

Israel: report highlights deteriorating social conditions

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Israeli-Palestinian hostilities have dominated the headlines for the last three months, but the social situation within Israel is no less explosive.

The Israeli government's annual poverty report for 1999 paints a shocking picture of an unequal and fragmented society. Poverty is growing at an alarming rate—both in terms of the number of people affected and the depth of their poverty. The plight of children, Arab Israelis, new immigrants, the unemployed, and pensioners, is particularly desperate. Inequality between rich and poor is one of the highest in the world.

Fully 20 percent of Israelis live in poverty and one in every four children lives in a poor family.

The number of people living below the poverty line in 1999—defined as 50 percent of the median disposable income after deducting income tax and health insurance, and including any welfare payments—had grown by nearly 10 percent since 1998 to a total of 1.134 million. The number of children living in poverty rose by a staggering 16 percent, bringing the total to 510,000.

The report, published by the National Insurance Institute (NII) and the Ministry of Labour and Social Affairs, highlights the desperate plight of the very poor: their average income is 25 percent below the poverty line. One quarter of single parent families and pensioners are living on an income below the poverty line.

Contained within this overall destitution, a special emphasis must be placed on the fate of Arab Israelis. Poverty affects three times as many Arab Israelis as Jews, and half live below the poverty line. Despite being only 20 percent of the population, they account for 400,000 of the poor—one third of the national total.

Jerusalem, the city at the centre of the dispute between Israelis and Palestinians, has the highest level of poverty in Israel. This is followed by Bnei Brak, where many religious people live, and the port of Ashdod, a development town where immigrants and Mizrahi Jews of North African and Asian origin live.

Labour and Social Affairs Minister Raanan Cohen has admitted that: "Poverty is not a phenomenon which touches only those at the margins of society. It is also prevalent among

wide sections of the population and affects the very character of Israeli society." Poverty affects many of those in work. Nearly 40 percent of the 308,000 families living below the poverty line (some 117,000) are headed by an adult who is employed, testifying to Israel's reliance on low wages. Cohen said, "we have left behind and neglected a broad swath of the population. The chance that these people will escape from the cycle of poverty becomes ever dimmer." Avraham Birnoam, chairman of the retailers' association, said some 30,000 shopkeepers had joined the ranks of those living below the poverty line.

"As bad as these figures are, they are only part of the picture. There are 80,000 licensed foreign workers and many more who are unlicensed, largely employed in hundreds of manpower companies in the construction, nursing and personal care industries, which pay wages far below the legal minimum.

These workers have no civil or social rights, and basic health and safety measures are widely ignored. Road repairs and maintenance, to cite but one example, is carried out with no safety barriers in place. Care workers, who look after the elderly in their own homes, are grossly exploited. The cost of employing of them is so low, taking into account the number of hours worked, that there are now large populations of Filipinos employed in wealthy enclaves such as Herzliya Pituah, but also in poor development towns. They have displaced Israeli women from this sector and now form approximately one quarter of the licensed foreign workers in Israel. At least 6,000 have left their jobs because conditions were so bad and have thus become "illegal" workers.

Another feature of Israeli society is the booming sex industry. A typical tourist guide to events in Tel Aviv has two of its 16 pages devoted to "escort" and sex services. A survey by the Adva Center, a research institute that has published extensively on social conditions in Israel, showed that 70 percent of prostitutes were Russian immigrants.

A key aim of the Middle East negotiations for over a decade has been to overcome Israel's isolation by integrating it more into the regional economy. But this has only led Israel to become an even more unequal society. Its dual economy provides high tech jobs in electronics, defence and pharmaceuticals for a privileged few, unskilled and low paid posts for some and nothing at all for 10 percent of the

workforce.

The ability of Israeli capital to gain access to Arab markets and new sources of cheap labour has severely undermined the relatively protected position once enjoyed by Israeli workers. Since the 1993 Oslo Accords with the Palestinians, and concluding peace agreements with Egypt and Jordan, many Israeli factories have closed down their sweatshops in the development towns where Israel's poorer layers live, and moved their operations to Jordan and Egypt. Alternatively, work is subcontracted out to Palestinians working in the Occupied Territories (West Bank and Gaza Strip). This has particularly hit clothing manufacture. In 1998-99 alone, Israelis set up 30 factories in Jordan employing 6,000 workers and four in Egypt employing 3,000 workers. At the same time, under the Wye Accord, Israel signed a protocol permitting the employment of 200 Jordanians in Eilat, Israel's port on the Red Sea in an attempt to integrate the Jordanian and Israeli economies.

Palestinian and Druze villages within Israel have been hardest hit. A government employment survey reports that of the 24 unemployment blackspots, 19 are "minority" towns and villages. Only three weeks ago, to cite but one example, Kitan's clothing subsidiary Tango announced the closure of its sewing plant in the Druze village of Yikar in Galilee with the loss of 100 jobs. Three years ago, the plant employed 300 workers. A report by the Adva Center, explained that jobs at the socio-economic periphery of Israel were unstable, manual and low paid. In 1995, 44 percent of workers residing in development towns received the minimum wage or less.

Israel has become one of the most unequal societies in the world. According to the National Insurance Institute, two thirds of wage earners in Israel are paid below the national average, and a further 10 percent earn just the national average wage. Less than 25 percent therefore earned more than the average wage, implying a highly skewed income distribution.

Although the percentage of government spending on welfare payments has risen from 18.7 percent in 1980 to 22.8 percent in 1998, this has in no way matched the rise in poverty and other demographic changes. Changes to the eligibility rules and the erosion in the value of benefits to compensate for tax cuts for the rich have meant that the benefit system provides a flimsy safety net for ever fewer people. In 1999, welfare benefits helped lift some 44 percent of families above the poverty line, down from 46.6 percent in 1998. Child allowances have suffered the most: child allowances had lifted only 26 percent of children above the poverty line in 1999, compared to 38 percent in 1998.

Starting this month, a family on benefits with five children will receive a monthly allowance of 2,232 shekels (\$543), while a family with eight children would receive 4,797 shekels (\$1,168). This falls far below the government's own definition of poverty, which sets the poverty line for a smaller family of four at 4,069 shekels (\$990) a month and a family of nine at

7,121 shekels (\$1,734). The Bank of Israel has published a position paper advocating the investment of funds in day care centres, kindergartens and after school programs, rather than welfare payments to families, arguing that this would allow more parents to enter the workforce and release them from dependency on direct government assistance.

Increasingly, there are calls for the "Wisconsin" model to be adopted, whereby welfare recipients are steered into the labour market by private placement agencies. Participants are eligible for government assistance for a limited period only, after which aid is terminated and they are expected to make do on their wages. Some schemes are in operation that make receipt of benefits dependent upon doing "community" work.

The state education system provides no way out for the majority of young people. In 1996, in all but two of the Jewish development towns within pre-1967 Israel, the proportion of 17-year olds passing the national matriculation examinations, the minimum requirement for college admission, was less than the national average of 39 percent. In seven development towns, fewer than 30 percent of young people passed the examinations.

Increasing poverty, with declining levels of welfare allowances and public services has helped spawn the growth of right wing fundamentalist parties, which provide their own network of social services. In Israel's fractured political system, their position as kingmakers determining whether governments remain in office or fall, has allowed them to extract millions of dollars in subsidies and thereby buttress their social base.

Low wages and benefit payments have also fuelled the growth of the Israeli settlements. Successive governments have offered economic incentives to Israeli's moving to the Occupied Territories, while simultaneously promising the Palestinians to hand back the West Bank and Gaza. A survey in May 1999 by the Peace Now movement found that 53 percent of West Bank settlers had moved to the Occupied Territories for "non-ideological" reasons, such as cheap housing and income tax rebates. Nearly 34 percent would be prepared to leave in return for reasonable compensation.



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