' intentions to unite, Noah Moses and Dov Yudkovski decided that there could be room for cooperation. Gesher's decision to merge with Sportoto Israel, even if not

financially worthwhile, was motivated mainly by the fear of having to square off against the sports institutions and thus endanger Toto Kaduregel.

A year after the two organizations united, they were registered as one association called 'Sportoto Israel', formally run by the Israel Olympic Committee, the Israel Sports Association and the Football Association. Gesher undertook to deal with the technical and organizational aspects of sports gambling in return for a fixed percentage of the revenues.

The fact that Sportoto Israel enjoyed the reflected prestige of public bodies such as *Yediot Acharonot* and the sports institutions enhanced the trust that the new gambling project engendered in the gambling population. Even if the organization did not succeed immediately, within a few years sport betting had penetrated into many segments of the population and its revenues continued to grow. The most successful expression of this success was in the increasing number of participants, which rose regularly from 1963 and was estimated by Sportoto Israel personnel to be about a quarter of a million gamblers each week.

Sports Gambling and the Law

Another factor that can also be mentioned as an important contributor to the establishment of Sportoto Israel is the amendment that was made to the penal law in 1964. Prior to this amendment, sport gambling was not illegal, but at the same time it did not have legislative legitimacy. The change in the penal law supplemented the criminal law [11] that forbade the conducting of lotteries, but did not limit the organization and running of gambling of other kinds, and certainly not sports gambling. This addition did indeed make sports gambling illegal, but at the same time it left the loophole through which the finance minister or his representative could allow gambling of a public nature. A temporary order appended to the law gave those who had been conducting gambling legally before the passing of the law until 1 January 1965 (about one year after the law came into effect) to terminate their activity. [12]

This legislation exemplified the parliamentarians' desire to use Sportoto Israel to ensure that control over sports gambling in Israel remained exclusively in the hands of the sports institutions. This interest was, among other things, a reflection of the close ties prevailing between government decision-makers and the leaders of the sports institutions, who were representatives of the party machinery. Both sides (which almost could be considered as one) realized the potential gambling had for raising funds for the sports associations, most of which were politically affiliated and which served as a means of garnering support and votes for their respective parties. Thus, by means of legislation, sport institution leaders and decision-makers sought to ensure Sportoto Israel's exclusivity in running sports gambling and to entrench it formally in the gambling industry, alongside 'Mifal Hapayis' (the Israeli national lottery). To support this contention, it is possible to cite a letter sent, in May 1967, by the heads of the Olympic Committee to Knesset Finance Committee members, clearly

stating that 'the main intention of the legislators was that the above licence [to run sports gambling] be given exclusively to Sportoto Israel'. [13]. However, this attempt to shape and institutionalize the structure of gambling by means of legislation met with opposition from those who were left with the choice of either no sports gambling or illegal sports gambling operations.

The publishers of *Nichushei Hashavua* ('the weekly punter') which, like Sportoto Israel, had requested to continue running soccer gambling under the name of 'Toto', asked the Finance Minister to issue a work permit under the terms of section 7 of the Penal Code. This request was denied on the grounds that 'Finance Ministry policy for issuing permits for conducting lotteries and gambling' [14] did not allow the issuance of a permit to the company. The reply given by the Finance Ministry also made it clear that the requested permit was given only to organizations that apportioned some of their revenues 'to the actual development of sport (activity by athletes and investment in equipment and facilities)'.

This rejection led *Nichushei Hashavua* to appeal to the Supreme Court on the grounds of discrimination in comparison with other organizations that had received permission to conduct gambling. Their case became more acute when *Nichushei Hashavua* expressed its willingness to allocate some of its revenue to the development of sports. Based on this appeal, an order nisi was issued on 5 May 1965, ordering the Minister of Finance and the ministry's director-general (who was in charge of issuing permits) to show cause why they should not issue the requested permit in accordance with section 7 of the Penal Code.

In his response to the court, the director-general of the Ministry of Finance stated the criterion according to which permits were issued for conducting legal gambling:

The first question I weigh in whether to issue a permit according to section 7 of the law is whether the company seeking the permit is a public enterprise, in contradistinction to a commercial company all of whose revenues (less the expenses entailed in its operation) are dedicated to public purposes; and whether without this revenue the state treasury would have to bear the financial burden of attaining these goals. And if the answer to this question is negative, that is sufficient reason for me to refuse to issue the permit.

The director-general added that Mifal Hapayis, the National Committee for the Soldier, the Public Council for Magen David Adom and Sportoto Israel met this criterion and therefore had been granted permits.

This response reflected the Finance Ministry viewpoint that for a permit to be issued it was not sufficient that a gambling organization make a significant contribution to sports (as *Nichushei Hashavua* was informed), but that it had to dedicate all of its gambling profits to public causes. With this response in hand, *Nichushei Hashavua* appealed, contending that Sportoto Israel did not meet the ministry criterion. They argued that a set percentage of Sportoto Israel revenues was transferred to the Gesher company to carry out 'all the technical work involved in

organizing soccer punting contests for the association [the sport associations]'. [15]. To show that some of the profits were being channelled into private hands, the appellant exposed the division of Sportoto revenues. After commissions were paid to Toto agents (10 per cent to regular agents, 5 per cent to main agents), and after 40 per cent of the general revenue was deducted for prize money, the remaining 60 per cent was divided equally between the sports institutions and Gesher. The Ministry of Finance, in an evasive reply, justified the Sportoto permit by claiming that 'Gesher has no legal permit. It is not a member of the association and is not mentioned in the permit that was issued to the association.' The court rejected these arguments out of hand, stating that the Finance Ministry had not acted in good faith. After all, government representatives regularly participated in meetings of the Sportoto directorate and knew very well that not all of the revenues were being channelled into public purposes. The court therefore concluded that the appellants had indeed been discriminated against in comparison to Sportoto Israel and that *Nichushei Hashavua* was no different from Gesher except that 'it conducts its business openly and publicly, using its own name because it had not found a partner with a full "Kosher" certificate to hide behind'. Therefore, the court ordered the Finance Ministry to reconsider the request for a permit based on the fact and not on the basis of the criteria presented to the court in the *Nichushei Hashavua* appeal. As a result of this ruling *Nichushei Hashavua* received a permit to continue its activities. [16]

The success of *Nichushei Hashavua* in obtaining legal permission to engage in gambling encouraged others to try to squeeze through the breach that was opened. On 10 August 1966, Cyril Stein, a British businessman, sent a letter to the Finance Minister requesting a permit to conduct soccer gambling. Two months later the Ministry of Finance replied that Israel already had two organizations conducting soccer gambling and that the ministry was 'initiating a bill that would allow only one organization to conduct a soccer lottery'. [17] The response added that approving another such permit would necessitate 'considerable time and expense' and therefore the ministry did not recommend that Mr Stein enter the field.

Stein did not accept the advice proffered by the ministry and filed a second request, noting that he intended to use the gambling project in Israel as a base for international business activity that would attract foreign currency into the state treasury. This request was also rejected, with the ministry explaining that another organization conducting soccer gambling 'would entail more extra expenses for organization and prizes'. Moreover, the treasury added, revealing the political pressures at work, another gambling enterprise would 'reduce the total revenue of the sports institutions'. The ministry concluded by saying that if its advice not to conduct gambling activity was rejected once again, Stein would then have to submit a detailed business plan.

Such a plan was quickly submitted to the Ministry of Finance, but it did not help Stein to obtain the permit. The ministry reiterated the Knesset's intention of legislating for only one organization to operate sports gambling. Its letter proposed that Stein cooperate with 'government sports personnel' in order 'to utilize your organization's knowledge and abilities in the new framework that was to be established'.

A more pertinent response to Stein's request arrived only after the court had issued an order nisi, at Stein's request. In a defence affidavit, the ministry explained that permits to conduct sports gambling had been granted to only two institutions, Sportoto Israel and *Nichushei Hashavua*, the latter in response to Supreme Court ruling 131/65. The Ministry of Finance added that it 'refused the appellant's request to establish an additional gambling enterprise because in its opinion those already in existence were quite enough for the country'. In addition, the refusal was justified on the grounds that more gambling would mean more gamblers. The ministry admitted in court that the sports institutions had asked that it enforce stricter rules in issuing permits for fear of losing revenues.

The court rejected the ministry claims one after the other. First, the court asserted that the fact that a bill concerning sports gambling arrangements was on the Knesset agenda could not justify the rejection of Stein's request and that 'it is natural that the appellant wanted a quick hearing on his request in order to obtain what he desired before the gate was closed'. Justice Zusman, who revealed his ideological position that gambling encouraged 'the desire to get rich quickly and without working hard, and led to a waste of money not connected to making a living or investment', also rejected the Ministry of Finance's second contention. According to the justice, even if some organizations allocated some of their revenues for public purposes, it was not the ministry's role to protect those interests. The court's criticism was aimed at two issues: at the protection provided by the ministry to those 'holding permits at present' and at the ministry's proposal that Stein cooperate with 'government sports people'. In the court's view, those bodies had never been authorized by law to discuss the issuance of permits and therefore Stein's request was none of their business.

The final contention put forth by the Ministry of Finance, that issuing additional permits would intensify gambling among the populace, was also rejected by the court. In what was either a serious or a cynical remark, the court asserted that if the circle of gambling grew, and if Cyril Stein's stated intention of allocating some of his profits for public causes were true, then the sports organizations, which the ministry wished to please, would receive more revenues. For these reasons, the court decided to make the order nisi absolute and in doing so obliged the Ministry of Finance to consider Stein's request.

The Israeli Sports Gambling Council

About two months after the Supreme Court decision Stein's efforts to obtain a permit still seemed in vain. On 28 April 1967, the proposal to limit gambling to one organizer was published, and in early August of that year the Knesset approved the Sports Gambling Law – 1967 (hereinafter called the 'gambling law').

Section 55 of this law stated that all permits to conduct gambling issued according to section 7 of the Penal Law would be valid until the last day of 1967 and would not be renewed thereafter. The law added that after a one-year transition period and beginning 1 January 1968, exclusive authority for conducting and organizing sports

gambling would be placed in the hands of the Sports Gambling Council (hereinafter the council). The law stipulated that the council would be composed of no less than six and no more than 12 members, half of them state workers and half (not surprisingly) representatives of three organizations: the Israel Football Association, the Israel Sports Association and the Olympic Committee – the very same institutions that operated Sportoto Israel.

The new law, which was meant to establish order in sports gambling in Israel, reflected the alliance between the sports institutions and the government. On the one hand, the law saw to the needs of the political elite, who could thus take care of their friends and install them in political positions in charge of huge resources. The law also ensured that the Ministry of Finance would no longer be troubled with requests for permits and appeals to the Supreme Court regarding ministry decisions. On the other hand, those who benefited even more from the law were the sports institutions, by virtue of the exclusive position they gained on the council and their ability ‘to arrange’ sports gambling in a manner that assured them a complete monopoly in the field.

And indeed, under pressure brought by the sports institutions, section 8a, which would have obliged the council to conduct a tender for running football gambling, was deleted. As expected, after being released from legal limitations, the council awarded the gambling programme to Sportoto Israel. It should be noted that at that time three of the council members were Sportoto Israel executives.

Cyril Stein, who had meanwhile set up ‘Israel Footballs’ to conduct sports gambling, did not despair and appealed once again to the courts. In this appeal Israel Footballs sought to clarify why the connection between the council and Sportoto Israel should not be cancelled and in its stead a tender be published to which the appellant could also apply. [18]

The court critically described the state of gambling in Israel as being the result of the desire of the agents that engaged in ‘exploiting the gambling urge in Israel ... to retain their position of exclusivity at all costs, together with the authorities that lent a hand to this end’. The legislator’s intention, according to the court, was to place the very same agents who had been active in this field into a public framework and to prevent others from trespassing.

Despite these arguments and the expressions of criticism about what seemed to the court a fundamental flaw in this act of Knesset legislation, the appeal was denied on the grounds that it is not the duty of the court ‘to speculate on the deeds of the legislature’ which determined the composition of the Sports Gambling Council. In addition, the decision stated that no legal document was found that obliged the gambling council to nullify its agreement with Sportoto Israel and to issue a tender. In conclusion, the court expressed its hope that section 16, according to which the law would expire in three years, would allow room for the needed amendments in the future.

As the expiration date for all permits granted by the Ministry of Finance approached, those active in the field (*Nichushei Hashavua* and The Company for Operating Sports Gambling, known as ‘Toto Amami’) sought to negotiate with Sportoto Israel in an attempt to gain a share of future gambling activity. At the same time, these other agents

appeared before the council to air their claims, which centred on the fact that the expiration of the permits would rob hundreds of families of their livelihood, among them 'war handicapped, socially deprived and those deemed worthy of assistance'. [19] These efforts were successful and on 1 January 1968 a four-way agreement was signed between Sportoto Israel, Gesher, *Nichushei Hashavua* and Toto Amami. All sides agreed that Sportoto Israel would receive the exclusive right from the council to conduct sports gambling and could contract Gesher to carry out the work. It was also agreed that the other two parties could serve as subcontractors of Sportoto Israel and run their stations alongside those of Sportoto Israel. The agreement went so far as to specify the names of two acceptable arbitrators who would determine the exact division of lottery agents and stations to be run by each of the parties.

As a result of this agreement Toto Amami received the right to operate 150 lottery stations. A year and a half after the agreement was signed, the company decided to fire 15 sub-agents who ran these stations. In response, the agents appealed to the courts to instruct the lottery organization to return them to work and to instruct the council to manage soccer gambling on its own or solely through Sportoto Israel.

The court rejected the agents' appeal to reinstate them in the lottery stations on the grounds that the appellants had no standing, as the conflict was a civil case that had nothing to do with the Gambling Council. However the agents' request to order the council to run soccer gambling on its own was not rejected out of hand. Section 8 of the gambling law stated that 'the gambling which the council arranges will be conducted according to a program set down by the council in regulations approved by the ministers and by the Knesset Finance Committee'. In the regulations published on this basis, section 3 stated that 'the council is empowered to assign implementation of tasks entailed in the program to another person'. In the court's opinion, section 8 did not allow the council to determine who would carry out the programme, it only allowed the council to determine what that programme would be. In the court's opinion, assigning all activities connected to the conducting of gambling operations to external bodies emptied of content the authority and responsibility that the legislator had given to the council.

In order to avoid financial damages, the court did not order the council to cease implementation of its agreements with other institutions. Instead, an extension was given until the expiration date of the law (15 August 1970), at which time the legislature had to decide whether to continue the council's contract with external bodies or whether it should conduct the gambling operations independently.

The ruling issued at the end of 1969 forced Knesset members to quickly find a solution to the problem that had been created. Under the pressure of the sports institutions the option of the council running sports gambling on its own was removed. Similar propositions that would have impinged on the sports institutions' monopoly and would have ensured 'governmental knowledge and control of gambling money and its distribution' were rejected 'for fear of coming into unnecessary conflict with the sports institutions'. That is how, for example, a proposal by Knesset member Yaakov Michael Chazani (of the National Religious

Party) to nationalize the Toto was deleted from the Knesset agenda after he was persuaded that his proposal 'was not worthwhile'. [20].

In explaining the proposed amendment to the sports gambling law 1970, it was noted that as 'it has been proven that assigning jobs to private bodies may save the council considerable money' and so as not to be forced to employ council agents and station owners as state workers (as required by law), the council should be allowed 'to consign all or some implementation of the work involved in the gambling programme to one or more outside bodies as the council sees fit'. [21]

On 29 July 1970 the Knesset passed the Sports Gambling Law (Amendment 2) 1970, which stated in section 8a that the council is entitled to perform the work entailed in the gambling programme by means of other(s), according to a written agreement with it/them. This legislation placed the final seal on the sports institutions' monopoly on sports gambling through Sportoto Israel. Passage of the legislation meant that considerable resources would be channelled to the sports institutions and that their power would be intensified. Exerting this power, the institutions succeeded in torpedoing every attempt to impinge upon their position of exclusivity or create 'a situation that would change the status quo'. [22]

The Politics of Sports Gambling

The process that yielded the above legislation and placed almost insurmountable obstacles before those seeking to undermine the sports institutions' monopoly on sports gambling highlighted the close cooperation among members of the various parties in the Knesset at that time. The desire of these parties to grant the sports institutions 'the exclusive right to conduct gambling in Israel, and to ensure that the sports institutions will have a 50 per cent representation of the total number of members on the council', [23] led to a situation in which no reservations were raised or criticisms voiced that might have derailed their common goal.

Evidence of this can be found in the debates conducted in the Knesset and in its committees prior to voting on the above laws. For instance, in discussions of amendments to the Penal Law which, as noted, played a crucial role in strengthening Sportoto Israel's status, arguments and criticism arose of Mifal Hapayis and other public lotteries such as those of the Association for Soldiers' Welfare and Magen David Adom. At the same time, Knesset members of the various parties carefully kept the gambling operations that were under the sports institutions' control outside the scope of the arguments and criticism.

Cooperation between the Knesset members of the different parties was also demonstrated in the debates concerning the gambling law and later amendments to it. This cooperation was manifested in the rejection of requests by various bodies, such as the Centre for Local Authority and the United Associations for Prisoner and Delinquent Rehabilitation in Israel, for representation on the sports gambling council. Eschewing factional disputes, Knesset members united to assure the exclusive status of the sports institutions.

This unity and cooperation among the different parties was derived from the close ties that prevailed between the parties and the sports institutions, and from the political structure of Israeli sports dating back to the early Yishuv (settlement) period (prior to 1948 when the State of Israel was declared). During that period the various parties sought to fulfil as many social functions as possible in order to win legitimization and votes. According to this way of thinking, sport was an essential tool for disseminating political ideology. Organizationally, this policy was reflected in the establishment of sports organizations (centres) affiliated to specific political parties. Thus, the Maccabi Union was established in 1912 and was identified with the civil stream, the Beitar organization was established in 1923 by the Revisionist movement, the Hapoel organization was established in 1926 by the general Histadrut (Union) and was identified with the workers' camp, and the Elizur organization was set up in 1939 by the religious Zionist movement. [24]

With the establishment of the State of Israel, sports in the country were controlled not only by the state through the Ministry of Education and Culture, but also by the various sports institutions and associations. Representation of the different centres in these associations was usually proportional to the number of Knesset seats held by the party to which each sports centre was affiliated. [25]

Figure 1 illustrates the tight grasp the political parties had on the sports institutions. This can explain why the parties were ready to entrust the monopoly on sports gambling operations to the sports institutions, by means of Sportoto Israel. This monopoly assured the parties' control over the enormous sums of money raised through gambling as well as the opportunity to channel this money according to their

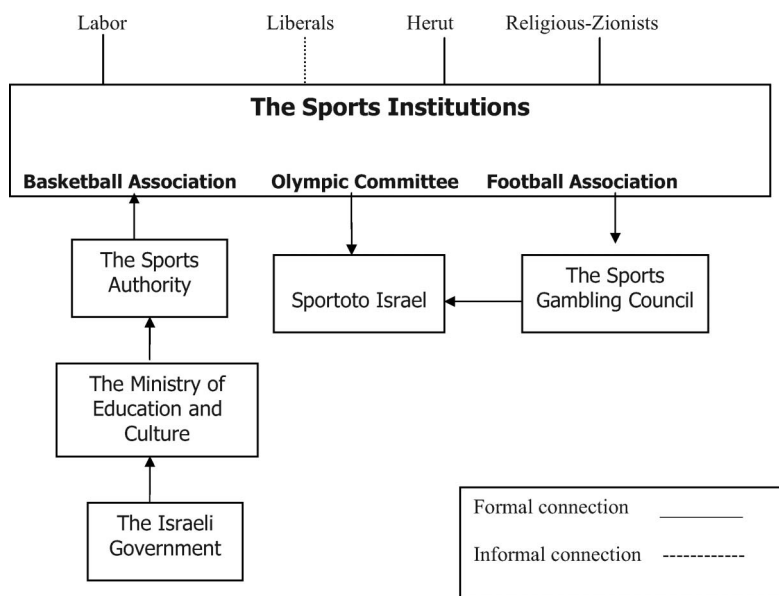


Figure 1 The Political Structure of Sports in Israel

political interests. In addition, the exclusive rights granted to Sportoto Israel ensured that politically unidentified sports associations, and sports outside the cartel of the sports institutions, would not share in the profits.

The establishment of Sportoto Israel was also reflected in the faith shown by the gambling public. A survey commissioned by the Sports Gambling Council in 1970 [26] revealed that about 45 per cent of the public participated at various frequencies in gambling on soccer results. Another survey found out that participation in soccer gambling was not at the expense of participation in the Mifal Hapayis lotteries; on the contrary a strong and direct correlation was found between the two. [27] The faith of Israeli gamblers in Sportoto was also reflected in the revenues raked in by the Sports Gambling Council, which increased steadily, as can be seen in Tables 1 and 2. These data show that in each of its first four years (except for 1968) the council's revenues from soccer gambling were greater than the entire sum of revenues of Sportoto Israel in the total of its ten years of existence before the council was established.

The political establishment (the Ministers of Finance and of Culture and Education, and the Knesset Finance Committee), together with the Sports Gambling Council, worked hand in hand to decide on how to share their income. According to their agreement, gambling profits were supposed to be divided in the following

Table 1 Revenues in Israeli Pounds and their Distribution over the Ten Years of Sportoto Israel, 1 Sept 1957–31 Dec. 1967 (in Israeli Lira)

Commissions		To institutions and centres		Prizes		Revenue
%	sum	%	sum	%	sum	
27.4	11,873,850	29.5	12,223,835	43.1	17,884,100	41,181,790

Source: Adapted from Ezioni Commission, *Report of the Committee Concerning Rumors about Corruption in the Israeli National Soccer League*.

Table 2 Revenues and their Distribution over the First Four Years of the Sports Gambling Council, 1968–1970/71 (in Israeli pounds)

Year	Revenue	Prizes		To institutions and centres		Commissions	
		sum	%	sum	%	sum	%
1968	11,498,025	5,072,460	44.2	3,396,285	31.3	2,812,580	24.5
1968/9	20,462,200	9,384,950	45.8	6,162,075	30.1	4,981,695	24.1
1969/70	27,652,020	12,033,175	43.5	8,844,100	32.0	6,774,745	24.5
1970/1	41,980,445	18,297,555	43.6	13,576,825	32.4	10,075,305	24.0
Total	101,592,690	44,788,140	44.1	32,170,285	31.7	24,644,325	24.2

Source: Adapted from Ezioni Commission, *Report of the Committee Concerning Rumors about Corruption in the Israeli National Soccer League*

manner: 47 per cent for the sports institutions (the Olympic Committee, the Sports Association, the Football Association, the Basketball Association and the Tennis Association); 27.5 per cent for the sports centres (Hapoel, Maccabi, Beitar, Elizur and ASA – the Academic Sport Association); and 25.5 per cent for different funds and for acquiring equipment. Thus from early 1968, when the council was established, to the end of January 1976, and in keeping with this distribution key, more than 119 million Israeli pounds were allocated to the sports institutions, sports centres, funds and youth movements (which were usually also attached to political parties). The sports institutions and centres alone received more than 87 million Israeli pounds. [28] Through these allocations, which comprised the dominant component of the budgets of the sports institutions and centres, the political parties and their affiliated sports institutions succeeded in attaining their goal – to use Sportoto Israel and the Sports Gambling Council to gain a monopolistic hold over legal sports gambling in Israel, and to raise funds for the diverse sports associations which were used as a means of recruiting support and voters for the parties.

Summary

In this study we argued that the process through which sports gambling developed in Israel can be understood by presenting it in its historical context and by examining its interdependent social processes. Using a developmental approach, we suggested that we should pay particular attention to balances of power among individuals and groups. The struggles between sport organizations, political parties and private entrepreneurs in Israel which were presented and discussed are examples of such balances of power that led to both intended and unintended consequences.

Israel represents a unique case of an immigrant society formed on the basis of an ideological movement. This has had a profound impact on the development and organization of sport, and has led to the institutionalization of sport within a highly politicized framework. Based on process sociology, we suggested that in order to understand the development and the institutionalization process of sport gambling in Israel one has to pay particular attention to a complex number of interests as well as to processes that are not isolated but rather interdependent and therefore of importance when discussing the development of sports gambling.

At the end of the 1960s, the structure of sports gambling in Israel took shape and became institutionalized. This structure placed Sportoto Israel alongside Mifal Hapayis [29] in a duopolistic position in the Israeli gambling field. Thanks to this position, they could act under the protection of the law and gain adherents from the mantle of legitimacy it provided, which also helped to set up barriers to those who might otherwise have challenged and competed with them.

Tracing this process, which ultimately resulted in the establishment of the Sports Gambling Council and exclusive status for Sportoto Israel, reveals that this process was pre-eminently shaped by political interests. According to these interests, those

who were closest to the political centre and to other relatively powerful players won the whole pot. The sports institutions, which served as a conduit for massive political recruitment for the parties and functioned as a 'political cartel', [30] affiliated themselves with other powerful players (such as *Yediot Acharonot*), and together influenced decision-making processes in the government. This influence led to government policy as well as legislation that time and again created obstacles for those who wished to vie for the sports institutions' gambling enterprise. A coalition of interested parties did not rest until the sports institutions were granted exclusivity for operating soccer gambling.

In the light of these findings, it is possible to relate to the tumultuous political discourse about gambling in Israel with more than a pinch of suspicion. This discourse, which is usually spilt along the divide between those who favour gambling enterprises for 'economic' reasons and those who negate such enterprises for 'ideological' or 'moral' reasons, is veiled by political interests aiming to gain materialistic and other benefits or prevent others from obtaining them. All those bodies that are truly interested in conducting a public debate about gambling on the basis of ideological or economic criteria should join the effort manifested in these pages to reveal the role of the state and of other political players who take part in the processes underlying gambling in Israel.

Notes

- [1] McMillen, 'Understanding Gambling: History, Concepts and Theories'.
- [2] Miers, *Regulating Commercial Gambling*.
- [3] Nibert, *Hitting the Lottery Jackpot*.
- [4] Elias, *What Is Sociology?*; Elias and Dunning, *Quest for Excitement*.
- [5] For a critical review of Orthodox Judaism's approach towards gambling see Bezeq, 'Dice Games in the Hebrew Halacha' and Verhaftig. For a detailed analysis of the religious discourse against gambling in the state of Israel see Levy, 'The Israeli Gambling Field', 116–39.
- [6] Herzog, *Lottery and the Jewish Tradition*.
- [7] Harif and Galily, 'Sport and Politics in Palestine', 43–4.
- [8] Although no institutional football betting operated prior to the inception of Israel, there is little evidence that horse racing betting was taking place in Palestine in the late 1930s. The races themselves took place in other countries such as Ireland and India and the gamblers were informed about the result via telegraph and through Hebrew newspapers (see also Herzog, *Lottery and the Jewish Tradition*, 180–2).
- [9] Porat and Lerer, *Sport 50*, 14.
- [10] Yaffe, *Sports Laws and Sports Gambling Laws*, 265.
- [11] UK Mandate, Penal Law, 1936.
- [12] Israeli Knesset, Lotteries and Gambling Penal Law, 1964.
- [13] Israeli Knesset, Protocol 191 of the Finance Committee, 1 June 1965.
- [14] Israeli Supreme Court, case no. 131/65, *Yoram Savitzki and three others vs. the Minister of Finance and eight others*.
- [15] *Ibid.*
- [16] Yaffe, *Sports Laws and Sports Gambling Laws*, 267.

- [17] Israeli Supreme Court, case no. 402/66, *Cyril Stein vs the Ministry of Finance and the Director General of the Ministry of Finance*.
- [18] Israeli Supreme Court, case no. 18/68, *Israel Footballs Ltd vs the Sports Gambling Council and six others*.
- [19] Gambling Council, Protocol Meeting no. 2, 13 Dec. 1967.
- [20] Deputy Education and Culture Minister Aharon Yadlin to Education Minister Yigal Alon, Jerusalem, 6 January 1970, Israeli State Archives, file #9802. The letter, a copy of which was sent to M.K. Chazani, states that it would have been better if Chazani retracted his proposal for nationalizing sports gambling. From the hand written commentary on the letter it is possible to learn that after a conversation with the minister, Chazani did indeed retract the proposal.
- [21] Israeli Knesset, Sports Gambling Law (amendment), 1970, section 2.
- [22] See, for example, the secretary-general of Hapoel Organization, Joseph Inbar, to Labor Party member Aharon Yadlin, Jerusalem, 12 June 1975, Israeli State Archives, file #9802. In this letter Inbar clarifies that 'for many years many bodies in the state have been eyeing the Toto money and trying to create a situation which would change the status quo. . . . Every new bill will bring with it demands of different bodies to receive Toto money and open the gates for changes that we cannot envision (changes that over time we have succeeded in preventing).' This letter asks Yadlin to act against the proposal which had included, *inter alia*, cancelling the right of the sports institutions to appoint representatives to the council, and to transfer Toto profits to a fund to be operated by a public committee.
- [23] Israeli Olympic Committee to the Finance Committee of Knesset, Jerusalem, May 1967, attached to Israeli Knesset, Protocol 191 of the Finance Committee, 1 June 1965. The Olympic Committee chairman addressed in the letter a claim that they were told that the purpose of the gambling legislation was to acquire exclusivity for the sports institutions to conduct sports gambling.
- [24] Bar-Eli and Simri, 'The Governmental Sports Policy in Israel', 281–96 and Kaufman and Bar-Eli, 'Processes which Shaped Sports in Israel'.
- [25] Reshef and Paltiel, 'Partisanship and Sport', 313.
- [26] Levi, *Findings Concerning Sports and Soccer* (a survey commissioned by the Sports Gambling Council in 1970).
- [27] Peled, *Public Participation in the Sports Gambling*.
- [28] Yaffe, *Sports Laws and Sports Gambling Laws*, 279–80.
- [29] Levy, 'The Politics of Fortune'.
- [30] Reshef and Paltiel, 'Partisanship and Sport', 317.

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