

# Sharon, Netanyahu Are Making Israel Poorer

by Dean Andromidas

The economic collapse in Israel has reached new depths. According to an Israeli government report, poverty increased by more than 10% between 2002 and 2003, exposing the fact that 22.4% of the Israeli population is now living below the poverty line. "Israel is becoming poorer and poorer," declared Dr. Yigal Ben Shalom, director of the Israeli National Insurance Institute (NII), whose government organization released the report.

The figure of 22.4% is double the rate of poverty in the United States, where it is officially 12.5%, or triple that in Germany, where it is 7%. It puts Israel into the category of the ravaged eastern European economies such as Poland. Israel's slide into the Third World side of the divide between rich and poor, is a direct result of the war policy of Prime Minister Ariel Sharon and the radical free market policies Finance Minister Benjamin Netanyahu has been implementing over the past 18 months. The NII study forecast a further increase in poverty in 2004.

Israeli peace activist Maxim Ghilan points out that the draconian austerity measures in Israel are a pilot project for the United States, and U.S. free-trade think-tanks in Washington are promoting them.

Out of a population of 6.5 million, 1,427,000 people are living below the poverty line. This includes no fewer than 652,000 children, or 30.8% of all children in Israel. It also includes 83,000 elderly Israelis. The NII defines poverty as a monthly income of \$410 for single persons and \$650 for couples.

The Schachtian fanatic Netanyahu recently declared that families in which both parents work are not poor. "The only way to get out of poverty is to get a job," he said. "Today, it is impossible to say that there are no jobs." Nonetheless, the NII figures expose Netanyahu as a liar. Of 360,000 families living in poverty, which is 19.3% of all Israeli families, 139,000 represent households in which the head of the household is working, and 17,000 have two income providers.

The rate among Arab Israelis is even higher—48.4% of households. This is comparable to the West Bank and Gaza Strip where the World Bank defines 50% of the population as living below the poverty line.

The report created a firestorm of debate in the Knesset (parliament) where Sharon is expected to submit for debate another killer budget for 2005. Eli Yishai, chairman of the opposition Shas Party, charged that "history would judge the

government for crimes against its citizens.” A Labor Party Knesset Member and former finance minister under the murdered Prime Minister Yitzhak Rabin charged that the “report represents a crushing failure of the government’s policy and a socioeconomic disaster for Israel.”

Knesset Member for the Yahad Party Ran Cohen called on Sharon to dismiss Netanyahu, saying he had promised growth and employment, but “the economic policies are exploding in our faces.” Labor Knesset Member Michael Melchior accused the government of “raising a poor generation that lacks both health and education.”

### Only Half the Picture

The impoverishment of the Israeli population goes far beyond the figures of the NII report. In the past year charities that provide meals and food to poor families, such as Meals 4 Israel or the Good Neighbor Association, have been advertising in the web pages of dailies such as *Ha’aretz*, soliciting funds from the Jewish diaspora. Many wealthy Jewish philanthropists have offered to fund social programs for the disadvantaged if the Israeli government matches their donations dollar for dollar, but the government refuses to come up with funding.

A recent study showed that one in five Israeli children go to bed at least once a week without dinner because their families have no food. The rate among Jewish children is 13.5, while the rate for Arab Israelis is higher. The survey showed that an even higher percentage of children are being fed unbalanced diets, based almost entirely on carbohydrates and starches, with insufficient protein and vitamins.

Dr. Yitzhak Kadman of the Child Welfare Council recently lambasted the state, saying that “years of benign and not-so-benign neglect . . . have produced the current situation.” He said that there is a direct correlation between the surge in school violence and poverty. “A hungry kid is much more likely to be violent than one adequately fed, due to both emotional and organic factors,” he said.

Professor of Social and Economic History Danny Gutwein of Haifa University, recently told *EIR* that the NII report is “misleading” because it is based on people’s income. The level of poverty is much broader if you take into account what people have to pay for, such as medical care and basic education costs for their children. Professor Gutwein laid the blame directly on the radical free market policies of Netanyahu: “The Netanyahu policy is to create more poverty as he dismantles the so-called welfare state to create a service society.” Israel had a long tradition since its founding of providing basic needs such as education, health care, and income support, all of which has been severely cut or dismantled. Now, more and more families have to pay for their medical expenses which previously were either subsidized or free. The same with education.

But wages have not increased. Professor Gutwein said that the situation affects young people in particular, as most

new jobs are part-time, where people work through temporary employment agencies, and never become tenured employees. Many of these young people are dependent on their parents or other social networks.

### Building a New Political-Social Movement

Under current conditions there is no political party capable of mobilizing the lower 80% income-brackets of the Israeli population for effective economic and political change. Moreover, the cornerstone of such a change has to be a commitment to the establishment of a Palestinian state, not only as an economic and political partner for Israel, but as a means of opening the door to a greater Southwest Asian regional economic cooperation policy based on the development of the region’s transportation and water infrastructure.

One of the major problems is that a large percentage of the poorer sector of the population votes for the Likud, which in reality is a populist party run at the top by neo-liberal Jabotinskyites like Netanyahu. Similarly, most of the Labor Party, particularly its parliamentary faction, are also neo-liberals. Meanwhile, the pro-peace Yahad Party, which was founded as a new Israeli social democratic party, lacks organic links to working people and the poor.

Nonetheless, a new social-political movement has been formed, called Adam, led by Amir Peretz, the chairman of the Histadrut Labor Federation, and One Nation party, which holds three seats in the 120-seat Knesset. The movement was formed to coincide with the merger of One Nation into the Labor Party, which will be finalized in January 2005.

Peretz, a founding member of Peace Now, hopes to use this faction to draw into the Labor Party more trade unionists, working poor, unemployed, the Arab sector, and the oriental Jewish sector, which is generally poorer, and has been the stronghold of the Likud. Peretz, originally from Morocco, hopes to build a base strong enough to mount a challenge for chairmanship of the Labor Party, which is expected to hold internal elections early in 2005.

Peretz is being helped in this effort by several well-known Israeli figures including David Kimche, the former director general of the Israeli Foreign Ministry who reportedly also worked for the Mossad. Kimche, in his 80s, is a longtime Labor Party member and a harsh critic of Sharon’s policies. He sees the absolute necessity for a peace agreement with the Palestinians if Israel is to survive as a nation. Another supporter is Aryeh Eliav, former secretary general of the Labor Party (1969-1971), who broke with the government of Golda Meir because he disagreed with the policy of building settlements in the Occupied Territories. Other supporters include social activists, such as attorney Yuval Elbasha, Professor Gutwein, and industrialist Benny Gaon.

Speaking enthusiastically about Peretz, Professor Gutwein told *EIR*, “Israel is ripe for a new social agenda, a new coalition of forces” capable of challenging the neo-liberal agenda of Netanyahu.