

Israel: Mass unemployment deepens internal social divisions

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6 March 2004

Unemployment in Israel surged in the last quarter of 2003, rising from 10.7 percent in the June-September period to 10.9 percent, according to the Central Bureau of Statistics (CBS). New information released at the end of February shows that from October to December 2003, the number of unemployed men and women climbed to 287,000, compared with 279,000 in the third quarter.

According to the CBS, unemployment among men was 10.3 percent in the last quarter of 2003, compared to 10.2 percent in the third quarter. Among women, the rate was 11.5 percent in the fourth quarter, up from 11.4 percent in the third quarter.

The daily *Maariv* reported, “The Treasury may be claiming that Israel is recovering from the prolonged recession, but the employment figures are still bleak, and may even get worse.... More than 25,000 workers lost their jobs during the past year, most of them women.... Over 18 percent of the unemployed searched the market for a new job for over a year (13.5 percent during 2002) while 37 percent were on the job market for over six months (32 percent in 2002).”

The paper added that Israeli experts at the Finance Ministry and the Bank of Israel predict that by the end of the year the number of unemployed will hit 301,000, 11.3 percent of the workforce. “During the tenure of Prime Minister Ariel Sharon, some 77,000 people were added to the unemployment sector, while the rate leaped from 8.75 percent to its current 10.9 percent,” *Maariv* reported.

The Histadrut trade union federation chairman, Amir Peretz MP, called for the resignation of Sharon and his finance minister, Binyamin Netanyahu. According to Peretz, data recently presented by Netanyahu testifying to an economic recovery has not actually led to any new jobs for the unemployed. Hence, “The locomotive

of economic recovery is pulling just one carriage—that of the upper tenth of Israeli society.”

According to reports in Israel’s media, Defence Minister Shaul Mofaz agreed to transfer NIS 200 million to the budget of the Education Ministry after Sharon promised the money would be returned to him if necessary. “Your gesture is noble especially since you were the one that came forward with the plan to allocate more resources to education,” Sharon said to Mofaz.

Almost 6,000 Israeli teachers earn less than minimum wage and receive supplementary income payments from the Ministry of Education.

Netanyahu refused to respond to criticism levelled against him, and announced his decision to carry forward privatisation drives in the national economy, primarily of Discount Bank. “We can do it quickly; we won’t hold it up a minute. It could be sold ‘as is’ at a price which would be conditional upon a labour agreement with Discount’s workers. I’ve worked on previous privatisation and I’m telling you there is no justification for the long bureaucratic process,” he was quoted in the *Jerusalem Post*. “I’m sure that all us at the Treasury and you all here in the Finance Committee are willing to work on Discount’s privatisation around the clock to get it off the ground,” he added.

The Adva Centre was created in 1991 by people concerned with several aspects of equity in Israel, including representatives from the feminist movement, the movement for equality for Mizrahi Jews (those whose origins are in the Middle East and North Africa) and the movement for equal rights for Arab citizens of Israel. In its recent report, the centre concluded:

“During the period of accelerated economic growth, the fruits of prosperity were inequitably distributed. There was a large increase in the income and standard

of living of a relatively small percentage of Israelis, while the level of income, education and housing of the majority remained stable or actually declined. Not surprisingly, inequality has become more pronounced during the present recession. What Israel needs are long-term, stable programs geared to raising the levels of education and income of those Israelis left behind—who constitute the majority. Unfortunately, current governmental policies do not contribute to that end. On the contrary, recent governments, whether left or right, have relinquished social responsibility, given a free hand to the business sector, and left most Israelis at the mercy of the ‘free market.’”

It added, “Over the past two years, the governments in power initiated a number of large budget cuts, the outcome of which is serious damage to the social safety net and to public education, public health, government housing assistance and social welfare programs. In addition, successive governments have worsened the terms of employment in the public services and pared down the wage and pension systems. The foregoing developments are expected to increase the number of persons and families living under the poverty line, lower the standard of living of the majority of Israelis and have an adverse effect on the life chances of the younger generation.”

The austerity policies carried out by Sharon and Netanyahu are indeed a direct continuation of the politics advanced by the Labor Party during the years 1992-1996 and 1999-2001. The vision of building a deregulated capitalist economy that includes free trade zone was promoted by the Labor, mainly by the current chair Shimon Peres MP. Investing more and more capital in developing the Israeli occupation of the West Bank and Gaza Strip while handing over swathes of the public sector to the hands of a wealthy minority was not a matter of dispute within the Israeli elite. Recently, in an interview with former Labor Finance Minister Abraham Sohat, he justified the measures taken by Netanyahu but argued for the “need” to carry forward this policy more “slowly.”

The collapse of the Israeli welfare state goes together with the deepening crisis in its economy. The government’s external and internal debt rose 5.6 percent to NIS 520 billion, or 105 percent of GDP at the end of 2003, compared to its 2002 level, the Bank of Israel reported. This is its largest debt in eight years.

The *Jerusalem Post* reported, “The debt average among OECD member nations is 78 percent of GDP, while the 15-nation European Union average is 73 percent of GDP. Debt in other Western nations was lower than both these averages, with US debt at 63 percent of GDP, similar to Sweden’s and Spain’s level. Australia had the lowest debt level, totalling just 16 percent of GDP, based on last year’s OECD member figures.”



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