

Perspectives on Poverty in Israel

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The growth of poverty in Israel has brought hardship to its citizens and concern to social planners. A recent National Insurance Institute report projected that in early 1984 a half million persons, or a quarter of the population, was below the poverty line.¹ These findings may place into question the array of progressive social welfare programs and policies instituted in the pre- and post-state periods.²

This essay will attempt to place the issue of poverty in its proper perspective by exploring its various dimensions: examining programs which have been created to deal with the poor and recommending guidelines for policymakers whose concern is the welfare of all its citizens.

Measuring Poverty

It is important to note at the outset that poverty in Israel is a relative indicator and not an absolute measure of need. In practice the criterion works out to about 20 percent or less of the gross average wage, which at this writing is estimated by the National Insurance Institute to be 70,000 Israeli Shekel.³ That puts the poverty line as defined by the National Insurance Institute at a gross of 14,000 I.S. for an individual and 45,000 I.S. for a family of four. This figure, as noted later in this study, does not include other welfare benefits.

The increase of poverty in this country is an outcome of diverse factors. For

one thing, many working families were pushed below the poverty line because of the erosion of child allowances and other benefits. For example, a child allowance credit is today worth half of what it earned in 1975.

In addition, an increase in poverty is due to the dramatic inflation rate and it is further compounded by the treasury's reluctance to adjust tax brackets quickly enough. This delay has influenced all income levels, but has particularly affected the working families in lower income groups. Because the tax threshold has been steadily decreasing in real terms, wage earners at the bottom of the income scale are paying more taxes now than they did in the past.

Israel has seen an increase in poverty since 1979. At that time 6.3 percent, or 34,200 families, were below the poverty line.⁴ By 1982 there were 46,500 families in poverty, or 8.1 percent of the total families in this country, and by 1984, Israel's poverty population had reached 500,000 people.⁵ The latter persons comprise 200,000 members of working families (half the number being children) and 300,000 widows, aged, and disabled.

These figures are dramatic in themselves, but for purposes of clarity they are balanced by a host of benefits that poverty families receive. There are of course the social utilities such as free education and other universal services, but, additionally, programs which are

specifically for the poor. These include in-kind programs ranging from free day-care to clothing allowances and medical services financed through the National Insurance Institute.

In calculating poverty, cash benefits serve as its major criterion. It can be argued that the poverty picture would look different if a shekel value were placed on benefits received by low-income families. Furthermore, social welfare planners at present lack a comprehensive set of indicators that would show to what extent these services have actually improved the condition of the poor relative to other groups. Such indicators would put the statistical concept of poverty which focuses on income in its proper perspective. This has not been evaluated to date though comparative data from the United States are helpful.

For example, in 1979 the United States Senate asked the Census Bureau to put a dollar value on the benefits received by low-income families. Studying the 1979 data, the Bureau concluded that if all government benefits at their full market value were considered as income, the number of families defined as poor would decrease 42 percent, from 23.6 million to 13.6 million.⁶ Experts admitted, however, that there is a misleading factor in their calculation: medical services accounted for 75 percent of all non-cash benefits. While these services are critical for the poor, they do not help lift families above the poverty line. But even if Medicaid and Medicare were excluded, the number of those defined as poor would drop 16 percent if the market value of their housing and food benefits were considered.

Within Israel, the U.S. recalculation has been used by coalition and opposition members alike. The former argue that poverty is less of a national problem than persons have thought. The latter

suggest that the figures prove the importance of social programs that the government wants to curtail even further.

Though poverty may be argued from various directions, it is clear that in the past six years a major structural change has taken place in dealing with poverty. This is reflected in the country's most ambitious program, entitled Project Renewal. Jaffe has noted that "Project Renewal is the most important social enterprise to appear on the Israeli and the Diaspora scene in the last 20 years."⁷ Its success in dealing with poverty and its shortcomings are examined below.

Project Renewal

In October, 1977, the Israeli government announced an ambitious and comprehensive project to rehabilitate 160 neighbourhood communities, encompassing over 70,000 families, including some 300,000 people, at a cost of approximately one hundred million dollars. Project Renewal was the name given to this program.

An interdisciplinary effort among architects, planners, and social workers sought to rehabilitate poverty neighbourhoods. Today, progress as well as shortcomings remain. To begin with, there is recognition that Project Renewal can only succeed if there is continuity and integration of physical and social service planning. Project Renewal requirements call for local communities submitting an integrated plan where physical change be accompanied by social services and human service planning. Physical services without planning of parallel social services will inevitably perpetrate the poverty cycle. This planning has in the main been accomplished.

Integrated planning has focused on local citizen participation and recognition that they must become part of the

decision-making process.⁸ This call has come from social workers and residents themselves. The former speak of "engaging paraprofessionals to enrich work in the local community."⁹ Particular focus has been upon the indigenous paraprofessional. That is, recruiting persons with socioeconomic or cultural similarity to the client population. Indeed, citizens have a basic right to take part in the planning and operation of programs relevant to their lives. Persons living in Ofakim, a development town in the Northern Negev region of Israel, for example, declare that "effective community development and viable community life depend on the active involvement of community members and on their self-functioning."¹⁰ The involvement of local residents in the process of change is not only considered a sound practice principle, but is viewed as central to a democratic society. In this context, Nisbet has noted:

If there is to be a citizenship in the useful and creative sense of the word, it must have its footing in the groups and associations and localities in which we spend our lives.¹¹

Involving local residents in the decision-making process has become a *sine qua non* for implementation of programs. Project Renewal has stipulated that local residents must partake in steering committees before programs can be enacted. This achievement is no less important than physical change, which is so salient to the project.

Another dimension which should be noted and is often overlooked relates to the increasing number of paraprofessionals who have been recruited to the program. In a sense this is investment in human capital "Which is one way of bringing poor and disadvantaged groups into the system and therefore a way of combatting poverty for specific target groups."¹² Indeed, directives for Project Renewal articulated by the Israeli Association of Social Workers

speak of recruiting "block workers, club leaders, aids for the elderly, big brother and sister personnel to be employed in Project Renewal."¹³

Citizen participation and manpower needs were central but not exclusive factors in recruiting indigenous personnel. It was also recognized that the use of paraprofessionals was an outcome of the disparity between cultural differences between professionals and their clients. A study by Sali and Harel indicated that almost 50 percent of professionals in this country are from Europe and America, 40 percent from Israel, and the remaining ten percent from Oriental countries.¹⁴

When this study was undertaken, in 1975, 156,300 persons were on public welfare. Of these, 63 percent were from Asia and Africa, 27 percent from Europe, and only nine percent were native to Israel.¹⁵ This trend continued in 1977, when welfare clients from Africa and Asia comprised 62 percent and persons from Europe 28 percent, and the group from America only ten percent.

These findings suggest a wide gap between professional and client ethnic makeup, with its implications explored in a recent study by Etgar.¹⁶ Social workers, because of their middle class orientation, do not fully understand poverty clients. Etgar points to a number of discrepancies, including differing expectations of treatment; motivation for change; a broad gap in cultural orientations; and vast problems of access. It was felt that recruiting poverty persons would bring them into the work force, enable them to assist professionals, and facilitate understanding of their community culture and clients.

A central issue that is raised by all persons involved in Project Renewal after seven years of trials and tribulations relates to the effectiveness and efficacy of the program. Has it worked? Has it made any impact upon poverty,

and if so, what is the nature of that impact? At this writing, a number of empirical studies are nearing completion to determine answers to these questions. A number of observations, however, are in order which should provide at least some tentative answers to these questions.

As mentioned earlier, resident participation in decision-making, which is one of the ideological pillars of the project, has become a reality. Interviews by this writer in various settlements from Ofakim and Netivot, in the South, to Bet Shan, in the North, bear this out. Residents together with government officials on the project's steering committee are involved in various phases of planning. Paraprofessionals are carrying a host of tasks, acting as mediators, brokers, and advocates for poverty groups. One of the long term tests of the project will be whether the residents can organize to defend their interests and press their demands on their communities and the government once their special status is withdrawn. Many persons have expressed their concern for what will happen to their neighbourhood when the project pulls out.

In many communities Project Renewal funds have been directed toward headstart programs with preschool children. In addition, parents have taken part in courses and programmes designed to improve their ability to communicate with their children and foster their overall development. Once again, the issue is whether these programs can be sustained. For example, Ofakim, which developed a model head-start program, is struggling with a large percentage of school dropouts in junior and high school programs. Many parents have withdrawn their children from the school system because of its inferior quality.

In many welfare bureaus additional human service personnel have been

added to help poverty families. For example, in the Amishav quarter of Petah Tikva, its 4,000 residents have access to twenty additional social workers, paraprofessionals, and other aides. Now that services have increased, however, it is important to create citizen awareness of their purpose and function.

What is perhaps most striking is the social utilities which have emerged in light of Project Renewal. The Amishav quarter of Petah Tikvah provides a good example. Amishav is the "twinning community" of Chicago, with the latter's Jewish community having pledged four million dollars for Renewal. These and government funds have provided:

... gardens and landscaping in the parks along the main streets and between housing developments; a comprehensive family health center; offices for the welfare bureau; clubs for the youth and elderly; major renovations on the neighbourhood's four synagogues. ... a new community centre has been operating since last year.¹⁷

A major concern at Amishav, like many other communities, relates to its residual quality. Will communities be able to retain their progress in light of the project's gradual phasing out and government decrease in expenditure? Whether it can sustain its innovative programs is a test which faces citizens and social planners alike.

Structural Solutions

The reduction of poverty can be viewed in two major dimensions: the clinical and the structural. Our interest is primarily the latter, since only a comprehensive approach can mitigate poverty. A number of structural changes have already commenced in this country, and they should be encouraged to continue. The government, through Project Renewal, has in essence become the employer of a growing number of persons who are poor. They are em-

ployed as aids to the elderly, serve as assistants to social workers, and act as mediators and advocates to the poor. The next step is for the government to create careers in sufficient numbers to make work available to these persons. These approaches are more realistic than proposing a guaranteed income independent of work, or stimulating economic growth at the rate of five percent a year. In Israel, economic gains have been wiped out by inflation, and the poor are the most vulnerable to inflationary spirals. To suggest a guaranteed income in lieu of work is likewise unreal. In this country the work ethic is still supreme.

Certainly there are more immediate approaches which planners may consider in attacking poverty. At this writing, the Treasury is advocating reduction in the entire economy, including those of welfare expenditures. More specifically, the Treasury has suggested that allocations of the National Insurance Institute, such as children's allowances and old age pensions, be cut or taxed. This indeed would save the Treasury millions of *shkalim*, but place these high-risk groups even further into poverty.

As for children's allowances, they do not serve a welfare function, except for families with low incomes and with many children. For families with incomes high enough to be taxed, the children's allowances are another name for tax deductions for dependents. Regarding old age pensions, one questions the rationale of the government in reducing payments to a group that already has a low income and whose expenses for basic needs such as food and medical care have already increased three-fold in the past few months. To compound the matter even more there is the Treasury's opposition to the National Insurance Institute's demands to provide the

low income elderly with full compensation for the dramatic price rises.

It is rather surprising that in Israel the issue of redistribution continues to be evaded. Transfer systems, which are either vertically executed [those who have more channel their money through a tax system to those who have less] or redistribution on a horizontal basis [those with fewer dependents contribute through the tax system to those who have more dependents], are progressive and could well reduce poverty substantially.

In conclusion, one cannot leave the issue of poverty without a word about the political dimension. The recent National Insurance Institute report on poverty has been supported, and articulated dramatically by the *Tami* coalition party. *Tami's* platform from its establishment in the last election has advocated greater benefits for low income families and, in particular, those from Sephardic background. The party has continually threatened leaving the government if the poor were not properly compensated. Though comprising only three Knesset members, they have the power to bring down the government because of the present coalition structure. They have utilized this leverage politically in advocating welfare for the poor and indigent. Planners may well take this vital force into consideration.

Summary

The growing poverty rate in Israel is indeed reason for concern. But as noted in this paper, it is well to consider the various dimensions that would place this problem in its proper context. Issues such as calculating universal services and amenities would present a more balanced statistical picture of the poor in this country. The contribution of Proj-

ect Renewal must also be considered. The impact by a small but articulate political party has given hope to families and to society that advocacy for the poor is a reality. It also has been suggested that structural approaches are required, and perhaps most important, a basic value change in society which focuses on redistribution. In the final analysis, Israel's strength can only be assured if both its outer security and inner well-being are vigorously defended.

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