

# One in Four Israelis Is Living in Poverty

by Dean Andromidas

The Israeli government's National Insurance Institute (NII) on Jan. 23 released a devastating report on the increase in poverty over the five years that Ariel Sharon has been Prime Minister. Between 2000 and 2005, the poverty rate among Israel's 6 million citizens increased from one in five people to one in four, as half a million people sank below the poverty line. The population increased by 8%, but the poor increased by 45%, going from 1,088,100 in 2000 to nearly 1.6 million in 2005. The percentage of the population that is poor increased from 18.8% in 2000 to 23.6% in 2005.

Among children, the percentage living in poverty was 25.2% in 2000, and in 2005 it increased to no less than 33.2%: an increase from 482,000 in 2000 to 714,000 in 2005. According to the NII's director general, Dr. Yigal-Ben Shalom, increased poverty among children is due to the 45% cut in government allowances to families with children since 2001.

The number of working poor increased over the same period from 30.8% to 33.6%. In 2000 the number of poor families was 305,000, representing 17.6% of Israeli families. By 2005 that increased to 394,000, and for the first time ever crossed the 20% line, to 20.3%. The number of poor families headed by a person who holds a job increased from 38% to 41%.

Speaking at the annual Herzliya Conference—Jan. 21-24—Prof. Rafi Melnick gave a presentation showing that out of a selection of 30 countries, Israel has one of the highest poverty rates and one of the most unequal income distributions. The countries include members of the Organization of Economic Cooperation and Development (OECD)—mostly the United States and Europe—as well as Iran, Egypt, Turkey, Syria, and Jordan. Israel ranks 28th in poverty, only above Iran and Syria, and 27th on the income distribution scale, above the United States, Iran, and Turkey. The study uses the World Bank definitions of poverty rates as the proportion of residents who earn less than half the median income of that country.

Professor Melnick is a former chief economist of the Bank of Israel and dean of the Herzliya Interdisciplinary Center, a private university and temple of neo-liberal free market ideology, which is financed in part by American conservative Republican Ronald Lauder.

Incredibly, the Israeli Finance Ministry issued a statement claiming that the NII report was a “positive” sign. “The government's economic policies in recent years are starting to

have an effect,” the ministry's spokesman told the Jan. 24 *Ha'aretz* daily.

The governor of the Bank of Israel, Stanley Fischer, told the Herzliya Conference that Israel's poor will just have to wait for better times, since “we will not be able to deal with poverty for more than a year or two.” At that time, he claims, the government's austerity policies supposedly will lead to economic growth. Fischer, a former director of the International Monetary Fund, only recently emigrated to Israel in order to become head of the Bank of Israel. In the 1980s he played an instrumental role as a special representative to then-U.S. Secretary of State George Shultz, to advise the Israeli government on implementing privatization. Since becoming head of the bank, Fischer has worked closely with Likud party leader Benjamin “Bibi” Netanyahu, who as Finance Minister in the last government implemented one of the most brutal austerity policies in Israel's history. It was on the urging of Netanyahu, that Fischer decided to come to Israel.

## Labor Party Speaks Out

Labor Party Chairman Amir Peretz has put the social-economic disaster at the center of his campaign for Prime Minister in the March 28 elections. Speaking at the Labor Party convention on Jan. 23, Peretz declared, “If you believe that it's possible to exist on 3,300 shekels a month, vote for [acting Prime Minister Ehud] Olmert. Whoever thinks otherwise, vote for Labor.” Other Labor Party leaders also attacked the government for being responsible for the devastating increase in poverty, as revealed in the NII's report.

Labor Member of the Knesset Yuli Tamir said that the poverty report “proves that the Bibi-Olmert government has abandoned one-fourth of the public, pushing it beneath the poverty line. The government's policy is turning Israel into a third world nation, where the middle class practically does not exist.”

“In the name of growth,” Labor MK Ophir Pines-Paz said, “Kadima and Likud are managing an opaque economic policy that is crushing Israeli society and hurting the middle class, many of whose members are approaching the poverty line.”

Labor activist and attorney Yuval Elbashan, who helped to draft Peretz's socio-economic policy, told Israel Radio, “The social policy that was spearheaded by the rightist government in the last five years has pushed the middle class under the poverty line. This is an intentional policy to make Israel attractive to investors by creating a cheap workforce. This is not a natural disaster or the hand of fate or anything else, except for a policy intended to make the rich richer and increase the poverty of the poor.”

“The empty bellies of hungry Israeli children are full of resentment that could blow up in our faces further down the road,” said Labor Party MK Rabbi Michael Melchior. “The Treasury, which counts on the fact that these helpless children do not have the vote and cannot make their voices heard, continues to ignore their suffering.”