

מרכז אדוה
A D V A
C E N T E R

INFORMATION ON EQUALITY AND SOCIAL JUSTICE IN ISRAEL
מידע על שוויון וצדק חברתי בישראל
مركز «أدفا» - معلومات حول المساواة والعدالة الاجتماعية في إسرائيل



Israel: A Social Report



2002

Dr. Shlomo Swirski
Etty Konor-Attias



Adva Center

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Israel: A Social Report - 2001 presents the major social and economic trends in Israel of the past two decades.

Israel's economic growth over the past two decades enabled it to join the ranks of the developed nations. In the wake of the war against the Palestinian Authority and the worldwide economic recession, however, the past two years have witnessed a slowing down and cessation of that growth.

During the period of accelerated economic growth, the fruits of prosperity were inequitably distributed. There was a large increase in the income and standard of living of a relatively small percentage of Israelis, while the level of income, education and housing of the majority remained stable or declined.

What Israel needs now is long-term, stable, social programs geared to raising the levels of education and income of the majority of Israelis, who have not benefited from the prospering economy. Unfortunately, current governmental policies do not contribute to that end. On the contrary, every recent government, whether left or right, has relinquished social responsibility, cut taxes for the business sector, and increased the burden of individual households in the areas of education, health and social welfare.

This year the government initiated a number of large budget cuts, the outcome of which will be serious damage to the social safety net and to public education, the public health system, public housing assistance and social welfare programs. The effect of these cuts, accompanied by a high interest rate, will be to exacerbate the recession and increase unemployment. The foregoing developments are expected to increase the number of persons and families living under the poverty line, lower the standard of living of most Israelis and have an adverse effect on the life chances of the young generation.

Economic Growth: International Comparisons

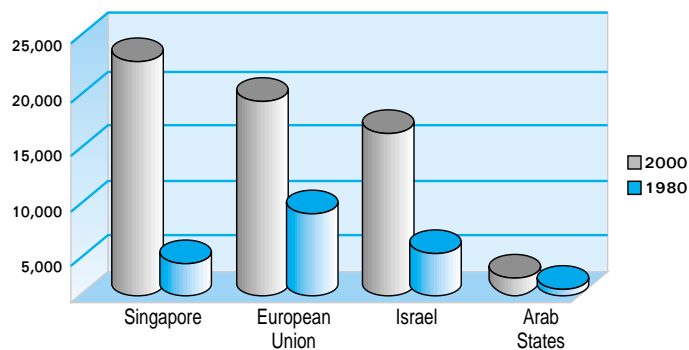
The Israeli economy experienced significant growth over the past two decades; Israel now ranks among those countries with high per capita Gross National Product.

In 1980, the GDP in Israel was \$5,612 per capita; by 2000, it totaled \$17,804 per capita.

Although Israel's GDP per capita ranks it with the developed nations of the world, it is still low in comparison with the countries of the European Union. Although growth in Israel is very impressive compared to its neighbors — Egypt, Syria, and Jordan — other countries, such as Singapore, show even more dramatic growth.

Notably, 2001 and the first half of 2002 were marked by a decrease in Israel's per capita GDP.

Per Capita GDP in Selected Countries, 1980 and 2000 (in US\$)



	Arab countries	Israel	Singapore	European Union
1980	771	5,612	4,883	9,381
1999	1,458	17,804	23,063	19,896

Note: "Arab countries" includes Egypt, Jordan, and Syria.

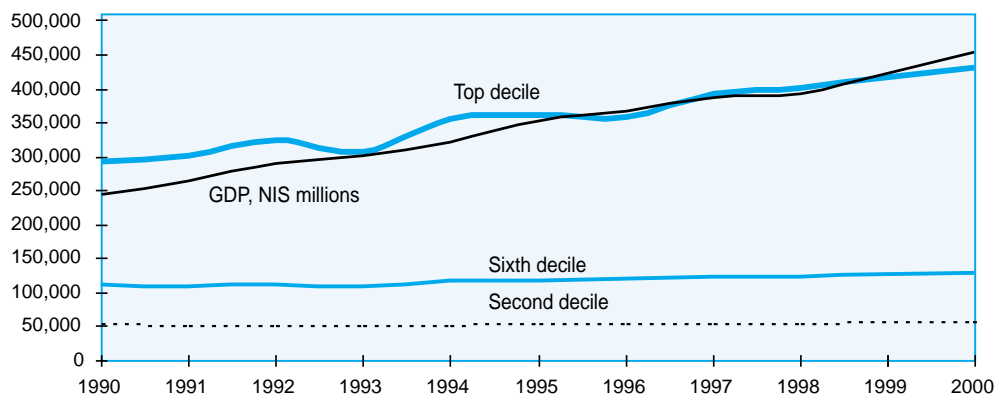
Source: Analysis of the Adva Center based on the World Bank publication *World Development Indicators, 2002*, Tables 2.1 and 4.2.

Economic Growth and Inequality: The Affluent are the Prime Beneficiaries

Of course, economic growth is a good thing. But growth alone does not guarantee general prosperity.

Over the past decade, the fruits of growth in the Israeli economy have not been evenly distributed: The income of the highest income decile has risen in tandem with the GDP, while the income of the middle and lower deciles has hardly changed.

*GDP and Annual Household Income, 1990-2000
(in constant 2001 prices)*



Notes:

"Household income" refers to the gross annual household income.

The GDP is presented in millions of shekels, while household income appears in shekels. The lines of the GDP and the top income decile intertwine, but are not identical, as the units of measurement differ.

GDP figures are usually presented per capita, rather than as the total GDP (as appears on the previous page). Here we present the total GDP to illustrate the overlap between economic growth and the income rise in the upper income bracket.

Source: Analysis of the Adva Center based on the Central Bureau of Statistics (hereinafter CBS), *Statistical Abstract of Israel*, various years; and CBS, *Income Survey*, various years.

Economic Growth and Inequality: The Upper Crust Gets More of the Pie

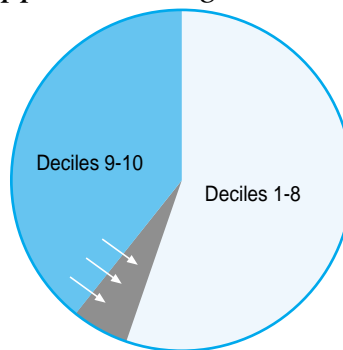
In 1990, the income of the top decile was 8.9 times the income of the bottom decile. By 2001, the gap had widened: The income of the top decile was 12.1 times that of the bottom decile.

The two upper deciles increased their share of the pie, while the share of the rest of the population diminished.



Total Household Income, 1990-2001

The share of the two upper deciles grew, as others diminished.



Share of Decile in Total National Income, 1990-2001
(households)

	1990	2001	% Change	Average Income for the Decile in 2001, in constant 2001 prices
Top decile	24.4%	28.5%	4.1%	39,130
9 th Decile	15.9%	16.3%	0.4%	22,443
8 th Decile	12.7%	12.5%	-0.2%	17,182
7 th Decile	10.7%	10.1%	-0.6%	13,921
6 th Decile	9.2%	8.5%	-0.7%	11,671
5 th Decile	7.8%	7.1%	-0.7%	9,765
4 th Decile	6.6%	5.9%	-0.7%	8,159
3 rd Decile	5.5%	4.8%	-0.6%	6,655
2 nd Decile	4.4%	3.8%	-0.7%	5,156
Bottom decile	2.7%	2.3%	-0.4%	3,225

Notes: Deciles were calculated according to the average gross monthly income of households headed by a wage earner. Gross monthly income per household includes all regular gross monetary income of the household, before taxes.

Source: Analysis by the Adva Center based on CBS, *Statistical Abstract of Israel*, various years; and CBS, *Income Survey*, various years. The figure for 2001 was provided by Ms. Hava Heller and Ms. Nardit Stein-Kapach of the Central Bureau of Statistics.

Ethnic Inequality

Among Israelis of different ethnic origins, inequality is deeply entrenched.

The income of the Arab citizens of Israel is the lowest.

The income of Mizrahi Jews is somewhat higher: Their average income has increased over the past decade, distancing itself from the average income of Arabs, although the gap between the income of Mizrahi and Ashkenazi Jews remains constant.

The income of Ashkenazi Jews is the highest, well above the other two groups. In 2001, the salary of an Ashkenazi employee was, on average, 1.5 times that of a Mizrahi employee, and twice that of an Arab employee.

Monthly Income of Urban Ashkenazi, Mizrahi, and Arab Employees, 1990-2001

Based on 100 as the average

Year	Total employees	Native Israeli born to European or US-born father	Native Israeli born to Asian - or African - born father	Arabs and Others
1990	100	125	81	75
1991	100	125	85	77
1992	100	127	84	74
1993	100	129	89	75
1994	100	132	87	76
1995	100	140	89	72
1996	100	146	92	72
1997	100	137	91	72
1998	100	139	94	71
1999	100	139	92	66
2000	100	139	95	67
2001	100	138	95	70

Notes: "Employee" includes all respondents who had any work-related income during the three months prior to the survey conducted by the Central Bureau of Statistics.

"Income" refers to all wages earned by employed respondents.

Source: CBS, *Income Survey*, various years. The figure for 2001 was provided by Ms. Hava Heller and Ms. Nardit Stein-Kapach of the Central Bureau of Statistics.

Gender Inequality

Gender inequality in Israel is deeply rooted.

In 2001, women's monthly wages were, on average, 60% those of men.

Women's hourly wages were, on average, 79% those of men.

Monthly and Hourly Wages of Women and Men, 1990 and 2001 (in constant 2001 prices, in shekels)

	Year	Gender	Wage in Shekels	Women's wages as a % of Men's wages
Monthly	1990	Men's	6,691	
		Women's	3,799	57%
	2001	Men's	8,636	
		Women's	5,165	60%
Hourly	1990	Men's	35.5	
		Women's	27.9	79%
	2001	Men's	44.5	
		Women's	35.2	79%

This table shows the gender gap in monthly and hourly wages. The fact that many women work part time explains some of the gap (40%) in monthly earnings. The figures for hourly wages, however, demonstrate that even when the time unit is identical, there is still a 21% gap between women's and men's wages.

Notes: "Gross monthly income" refers to income (including overtime) from all places of work in which the respondent was employed during the three months preceding the survey conducted by the Central Bureau of Statistics..

"Gross hourly income" refers to the gross income received during the three months preceding the survey, divided by the total number of hours worked (see CBS, *Income Survey* 1996, p. 46).

Source: Analysis of the Adva Center based on CBS, *Income Survey*, various years. The figure for 2001 was provided by Ms. Hava Heller and Ms. Nardit Stein-Kapach of the Central Bureau of Statistics.

Inequality: The Earnings of Senior Management Soar

Israel's top earners receive an ever-increasing share of the total national income as a result of a sharp escalation in the earnings of senior management in the business sector.

The cost of employing a manager of one of the 560 companies listed on the Tel Aviv Stock Exchange came to an average of NIS 1.35 million a year, or NIS 113,000 a month, in 2001.

The cost of employing a manager of one of the "Tel-Aviv 100" companies (the hundred largest companies on the Tel-Aviv Stock Exchange) was an average of NIS 2.94 million in 2001, or NIS 245,000 a month. In addition to this salary, the average manager of a Tel-Aviv 100 company received additional benefits, including options.

In 1994, the wage costs of senior managers were 13 times higher than the average wage; in 2001, they were 16 times higher.

In 1994, the wage costs of senior management were 30 times higher than the minimum wage; in 2001, they were 40 times higher.

Wage Costs of Senior Management, 1994 and 2001

1994	2001
30 times the minimum wage	40 times the minimum wage
13 times the average wage	16 times the average wage

A company listed on the Tel-Aviv Stock Exchange is required by law to publish the wage costs of its five highest-paid employees.

Globes newspaper (April 19, 2000 and May 5, 2002) published these figures based on the balance sheets of companies listed on the Stock Exchange.

Inequality: Welfare for Business

The recent governments of Israel have provided generous benefits for the well-to-do in the business sector.

For example, the corporate tax — the income tax levied on corporate profits — decreased from 61% in 1986 to 36% in 1996. The tax cut reflects significant revenues foregone by the government, since proceeds from corporate income tax amounted to some NIS 20 billion in 2000, representing 14% of the total taxation revenues.

Israel's Finance Ministry contends that it had no choice but to reduce the corporate tax rate, in view of the fact that taxes were cut in the countries with which Israel trades. In practice, however, during the period in question, corporate taxes were higher in Germany, Canada, Japan, Italy, and France than in Israel (State Revenues Administration, Annual Report 2000). It is worth noting that in other countries, the corporate tax is raised or lowered in accordance with current needs. In Germany, for example, it was decided to raise corporate taxes this year in order to help finance rehabilitation efforts following the big floods.

Employer Taxes in Israel, 1986-2002

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	2002 /2001
% Corporate tax on profits before payment of dividends	61	45	45	45	43.5	41	40	39	38	37	36	36
% Employers' Social Security contributions	15.65	10.85	10.85	10.85	9.35	7.35	7.35	7.35	7.35	4.93	4.93	5.93
% Employers' tax - private sector	7	4	4	4	4	3	0	0	0	0	0	0

Note: In 2002 the government decided to increase the social security payments of employers on behalf of their employees by one percent.

Source: Report of State Revenues Authority, various years; Emergency Economic Plan Law — 2002.

The contribution of Israeli industrialists to Social Security and other employee benefits is low, compared with many other countries (U.S. Department of Labor, Bureau of Labor Statistics, September 2001).

Furthermore, the contribution of Israeli employers to the Social Security of their employees is on the wane: In 1989, employers in the industrial sector paid out the equivalent of 23.9% of the employees' salaries for "additional labor costs" (social security, pension funds, etc.), but this dropped to 19.4 % in 2001 (CBS, Manufacturing Indices, various years).

Inequality: Most Israelis Earn Less than the Average Wage

While the salaries of senior management soar, most Israelis earn less than the average wage.

The “average wage” may sound like an amount that most people earn, but in fact, most Israelis earn less than the average wage: In 2000, 74.3% of all Israelis earned the average wage or less; 64.4% earned less than 75% of the average wage.

In January 2000, the average wage in Israel (for social security purposes) was NIS 6,347 a month.

Employee Wages in Israel (annual average) Relative to the Average Wage, 1993-2000 (in percentages)

	Employees earning Less than the minimum wage	Employees earning under 50% of the average wage	Employees earning 50-74% of the average wage	Employees earning 75% or more of the average wage	Total employees earning average wage or less	Employees earning twice the average wage	Employees earning 3 or more times the average wage
1993	33.5	10.5	16.4	11.6	72.0%	19.1	8.9
1995	38.4	10.9	15.2	10.2	74.7%	17.0	8.3
1997	33.7	8.2	15.0	10.8	67.7%	20.4	11.8
2000	40.3	8.6	15.5	9.9	74.3%	16.7	9.1

Source: Jacques Bendelac, *Average Wages and Income, by Locality and Other Economic Variables, 1995-1996*, National Insurance Institute, various years. Data for 2000 were provided by Mr. Jacques Bendelac, National Insurance Institute.



Inequality: One-third of Israeli Families' Earnings are Poverty Level

For an increasing number of Israelis, the labor market no longer ensures a minimal standard of living. Over the past two decades, the income of more and more Israelis has reduced them to poverty level.

Between 1979 and 2000, the percentage of Israeli families with poverty-level income (before Social Security payments and direct taxes) increased from 27.9% to 32.2%.

The percentage of individuals with poverty-level income increased from 23.8% to 30.8%.

Children whose parents earn poverty-level income increased from 23.1% to 35.7%.

Social security transfers lower the poverty rates by about 50 percent.

Percentage of Families, Individuals, and Children Living in Poverty, 1979-2000

(before Social Security contributions and direct taxes)

Year	Families %	Individuals %	Children %
1979	27.9	23.8	23.1
1980	28.1	24.2	23.4
1981	28.8	24.1	22.2
1982	29.8	25.0	24.1
1983	29.5	24.0	21.7
1984	30.7	25.6	23.5
1985	31.3	26.3	24.3
1988	32.6	28.0	27.9
1989	33.0	28.0	27.8
1990	34.3	30.4	31.4
1991	35.1	31.2	30.9
1992	34.7	31.4	32.6
1993	34.6	31.2	33.0
1994	34.2	31.3	34.5
1995	33.8	31.1	35.2
1996	34.3	30.3	33.4
1997	33.2	31.4	35.5
1998	32.8	31.5	36.7
1999	31.9	30.3	35.3
2000	32.2	30.8	35.7

Note: The slight decrease in the percentage of families living in poverty after 1996 may be due to changes initiated in 1997 in the population included in the annual income surveys of the Central Bureau of Statistics, which serve as the basis of the calculations of the National Insurance Institute.

Source: National Insurance Institute, *Annual Survey*, various years.

"Poverty level" is defined in Israel as receiving an income equivalent to 50% or less of the median salary — the salary of which half the Israeli population earns more, and half earns less.

Among wage earners in Israel, the percentage of families defined as poor based on their income rose from 21% in 1989 to 33.7% in 2000 (National Insurance Institute, Annual Report, various years).

Inequality: Map of Unemployment

The economic stagnation that characterized most of the second half of the 1990s and last year's recession higher swelled the ranks of the unemployed in Israel.

Unemployment primarily affects the weaker sectors of the population: It is higher in Arab than in Jewish localities, in Jewish development towns than in affluent Jewish communities, higher among women than among men, and higher among Arab women than Jewish women. Unemployment disproportionately affects those for whom the public school system failed to provide a decent education, as well as young people just starting out.

The following table presents data from the Government Employment Office about jobseekers by locality in July 2002. Jobseekers are defined as persons who registered with this office. Many people, however, do not even bother to register, either because they were not placed in a job in the past, because they do not believe they have a chance of finding a job, or for other reasons. Therefore, the numbers of the unemployed are actually higher than the number of jobseekers. Figures published by the Central Bureau of Statistics provide a more accurate picture of the scope of unemployment. Still, we chose to present data about jobseekers, since these are the only figures available by locality and they allow a closer look at the differences between Arab and Jewish localities, as well as between Jewish development towns and more affluent Jewish communities.

Percentage of Job Seekers, by Locality, July 2002
(in descending order)

Name Of Locality	Total Jobs	Name Of Locality	Total Jobs	Name Of Locality	Total Jobs	Name Of Locality	Total Jobs	Name Of Locality	Total Jobs	Name Of Locality	Total Jobs
National Average 7.8		Umm al-Fahm	15.5	Ashdod	12.0	Or Yehuda	9.0	Modi'in	6.5	Givat Ze'ev	4.5
Kafar Manda	25.2	Hatzor Haglilit	15.4	Jatt	11.9	Ramleh	9.0	Binyamina	6.5	Herzliya	4.4
'Illut	25.0	Nazareth	15.2	Migdal Ha'emek	11.9	Kiryat Bialik	8.8	Yahud	6.5	Givatayim	4.2
Aro'er	24.4	Rina	15.2	Kiryat Ekron	11.8	Nahariya	8.8	Ramat Yishai	6.4	Ganei Tikva	4.2
Laqiye	24.0	Mashhed	15.1	Ma'alot Tarshiha	11.7	Jisr a-Zarka	8.7	Tel Mond	6.2	Kfar Saba	4.2
Abu Rabi'at	24.0	Majd al-Krum	15.1	Upper Nazareth	11.6	Beit Jann	8.7	Pardessiya	6.0	Kokhav Ya'ir	4.2
'Assam	23.4	'Arrabe	15.0	Daliat al-Carmel	11.4	Talbe	8.6	Eilat	5.9	Hod Hasharon	4.1
Tamra	23.2	Kiryat Gat	15.0	Kiryat Yam	11.4	Elad	8.5	Sha'arei Tikva	5.9	Azor	4.1
Bu'eine-Nujeidat	23.0	Iksal	14.9	Katzrin	11.4	Gan Yavneh	8.4	Rishon Letzion	5.9	Ra'anana	3.8
Ein Mahel	22.8	Tur'an	14.9	Tirat Hacarmel	11.3	Rehovot	8.4	Beitar Elite	5.6	Neve Efrayim	3.7
Bir al-Maksur	21.7	Acre	14.5	Afula	11.2	Julis	8.4	Alfei Menashe	5.5	Ramat Hasharon	3.5
Kuseife	21.5	Basma	14.5	Hadera	11.2	Nesher	8.3	Tel Aviv-Jaffa	5.4	Tira	3.5
Deir Hanna	21.1	'Ar'ara	14.5	Carmiel	11.0	Yirka	8.3	Kiryat Ono	5.3	Beit El	3.4
Kabul	21.0	Ashkelon	14.2	Kafar Qara'	10.7	Kiryat Shemona	8.3	Oranit	5.3	Efrata	3.4
Bosmat Tivon	20.8	Dimona	14.0	Rammah	10.7	Kiryat Motzkin	8.1	Givat Shmuel	5.2	Omer	2.9
Sha'ab	20.6	Shlomi	14.0	Kiryat Ata	10.5	Haifa	8.0	Ma'ale Adumim	5.2	Kafar Qasem	2.8
Hura	20.5	Mughar	13.8	Ka'abiye-Tabash	10.5	Bat Hefer	7.9	Tsur Yig'al	5.2	Maccabim Re'ut	2.7
Tuba-Zangariya	19.7	Deir al-Assad	13.6	Abu Ghosh	10.5	Netanya	7.9	Kiryat Tivon	5.1	Ramat Efal	1.8
I'billin	19.5	Nahef	13.5	Zemer	10.2	Rosh Ha'ayin	7.9	Petah Tikva	5.1	Jeljulia	1.7
Shfar'am	19.4	Kafar Yassif	13.3	Beersheba	10.1	Fureidis	7.8	Lehavim	5.0	Karmeil Yosef	1.5
Abu-Orinat	19.2	Or Akiva	13.1	Peki'in	10.1	Kfar Yona	7.7	Upper Modi'in	5.0	Savion	1.5
Jdeida-Makr	19.1	Baqa al-Gharbiyye	13.0	Gedera	10.0	Tzoran	7.7	Bnei Brak	5.0	Kfar Habad	1.4
Kafar Kanna	19.1	Tiberias	13.0	Ariel	10.0	Beit Dagan	7.7	Holon	5.0	Kfar Shmaryahu	0.8
Tel Sheva	19.0	Abu Sinan	12.9	Ofakim	9.9	Qalansuwa	7.7	Shoham	4.9		
Segev Shalom	18.6	Buk'ata	12.9	Upper Yokneam	9.8	Majdal Shams	7.7	Kfar Vradim	4.9		
Rahat	18.0	Ma'ale Eron	12.8	Bene Ayish	9.8	Kiryat Arba	7.6	Mevaseret Tzion	4.9		
Be'ane	17.3	'Illebun	12.7	Yavneh	9.7	Yanuh Jatt	7.6	Zikhron Ya'akov	4.8		
Yeruham	17.0	Daburiyya	12.6	Hurfeish	9.6	Kadima	7.5	Jerusalem	4.7		
Mas'udim al-Azama	16.8	'Usifiyya	12.6	Zarzir	9.5	Nes Tsiyona	7.5	Elkana	4.6		
Sakhnin	16.8	Kisra Smay'a	12.4	Safed	9.4	Beit Shemesh	7.4	Meitar	4.6		
Kiryat Malakhi	16.3	Shibli	12.3	Atlit	9.2	Rekhasim	7.3	Karnei Shomron	4.6		
Yafi'a	15.9	Beit Shean	12.1	Lod	9.1	Be'er Ya'akov	7.3	Ramat Gan	4.6		
Mitzpe Ramon	15.8	Arad	12.0	Pardes Hanna-Karkur	9.1	Mazkeret Batia	6.6	Caesaria	4.6		
Abu Riqeik	15.7	Sederot	12.0	Netivot	9.1	Bat Yam	6.6	Even Yehuda	4.5		

Source: Government Employment Service, data from July 2002.



Social Safety Net Under Attack

In recent years there has been a public campaign against the social safety net. The various pensions provided by the National Insurance Institute have been presented as an unbearable burden on the state coffers. Likewise, their recipients have been presented as non-productive persons whom individuals who “work for a living and serve in the army” have to carry on their backs.

The managers of this campaign have tried to create the impression that all the monies involved come from the state Treasury. This is simply incorrect: the social safety net is first and foremost a social insurance system, financed by the social security payments of employers and employees. In other words, most of the recipients of social security pensions are working people.

The main pensions that the National Insurance Institute pays out are part of insurance schemes. Their financing is from salary taxes: employees (and self-employed persons as well) pay out a certain percentage of their wages, and employees also contribute a percentage of the wages of their employees, to the National Insurance Institute. In turn, the National Insurance Institute makes payments to retired persons, unemployed persons, mothers (or fathers) on birth leave, etc.

These insurance-based pensions include old-age and survivors' pensions, child allowances, unemployment compensation, disability pensions, nursing care payments and birth allowances. These pensions account for no less than 88% of the total social security payments. The main non-insurance pension consists of income support payments, funded as they are by general taxation.

Between August 2001 and July 2002, the Israeli government made no less than four cuts in the social safety net. These included putting a two-year freeze on all pensions (not indexing them to the average wage); reducing nearly all pensions by 4%; making a reduction of 12% in child allowances for all families and an additional reduction of 20% for families in which no parent served in the army (a Supreme Court anti-discrimination appeal on this is currently pending); a drastic reduction in the period during which unemployed persons can collect unemployment compensation; and a large cut in income maintenance allowances, including income support for working single mothers.

The social safety net was created to provide minimal income security for persons temporarily unemployed and/or without a means of livelihood: senior citizens, persons with disabilities, parents on birth leave, etc. To date the social safety net has successfully reduced the increase in income inequality that accompanied the growth of the Israeli economy. But eroding the social safety net will have the opposite effect.

Education: Most Israeli Youth Fail to Graduate High School with Diplomas

One of the major ways that a country can address problems of inequality is through education. In Israel, however, the school system is rife with inequality, and thus, instead of serving as a tool to reduce socio-economic gaps, the school system actually exacerbates the problem.

The inequality endemic to the school system is evident in the disparities in the proportion of youth graduating high school with diplomas in different types of localities.

In 2001, 56.2% of 17-year olds failed to graduate high school with diplomas. Most of them were from Arab localities or poor Jewish urban neighborhoods and development towns. In a significant number of Jewish development towns and in all the Arab localities except two, the proportion of young people graduating with diplomas is lower than the national average.

High School Students Graduating with Diplomas, as a Percentage of all 17-Year Olds in the Locality, 2001

(in ascending order)

National Average 43.8	Pardes Hanna-Karkur 39	Holon 50	Ramat Hasharon 59
Bnei Brak 10	Safed 39	Dimona 51	Kiryat Motzkin 60
Beitar Elite 15	Shfar'am 40	Hadera 51	Nesher 61
Hof Hacarmel RC 21	Or Akiva 41	Kiryat Malakhi 51	Kfar Saba 61
Kafar Manda 24	Lod (Jews & Arabs) 41	Hod Hasharon 51	Kiryat Ono 61
'Arrabe 28	Mateh Asher RC 41	Haifa (Jews & Arabs) 51	Ma'ale Adumim 62
Hagilboa RC 29	Afula 42	Upper Galilee RC 51	Shoham 63
Umm al-Fahm 31	Ariel 42	Lev Hasharon RC 52	Herzliya 63
Sakhnin 31	Eilat 43	Upper Yokneam 52	Ramat Gan 63
Baqa al-Gharbiyye 32	'Ar'ara 43	Jordan Valley RC 53	Bik'at Beit Shean RC 63
Jerusalem (Jews) 32	Be'er Tuvia RC 43	Yahud 53	Mevasseret Tzion 64
Taibe 32	Migdal Ha'emek 44	Mateh Yehuda RC 53	Ra'anana 67
Daliat al-Carmel 33	Sederot 44	Ashkelon 54	Eshkol RC 68
Ma'alot Tarshiha 33	Upper Nazareth 45	Petah Tikva 54	Ganei Tikva 71
Netivot 34	Arad 45	Jezreel Valley RC 55	Givatayim 71
Mughar 34	Beersheba 46	Rehovot 55	Kiryat Tivon 72
Tira 35	Tiberias 46	Yavneh 55	Maccabim Re'ut 85
Rahat 35	Or Yehuda 46	Rosh Ha'ayin 56	Givat Shmuel 86
Kafar Kanna 35	Bat Yam 46	Tel Aviv-Jaffa (Jews & Arabs) 56	
Emek Hefer RC 36	Kafar Qara' 46	Givat Ze'ev 56	
Ramleh (Jews & Arabs) 36	Tirat Hacarmel 46	Golan RC 57	
Hevel Modi'in RC 36	Kiryat Yam 47	Nes Tsiyona 57	
Qalansuwa 37	Nazareth 47	Shomron RC 57	
Acre (Jews & Arabs) 37	Netanya 47	Drom Hasharon RC 57	
Kafar Qasem 38	Azor 47	Gedera 57	
Beit Shemesh 38	Kiryat Shemona 47	Kiryat Bialik 58	
Ofakim 39	Kiryat Ata 48	Mateh Binyamin RC 59	
Tamra 39	Kiryat Gat 48	Carmiel 59	
Jdeida-Makr 39	Ashdod 48	Beit Shean 59	
Yafi'a 39	Gezer RC 49	Rishon Letzion 59	
	Nahariya 50		

RC = Regional Council

Source: Adva Center, *Students Graduating High School with Diplomas, by Locality, 2000-2001*, June 2002.

Education: Not all Diplomas Lead to University

Inequality in the school system is evident not only from the proportion of those who graduate high school with diplomas, but also from the quality of the diploma. Affluent schools with experienced teaching staffs and rich curricula prepare their students for exams that will ensure full compliance with university entrance requirements. Students from schools with meager resources, less experienced teachers, and no more than a basic curriculum often graduate with diplomas that fail to meet these admission requirements. In 2001, 15% of high school graduates received diplomas that failed to come up to standard.

The results are evident in the number of applicants from different towns rejected by universities. Heading this list are Arab towns, followed by Jewish development towns. Although the number of young people applying to private and regional colleges has increased significantly in recent years, local figures are currently available only for university candidates.

Percentage of University Applicants Rejected by Universities, by Locality, 2000/2001

(Localities of 50+ applicants; in descending order)

National Average	21.0	Lod	32.2	Kiryat Shemona	19.1	Nes Tsiyona	14.3
Aksal	61.8	Kafar Manda	32.1	Kiryat Malakhi	18.9	Kiryat Bialik	14.2
Baqa al-Gharbiyye	60.5	Ariel	31.4	Ramat Gan	18.5	Yahud	14.2
Kafar Qara'	56.9	Abu Sinan	30.2	Kfar Saba	18.5	Ra'anana	14.1
'Ar'ara	56.4	Reine	30.0	Ashdod	18.3	Ashkelon	14.1
Tira	52.9	Ramleh	28.4	Migdal Ha'emek	18.1	Mevaseret Zion	14.0
Sakhnin	51.2	Beit Shean	28.3	Rishon Letzion	18.1	Safed	13.8
Ibilin	50.7	Dimona	26.2	Or Yehuda	17.9	Kfar Vradim	13.5
Tamra	50.0	Holon	24.7	Kiryat Yam	17.6	Nahariya	13.4
Taibe	49.1	Ma'alot-Tarshiha	24.5	Afula	17.5	Efrata	13.1
Kafar Qasem	48.5	Beersheba	24.3	Bnei Brak	16.9	Kiryat Motzkin	13.0
Y'fia	48.2	Netanya	24.1	Eilat	16.9	Tiberias	12.9
Dir Hana	47.7	Meitar	23.9	Givatayim	16.8	Ganei Tikva	12.4
Daburiyya	46.6	Upper Nazareth	23.3	Karnei Shomron	16.4	Elkana	11.9
Kfar Kanna	46.3	Pardes Hanna-Karkur	23.1	Modi'in	16.2	Gan Yanveh	11.1
'Usifiyya	46.2	Tirat Hacarmel	22.8	Jerusalem	15.9	Yavneh	11.1
'Arrabe	45.5	Acre	22.7	Ramat Hasharon	15.8	Givat Shmuel	10.7
Umm al-Fahm	42.4	Bat Yam	22.6	Kiryat Ata	15.8	Upper Yokneam	9.3
Daliat al-Carmel	42.1	Hadera	21.7	Even Yehuda	15.8	Kokhav Ya'ir	6.6
Rahat	41.7	Ma'ale Adumim	21.4	Carmiel	15.6	Gedera	6.0
Deir al-Assad	41.7	Netivot	21.1	Haifa	15.5		
Kafar Yassif	41.3	Arad	21.1	Nesher	15.4		
Shfar'am	40.7	Beit Shemesh	20.8	Kiryat Ono	15.3		
Tur'an	40.5	Hod Hasharon	19.8	Maccabim Re'ut	15.2		
Rammah	39.4	Ofakim	19.7	Rosh Ha'ayin	15.1		
Jdeida Makr	37.5	Sederot	19.7	Kiryat Tivon	15.0		
Nazareth	36.1	Tel Aviv-Jaffa	19.5	Rehovot	14.9		
Mughar	33.6	Petah Tikva	19.5	Herzliya	14.8		
Majd al-Kurum	32.8	Kiryat Gat	19.4	Omer	14.7		

Note: Approximately 29% of all applicants applied to more than one university. Some of those rejected at one university may have been accepted at another.

Source: CBS, *Candidates for First Degree Studies, Students and Degree Recipients in Universities, 1999-2001: Demographic Characteristics and Geographic Dispersion*, May 2002, Publication 1181.

Higher Education: Breakdown of Inequality

The majority of Israeli youth do not go on to university study.

The Central Bureau of Statistics has been following youngsters who finish high school, in order to ascertain how many of them enroll in institutions of higher learning. The following figures concern persons who were high school seniors in 1992 and began university study by the year 2000.

In the year 2000, eight years after graduating high school, only 22.6% of those who were high school seniors in 1992 had begun to study at a university; an additional 7.1% had begun study in an accredited college. These figures reflect first and foremost the fact that a good portion of high school seniors fail to graduate with diplomas, and that not all those who graduate with a diploma qualify for university admission on the basis of their diploma.

The percentage of Jews beginning university studies — 24.5% — was 2.3 times higher than the percentage of Arabs — 10.6%.

The percentage of students of European or American origin — 32.6% — was double that of students of Asian and African origin — 16.5%.

The percentage of students from the localities with the highest socio-economic ranking — 33.3% — was 3.6 times higher than the percentage of students from localities with the lowest socio-economic ranking — 9.2%.

The percentage of students who in high school studied in academic tracts — 31.4% — was 2.6 times higher than students who studied in vocational tracks — 12%.

Persons Who Were High School Seniors in 1992 Who Began University Studies by 2000, by Various Characteristics

In Percentages

Gender	Percentage	Socio-Economic Ranking of Home Locality	Percentage
Men	20.4	1 - 2	9.2
Women	24.7	3 - 4	12.7
		5 - 6	21.2
		7 - 8	28.6
		9 - 10	33.3
Ethnic Group	Percentage	High School Track	Percentage
Jews	24.5	Academic Track	31.4
Arabs and Others	10.6	Vocational Track	12.0
Origin	Percentage		
Israel	30.1		
Asia/Africa	16.5		
Europe/America	32.6		

Notes: 1. Origin Asia/Africa — born in Israel to a father born in Asia or Africa or born in Asia/Africa.

2. Origin Europe/America — born in Israel to a father born in Europe or America or born in Europe/America.

Sources: CBS, *Statistical Abstract of Israel 2002*, Number 53, Table 8.25.

Higher Education: Inequality at the University Level

Inequality at the high school level translates into inequality at the university level. The table below presents the proportion of university undergraduates from among 20-29 year olds, by locality. Once again, the highest university attendance is of residents of affluent Jewish cities and towns; the lowest of residents of Arab cities and towns.

We note again that the number of students in private and regional colleges has grown rapidly, but figures by locality are currently available only for universities.

Percentage of University Undergraduates out of all 20-29-Year Olds, by Locality, 2000/2001

(Localities with 50+ students; in descending order)

National Average	7.1	Shoham	9.4	'Arrabe	6.0	Be'er Ya'akov	4.1
Omer	29.9	Nahariya	9.3	Tur'an	6.0	Kiryat Malakhi	4.1
Lehavim	24.9	Hod Hasharon	9.2	Pardes Hanna-Karkur	5.9	Kfar Yona	4.1
Har Adar	23.4	Ramat Gan	9.0	Ashdod	5.9	Boene-Nujeidat	4.0
Kokhav Ya'ir	23.1	Herzliya	8.9	Bnei Iyish	5.9	Ofakim	4.0
Elkana	22.2	Alfei Menashe	8.8	Kadima	5.9	Kabul	4.0
Meitar	22.0	Peki'in	8.7	Ma'ale Adumim	5.9	Yarka	4.0
Maccabim Re'ut	18.7	Nes Tsiyona	8.7	Deir al-Assad	5.8	Jdeida Makr	4.0
Efrata	17.9	Yavneh	8.6	Tel Mond	5.8	'Ussifiyah	3.9
M'iliya	17.0	Gan Yavneh	8.5	Netanya	5.8	'Ar'ara	3.8
Givat Shmuel	16.3	Tel Aviv-Jaffa	8.4	Afula	5.8	Kafar Manda	3.8
Kfar Vradim	15.8	Atlit	8.4	Beit Jann	5.7	Netivot	3.6
Kiryat Tivon	15.7	Beersheba	8.3	Acre	5.7	Or Akiva	3.5
Kedumim	15.1	Safed	8.3	Mitzpe Ramon	5.6	Yeruham	3.5
Haifa	13.6	Givat Ze'ev	8.2	Mughar	5.4	Tamra	3.5
Ra'anana	13.4	Kiryat Yam	8.1	Azor	5.3	Tira	3.4
Nesher	13.2	Petah Tikva	8.0	Kiryat Ekron	5.3	Beit Shemesh	3.4
Kiryat Bialik	13.0	Binyamina	7.8	Deir Hanna	5.1	Lod	3.2
Kiryat Ono	12.5	Kiryat Ata	7.7	Migdal Ha'emek	5.1	Or Yehuda	3.1
Ramat Hasharon	12.1	Rishon Letzion	7.6	Jatt	5.1	Ma'ale Iron	3.0
Kiryat Motzkin	12.0	Carmiel	7.4	Abu Sinan	5.0	Reine	3.0
Mevaseret Tzion	11.8	Kafar Yassif	7.3	Tiberias	5.0	Taiibe	2.8
Jash	11.7	Yahud	7.3	Jerusalem	4.9	Kafar Qasem	2.8
Ganei Tikva	11.2	Modi'in	7.2	Majd al-Kurum	4.9	Bnei Brak	2.7
Rehovot	11.2	Pardessia	7.2	I'billin	4.9	Ramleh	2.6
Even Yehuda	11.1	Ma'alot Tarshiha	7.0	Eilat	4.8	Baqa al-Gharbiyye	2.5
Ramat Yishai	10.8	Daburiyya	6.9	Yafi'a	4.8	Umm al-Fahm	2.3
Neve Efrayim	10.7	Kiryat Gat	6.8	Beit Shean	4.6	Rahat	1.8
Karnei Shomron	10.7	Nazareth	6.6	Sederot	4.6		
Givatayim	10.5	Upper Nazareth	6.5	Dimona	4.6		
Maskeret Batia	10.3	Kafar Qara'	6.4	Nahef	4.4		
Kfar Saba	10.2	Upper Yokneam	6.4	Daliat al-Carmel	4.4		
'Illebun	10.2	Rosh Ha'ayin	6.3	Bat Yam	4.4		
Oranit	9.9	Hadera	6.2	Hatzor Haglilit	4.3		
Rammah	9.7	Kiryat Arba	6.1	Kiryat Shemona	4.3		
Gedera	9.6	Holon	6.1	Tirat Hacarmel	4.3		
Zichron Yaacov	9.4	Kaztrin	6.1	Kafar Kanna	4.2		
Arad	9.4	Julis	6.0	Sfar'am	4.2		
Ashkelon	9.4	Ariel	6.0	Sakhnin	4.1		

Source: Analysis by the Adva Center based on CBS, *Candidates for First Degree Studies, Students and Degree Recipients in Universities, 1999-2001*, Publication 1181; CBS, *Statistical Abstract of Israel 2001*, No. 52; Data for persons aged 20-29 were provided by Ms. Zenia Tozova, Construction and Local Authorities Division, Central Bureau of Statistics.



Health: Public Funding Diminishes and the Sick Pay More

The public health care system in Israel compares favorably with the public health system in other countries. However, there is reason for concern about the future.

The National Health Law of 1995 provided for a very generous package of medical services. A short time after its enactment, however, the government began to cut back on funding for this package, shifting the burden to the consumers of health services. Thus, for example, only some of the new medicines on the market were added to the package, while others are available through the supplemental insurance policies sold by Health Funds and insurance companies. Those who have not purchased supplemental policies, however, receive no discount on medicines not included in the package.

Patients are required to pay not only for medicines, but also for a variety of services — visits to specialists or laboratory tests performed at hospital outpatient clinics.

As not everyone can afford supplemental health insurance, the outcome of the decline in government funding for healthcare services is increased inequality. Ultimately, the gap between the quality of services available to the rich and poor translates into differing levels of health for Israelis of different income levels.

Some of the gaps are already evident. An ongoing study of the health insurance market in Israel conducted by Dr. Revital Gross and Ms. Shuli Brammli-Greenberg of the Brookdale Institute shows serious gaps in ownership of both kinds of supplemental medical insurance — commercial policies and those offered by the Health Funds.

According to this study, in 2001 some 70% of the Israeli population owned some form of supplemental medical insurance, either commercial or Health Fund (or both). But there were significant differences among persons in different income brackets.

Supplemental insurance of the Health Funds: In 2001, only 45% of households in the bottom income quintile had supplemental insurance. In contrast, 80% of households in the top quintile had supplemental health insurance from one of the Health Funds.

Commercial health insurance: Only 12% of households in the bottom quintile had commercial health insurance policies, compared with 45% of the households in the top quintile. The table below suggests the results of the ongoing governmental effort to transfer medical expenses to the health service consumers: In the four bottom quintiles, the proportion of those with supplemental Health Fund medical insurance increased dramatically between 1997 and 2001, the period during which the national health budget steadily diminished. A similar, though more moderate, trend appears for the purchase of commercial insurance.

It can also be seen that between 45% and 56% of Israelis in the three bottom quintiles (comprising 60% of the total population) had supplemental health insurance from one of the Health Funds, while 12-19% had commercial medical insurance.

Percentage of Interviewees Reporting Possession of Supplemental Medical Insurance from a Health Fund or a Commercial Firm, by Income Quintile, 1995-2001

	1995		1997		1999		2001	
	Sick Fund supplemental insurance	Commercial medical insurance	Sick Fund supplemental insurance	Commercial medical insurance	Sick Fund supplemental insurance	Commercial medical insurance	Sick Fund supplemental insurance	Commercial medical insurance
Bottom quintile	18%	9%	18%	6%	32%	11%	45%	12%
Second and third quintiles	32%	15%	33%	15%	43%	20%	56%	19%
Fourth quintile	35%	19%	41%	20%	64%	32%	80%	37%
Top quintile	47%	21%	62%	33%	72%	35%	80%	45%

Note: The second and third quintiles are combined in the original research.

Source: Gross, Revital. and Shuli Brammli-Greenberg, 2002. *The Private Insurance Market in Israel, 2001*, Jerusalem: JDC-Brookdale, Report RR-403.

Health: The Relative Edge of the Wealthy Increases

The National Health Insurance Law enhanced equality in the healthcare system: Families in the top income decile now pay a higher health tax than they did in the past, while families in the bottom income decile pay less.

However, the new payments imposed on patients to make up for the reduction in state funding will have the effect of reversing the trend and increasing the gaps.

Firstly, between 1992 and 2001, expenditures on health (not including the health tax) rose among most Israeli families, by some fifty percent.

Percentage of Total Household Expenditure Spent on Health, Not Including Health Tax, 1992/3-2001

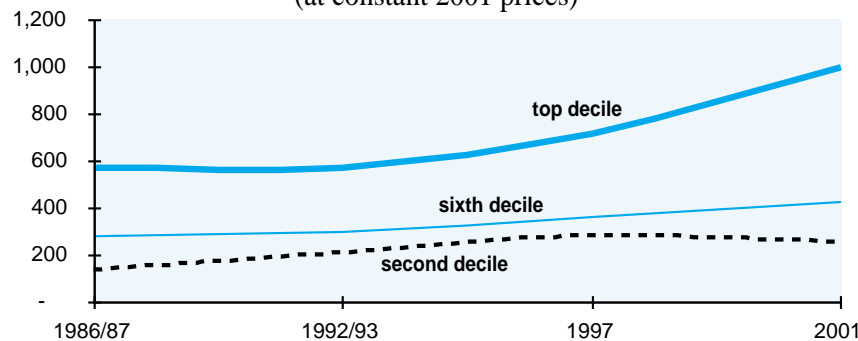
Year / Decile	1	2	3	4	5	6	7	8	9	10
1992/93	5%	6%	4%	4%	4%	4%	4%	4%	4%	4%
1997	5%	7%	5%	5%	4%	5%	5%	5%	4%	5%
2001	8%	6%	7%	6%	7%	6%	7%	6%	6%	6%

Source: Adva Center analysis of CBS, *Survey of Household Expenditures*, various years; the figures for 2001 were provided by Ms. Hava Heller of the Central Bureau of Statistics.

Secondly, inequality increased among the different income brackets. In 1992, families in the top income decile spent twice as much on health as families in the sixth decile, and 2.7 times more than families in the second decile. In 2001, families in the upper income bracket spent 2.3 times more on health than those in the sixth decile, and four times more than those in the second decile.

Monthly Household Expenditures on Health (not including the health tax), 1986-2001, for the Second, Sixth, and Top Income Deciles

(at constant 2001 prices)



Note: Household expenditures on health include supplemental health insurance, dental care, payments for health services (like payments to private doctors) and other expenditures (medications, glasses, contact lenses and hygienic products).

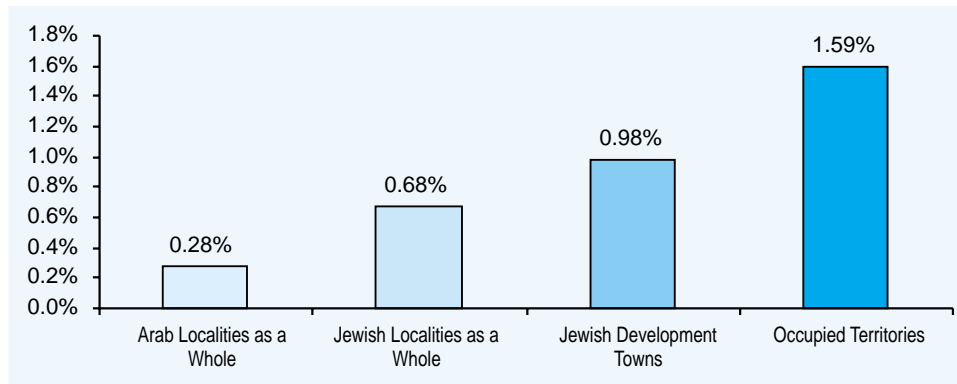
Source: Analysis by the Adva Center based on CBS, *Survey of Household Expenditures*, various years. The figures for 2001 were provided by Ms. Hava Heller and Ms. Yafit Alfendari of the Central Bureau of Statistics.

Public Assistance for Home Purchase: Inequality in the Take-up of Government Mortgages

In 2000, the per capita take-up of government mortgages was 2.4 times higher in Jewish than in Arab localities.

In the Jewish development towns, mortgage take up was higher than it was among the population at large, but lower than it was in the towns in the occupied territories.

Per Capita Mortgage Take-up in the Occupied Territories, in Jewish Development Towns, in Jewish Localities as a Whole and in Arab Localities as a Whole, 2000

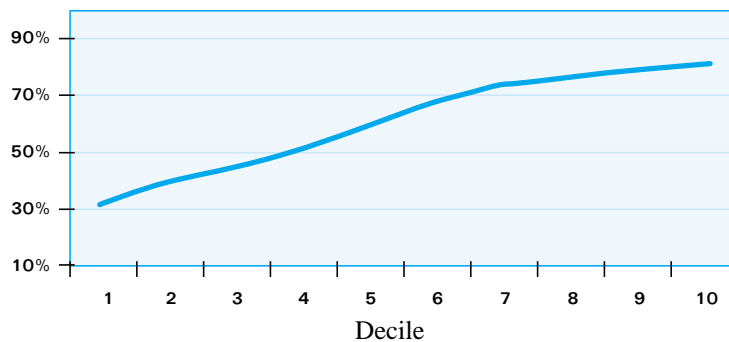


Source: Adva Center, *Take-up of Government Mortgages by District, Locality and Selected Social Groups, 2000, 2001.*

Work Pensions: Inequality Follows Israelis into Old Age

In 1995, 32% of persons in the bottom income bracket had pensions, compared with 82% of persons in the top bracket.

Percentage of Individuals with Pensions, by Income Decile, 1995



Source: E. Terkel and A. Spivak, "Pension Coverage in Israel," *Economics Quarterly*, October 2001 (Hebrew).

In 1995, 64% of Jewish Israelis had work pensions, compared with 43% of Arab Israelis. The average salary of Arabs with work pensions was a third lower than the average salary of Jews with work pensions.

The same year, more women (63%) than men (59%) had work pensions, due to the large numbers of women employed in the public services, where collective agreements guarantee pensions. Here, too, one can see that the average salary of women with work pensions was 40% lower than the average salary of men with work pensions.

Percentage of Individuals with Work Pensions, by Ethnic Group and Gender, 1995

	Percentage with Pensions	Average Yearly Salary	Percentage of Salary Constituting Basis for Pension
Jews	64%	61,517	65%
Non-Jews	43%	40,087	66%
Men	59%	71,259	63%
Women	63%	41,741	73%

Source: E. Terkel and A. Spivak, "Pension Coverage in Israel," *Economic Quarterly*, October 2001 (Hebrew).



Work Pensions: Perpetuating Inequality

Judging by the payments currently being made to pension funds, the proportion of pension recipients will be much higher among those in the top income deciles than in the bottom deciles when today's employees retire.

In 2001, the average payment to a pension (or provident) fund of households in the top income quintile was 39 times that of households in the bottom quintile, seven times that of households in the second quintile, 3.6 times that of households in the third quintile, and twice that of households in the fourth quintile.

Monthly Payments to a Pension or Provident Fund, by Income Quintile, 1997-2001

(by net income per standard person, at constant 2001 prices, in shekels)

	Average Payment	Bottom Quintile	2nd Quintile	3rd Quintile	4th Quintile	Top Quintile
1997	206	24	78	159	251	519
1999	202	18	76	162	278	476
2001	270	18	100	193	339	699

Note: It should be noted that the average includes both households in which no members have pensions funds and households with members who do have pension funds.

Source: Analysis by the Adva Center based on CBS, *Survey of Household Expenditures*, various years. The figures for 2001 were provided by Ms. Hava Heller and Ms. Yafit Alfendari of the Central Bureau of Statistics.



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Tel (03) 5608871, Fax (03) 5602205

Email: advainfo@bezeqint.net Web site: www.adva.org