

The high price of ignoring poverty

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By Sami Miaari (*Department of Labor Studies in Tel-Aviv University*)

The National Insurance Institute's report on poverty, which was published earlier this month, showed an increase in the percentage of families living beneath the poverty line. The fact that nearly one-quarter of Israel's population is poor, and that Israel has the dubious honor of coming in next to last in poverty rates among the OECD countries (second only to Mexico) testifies to a dismal failure by the government and leaders of Israel.

Israel's intense poverty is almost ignored because it exists on the social margins, far from the center of attention, and affects mainly the ultra-Orthodox and Arab sectors. For all practical purposes, it may be said that this is the poverty report of the Arabs and the Ultra-Orthodox."

According to the report, the percentage of poor families in the Arab sector rose from 51.7 percent in 2013 to 52.6 percent in 2014. Just as worrisome is that according to the statistics, 37.4 percent of Israel's poor are Arab Israelis, though Arab Israelis make up only about 20 percent of the Israeli population. The percentage of poor Jewish families barely changed in 2014; technically, the rate decreased from 13.7 percent to 13.6 percent, though there is a margin of error. Neither statistic is encouraging. What the combined statistics show is that not only has Israel not succeeded in reducing poverty rates, but that there is significant deterioration among Israeli Arab citizens.

It used to be that Israel could blame the high birth rate of Israeli Arabs for this increased rate of poverty. However, the birth rate among Israeli Arabs has decreased significantly in the last two years. We see strikingly correlated statistics in the Israeli Democracy Index 2015, in which it is reported that 66.5 percent of Israel's Arab citizens reported they feel themselves to be part of a weak or fairly weak constituency, as compared with only 28 percent of Jews who said the same.

There are several specific factors that have affected the deterioration in Arab society: the cutback in child allowances, the slowing of economic growth from 3.3 percent in 2013 to 2.6 percent in 2014, and the security situation during and after Operation Protective Edge. But these are only symptoms of a much deadlier virus that has to do with the unequal division of budgets and limited opportunities for employment, together with cultural distancing and internal problems in Arab society that make it difficult for women to enter the job market or for families to move to areas where it is easier to find work. There are countless other examples.

The current situation requires a new strategy and economic investment on several levels simultaneously. The first initiative is dealing proactively with the employment sphere by making available positions suitable for Arab women. This would increase the rate of their participation in the work force, which is today only around 30 percent. It also involves placing Arab workers in high-quality jobs and enforcing the laws against discrimination in hiring practices.

The second is allocating budgets to the school system that would reduce overcrowding in classrooms and significantly improve the quality of teaching and the technological equipment available to students.

The third is expanding the jurisdiction of the local councils and allocating land for industrial zones, which would enable residents to work near their homes and would increase revenues for the local authorities.

The fourth is increasing budget allocations from government ministries to locations where Israel's Arab citizens live, in such a way that the ministries would invest government funds directly, without the Arab local authorities (which are often plagued with management failures) serving as intermediaries.

It would not be easy for the state treasury to pay the cost of such a program for a decade, which would be as much as NIS 65 billion — roughly NIS 6.5 billion per year. But the benefit that would come from economic growth and the development of peripheral areas, together with a higher level of social cohesion in the State of Israel, would bring just as much benefit to the State of Israel as it would cost.

The tools are available, the studies have been done, and the statistics hang like a millstone around the neck of Israeli society. Now the prime minister, the finance minister and the welfare minister must fulfill their obligation to carry out this vital, fundamental task. Without it, the deterioration will continue, leading in the long term to destructive consequences for Israeli society.