

Israel: General strike over unpaid salaries

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Israel is facing a wave of social unrest and industrial action, in opposition to the sweeping attacks on living standards by the Likud government of Ariel Sharon.

On September 21, the Israeli General Federation of Labour (Histadrut) held a general strike in protest against the ongoing failure of the government to pay wages to local authorities' employees. Some 400,000 public sector workers across 265 municipalities came out, bringing the state to a halt. Flights, seaports, railways, post offices, banks and the stock exchange were all shut down, whilst hospitals and the fire service operated on an emergency footing. Schools, day-care centres, kindergartens, and universities were also affected.

The strike also included the Israeli Electrical Corporation, Mekorot National Water Company, oil refineries, public works departments, and the Eilat-Ashkelon Pipeline Company. Border crossings were closed, and all government offices including civilian employees in the Israeli Defence Force and at the Negev Nuclear Research Plant were on strike.

Calling the strike was forced upon Histadrut by the depth of opposition and anger amongst workers. Histadrut's chief and Member of the Knesset Amir Peretz said, "I used to believe in the prime minister, the Knesset, and the courts, yet when I realised there are Israelis hungry for bread, I decided to act."

"No one, not even the Prime Minister, has the right to set any conditions whatsoever for payment of many months of salaries owed to the workers," Peretz noted. "The government is turning wages into charity. Wages are not a favour, they are a legal obligation. Prime Minister Ariel Sharon, Minister of Finance Benjamin Netanyahu, and Minister of Internal Affairs Avraham Poraz are not enforcing the law. They're turning Israel into a third world country."

The strike was called following a breakdown in negotiations between the Histadrut and the government regarding the payment of salaries to large sections of workers that have remained unpaid for months and in some cases years. The government wishes to link any

payment to the reform of the municipalities, insisting that it will only give the money for salaries to those municipalities that agree to impose "economic recovery plans," a euphemism for cuts, dismissals and early retirements.

Histadrut Trade Union division head Shlomo Shani left open a possible deal when he said, "The other side accuses us of refusing to sign recovery plans, but our principle is clear: those who work should be paid, and only afterwards can we talk about recovery plans."

The strike ended after just one day when the National Labour Court's Steve Adler ordered Histadrut to instruct its members to return to work. Adler also ordered the government to pay back-wages to 96 percent of the 100,000-plus municipal workers by September 29, which is the eve of the religious festival of Sukkot. The remaining 4 percent, which represent workers in local authorities that are refusing to present recovery plans, are to be paid within 40 days. This 4 percent represents 29 authorities (including 26 in the Arab sector), and the Interior Minister is to appoint a management committee to run these authorities.

The Ministry of Finance has now transferred NIS 54 million to the Ministry of the Interior for the payment of wages, but at least 43 percent of workers will not receive their back-pay by the Sukkot holidays despite the court ruling, according to *Ha'aretz*.

Economists estimate that the strike cost the state around \$220 million.

The government fears that labour unrest will cause a flight of future investors and entrepreneurs from an economy already reeling from the virtual collapse of its much-heralded IT sector. This, a collapse in tourism and the ongoing cost of the intifada have provoked a major economic and social crisis.

There was an increase in jobseekers/unemployed in August to an all-time high of 243,517—3.5 percent up on July and 9 percent on the previous August. In Arab communities, unemployment is 21 percent, and 16 percent in development towns. All municipalities in the south

have unemployment levels higher than 10 percent, with Yeruham leading Jewish communities at 14.3 percent.

There are ongoing negotiations between Histadrut and the government, with Histadrut making largely cosmetic demands for “shared sacrifice”—curbing excessive salaries of senior officials, pay cuts to affect all including senior officials. If negotiations are not completed by October 14, the matter is to be referred to the National Labour Court.

Histadrut’s cooperation with the government is being sought by threatening its role as an overseer of part of what remains of the Israeli welfare state. On assuming office, Finance Minister Benjamin Netanyahu passed legislation without consultation that called for the nationalisation of the Histadrut’s pension funds. Within the last week, the Finance Ministry has attempted to block Histadrut’s pension arrangements with both the Clal and Harel Insurance agencies, as a way of applying pressure to the federation.

Netanyahu also called for the raising of the age of retirement for both men and women (to 67 and 64, respectively), and this took effect last April. This measure and reform of the ports were both forced through without consultation or debate, with the latter leading to a long and bitter strike.

The reform of the municipalities, which was included in Netanyahu’s March 2004 budget, was also forced through. NIS 1.5 billion was cut from municipal budgets despite warnings that this would lead to the collapse of the municipal system. Netanyahu has said of the recent standoff that he is “willing to fire 200 deputy mayors if that is what is needed to stop the waste.”

If Histadrut fails to police the attacks on its members, then Netanyahu and a supportive right-wing media are threatening legal curbs. The *Jerusalem Post* cites the example of New York City in the 1970s as similarly in need of reform, when President Gerald Ford famously told New York City to “Drop Dead”—i.e., that it would not be “bailed out” by central government. Municipalities in the US are now scrutinised by Bond Rating Agencies that decide whether a municipality may borrow, based on its fiscal prudence.

Steven Plaut in *Arutz Sheva* proclaimed, “Many of the very worst of the deficit-mongers have been the Arab towns, which tend to grant exemption to the paying of local property taxes to nearly everyone capable of breathing twice in a row.” He goes on to say that there are plenty of “deficit-mongers” amongst Jewish municipalities, but that “Arab towns are *over-funded*” (emphasis in original).

Netanyahu, on the other hand, reserved his main threats for the trade unions. He told the *Ha’aretz* newspaper that the purpose of his forthcoming trip to an International Monetary Fund meeting in Washington on October 3 was “to tell the world’s finance ministers that Israel has a rising economy and it’s worthwhile for them to do business with us.”

He declared his intention to end what *Ha’aretz* summarised as “an economy based on excessive welfare handouts that relied on the idea that ‘someone else will pay.’”

“In the past, Israel was a ‘bad’ country for business—with its Histadrut, taxes, welfare—and things could not go on this way... If there is someone trying to delay changing the economy today, that’s the Histadrut. It doesn’t hesitate to dismiss its own staff, but it’s quick to fire off a television campaign to raise the minimum wage. We are talking about a kiss of death for the economy. You cannot compete when the minimum wage is rising.”

Noting that the last strike proved that the Histadrut had the power to shut the economy down, he threatened, “This has to be changed by law. Otherwise, this isn’t a state. It’s madness. A group of gangsters and hypocrites is oppressing workers everywhere, preventing a recovery program that would save the workers, shutting down the economy and sending factories fleeing, causing the most strikes in the world, while the entire rest of the world is streamlining and competing, and there’s a free flow of products and goods. We can’t continue this way.”

Netanyahu asked how he related his views to “the hunger that we see all around us.” He replied with contempt, “It’s 20-30 percent true, but 70-80 percent a lie by people who don’t want to go to work.”



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