

# Mass unemployment in Israel, but austerity plan approved

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On Thursday May 22 the Finance Committee of Israel's parliament approved the agreement reached by the Histadrut labour federation and the Finance Ministry earlier in the week regarding dismissals and wage cuts in the public sector. Outside the committee room, social activists told the *World Socialist Web Site* that they are determined to defeat the government in its austerity drive and defined the Histadrut-Finance deal as "sell-out" of the workers' interests.

The Histadrut agreed that NIS 4 billion will be cut from public sector workers' wages. The salaries of public sector workers earning NIS 4,000 (US\$880) each month will be cut by 0.3 percent, while those earning NIS 40,000 (US \$ 8,800) or more each month will have their salaries cut by 8.3 percent. Some 1,400 public sector workers will be dismissed.

*Haaretz* daily reported that the government plans to reduce the health tax imposed on housewives from NIS 84 to NIS 70 a month. The government plans to nominate a committee which aims to grant exemptions for the tax in certain cases. The National Insurance Institute believes these changes will reduce revenues from the new tax by NIS 120-150 million a year.

Due to opposition from activists within the ruling Likud Party, the Finance Ministry decided to cancel a planned reduction in the number of deputy mayors which was expected to save NIS 80-150 million a year. The pressure led the Finance Ministry to cancel a plan to combine various local authorities, which was expected to produce long-term savings of NIS 1-2 billion. The committee's members also decided not to accept the planned NIS 40 million reductions in state funding for political parties.

Finance Minister Binyamin Netanyahu agreed to cancel several planned cuts in benefits to the elderly, at the request of Welfare Minister Zevulun Orlev of the

National Religious Party. These include cancelling a planned four-year freeze on allowances to the elderly and reducing a planned cut in payments for home nursing care. In addition, the Finance Ministry's plan called for reducing all child allowances to a level of NIS 144 (US\$32) per child by January 2006. Since the allowances currently increase with each additional child, a family with eight children would lose NIS 2,911 (US\$646) a month under the plan.

Following a wave of suicides among Israelis who couldn't overcome their economic difficulties, Social Affairs Minister Orlev proposes setting up a team to try to prevent suicides in the current economic crisis, but stressed that it would not be able to offer any financial help to distressed people. According to *Haaretz* on May 21, "Orlev said the suicide trend, which seem to be connected to the economic crisis, has reached larger proportions than ever before. Since there is a thin line between suicide and prevention, steps must be taken to increase social solidarity and family cohesion, he said."

According to the figures released by the Central Bureau of Statistics, some 281,400 people—10.8 percent of the work force of 2.6 million—were unemployed in the first quarter of 2003. With the government austerity plan, expectations are for unemployment to rise to some 300,000 by the end of the year. Only 54.6 percent of the working age population was employed, up slightly from 54.2 percent in the previous quarter. The percentage of unemployed among men rose to 10.6 percent, up from 9.9 percent in the previous quarter; while for women the figures were 11.1 percent, up from 10.5 percent.

Labour Party Secretary General Ophir Pines-Paz MP said the numbers were "the tip of the iceberg of the economic depression we'll be facing when the government's economic emergency plan passes."

*Haaretz* commented, “Today’s unemployment is thus worse than that of 1992—because there is no light at the end of the tunnel. There is no peace process, such as that which began in September 1993, which sparked annual growth of 7 percent and reduced unemployment to an historic low of 6.6 percent in 1996. Today’s unemployed have nothing to hope for.”

The economic ministries are predicting that the number of jobless will cross the 300,000 mark by the end of the year. This is more than 11.2 percent of the workforce, and would thus definitively break 1992’s record.



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