Israel: Histadrut suspends general strike against pension reform

David Cohen
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Israel's Histadrut trade union federation and the finance ministry headed by former Prime Minister Binyamin Netanyahu have agreed a deal that brings the government's plans to severely undermine workers pension rights significantly closer.

Under the compromise drafted by the National Labor Court earlier this month, Histadrut has agreed to lift its threat of a general strike against the pension reforms for a period of 48 hours, beginning this week. In return, a court order forbidding the unions to strike for longer than four hours is to be lifted. No agreement has yet been reached on the unions call for the reforms to be postponed by six months, to enable talks on the future of pension funds to be held. However, Histadrut and the finance ministry are said to be meeting to formulate a position on the government's proposals.

Netanyahu's plans aim at a historic reform of pension funds, massive cuts in the payments made by the National Insurance Institute (NII, the government agency responsible for welfare benefits), privatisation of key economic areas and mass dismissals in the public services.

Central to the changes are plans to raise the age of retirement for all workers to 67 years of age. Presently, women are entitled to retire between 60 and 65; men can retire at the age of 65. At these ages, retired workers receive either pension payments—if they are covered by one of the private pension funds—or National Insurance Institute senior citizen allowances (less than $ 400 per month). The government says that the reforms are necessary to overcome mounting deficits in the pension funds and NII allowances.

The equalising of the pension age does not apply to widows and widowers. Under the new proposals, the widow of a retired man will be eligible to receive 60 percent of his pension; in contrast, the widower of a retired woman will be eligible to receive just 30 percent of her pension.

The right-wing press had bitterly attacked threats of a general strike in opposition to the reforms. Writing in the *Jerusalem Post*, Uriel Linn, who is currently President of the Federation of Israeli Chambers of Commerce, and served in the 12th Knesset as chairman of the Constitution, Law and Justice Committee said:

"In a properly functioning democratic polity, however, the Histadrut should not be able to call a strike whenever it wants, wherever it wants and for any reason it deems justified. Countering the right to strike are solid and substantial rights of the general public, and the two must always be balanced... the right to strike was never established in Israeli law. That right has been recognised as part of labor relations in our society, and established in court rulings. But there are other basic rights that are explicitly reflected in the state's basic laws, such as the right of ownership, the freedom of employment and the right of movement. A labor organisation must not abuse these basic rights."

He added, "In many cases the Histadrut challenges the state's decisions through appeals to democratic principles. They are in fact operating to thwart the democratic process. Instead of fighting in the Knesset for public opinion, they choose to directly strike at the business sector and the general public. Limits should be imposed on strikes in monopolistic services in the state service."

The reforms come against a background of mounting crisis in the Israeli economy that has deepened in the past year. Recently two large companies announced heavy layoffs. Housing and Construction (Shikun U'Binui) announced it would dismiss 430 workers, while the Blue Square Israel food retail marketing chain has said it will fire 250 workers and close 10 loss-

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making stores.

The *Haaretz* reported, “Most of Housing and Construction’s layoffs are to be among management and engineers, with 230 of them from its subsidiary Solel Boneh (81.7 percent held) and 200 from another construction subsidiary, Herut. The remaining employers are to take a pay cut of between 5-15 percent, the company announced.”

According to the annual report of the National Insurance Institute, one in five families lives below the poverty line and an average of almost one in three children live in poverty. This is a total of 1.32 million people, including 618,000 children, out of a population of 6.5 million Israelis.

According to the report, the number of people living below the poverty line rose by 43,000 from 2001, 26,000 of which were children. The number of children below the poverty line grew from 26.9 percent in 2001 to 28.1 percent in 2002. The poverty line for a family of four was set in 2002 at $US1,000 a month in disposable income, after taxes have been deducted and welfare payments received. The Institute sets the poverty line at 50 percent of the median disposable income in the economy.

Forty percent of those defined as poor in the report do have jobs, but their income is not high enough to push them above the poverty line. More than 50 percent of Israel’s workers earn only $US720 a month. In the occupied West Bank and Gaza Strip, 60 percent of Palestinian families live below a poverty line of US $ 60 a month, according to report released earlier this year by the World Bank.

Yohanan Shtessman, head of the NII, cautioned that without welfare benefits the number of families living below the poverty line would almost double to more than 600,000. “Without the benefits Israeli society would fall apart and we would reach a point of civil war,” he warned.

The NII’s report for 2003 will be even gloomier: some 70,000 more Israelis are expected to join the ranks of the poor, almost 40,000 of them children. This is due in part to the government’s decision to cut welfare benefits, including a 30 percent cut in income supplements and a 20-25 percent reduction in child allowances.

“I promise you that if you don’t invest in Israel, you’ll be losing a lot of money,” Netanyahu told foreign investors at a “Go Europe” conference at Tel Aviv’s Hilton Hotel at the beginning of the week. “Israel is an amazing investment. Anyone who failed to listen to me half a year ago has already lost out on a 50 percent gain on the Tel Aviv Stock Exchange and will continue to lose out if they do not invest now,” Netanyahu stated with confidence.

He praised government plans aimed at reducing expenditures, including cutting public sector salaries, and reducing allowances and taxes. “All the companies the state of Israel owns will be put up for sale at one stage or another,” the finance minister vowed, “with the exception of the Israel Aircraft Industries. That one will take a little more time. We shall privatise the Electric Corporation and the banks, Tnuva [Israel’s biggest milk state-owned industry], and first of all the ports,” Netanyahu added.

The Sharon government’s assault on Israeli workers living standards is intimately connected to its brutal offensive against the Palestinians. The ongoing repression of Palestinian resistance in the Occupied Territories, including the construction of an apartheid-style wall between Israel and the occupied areas and regular army incursions into refugee camps, is being paid for by plundering the social gains of the working class.

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