

Increasing Women's Workforce Participation: What Works Where?

Seventh Annual Adva Center Conference on Budgets and Gender

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הטקסט בעברית מופיע בחציה השני של החוברת

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 **HEINRICH BÖLL STIFTUNG**
ISRAEL

Opening Remarks

Dr. Nitza Berkovitch

Lecturer in Sociology, Ben Gurion University. Member of the Board of
Directors, Adva Center

The Adva Center has been working on gender-sensitive budgeting for more than a decade. Its work focuses on two main areas. One is advocacy work vis-à-vis government ministries and Knesset committees, and the other is awareness-raising activities designed for the general public. This national, annual conference is part of the latter. Each year, the conference focuses on a different aspect of gender budgeting. Thus, for example, the first dealt with the connection between gender and the national budget. The second conference looked at budgets from an international perspective and analyzed, among other things, the implications of international trade agreements for different social groups. The last conference dealt with the connections between women's employment and privatization. It should be mentioned that the proceedings of these conferences, beginning with the fourth, can be found on the Adva Center website. Other reports relevant to gender-sensitive budgeting, like the report written by Yael Hasson on the welfare reform program, is also hosted on the Adva Center website.

To increase the effectiveness of this work and to join forces with other organizations, the Women's Budget Forum was established four years ago. The Forum is a collation of women from 30 different women's and civil rights groups.

Our first thanks are to the Heinrich Boell Foundation for providing support for the conference, as well as for ongoing support of the Adva Center. We would also like to thank The New Israel Fund for its long-term support of Adva. A special thanks to the staff of the Adva Center who produced this conference, especially Nelly Markman and Mira Asseo-Oppenheim. We would also like to thank our guest from Canada, Professor Kathleen Lahey, and the participants attending the conference.

Opening Remarks

Mr. Jörn Bohme

Director, Israel Office, Heinrich Böll Foundation

Thank you for giving me the honor once again to open the **Annual Adva Center Conference on Budgets and Gender**. My name is Jörn Böhme and I am the Director of the Israel office of the Heinrich Böll Foundation in Tel Aviv.

This is the Seventh Annual Adva Center Conference on Budgets and Gender and it is the sixth time that the Böll Foundation supported the conference.

The **Heinrich Böll Foundation** is the German foundation that is affiliated with the Green party. It is named after the German writer **Heinrich Böll**. Böll, who won the Nobel Prize for literature in 1972 and died in 1985, was one of the most famous writers of post-war Germany. Böll once said, "Meddling is the only way to stay relevant." And he himself lived up to this very much, playing an active role in dealing critically with German history, being active in the peace and ecology movements and campaigning for civil rights in Germany as well as internationally.

The office of the Heinrich Böll Foundation in Israel just celebrated the **10th anniversary** of its opening this past week. In Israel, the foundation works mainly in the fields of environmental justice and sustainability, strengthening civil society and democratic participation, Israeli-German and Israeli-EU relations, and women's rights and gender democracy.

The conference this year takes place in a **very special context**: not even a week after the elections in the USA, one day before the municipal elections in Israel and exactly three months before the next Knesset elections. Now, everyone probably knows the famous quote from Jewish anarchist **Emma Goldman** that if voting changed anything, they would make it illegal. However, maybe last week showed that while this outlook is a tool for ceasing to critically analyze reality, the outlook is too simple to be a guideline for programmatic and realistic policies. The results of **tomorrow's municipal elections** will show to what extent social change organizations in Israel succeeded in placing the issues of gender, environment, and society on the municipal agenda. And the **elections in February**, together with the changing international context, will show if there are new opportunities to really deal with the burden of the Israeli-Palestinian conflict and therefore open a new space for confronting gender inequality in Israeli society.

I wish you a successful conference with many new insights.

Strengthening Women's Employment Through Infrastructure Development

Valeria Seigelshifer , Advocacy Expert, Women's Budget Forum

Before I discuss ways of increasing the employment of women in Israel, we need to look at a number of figures about women and employment.

In 2007 there were 1,347,100 women in the civilian workforce, i.e. women aged 15 and above who reported that they were working or job hunting, representing 51.1% of the female population and 46.5% of the workforce (in comparison, in Canada women make up 47% of the workforce, while in OECD countries they constitute 43.5% of the workforce.). There is a significant disparity between Jewish and Arab women's participation in the workforce. The number of Jewish women in the workforce is 1,220,000, or 42%. This corresponds to 90.56% of the total number of women in the workforce. The number of Arab women in the workforce is 127,100, or just 4.4%, representing 9.48% of the total number of women in the workforce.

Gender division between paid and unpaid work

One of the reasons for the need to develop infrastructure in order to increase women's participation in the workforce is the division between paid and unpaid work. Traditionally, women bear the brunt of unpaid work, including running the household and looking after dependents – both children and adults who need care. Before discussing the promotion of women's employment through infrastructure development, I want to address a dilemma that a number of European countries have been tackling in recent years in this context of paid and unpaid work. A number of countries, including Spain and Italy, decided to pay women who look after the younger or older members of their family. On one hand, some women see this decision as a significant step toward advancing women who will start to be paid for work which they were in any case doing without pay - a step towards viewing "women's" work as something of crucial value to the functioning of the economy. In addition, it could provide an employment option to women whose chances of joining the labor market are very low, such as older women or those with low educational achievements. On the other hand, other women argue that even if they receive payment for acting as caregivers, the social welfare rights they would be entitled to as part of the labor market, such as entitlement to unemployment benefits, a pension, paid holidays, and convalescence pay, would always be higher than benefits based on the status of caregiver.

In Spain, for example, a feminist economist at the Finance Ministry who opposes the provision of benefits for care giving argues that this arrangement does not take into account

the fact that women care for their family members on a 24/7 basis, 365 days of the year, with no holiday arrangements and without any consideration for the situation they will be in when these family members are no longer alive.

Italy has developed a mechanism that provides financial benefits to women or men (statistically, in practice it is almost always women) who decide to remain at home and look after children until they reach age three. These arrangements have been found to be problematic, since they fail to take account of the loss of human capital and professional experience of women who remain outside the job market, two factors which can never be made up. Also, when they so want to go back to the job market after a protracted absence, it is very difficult for them.

In the Netherlands, as a result of the “benefits” given to working mothers, a situation has come about in which 75% of working women work part time. This state of affairs influences their present-day wage levels, as well as their future pension levels. Since it is impossible to live independently off benefits paid for care giving work, this solution not only does not improve women’s situation, but actually strengthens the social division of labor and women’s dependence on men.

Regardless of our response to this dilemma, it seems to me that the key question underlying this debate is whether equality between the sexes can be advanced without eliminating the social-gender division of labor. And the answer, of course, is no. As long as care giving work continues to be identified as female and private work, it will always be difficult and expensive to make women part of the paid labor market. Let us look at ways of encouraging the employment of women in terms of developing infrastructure.

Child-care frameworks

The importance of child-care frameworks for encouraging women’s employment is an accepted and proven fact which is mentioned in many studies. Israel has a total of 1,639 nursery or day care centers, which care for 74,000 children. Of these, just 30 are in Arab villages or towns; they care for a total of 1,095 children (1.5%). There are also some 2,300 Trade and Industry Ministry-approved family care frameworks, which care for around 12,000 children. The Arab sector has 850 such frameworks, which care for 4,223 children (35%). When we examine the percentage of children below the age of four who are cared for in recognized frameworks, we see that some 16.3% of children who are cared for in these settings are Jewish, compared with a figure of 3.7% Arab children. These statistics point to the need to expand the provision of daycare centers and family day care, which would then make it possible for more mothers of small children to join the labor market (Many studies show that the rate of mothers’ participation in the workforce increases as their children get older). Despite this, in recent years the “Budget Arrangements Law” has consistently

deferred an addition of NIS 200 million for this purpose, and it can be reasonably assumed that the 2009 draft budget will once again contain a deferment. Even when we look at existing child-care arrangements, subsidies for mothers working part time should be increased, and day care center hours should be more flexible. Since many women work part time and in badly paid jobs, subsidizing the cost of child-care frameworks is critical to integrating women into the labor market.

The responsibility for building day nurseries lies with the Housing Ministry, which is tasked with constructing one day-care center in every locality with 1,650 new housing units. It should be noted that since 2003, there have been no additional resources provided for the building of public institutions, including day care centers.

Local authorities and organizations, normally not-for-profit ones, may also initiate the construction of day care centers and be entitled to participation by the Trade and Commerce Ministry, as well as the Housing Ministry, in some of the building and running costs. Historically, women's organizations such as Na'amat (formerly called Pioneer Women) and WIZO took the initiative to set up and run day care centers in this part of the world. They established frameworks to care for the children of working mothers. Most of the centers were built among the Jewish population. When it comes to local authorities, the problem is that many, particularly those in the Arab sector, are unable to cope with the cost of building and/or operating a day care center – not even 30% of the total. Hence a situation comes about where the bodies involved (government ministries and local authorities) keep passing along the responsibility to establish or operate day care centers; in the meantime, women have no child-care framework, and are hence unable to join the labor market. An outrageous example of this state of affairs involves two day care centers put up in the Negev in recent years, which have yet to be run by anyone. The Industry and Trade Ministry points fingers at the local authority, while the local authority claims that it lacks the requisite operation budget. The upshot is that there are two buildings designated to provide women with child-care support that are simply standing empty and unused.

Public transport

Nobody contests the importance of public transport when it comes to joining the labor market. Without efficient, accessible transport, it is difficult, impossible or not worthwhile to become part of the labor market. The following remarks about the relationship between employment, transport and gender are based on the work of Dr. Orna Blumen from Haifa University, who specializes in this area.

Sixty percent of public transport users are women. In addition, many studies indicate that more women than men regularly use public transport for employment purposes.

The urban models used to plan public transport systems examine the relationship between city structures and their main employment areas, and on that basis determine public transport plans. Thus, for example, since most residential areas are situated on the outskirts of urban areas, and most employment centers are to be found in city centers or specific areas on their margins, such as industrial zones, it would appear logical to plan public transport lines to run from residential areas to city centers and industrial nodes.

Does this planning suit the mobility patterns of working women?

It turns out that it is not particularly suitable.

Women's employment opportunities are to be found both in city centers and also in the areas where they live. Among other things, this is the result of the type of fields in which women work: teaching, healthcare, welfare, and other services including care giving and cleaning.

In Haifa, for example, 45% of the jobs held by working women are in the residential areas of the metropolis. In these areas, women make up around 80% of the total numbers of the employed. As a result, the situation is that something like 50% of women need public transport in the less developed areas - in other words, from one residential area to another, or from one suburb to the next. As a result of this it takes them far longer to get to work.

Another example relates to planning transport frequencies (peak times). Peak demand for traveling to or from work is in the morning, as well as the late afternoon and early evening hours. At first sight, it would appear logical to plan public transport to accommodate this situation. However, when you think about women's needs, you have to take into account the fact that around 40% of working women have a part-time job. That means that women come home before these peak times, generally in order to pick their children up from preschool and other care settings. Because these hours are not considered peak times, bus and/or train frequencies are not increased accordingly. This makes it even harder for many women to manage the difficult job of juggling home and work commitments.

When considering the impact of public transport on the employment of women, it is challenging to take into account the situation of Arab women. There is a dearth of public transport in Israel's Arab villages and towns, both within the localities themselves, and between them and centers of employment. The result is that working outside the home is an extremely rare phenomenon for Arab women. A statistic from the Galilee Society and Mada shows that 88.5% of employed women work in jobs which are up to 29 kilometers from their homes. The absence of public transport not only restricts the mobility of Arab women, but also increases women's dependence on men, since when a family has one car, it is used by

the husband. A survey carried out by Kayan reveals that just 5% of the women respondents' journeys were made by public transport, and 85% of the women stated that they would use public transport inside their locality if there were any.

Developing industrial areas

It is a known fact that industrial centers create jobs, and hence have a major influence on the rates of participation in the labor market. One of the biggest obstacles preventing Arab women from joining the labor market is the limited supply of work available to them, in part because of the absence of development and investment targeted within the Arab population. For example, only 3.2% of industrial zones within those local authority areas under Ministry of Industry and Trade auspices are located within Arab local authority areas. In contrast, in mixed towns and cities, the rate of Arab women's participation in the labor force is around 50%, around 24% in medium-sized and small towns, and around 13% in small localities. In other words, we can see that in mixed towns and cities with accessible work available on a large scale, Arab women's rates of involvement in the labor market are close to those of their Jewish counterparts. This shows that the obstacle is structural rather than cultural.

In conclusion, I would like to refer to the work of the Women's Budget Forum, which seeks to ensure that the work of the various government ministries takes a gender-sensitive perspective; in other words, it must examine the needs of and implications of public policy for women and men. Planning infrastructure development from a gender-based perspective would not only reduce some of the obstacles that I have enumerated which make it difficult for women to join the workforce, but would also help to develop the whole of Israeli society.

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Respondent: Yaakov Zigdon - Deputy Director, Government Employment Service

My job as deputy director of the Government Employment Service is a government job and thus I am constrained by state policy. Firstly, the idea of remuneration for work done in the home is an interesting one. For me it is a new idea and I need to think about it.

I would like to share two insights. One is that in the area of employment, the state ought to interfere as little as possible, and only in those places where it is necessary. The second insight is that I do not find anything unique about women in the areas of employment. I do not see anything that requires special treatment for women.

Regarding the first insight, my contention is that the state does not need to intervene too much. This is because giving rewards to households only perpetuates the fact that women, apparently due to their traditional role, are expected to care for the children, stay at home and raise them. I do not think the state ought to interfere in this matter, which is a purely cultural one. Whoever wishes to stay at home and raise the children for socio-cultural reasons should do so, as long as he does not cause a burden to the state as a result. As a general rule, state intervention in cultural matters is basically wrong. It was mentioned here that the workplace participation of Arab women is too low. I suggest looking at the ultra-orthodox sector as well, where the workplace participation of women is much higher than that of men. We, as the state, neither wish nor need to change the preferences of traditional Arab women or those of ultra-orthodox men and women. [On the other hand], it is clear that in certain matters, like daycare, the state needs to get involved and to provide suitable infrastructure.

I will end with an example that illustrates what happens when the state interferes too much. In 2004, our graphs at the Government Employment Service showed that in the third quarter of 2004, the percentage of women in deep unemployment rose significantly more than that of men. Prior to that time, the percentage of men had been higher. An analysis showed that in December 2003 a law was passed changing the criteria for social assistance. Among other things, women who had been entitled to assistance without an employment test if they had children under the age of seven were required to pass an employment test unless they had children under the age of two. The outcome was not an increase in the number of women working, but an increase in the percentage of women unemployed. (By definition, unemployed persons are those who register at the Government Employment Service.) Thus, not all government interference is a contribution.

How the Tax System Affects Women's Access to Paid Work
Prof. Kathleen Lahey, Faculty of Law, Queen's University, Kingston, Ontario

c 2008 by Kathleen Lahey

'...the full and complete development of a country, the welfare of the world and the cause of peace require the maximum participation of women on equal terms with men in all fields....'

United Nations, *Convention on the Elimination of All Forms of Discrimination against Women*, Preamble (1980)

I The Political Economy of Women: Too Much Work, Not Enough Money

In the age of equality, women's economic lives remain quasi-feudal: women who cannot earn enough cash money to support themselves and their dependents meet their subsistence needs either by entering into relations of economic dependency with more powerful parties (with another adult, or with the state), or by making up the shortfall with large amounts of unpaid work — or by a combination of both. Decades of research have established that this description of the political economy of women¹ varies only in degree from one country to another, but not in substance.² The gaps between the 'women's economy' and the 'men's economy' are so significant that it is no exaggeration to think of them as two separate spheres.

1. Margaret Benson, 'The Political Economy of Women's Liberation,' (1969), 21:4 *Monthly Review*, at 13-27. Benson identifies how women's persistently low incomes, economic dependence, and difficulties in accessing paid work are linked to women's overwhelming responsibilities for unpaid work. Esther Boserup, a development economist, demonstrates how these dynamics pervade the development process and virtually guarantee that unless gender issues are considered very carefully, the development process will reinforce pre-existing gender inequalities and can even detract from women's pre-existing autonomy. See Esther Boserup, *Women's Role in Economic Development* (London: George Allen and Unwin, 1970).

2. The best one-volume reference for this data continues to be Naomi Neft and Anne D. Levine, *Where Women Stand: An International Report on the Status of Women in 140 Countries* (New York: Random House, 1997). Current data is provided in summary form in UNICEF, *Women and Children: The State of the World's Children 2007* (NY: UNICEF, 2006), ch. 3, Figure 3.3, at 41, while the UNDP Gender Development Index, published in the UNDP annual Human Development Report, provides detailed data for every country.

The key factor that keeps women trapped in the 'women's economy' is the expectation that women ensure that essential care giving and other unpaid work gets done when needed, and that they give priority to unpaid work even over paid work if the circumstances so require.³ This trap is constructed by the intersection of three deeply-entrenched social and economic realities: First, even when women's labour force participation rates are similar to men's, women still do not earn as much as men, and thus have less money to pay for third party care giving. Second, without money to pay for care giving, women increasingly juggle care giving responsibilities with financial needs by turning to 'precarious' work⁴ — work that is intermittent, part-time, seasonal, occasional, temporary, informal (unreported), or without full benefits. Third, fewer women anywhere actually get to 'choose' whether they will engage in paid work or unpaid work as growing numbers of households feel that they really need at least 1.5 adult incomes to make ends meet, and as social assistance is increasingly delivered as 'workfare.'

II International Trends in Taxes, Spending, and Women's Equality

On the international level, there is a slow trend toward greater gender equality in many high and medium development countries despite these realities. Equality gains are produced when women's economic security increases, as women obtain a critical share of leadership positions, and as customary expectations about women's roles lose their grip. The rate of progress, however, will be affected by governmental budgetary, tax, and spending policies.

Since 1995, the UN has been monitoring basic indicators like men's and women's after-tax incomes, degree of engagement in paid work, shares of unpaid work, and number of elected and high-level positions to measure women's equality. Three insights have emerged from this data. First, the rate at which women can gain equality will be affected by the relative wealth or poverty of the country as a whole. Second, major shifts in political-economic arrangements, like privatization, trade liberalization, neo-conservatism and neo-liberalism,

3. Decima Research, *National Profile of Family Caregivers in Canada* (Ottawa: Health Canada, 2002), at 6-7, 11.

4. See Leah Vosko, *Temporary Work: The Gendered Rise of a Precarious Employment Relationship* (Toronto: University of Toronto Press, 2000) (also 'contingent work'). Following Vosko's lead, Abetha Mahalingam, *et al.*, have compiled a 'conceptual guide to unpaid work module' documents the many forms that women's unpaid work takes in industrialized economies: unpaid child care and other care-giving; volunteer work; unpaid domestic work; unpaid self-production like growing food, making consumer goods for household; unpaid work in family businesses; privatized services ('shadow work' like self-service in stores, banking); and unpaid work in paid workplaces; online: Genderwork: <http://www.genderwork.ca/cms/displayarticle.php?sid=18&aid=56>.

economic crisis, and armed conflict, will usually have disproportionately negative effects on women as compared to men, because women are expected to constantly adjust their paid and unpaid work to respond to even fairly small changes in external and household circumstances.⁵ Third, major budgetary, tax, and spending changes appear to negatively affect women more than men when the level of women's political and leadership involvement is too low for their needs to be taken seriously.

The experiences of Canadian women illustrate these effects. Canada was ranked 1st in the UN's 1995 human development index (HDI; on 1990-1993 data). However, it was only ranked 9th in the gender-related development index (GDI) introduced that year. Within a few short years, it rose to 1st in both the HDI and the GDI as acceptance of gender equality was spurred on by court enforcement of the Canadian Charter of Rights sex equality guarantees, new understanding of sex discrimination, Canada's signing of the UN Platform for Action at the 1995 Beijing conference, and national implementation of gender mainstreaming and gender analysis policies.

By 2000, however, budgetary, tax, and spending changes began to undercut women's economic equality. These included tightened eligibility for unemployment insurance benefits, maternity leave, and parental leave, spending cuts for child care, privatization of government services, the practice of making low-income benefits more 'target efficient' by reverting to the 'male breadwinner' model of family assistance, and the shift from social assistance to 'workfare.' At the same time, business 'competition' tax cuts for high income earners and corporations were introduced. By 2001, Canada had dropped to 3rd in the GDI (1999 data) and to 7th in the 2006 GDI (2004 data). Other gender equality indices ranked Canada as low as 14th and 18th during the 2006-2007 period.

Many observers believe that the fragility of Canada's high ranking in the GDI was due to the fact that its Gender Empowerment Measure (GEM), which measures women's share of leadership positions, remained lower than its GDI ranking throughout these periods. Without women to speak out on the national stage about both the positive and negative gender effects of major policy shifts, policies were not transparent enough to hold leaders accountable to women.

5. For example, Valentine Moghadam, *The Feminization of Poverty and Women's Human Rights* (Paris: UNESCO, 2005), SHS paper No. 2, at 3, attributes women's continuing high poverty rates to increasing numbers of women-headed households, longstanding household-level biases against women, and privatization economic policies.

The trend toward state competition for foreign direct investment and rewards for rich domestic investors has had similar effects in Ireland. At the moment, Ireland is described by politicians around the world as an ‘economic miracle,’ with the highest overall levels of labour force participation and the lowest corporate tax rates for offshore investors anywhere. This miracle is reflected in its HDI rankings, which rose from 17th in 1995 to 5th in 2007 (2005 data).

The Irish ‘economic miracle’ may well have taken place at the expense of women, just as Canada’s economic growth and burgeoning budgetary surpluses took place at the expense of women. Irish women do have very high rates of labour force participation, but they are still only ranked 15th in the 2007 GDI. This is due to two facts: they still have the highest rates of part-time, seasonal, occasional, contract, or shadow employment of all women in high-male-income countries (Norway, Canada, Ireland, US, and UK), and they still face the biggest income gap — 47% — in those countries (the average annual Irish male income is US\$40,000, the average for women is \$21,076). For purposes of comparison, the average annual male income in Israel in the 2007 GDI is only US\$31,345, but the average female income in Israel for the same year is almost the same as Irish women’s incomes — \$20,497. This means that the Israeli income gender gap is much smaller than Ireland’s — 35% — virtually identical to the gap in Canada, France, the US, and the UK.

The fact that Irish women appear to have been left out of the ‘economic miracle’ is not surprising in light of their relative lack of political power. Ireland’s GEM was 19th in 2007, even lower than its GDI rank (15th). This does not bode well for women in Israel, ranked 28th in the 2007 GEM. If Israel decides to follow the fiscal examples of Ireland or Canada, can women in Israel exercise enough real political power to prevent similar deterioration in their standing?⁶

III The Link Between Taxes and Women’s Labour Force Participation

Men tend to have higher rates of labour force participation and lower ‘elasticities’ in their attachment to paid work. ‘Elasticities’ refer to the extent to which workers are likely to substitute leisure for additional paid work, or to substitute leisure for additional income, when incomes or unpaid responsibilities change. Women tend to have lower rates of labour force participation but higher ‘elasticities,’ because they respond more quickly to smaller changes

6. Two examples in Canada are the federal Liberal Party’s carbon shifting plan and the Province of New Brunswick’s plan to introduce a flat income tax augmented by carbon taxes.

in total income than men.⁷ Even if women attain the same rate of labour force participation as men, they do not necessarily have the same quality of work as men. And women may have high rates of paid work but still have higher elasticities so long as they are expected to juggle paid work with unpaid responsibilities and household income needs.⁸

Women, more than men, actively balance their mix of paid and unpaid work in this way: The combination of less stable work, lower incomes, and gendered social responsibilities forces women to engage in an 'economic calculus,' weighing costs and benefits of paid work against other support options and unpaid responsibilities.⁹ Taxes affect all incomes and all costs; thus, they are an inevitable part of that calculus.

IV Tax and Spending Barriers to Women's Paid Work

The tax and spending provisions that enter into women's paid-unpaid work calculus cover the range of budgetary, revenue collection, and expenditure items. Reduction of overall fiscal capacity through comprehensive tax cuts, which is a current trend, can be used to create incentives for those who benefit from the cuts and can simultaneously be used to justify new limits on social and low-income spending. Educational institutions, health care, and child care are all essential to women's ability to juggle paid and unpaid work at optimal

7. See Thomas Mroz, 'The Sensitivity of an Empirical Model of Married Women's Hours of Work to Economic and Statistical Assumptions,' *Econometrica* (1987) 55, 765-799. This sensitivity is also referred to as 'elasticity.'

8. The economic features of women's work lives have been well-documented in the research literature for some time: Women's work is occupationally stratified; their work is significantly more part-time than men's throughout their lives; women tend to find themselves in occupations in which they actually have to work harder than most workers to make the same amount of money; the 'double burden' of paid and unpaid work reinforces the increasing allocation of women to unpaid work; women often find themselves in 'entry level' work whenever their career in paid work is interrupted by family responsibilities. Other cultural factors such as attitudes toward paternal family leave, children's school hours or holiday schedule, or store opening hours also play a role in shaping the organization of women's paid and unpaid work lives. See, e.g., Heinz König, Francois Laisney, Michael Lechner, and Winfried Pohlmeier, 'Tax Illusion and Labour Supply of Married Women: Evidence from German Data,' *KYKLOS* (1995) 48:3, 347-368, at 350; Ruth Lister, 'Women, Economic Dependency and Citizenship' *Journal of Social Policy* (1990) 19:4, 445-467, at 457, 463; Irene Bruegel, 'Women's Employment, Legislation and the Labour-Market,' in Jane Lewis, ed., *Women's Welfare, Women's Rights* (London: Croom Helm, 1983), 130-169, at 131.

9. This reflects the economic concept of the declining marginal utility of money: Women generally, part-time workers (the bulk of whom are women), and women with children are quite keenly aware of what their marginal income tax rates are, how changes in their incomes might affect their net take-home income, and how the costs of child care or work-related expenses will affect that bottom line. Those with higher incomes (on average, this will be men) are not so aware of these details because they literally do not have the same degree of 'need' for each unit of their money. See König *et al.*, 'Tax Illusion,' at 347; Susan L. Averett, H. Elizabeth Peters, and Donald M. Waldman, 'Tax Credits, Labor Supply, and Child Care,' *The Review of Economics and Statistics* (1997), 125-135, at 133.

levels. Cuts to any one or more of those basic spending envelopes directly affect women because this increases the cost of replacing previous public services.

Specific tax provisions and tax-linked benefits also affect women's paid-unpaid work decisions and labour force participation rates, some more obviously than others. This discussion is designed to illuminate how the use of large numbers of tax/benefit measures that have a negative gender impact on women in one tax system reinforces women's income gaps and creates disincentives to women's paid work. It is also outcome focused: A growing body of research demonstrates that as gendered tax/benefit barriers to paid work are eliminated, after-tax income gaps can shrink and men and women can share unpaid work more fully.¹⁰

V Gender Impact of Cutting Personal, Corporate, and VAT Tax Rates

Israel is not alone in the rush to cut the highest personal income tax rates, corporate income tax rates, and flat-rated consumption taxes like the VAT. The prevailing belief is that tax cuts create incentives to work harder and longer, and also attract high-income taxpayers to low-tax rate countries. However, these tax cuts negatively affect women, for two reasons. First, tax cuts reduce the government's ability to fund essential public services, especially in the health, child care, and education areas. Second, tax cuts will always benefit those with high and middle incomes, but it is almost impossible to cut tax rates in a way that can make any real difference to those with low incomes. Low-income workers frequently have no income tax liability anyway, so income tax cuts will not help them, while small cuts make little financial difference.

Because women's incomes are, on average, so much lower than men's in Israel, all types of tax cuts will give the biggest benefits to men and little or no benefit to women. Thus tax cuts are described as having negative gender impact on women, because they actually increase men's after-tax incomes more than women's and widen the gender gap in after-tax incomes. The details of how this happens with cuts to personal income taxes, corporate income taxes, and the VAT are discussed below:

Personal income tax rate cuts:

Since 2005, the Israeli government has been implementing staged cuts to personal income tax rates. The first step has been to reduce the top tax rate from 49% in 2006 down to the

¹⁰See, e.g., Janet C. Gornick, *Gender Equality in the Labour Market: Women's Employment and Earnings* (Luxembourg: Luxembourg Income Study Papers, 1999), at 2, 34.

current 47% rate for 2008. These cuts will continue, 1% per year, until the highest tax rate is 42%. Some cuts to the other rates are also planned for 2009-2014.¹¹ Table 1 sets out the rates for 2008.

Table 1
Income tax table, annual earned income, 2008

Taxable income bracket		Total tax on income in bracket	Tax rate on income in bracket
From NIS	To NIS	NIS	Percent
-0-	52,680	5,268	10
52,681	93,720	11,834	16
93,721	140,640	24,033	26
140,641	202,080	44,308	33
202,081	435,120	125,872	35
435,121	No limit	No limit	47

Source: Somekh Chaikin, KPMG (Israel).

The average annual women's income in Israel was NIS 65,124 in 2004.¹² Even adjusted for inflation, income at that level is largely tax exempt. Most of an income of NIS 65,124 will fall into the first income tax bracket, which is taxed at the 10% rate. A small part of that income (NIS 12,844) will fall into the second income tax bracket, which is taxed at 16%. However, even a woman with no children can claim a tax credit that insulates her first NIS 53,844 from income tax liability each year.¹³

The bottom line in this example is inarguable: Given how low women's average incomes are, cutting the highest income tax rates — the rates paid on incomes over NIS 435,121 — cannot possibly be of any assistance to women who earn average wages.

Even when the 10-35% rates are cut beginning in 2009, they will not provide incentives for paid work for women either. As can be seen from table 2, women in each of the main occupations earn as little as 53% of men working in the same occupation. For the reasons

11. Israeli Tax News 2008, online: WorldWide-Tax: http://www.worldwide-tax.com/Israel/isr_econonews.asp.

12. Barbara Swirski, *Analysis of the 2006 Budget Through Gender Lens* (Tel Aviv: Adva, 2006).

13. Adi Brender, 'Tax Benefits for Women in Israel: International Perspective and Benefit Take-up' (Tel Aviv: Bank of Israel, Research Dept., 2005), at 18 (unpublished; copy on file with author).

outlined above, women in the first three or four occupation categories will pay little or no income taxes because their incomes will be well under the tax-free zone created by their personal credits (up to NIS 53,844). Women with children's tax credits will have larger tax-exempt zones; for example, a woman with three children will not be taxed on income under NIS 81,684.

Table 2
Gross average annual incomes from wages, by occupation and sex, 2003 (NIS)

Occupation	Men	Women	Women's wages as % of men's
Unskilled workers	50,448	32,124	64%
Agents, sales representatives, and service workers	72,408	38,472	53%
Industry, construction, and other skilled workers	75,480	46,980	62%
Clerical workers	90,888	61,644	68%
Professions and technical	107,820	68,628	64%
Managers	200,868	125,004	62%

Source: Euromed, *Analysis of the Economic Situation of Women in Israel* (EU, 2008), table 13, at 32, based on Israel Central Bureau of Statistics, *Income Survey, 2003*.

Income rate cuts can be done in other ways, but the result is invariably the same: Without carefully designed earned income tax credits (discussed in the final section of this paper), women will receive the least or even negative incentives for paid work, while those with the highest incomes — mainly men — will receive the greatest after-tax benefits from rate cuts, and thus receive large ongoing tax incentives for paid work.

Corporate income tax rate cuts:

Part of the 'new wave' of international tax competition is to cut domestic corporate income tax rates while cutting the top personal income tax rates in order to attract foreign direct investment. In Canada, corporate income tax rates stood at 40% until 1971, but decades of cuts have reduced the combined federal-provincial corporate tax rate on small business corporations to 18.1% (2008), and the federal corporate income tax rate is scheduled to fall to 15% by 2012 (provincial rates added on top). A similar pattern is unfolding in Israel: The

general corporate income tax rate has fallen rapidly from 36% in 2003 to 27% for 2008, and is scheduled to fall to 20% by 2014.

Corporate income tax rate cuts have a whole series of gender effects, all of which contribute to the widening of after-tax income gaps between women and men. First, the radical shift of income taxation away from corporations and onto labour incomes means that income taxes sit more heavily on workers at all income levels, especially those whose incomes are too low to receive any benefits from cuts to their personal income tax rates — women. Second, systematic cuts to high personal income tax rates and corporate income tax rates are usually coupled with systematic cuts in government revenues, leaving less revenue available to provide essential services, and even opening the door to privatization of services and/or increased user fees or special levies to fund those services.

Third, corporate income tax cuts increase the total amount of after-tax profits available for distribution by corporations to their shareholders, and those shareholders are predominantly men. This means that these tax cuts, which may seem to be completely irrelevant to women's lives, shift more after-tax income to men, and relatively little to women. Research on men vs. women's ownership of corporate shares in Israel would need to be carried out to identify the gender breakdown, but, for an example, in Canada, 63% of all corporate shares appear to be owned by men, and only 37% by women. This means that the increased flow of after-tax profits to men via lightly-taxed corporations provides men with a unique form of tax incentives for their business efforts. In contrast, women, who have much more limited access to venture capital and who are under-represented on most corporate boards,¹⁴ receive little incentive for their business efforts from these types of cuts.

Fourth, the very legal nature of corporations enables their owners to accumulate after-tax profits in the form of capital assets (shares) that grow in value faster than savings from after-tax labour incomes can — especially when many personal income tax rates will be higher than the corporate income tax rates (table 1) and also higher than the tax rates applied to capital gain on shares.

14. Israel is far ahead of most other countries in the middle and high development categories in securing representation for women on corporate boards, although the trends show some slowing in recent years. However, membership on boards does not translate into equal access to venture capital or the ability to initiate corporatized businesses on the same scale as men. See Euromed, *Analysis of the Economic Situation of Women in Israel* (EU, 2008), at 28-29.

Cuts to VAT rates:

Because the Value-Added Tax (VAT) is a flat-rated tax, it is regressive in impact: It takes a larger percentage of income from those with lower incomes than it does from those with higher incomes, and high-income individuals can avoid the tax entirely if they can save money instead of spending it on taxable goods and services, and invest it.

Just as increasing tax rates has distributional impact, so too does cutting tax rates. Israel's program of VAT cuts is clearly beneficial to women, in that the reduction from 18% in 2004 to the present 15.5% reduces the overall costs of basic items and work-related expenses for women. However, the value of the tax cut (2.5% over four years) puts much more money back in the pockets of those with high incomes, because they can afford high-price consumption. At the same time, the remaining 15.5% VAT rate is still extremely high for those living on low incomes, single parents, and parents with heavy support responsibilities.

Because VATs are considered to be so regressive, extending a direct tax subsidy or refundable tax credit to those with low incomes can alleviate some of the harshness of this type of tax at low income levels. By way of example, Canada provides all individuals with low incomes a nontaxable credit that effectively pays for the Canadian VAT (known as the GST) on approximately US\$5,000 worth of goods and services each year. This credit is phased out at the US\$20,000 level (approximately), so that the benefit only goes to those with the greatest need.

Without such a credit, women who do engage in paid work incur this high 15.5% tax on all goods and services necessary to employment. It is well known that paid work does increase personal and household expenses, including care expenses, so the high VAT magnifies this barrier in a way that creates implicit incentives to shift to unpaid work when the wage to be earned in paid work is not enough to offset expenses.

VI Child Care Expenses and Women's Access to Paid Work

For women who are responsible for children, lack of adequate child care resources is the biggest barrier to women's labour force participation. In addition, the age of children and the hours that daytime care is available in the form of public education is a major factor in pushing women into part-time, occasional, and seasonal employment. Literally, women with children have to organize their paid work around their unpaid responsibilities. Other care responsibilities reinforce these patterns, setting women up for lifelong barriers to paid work.

The more fully the tax-transfer system removes all costs for child care from women, whether through some combination of tax deductions and refundable credits via the income tax system or through in-kind public services, the higher women's rates of labour force participation will be.¹⁵ These same changes also help close the gender income gap between men and women.

Most countries use a combination of direct spending and tax provisions to support child care resources. Direct spending in the form of public subsidy for low-cost neighborhood child care facilities integrated with early childhood education and early formal school is best, because these areas of public funding can be coordinated and many efficiencies are possible. Tax provisions are the worst choice, although leaving room for business and professional workers to make personal arrangements promotes women's equality in all occupations. Three of these options are discussed here: tax relief for child care expenses (usually only partial relief); direct financial assistance to parents, who may use it for child care expenses (also usually partial); and in-kind child care through government services.

Most women will agree that even minimal assistance with child care expenses is far better than nothing. However, the first two options have serious negative gender impact on women, leaving provision of in-kind child care services available to all parents as the best way to promote women's equality and increase women's engagement in paid work:

Income tax deductions for child care expenses:

In most countries, the percentage of women whose incomes are so low that they pay no income taxes at all is continually increasing. In Israel, 62.1% of working women pay no income taxes.¹⁶ In comparison, it is estimated that in Canada, 40.8% of women filing income tax returns will pay no income taxes (2008).¹⁷ In such circumstances, offering tax deductions for child care expenses will provide absolutely no financial assistance to the women who need it the most — women who are working in the zero-tax income zone.

15.Christin Knudsen and H. Elizabeth Peters, *An International Comparison of Married Women's Labor Supply* (Boulder, CO: University of Colorado, 1994); Lochhead and Scott, *Dynamics of Women's Poverty*, at 45, 52; Lene Madsen, 'Citizen, Worker, Mother: Canadian Women's Claims to Parental Leave and Childcare' *Canadian Journal of Family Law* (2002) 19, 11-74, at 65; Averett *et al.*, 'Tax Credits'; Janice Keefe and Pamela Fancey, 'Compensating Family Caregivers: An Analysis of Tax Initiatives and Pension Schemes' *Health Law Journal* (1999) 7, 193-204, at 193.

16.Barbara Swirski, *Israel's 2008 Budget Proposal: Through a Gender Lens* (Tel Aviv: Women's Budget Forum, 2007), at 3.

17.Department of Finance Canada, oral communication (Mar. 13, 2008) (notes on file with author).

Even if tax deductions could be recast as refundable income tax credits (*refundable*: the tax benefit is paid in cash in cases in which incomes are too low to gain from tax reductions), women at nontaxable income levels would still be unlikely to afford to pay child care expenses out of pocket. Refundable tax credits would literally have to provide 100% of the out of pocket expense up front for this avenue to work at all. And of course, once a government decides to fund child care so fully, the economic efficiencies of funding public services as compared to providing full reimbursement for private child care expenses suggest that the money is far better spent by investing more heavily in public funding of child care services, at least for women in the zero-tax income zone.

But what about the 37.9% of women in Israel who will have some positive income tax liability? What is the gender impact of permitting income tax deductions for child care expenses for this group of women? As table 2 shows, women who may have some income tax liability have average annual incomes in the NIS 61,000-125,000 range. The highest incomes will be taxed at the 26% rate, but incomes under NIS 90,000 (approx.) will be taxed at the 16% rate (table 1). This means that if child care expenses could be deducted, women would only get 16% or 26% of that cost back in the form of income tax reductions — just a small fraction of the actual cost.

Professional and self-employed women appear to have the opportunity to claim these types of deductions as the result of the *Pery* decision, which has allowed a woman lawyer to deduct the bulk of her private child care expenses as a business expense.¹⁸ This is an important breakthrough for self-employed women. However, it only levels the playing field for women in this one occupational area (women who are business owners and not employees), and is not an appropriate model for the rest of women's child care needs. Indeed, if public child care resources could be expanded further, it would be to the advantage even of women in *Pery's* position.

Direct cash subsidies to parents for child care:

In the *Pery* case, the Israeli government tried to convince the court that the children's allowances received by women are government subsidies for child care. Given the political

18.If the government does indeed appeal this ruling, then the fictional Women's Court of Canada 'decision' upholding deductibility of child care expenses as business deductions suggests how *Peri's* case on appeal might best be framed. In the real Supreme Court of Canada decision (*Symes*), the court disallowed such deductions, but a group of women lawyers recently produced Women's Court of Canada 'decisions' on that and other cases that had been wrongly decided, and one of those 'decisions' was in the *Symes* case. See Melina Buckley, '*Symes v. Canada*' *Canadian Journal of Women and the Law* (2006) 18:1.

history of these allowances, this is inaccurate; these allowances began as poverty relief and, when larger, also provided an incentive for having a large number of children, as the amount of the subsidies increased with the number of children. As currently structured, children's allowances are too small to cover child care expenses in any event.

The demand for 'cash for care' subsidies has been increasing in recent years as part of neo-conservative attempts to reinforce traditional family structures. For example, Canada has recently shifted part of its funding for low-income child allowances (delivered through the tax system) to a new 'universal child care allowance' which is a direct cash grant to all parents of young children, regardless of the parents' incomes. The amount of the allowance is far too small to pay for anything but a few hours of child care a week — not even enough for a parent who works part time. And it is much more expensive than the low-income allowances, because it is paid to all qualifying parents without regard to whether any child care is in fact needed and without regard to income levels.

Research data on the impact of such direct subsidies to parents is that they result in reduced rates of women's labour force participation when compared with the effects of government subsidized child care services.¹⁹

Government subsidies for in-kind child care:

This policy approach moves completely away from using the income tax system for child care purposes. (Continuing to permit business deductions for child care expenses incurred by higher-income women would not be inconsistent with this option, because of significant differences in the nature of business work.) Instead, parents can access government subsidized child care.

Subsidized child care programs can of course be a matter of degree. Parents can be required to make some partial payment for service once income reaches a certain level, although tying this payment to family income would still be a joint benefit measure that would create a disincentive to women's paid work (joint measures are discussed below). Higher income parents can still treat their partial payments as tax deductions, although this still benefits few women.

The best model is the Swedish one, which has a female labour force participation rate of 80%. Sweden has moved away from basing its tax system on adult relationships, and it has

19.Pal Schone, 'Labour supply effects of a cash-for-care subsidy' *Journal of Population Economics* (2004) 17:703–727.

moved a number of issues out of the income tax system completely — particularly its child care system. Sweden provides child care benefits through state-funded childcare, which reduces the need to adjust income tax liability in light of child care expenses. Sweden has managed to achieve both neutrality as to family relationship as well as gender and income equity in the design of its tax system, and to increase access to child care services on a subsidized basis for those who need it; both these policy changes minimize barriers to women's labour force participation in Sweden.²⁰

Other policies play a role in this area as well. Ensuring that both parents are entitled to and actually use parental leave helps reduce the allocation of unpaid child care work to women alone. Non-discrimination laws that prohibit employers from taking gender, parental status, or expectation of maternity leave into consideration in hiring and promotion decisions can assist, as can ensuring that men are not denied their parental leave rights. In the end, however, the most important policies continue to be making subsidized child care services available to those who cannot afford them, and providing equitable access for those with middle and high incomes as well.²¹

VII Gender Issues in the Taxation of Women's Employment Income

The high costs of work-related expenses, gender differences in the value of employment benefits to women, and the taxation of employment benefits can also affect the value of women's employment income, especially because most women will earn significantly less than men in their occupations. Two problems are discussed here: the general lack of deductibility for employment expenses, and the impact of taxing some types of employment benefits.

Non-deductible employment expenses:

When women enter into paid work, the costs of transportation, additional equipment, clothing, and purchased meals, household services, and care giving have been estimated to run as high as 18 to 30 percent of a couple's after-tax income (Canadian study). Child care expenses form the largest part of this increased expense, but the other outlays are not insignificant.²² Women's expenses are not seen as 'necessities' in the same way that men's

20.O'Donoghue and Sutherland, 'Accounting for the family,' at 579.

21.Florence Jaumotte, 'Labour Force Participation of Women: Empirical Evidence on the Role of Policy and Other Determinants' (Paris: OECD, Economic Studies, 2003).

22.S. A. Rea, 'Taxes, Transfers, and the Family' (1984), 34 *Univ. Toronto Law Journal* 314, at 324.

work expenses are, and fewer women than men run businesses, which reduced women's opportunities to treat these expenses as business deductions.

Tax relief would be useful to address this problem. The US deductibility model permits some specific types of work-related expenses to be deducted; Canada provides a blanket tax credit worth about US\$200 per year to all employees. Neither structure is perfect; it would be far better to give low-income workers refundable tax credits so most women will still receive some positive relief when facing this barrier to paid work, and so that men in the same employment situation can obtain this relief as well.

Gender impact of employment benefit programs:

Employment benefits are often not offered equally to all employees. High-level management will have access to valuable stock option plans while line employees will receive the minimum requirements. Part-time workers may have difficulty enforcing their rights to equal employment benefits. Where employment benefits include such things as additional private insurance or other family benefits, if both spouses work and both have such benefits, they are, in a sense, 'wasted' on the second spouse to receive them, and indirectly reduce the overall rate of compensation to that second spouse. Where these types of problems have emerged, a combination of strict enforcement of worker's rights and giving second workers the right to exchange duplicate benefits for higher pay have been beneficial.²³

At the same time, taxing employment benefits must be done very carefully. It is essential to equity to make sure that employee stock options, for example, do not escape taxation. At the other end of the range of employment benefits, however, taxing them can worsen women's situation. For example, the plan in Israel to impose income tax on employees receiving employer's contributions to advanced training funds beginning in 2009 would have a particularly harsh effect on women employees, whose marginalized labour force positions make such training much more important to them. Even worse, this plan is designed to help find the funding to provide income tax rate cuts for the 10% through 35% rates. With some 62% of employed women earning too little to pay income taxes in the first place, increasing the taxable incomes of all employed women to give some of them tax cuts will do nothing to assist women, and can only hurt them, relative to men.²⁴

Similar to this is the suggestion, fortunately defeated, that even women with no incomes should pay health taxes by forfeiting a part of their children's allowances. This is the type of

23. See, e.g., McCaffery, *Taxing Women*, at 134.

24. Israeli Tax News 2008, online: WorldWide-Tax: http://www.worldwide-tax.com/Israel/isr_econonews.asp.

fiscal thinking that grows as tax rate cutting strategies begin to deplete government resources, but they have very negative gender impact on women particularly.

VIII Family Unit Rules Reinforce ‘Male Breadwinner’ Models of Tax Policy

Women are still expected to be able to earn enough income to not only meet household needs in a variety of circumstances, but also to meet family needs for unpaid work that is too expensive to replace with hired services. Examples abound: women in paid work have much less time for child care, shopping and cooking meals, household maintenance, care of older parents or disabled family members, laundry, etc., but if they are in low-paid occupations, they are working because of income needs, and thus will be unlikely to have extra cash to hire replacement services. This leaves many women trapped in economic dependency on another adult, the state, or both.

Ongoing research has shown that it is important for all tax and benefit measures to treat women as separate legal individuals, because even those that use family income concepts will reinforce the ‘male breadwinner’ model of public policy and maintain barriers to women’s paid work.²⁵

Two specific aspects of this underlying structural issue are discussed here: the use of family income or household income concepts to regulate access to some low-income tax or benefit measures, and the negative gender impact of the new Israeli earned income tax credit (EITC) on married women with low incomes and low-income spouses.

‘Hybrid’ joint tax and benefit measures:

Growing numbers of instruments are being enacted to replicate on a smaller scale the effects of income splitting in specific policy contexts. These types of measures are often integrated into systems, like the Israeli tax system, that legally treat each spouse as a separate individual.

Joint tax and benefit measures all have one key characteristic: Joint provisions define eligibility for or the amount of tax breaks or benefits by reference to family or couple income. An example would be replacing women’s personal and child tax credits with family or household credits that can be claimed by either parent. Letting the higher income spouse

25. Gustafsson and Bruyn-Hundt, ‘Incentives for Women,’ at 32-33; Jeon (2007); see also Callan *et al.*, *Cross-Country Study*; Donoghue and Sutherland, ‘Accounting for the family’; OECD (Organization for Economic Co-Operation and Development), *The OECD Jobs Study: Evidence and Explanations (Part II)* (Paris: OECD, 1994).

use both men's personal credits and women's personal and child tax credits would enable more couples to fully use those credits (Brender estimates that some 77% of women's credits are not used²⁸), but it would deprive all women of the tax incentives created by these gender-specific tax-free zones. At the same time, it would expand the amount of tax-free income the higher income spouse (predominantly the husband) could earn, and would create on a more modest scale the same incentives *against* women's paid work that are seen in full joint filing systems.

Regardless of the specific policy objectives that lead to enacting these types of provisions, all joint measures have the same negative gender impact on women's labour force participation as does full income splitting — they create disincentives or tax penalties for women to enter into paid work, and they simultaneously reward couples in which the lower income spouse (usually the woman) specializes in unpaid work.²⁹ While the impact of these joint provisions is smaller in degree, they have the same qualitative impact of full income splitting, and, when used in a number of different tax and benefit provisions, they can, together, create much of the same negative impact on women's labour force participation rates as full income splitting.³⁰

Many countries have now moved away from both full joint filing and away from more specific joint tax and benefit programs in their efforts to ensure that their tax and benefit systems are truly based on the individual, and do not just give lip service to that approach. There is growing evidence from research that as these changes have taken place, women's involvement in paid work has increased with individual taxation. Spain and Luxembourg, which still aggregate family income, have the lowest women's labour force participation rates in Europe (25.3 percent and 33.6 percent, respectively).³¹ By contrast, countries such as Denmark, Finland, and the United Kingdom, all of which employ the individual as the tax unit with relatively few family-income based provisions, have among the highest rates of female workforce participation in Europe, and Sweden, which has almost no joint provisions, has the highest participation rate at 80%.³²

28. Brender at 22.

29. Gustafsson and Bruyn-Hundt, 'Incentives for Women,' at 32-33; Jeon (2007).

30. Callan *et al.*, *Cross-Country Study*; Donoghue and Sutherland, 'Accounting for the family'; OECD (Organization for Economic Co-Operation and Development), *The OECD Jobs Study: Evidence and Explanations (Part II)* (Paris: OECD, 1994).

31. O'Donoghue and Sutherland, 'Accounting for the family,' at 574 and table 9, at 579.

32. Lahey, *Tax/Benefit Unit*, at 28; O'Donoghue and Sutherland, 'Accounting for the family,' at 579.

Politically, it is difficult to use the individual as the strict basis of taxation in all contexts. Canada has replaced both its old family allowances and child tax credits with fully refundable child tax benefits for those with low and modest incomes. However, even though measuring eligibility by couple income disadvantages women, it is politically very popular as being ‘target efficient.’

Earned income tax credits — new hybrid joint tax measures:

Earned income tax credits (EITC) are the newest hybrid joint tax measures to come onto the scene. These credits are ostensibly designed to help overcome the ‘welfare wall’ that faces those on social support payments who wish to enter paid work, but cannot live on their earnings alone. Earned income tax credits are a form of ‘negative income tax,’ designed to provide extra cash in the form of ‘matching’ government funds not just for those with children, but also for single individuals and couples.

Earned income tax credits are uniquely capable of providing incentives for paid work for women, because they can reach into the low-income tax-free zone that women inhabit, and can still provide positive and highly-focused benefits that can support women’s movement into paid work even if their potential wages are low. However, this is true only if the EITC has these features:

- EITCs must be fully refundable (that is, payable if tax reductions are not relevant because incomes are low and there is no tax liability);
- for equity reasons, the amount of government revenue devoted to funding EITCs should be proportionate to the revenue lost by granting tax cuts to high income taxpayers;
- it is important to treat married women as separate individuals in establishing eligibility for EITCs, and not count spousal income in determining eligibility; if married women are forced to aggregate their incomes with their spouses in determining eligibility, then much of the negative gender impact of general income tax rate cuts on women will remain uncorrected.
- EITC eligibility should bring with it automatic vouchers or grants for whatever child care is needed to enable the recipient to go into paid work;
- the taper-off zone for such credits should be long enough to ensure that loss of the credit does not create sharp income tax increases for women in the taxable zone.³³

33. Bruce D. Meyer and Dan T. Rosenbaum, *Welfare, the Earned Income Tax Credit, and the Labor Supply of Single Mothers* (Cambridge, MA: National Bureau of Economic Research, 1999) (working paper 7363).

Unfortunately, the new Israeli EITC ³⁴ does include most of these features. When some of the features listed above were tested when the government was designing the EITC, it was found that using the individual model would provide a stronger incentive to paid employment, but this was rejected due to the cost of that model. The justification for going with a joint form of EITC was to turn what was supposed to be an incentive to enter paid work into a poverty support program. However, because of the gendered allocation of incomes in Israel, this also turns the EITC into a provision that implicitly reinforces the 'male breadwinner' model in tax policy:

'A system that offers benefits to all individuals at low wage levels, without taking into consideration family composition or the spouse's income, will have a relatively large effect on employment but at a relatively high cost. ... In contrast, a focused policy which conditions the payment of benefits on the composition of the family and takes into account the income of the household, is less effective in increasing employment but is highly effective in reducing poverty.'³⁵ (emphasis added).

In the larger context, this choice between providing more anti-poverty supports at the expense of supporting women's entry into paid work reflects global priorities and is the product of the tax-slash approach to international competition for mobile forms of capital investment, in the search for another Irish 'economic miracle.' Unfortunately, this structure for the EITC will not only impose a 'marriage penalty'³⁶ on couples, as it has done in the US, but it will also create a very different type of tax incentive — for low-income women to become single mothers.³⁷

Conclusions

On a deeper level, the priorities reflected in the new Israeli EITC are symptomatic of the fundamental problems that face all women who seek to eliminate the in-built fiscal biases against women's equality. All of the tax and tax-related provisions discussed in this paper have the same effect: all of them reinforce existing disincentives for women's paid work, and

34.The Law for Increasing the Rate of Participation in the Labor Force and Reducing Social Gaps (Earned Income Tax Credit), enacted December 2007, amended August 2008; see Bank of Israel Research Department, *Recent Economic Developments* (2008) 122, 21, n. 3.

35.Adi Brender and Michel Strawczynski, 'Earned Income Tax Credit in Israel: Designing the System to Reflect the Characteristics of Labor Supply and Poverty' *Israel Economic Review* (2006) 3:1, 27-61, at 55.

36.L. Zelenak, 'Marriage and the Income Tax,' *Southern California Law Review* 67, 339.

37.McCaffery, *Taxing Women*.

thus, inferentially, reinforce women's continued responsibility for the bulk of unpaid work and vulnerability to economic dependency on either other adults or on the state.

Israeli women are not alone in the search for solutions to this dynamic, especially as it is heightened by the tax-slash mentality. A major EU study of paid work and child care found that placing the emphasis on anti-poverty and cost containment features when designing low-income provisions will inevitably create new forms of gender bias within national tax-benefit systems. The EC expert panel that conducted this study concluded that 'unless a gender mainstreaming perspective is brought into policy design and evaluation,' 'efforts to "make work pay" for women' will result in 'constructing and reinforcing their role as a "second earner" that is presumed to reside with an employed man in the role as "main earner".'³⁸ Unfortunately, the panel came to the same conclusion that the State of Israel did when it opted for a poverty-reduction version of the EITC instead of an employment-enhancing version: the panel concluded that this tendency will be difficult to overcome politically so long as the focus in fiscal policy remains fixated on the cost implications within the framework of self-imposed fiscal restraints. As was said of similar decisions in the Canadian context, programs supposedly designed to ameliorate women's poverty in the first place are creating a new generation of poverty traps.³⁹

Going back to the UN's indicators of gender equality, the strategy for combating this gender-minimizing approach has not changed: Increasing women's empowerment in political leadership and key institutions will help create the political will to change the focus of fiscal policy formation. And consistent gender-based analysis in a program of full fiscal gender mainstreaming and gender budgeting in partnership between committed governments and well-funded non-governmental organizations working within supportive regional and international bodies can bring about concrete gender-equal changes.

38. Colette Fagan and Gail Hebson, "'Making Work Pay" Debates from a Gender Perspective: Co-ordinators' Synthesis Report' in *Babies and Bosses - Reconciling Work and Family Life* (Paris: OECD, 2007), at 68.

39. Ruth Lister, 'Women, Economic Dependency and Citizenship' *Journal of Social Policy* 19:4, 445-467, at 463.

Respondent: Barbara Swirski - Executive Director, Adva Center

According to the newspapers, in 2009 the income tax breaks are to cost between two and three billion shekels. This break goes mainly to men, due to their higher salaries. Theoretically, women, too have a tax benefit, in the form of the earned income tax credit. Kathleen explained that the way this tax benefit is designed makes it, too, more relevant to men than to women - despite the fact that nothing is written about the benefit being for either men or women. But let us assume that the intent was to provide a benefit for women. The tax break for men is two to three billion shekels, while that "for women" is about 100 million – and I assure you that not even half of that amount will be transferred due to bureaucratic obstacles and women's fear of asking the tax authorities for the benefit.

We need to be smart and understand that when someone says, "We have something for the women," or "We have something for the poor" – the target populations are not going to get very much. Yesterday Kathleen and I had a discussion at the Bank of Israel. Kathy was asked her opinion of the Peri verdict, in which the court ruled that women could claim tax credits for expenses incurred for child care. Kathy stated her opinion and in response it was said, "You have to choose between tax credits and expanding daycare." I asked – and here I quote myself – "Why is there never enough money when it's for women; why are we always being asked to choose between two options?" Generally, when men are involved, they receive this benefit and that one too.

***Increasing Women's Workforce Participation
through Government Programs***

Yaakov Zigdon, Deputy Director, Government Employment Service

In the following survey, I will try to combine my personal world view regarding women's employment with the perspective of the state, at least as I understand it. The result is my opinion alone.

The question that needs to be asked is what the state does to encourage women to enter the workforce. The answer is nothing at all, or almost nothing. There are isolated initiatives like day care subsidies, vocational training or an initiative devoted in part to removing obstacles for women in the area of computers.

The next question is: Does the state need to act specifically on behalf of women in the area of employment? My first answer is a definitive negative. On second thought, the topic requires further examination. The criterion for state intervention, in this case, needs to be, in my opinion, the root cause of the special characteristics of women's employment in Israel. If it turns out that the cause of the special characteristics of women's employment is subjective – then the state should not intervene. If the cause is connected with objective obstacles deriving from the fact of a worker's being a woman – then the state can and should intervene.

In the category of the subjective I include the variety of cultural and traditional preferences that are to be found in Israeli society. If in Arab society, for example, the ethos is raising children and taking care of the family at the expense of going out to work, then the state should not interfere in the matter. To balance the equation and to prevent political connotations, I will also say that if in ultra-Orthodox society the ethos is a preference for men's studying at the expense of their going out to work, then, here, too, the state should not interfere. The line when it comes to state intervention is drawn when a group leans on the state in order to preserve one traditional preference or another. Where a sector of society is interested in state assistance, then it should not raise an eyebrow against state intervention. In general, I would prefer that the state not intervene when it comes to cultural preferences. If a change is desired, it should come from philosophers, intellectuals, social leaders, public opinion leaders and the like and not from state institutions. The state whose elected majority imposes its preferences on the minority is to be chastened.

The following figures show the differences between women's and men's employment in Israel in 2008.

Women's participation in the work force, in comparison with men

There are 2,677,400 women of working age in Israel, of whom 1,369,400 are in the work force. That is 51.1%, compared with 62.1% for men. The good news is that women's workforce participation has been increasing; in 1996 it was 45.6%.

Women's and men's unemployment

In 2007, a total of 1,240,100 women were employed, while 107,000 looked for jobs and were defined as unemployed. The unemployment rate for women was 6.2%, compared to only 5.7% for men. Sixty percent of those who sign up at the Government Employment Service are women. Women's unemployment is on the decline; in 2003 it was 11.3%. However, that decrease is similar to the general decrease in unemployment and not related to gender.

Women's salaries are lower than men's

In 2005, women's average hourly wage was NIS 37.4, compared with NIS 44.9 for men.

Traditional occupations

Women in Israel are dominant in the fields of education, health and social welfare. In education, 270,300 women are employed, compared with 81,600 men. The fields of health and social welfare employ 211,000 women, compared with 58,000 men. Among persons who sign up at the Government Employment Service, the following occupations are found to be women's occupations: cleaners in institutions, house cleaners, secretarial and clerical work, care workers in institutions, home care workers for the elderly, elementary school teachers, kindergarten teachers and their assistants, packaging and food processing, salespersons and check-out persons.

Deep unemployment

In the Government Employment Service, deep unemployment is defined as job seeking for more than 270 days. Here no differences are found between women and men. About 50% of persons who sign up at the Government Employment Service are in deep unemployment, a phenomenon that has increased over the years. In 2003 only about 20% of unemployed persons were unemployed for such a long period of time. Deep unemployment is connected with low educational achievements.

Part time work

Part time work is more characteristic of Israeli women than men: 61.5% of working women have full-time jobs, while 38.3% have part-time jobs. For men, 86.5% work full-time and only 13.2% part-time.

Salaried vs. self-employed

Women tend to be salaried: 91% are salaried and 7% are self-employed, compared with 83% of men who are salaried and 16% who are self-employed.

Young persons

The employment patterns of young persons needs to be examined separately. At the Government Employment Service, we have 54,000 persons between the ages of 18 and 34 looking for jobs, among whom 34,000 are women.

Interim summing up

Compared with men, women's employment in Israel (2008) is characterized by lower participation and higher unemployment rates, lower salaries, more part-time work, higher unemployment among the young, more salaried persons and continuing concentration in traditional female occupations.

To the best of my knowledge, many of the reasons for the above phenomena are connected with subjective motives. In a survey conducted in 2005, 46% of women stated that their main activity was at the workplace, compared with 64% of men. Twenty percent of women stated that their main activity was caring for the family, compared with one percent of men. As I stated in my opening remarks, I do not think that the state needs to interfere in personal considerations or preferences connected with tradition and culture. This is the case as long as the individual does not lean on the shoulders of the state to realize his personal preferences.

A second main reason for the non-intervention of the state in women's employment stems from the fact that to designate one variable as the obstacle to the world of work does injustice to a world of complex motives and is destined to fail. An example of this is the Wisconsin/Mahalev/Orot La'Taasuka (welfare-to-work) plan, which focused on one variable in removing work obstacles – **the receipt of income support payments**.

The welfare-to-work plan is a good example of how not to intervene in the labor market, for the following reasons:

Privatization – The state is the body responsible for employment. This statement is made from the perspective of the state's commitment to the individual. The handing over/abandonment of this commitment to business entrepreneurs changes the perspective from social support to business.

Single variable – As mentioned above, a complex issue like employment requires a more complex program than a high generalization that deals with only one variable – income support payments. The high degree of generalization leads to the creation of a precast, unprofessional, superficial and ineffective program.

"Everything included" – The state purchased a service "with everything included." [What should have been done was to] examine and identify the areas in which the state has advantages and where it would find it difficult to carry out the given task. Where the state is weak, it should purchase pin-pointed services.

Results – The results achieved to date by the welfare-to-work plan, which, ironically, is still defined as experimental, are less than impressive. With an investment of more than NIS 400 million in its three years of operation we would expect much more impressive results. Or, alternatively, if those are the results, they could be achieved at a much lower cost. The results: about 40% of recipients of income support payments had not received significant intervention at the end of the plan's first two years (these results are similar to those of the Government Employment Service). The average wage of persons who found work in the framework of the welfare-to-work plan is slightly higher than NIS 2600 a month. A large part of the increase in wages stems from increasing hours of work, that is, the person was already employed. The biggest achievement of the plan was the exposure of pretenders: About 20% of the persons referred to the plan did not show up. This "achievement" could have been made at much lower cost.

Poor management – The plan is managed almost directly by the Ministry of Finance, a body that is by nature and in essence a planning and budgeting agency. When an agency of this type tries to run a practical program, the result is poor management that in the best case squanders monies and in the worst neglects its own mandate.

In summary, in general, the state should not intervene to encourage women's employment. The state should identify a number of variables, one of which could be "women," to diagnose the problem, to prepare a focused plan and to implement it with an efficient program. For example, a possible topic for examination: how to enable female Arab college graduates in the Western Galilee to realize their potential through suitable employment.

Respondent: Valeria Seigelshifer, Advocacy Expert, Women's Budget Forum

My lecture dealt with the ways in which the state can increase women's workplace participation. It has been proven that at least two of the factors mentioned in my lecture – increasing daycare frameworks and subsidies and improving public transportation – do contribute to an increase in women's participation.

Given a plan to increase women's workforce participation, the first question that needs to be asked is which social group are we talking about and what are its needs. If we take these factors into consideration, implementation of the said plan will be much more effective. When you said that the welfare reform program was a program for women, you were right: two-thirds of persons referred to the program were women. But that does not mean that the program was planned for women and that it took their needs into account. In 2006, the Women's Budget Forum published a gender analysis of the welfare reform. Since July 2007, Orot La-Ta-asuka, the present version of the welfare reform, has published monthly reports about program participants, including the number of persons referred to the employment centers, the number of job placements, the type of position (full or part time), the type of job, and the average wage. The problem with these reports is that they are not disaggregated by gender. Thus, we have no way of knowing if the program improves the employment situation of women.

In this context I would like to mention the amendment to the Statistics Law, which passed in May 2008, due, among others, to the work of the Women's Budget Forum. The amendment requires every statutory body that collects data to disaggregate them by gender. Thus, disaggregation by gender is not just effective: it is now required by law. If we look at the figures published by the directorate of the welfare reform program in August 2008, it is very difficult to call it successful for either women or men. The total number of participants placed in jobs was 384, 70% of whom found part-time jobs and only one-fourth full-time jobs. The average monthly wage was NIS 2,654. There is no up-to-date information about working conditions, but according to a study published by the National Insurance Institute in February 2008, summarizing the outcomes of the second version of the welfare reform, only one-fourth of persons who were placed in jobs received vacation pay and only slightly more than 10% received pension payments.

Empowerment Programs and Professional Training

Dr. Sigal Shelach, Director, Division for Immigrants and Arabs, Tevet

A. Introduction

Since the mid-1990s, with launch of the “Welfare to Work” program in the United States, the “New Deal” in Britain, and later the OECD’s “Jobs Strategy,” industrialized countries have been working to raise the employment rate by direct intervention in the labor force, particularly among recipients of welfare in various countries, and also by making adjustments to the system of taxation and financial incentives for specific population groups. Since the late 1990s in the United States and the early 2000s in Britain, there has been recognition of the need to offer ongoing assistance to promote employment retention and advancement in an effort to combat poverty. Intensive follow-up studies, some using random sampling techniques, were designed to allow direct study of the question “what works?” However, they do not provide unequivocal answers. Moreover, the success of activities designed to foster employment has varied in different countries, among different program operators, and among different target populations.¹²³⁴

Nevertheless, it is clear that suitable employment is key to getting out of poverty and that governments must continue to work in several directions to increase workforce participation and ensure employment retention and advancement for persons earning low salaries.

The prevailing assumption is that employment is critical to leaving the ranks of poverty, and indeed examination of the poverty data in Israel shows that while about 90% of persons living in households with no wage earner fall beneath the poverty line, this significantly drops

¹ Dan Bloom, Richard Hendra, Jocelyn Page (2006). *The Employment Retention and Advancement Project, Results from the Chicago ERA Site*. MDRC. New York. <http://www.mdrc.org/publications/441/full.pdf>.

² David Navarro, Mark van Dok, Richard Hendra (2007). *The Employment Retention and Advancement Project, Results from the Post-Assistance Self-Sufficiency (PASS) Program in Riverside, California*. MDRC. New York. <http://www.mdrc.org/publications/458/full.pdf>.

³ James A. Riccio, Helen Bewley, Verity Campbell-Barr, Richard Dorsett, Gayle Hamilton, Lesley Hoggart, Alan Marsh, Cynthia Miller, Kathryn Ray and Sandra Vegeris (2008). *Implementation and second-year impacts for lone parents in the UK Employment Retention and Advancement (ERA) demonstration*. A report of research carried out by a research consortium consisting of three British organizations (the Policy Studies Institute, the Office for National Statistics, and the Institute for Fiscal Studies) and MDRC, a US-based nonprofit social policy research firm, which is leading the consortium on behalf of the Department for Work and Pensions. Department for Work and Pensions, Research Report No 489. Norwich NR3 1BQ. <http://www.mdrc.org/publications/475/full.pdf>.

⁴ Income inequality and poverty rising in most OECD countries (2008). OECD Press conference. http://www.oecd.org/document/25/0,3343,en_2649_201185_41530009_1_1_1_1,00.html

to 35% with one wage earner in the household, and to 5% in a household with two breadwinners.

The trend, however, is increasing poverty among working families. The proportion of working families among the poor was 28% in the early 1990s and then rose to 46% in 2006, with more than half the poor living in working households, generally with one breadwinner.⁵ This, combined with the aforesaid, underscores the need to upgrade the employment of low-salaried workers.

B. Employment Programs in Israel

Employment programs in Israel can be generally divided into two categories:

- (a) **Programs that target recipients of welfare payments (income support, unemployment benefits)** – the Employment Service, *Orot LaTa'asuka*.
- (b) **Voluntary programs for those who do not receive welfare payments** – Tevet, other government ministries.

I will discuss the second group: voluntary programs.

But first, a few words about the program *Orot LaTa'asuka*, which primarily teaches “soft skills” to facilitate transition into the work force: This is an experimental program with accompanying research by the National Insurance Institute and the Brookdale Institute. The most recent follow-up study⁶ indicates that employment in the experimental group was 10% higher than employment in the control group, with the greatest impact occurring among single mothers – 20% more employed. Those in the experimental group also earned larger salaries, but this stems from longer working hours, not a higher hourly wage. The hourly wage in both the experimental and control groups was at the level of the minimum wage.

The Tevet Programs

Tevet is an initiative founded jointly three years ago by the JDC-Israel and the Government of Israel with the aim of developing programs to promote and integrate vulnerable

⁵ *Poverty and inequality in dividing up the income* (2007). Annual Review, National Insurance Institute, Jerusalem.

http://www.btl.gov.il/מיון/מיון/pub/Skira_shnatit/skira2007/Pages/chap2.aspx

⁶ Leah Achdut, Miriam Schmeltzer, Gabriela Heilbrun, Alexander Galia, Tami Eliav, Esther Toledano, Netanela Barkali, Denise Naon, Jack Habib, Judith King, Assaf Ben-Shoham, Noam Fishman, Abraham Wolde-Tsadick, Pnina Neuman (2007). Research Reports of the Mehalev Program: *Evaluation of Mehalev: Report No. 4* (summary): Findings on Monitoring Impact of the Mehalev Program: Those eligible at the start of the program (“the inventory”) – 15 months of the program and new applicants (“the flow”) – six months after submission of the claim. National Insurance Institute and the Meyers Brookdale Institute, Jerusalem.

http://www.btl.gov.il/SiteCollectionDocuments/btl/Publications/מיון/מיון/winsconsin%20doch%204%2011_07_2007.pdf

populations into the labor force in order to improve the quality of their lives. Approximately one million people of working age (22-64) are not employed (out of a total of 3.4 million people in this age group). Of these, almost 740,000 do not participate in the labor force, i.e., do not work and are not actively searching for a job. The analysis by Brookdale revealed that there are five general target populations with regard to employment: Arabs, immigrants (particularly from Ethiopia), the disabled, ultra-Orthodox, and young people lacking family support.

The Tevet programs operate according to several key principles:

1. **PLACEMENT – RETENTION – ADVANCEMENT**

Tevet's goal is to advance the target group in their jobs, not just integrate them into low-level positions - which would only increase the number of working poor.

2. **FOCUS ON TARGETED POPULATIONS**

Emphasis on multi-culturalism and removing obstacles that characterize the employment situation of each group.

3. **EMPLOYABILITY AND PLACEMENT FIRST**

The goal of the program is to provide basic tools for employability,⁷ find jobs, and, following a period of work, examine options for employment upgrading.

During its first three years, approximately 30,000 people participated in the various Tevet programs. Since these are programs in development, participants are monitored and data collected into a large database. Most of the programs are also accompanied by research that allows for drawing conclusions and adapting the program in real time, as well as a final study about the effectiveness of the programs.

From the report findings and the insights of Tevet professionals, several primary conclusions can be drawn about employment programs in general, and those for women in particular.

First, “Does it work?”

The high job placement rates in Tevet's various programs indicate that the programs do succeed in finding jobs. With respect to upgrading, however, significant success is not yet evident, although it should be noted that these programs have been in place for no more than three years, which is not sufficient time to allow for meaningful advancement or salary increase.

⁷ Yossi Tamir and Zohar Neuman (2007). *Employability and Incentive to Work: Implications for the Israeli Reality*, Policy Paper, Social Policy Research Group, The Hebrew University, Paul Baerwald School of Social Work and Social Welfare (Hebrew).
[http://www.sw.huji.ac.il/upload/employability\(1\).pdf](http://www.sw.huji.ac.il/upload/employability(1).pdf)

Second, “What works?”

- a. As planned, women are well represented in the various programs. Because the programs are voluntary, the assumption is that more women come because asking for assistance is easier for women.
- b. One of the most important components of the various programs is the case manager who accompanies the client throughout the program. Beyond the stage of training for employability and job placement, the manager continues to provide assistance and is sometimes the key factor facilitating job retention - especially among more vulnerable populations
- c. Encouraging entrepreneurship among women can contribute to employment, but a relatively small proportion of such businesses survive and the income is generally low (this is also evident in research by Sa'ar, 2007⁸). Nevertheless, for some women, especially from traditional backgrounds, this option makes it possible to increase family income while utilizing existing skills.
- d. For immigrants from Ethiopia, language is a significant factor in their ability to advance in their jobs. Many women immigrants find blue-collar jobs like cleaning and home care for the elderly. For almost any other kind of work, they need to improve their Hebrew language skills. Tevet develops programs to teach Hebrew for employment, including a website developed together with MATI.
- e. For activity in the field, Tevet seeks coordinators and project managers who are close to the target population. Working through people who know the population well – its needs, strengths, and obstacles – allows the program to overcome cultural obstacles as well as resistance towards outsiders perceived as part of the establishment.
- f. Concerning women from Ethiopia and Arab women, one of the insights of this employment program is that in order to integrate the women successfully and preserve their home environment, agreement must be reached with the spouse. This can be done through empowerment of the women and strengthening their belief that they have the right to self-realization and work outside the home, and also through teaching inter-family negotiation skills to prevent strong opposition.

⁸ Amalia Sa'ar (2007). *A Business of Your Own*. National Insurance Institute, Jerusalem.
http://www.btl.gov.il/SiteCollectionDocuments/btl/Publications/%D7%9E%D7%A4%D7%A2%D7%9C%D7%99%D7%9D%20%D7%9E%D7%99%D7%95%D7%97%D7%93%D7%99%D7%9D/mifal_112.pdf

Third, “What works less?” or “What’s next?”

- a. Because the Tevet program is aimed at groups not receiving welfare payments, extended programs that improve skills and employability, but do not end in certification or an attractive job, would not find participants over time. A partial solution is to provide loans as subsistence payments for the period of study.
- b. Retention and advancement – From its inception, Tevet targeted job retention and advancement as a primary objective of employment. In other countries, retention and advancement are facilitated by close work with the employers and a dual-client perception – the employer as an additional client of a supply-side employment program. Tevet is currently developing models of possible career paths in cooperation with employers; these projects are still in their infancy and will be a challenge in the coming years.
- c. Support services – Support services such as child-care frameworks and transportation are of great importance. Although these services generally exist in Israel, their cost – despite the existing subsidy – is often high, which impedes the decision to go to work, especially for a full-time job. Today government programs subsidize day-care centers and provide support for day camps during the summer. Assistance should be expanded to additional groups and services, especially with regard to transportation.
- d. Vocational training – Government allocations for vocational training courses have severely declined in recent years. Furthermore, for population groups that do not participate in the workforce, integration into subsidized training programs is often more complicated. Tevet does not seek to replace the state in providing services, and therefore it depends primarily on governmental sources for such training. Thus, while it is known today that the advancement of workers requires vocational training, in stages, throughout their professional lives, the sources for this training – their funding and the provision of subsistence allowances during the training – are limited and therefore require rethinking. In the last two years, the Finance Ministry, Tevet, and the Government Employment Service have been promoting the idea of personal vouchers for training as a flexible solution for vocational training.
- e. Adult education – As with vocational training, funding for adult education has also diminished over the years, despite the fact that education and training are the main tools that enable low-skilled workers to keep their jobs in a dynamic labor market where burnout is rapid and skills quickly become obsolete. Updating skills, adult education, and study throughout one’s working life are necessary in the modern job market in order to advance.

Respondent: Noga Dagan-Buzaglo - Researcher, Adva Center

I will respond to the speaker by telling a story that Barbara and I heard from Yaakov Zigdon. Yaakov told us about a cleaning woman employed at the Government Employment Service. One day a woman asked her how much she earned and how she managed to support herself. The cleaning woman – who had no idea that the questioner was the director-general of the Employment Service – told her that she worked a few hours in the morning cleaning the offices of the Employment Service and then went down a floor to sign up for an income supplement [on the basis of her low wage]. In the afternoons she also did housecleaning for a few hours a day. In total, she took in about NIS 10,000 a month. I think Yaakov told us the story in order to illustrate the problem of pretenders, but Barbara and I considered the woman a heroine. Why is she a heroine? First of all, none of us would like to be in her place; her workday is not one that I would wish upon anyone; also, I think she is a terrific acrobat. It is abundantly clear that she would not be able to support her children on the wages from a part-time job. In order to support her children, she needs to fool the state. We do not consider her a parasite, a lazy person or an exploiter, even if she pretends to earn less than she does. The story of that woman reflects the basic obstacle standing in the way of encouraging women to go out to work in order to improve their situations. The general problem is the low wage and the interchangeability of social assistance and wages, a point that did not come up in the discussion. If we look at the secondary labor market, that is, the labor market in which there is high turnover, low wages, part-time jobs, insecurity, and mediated employment - then even if we get women into that labor market, in most cases they will not be able to improve their economic situation, nor will they be able to lighten the burden of paid and unpaid work. In this respect, even the Tevet programs cannot help. The design of the programs is very good, but under present conditions in the labor market, it is very difficult to improve women's situation by encouraging them to do paid work, even if they receive empowerment on the way. This is also true for the welfare reform program. Even when women got jobs, they were able to increase their income by NIS 400 – less than it costs to go to work.

***Increasing Women's Paid Work
through a More Equal Division of Unpaid Work***
Advocate Shirin Batshon, Kayan-Feminist Organization

I am going to speak about a campaign that Kayan conducted on International Labor Day.

Kayan has been in existence for 10 years; its aim is to raise the status of Arab women within Arab society and as citizens of Israel. It has two main projects. One is a community project, in which we work with groups of women in the Northern part of Israel, in the Triangle and in the Central part of the country, where the emphasis is on personal and community empowerment. The second project involves providing free legal aid for Arab women in various areas, among them employment.

On May 1, 2008, Kayan distributed weekly diaries to Arab women, in which they were asked to document the hours of work spent on various household tasks, like laundry, cooking, and taking care of children, under the heading of "How many hours of housework do you do and what is their monetary value?"

The purpose of the first stage of the campaign was to raise women's awareness regarding the number of hours they invest in the home and to communicate to them, their families and society in general the message that this work constitutes a significant contribution to the family's welfare and quality of life.

The diaries were distributed mainly among women in the groups with which we work, most of them women who do not work outside of the home, some of them women employed outside the home.

Among women not working outside the home, it was found that more than 90% of the work done at home was done by the women. Among women working outside the home, women still performed above 70% of the work at home.

The reactions of the women participating in the campaign were varied; some became more aware of the work they invested at home and some expressed deep frustration over the number of hours of work they performed at home.

Results of our small survey show that Arab women are still relegated to the private sphere due to a very traditional and non-egalitarian division of home work.

What is our message to women?

First of all, that they need to respect the work that they do and to be aware of the number of hours they invest and to call for a more egalitarian division of labor.

A discussion of how women ought to be remunerated for the work they do at home suggests two possibilities:

Demand an allowance from the National Insurance Institute or from the state for work done at home;

Call for social change – a more equal distribution between women and men of work done in the home.

Kayan tends to prefer the second option, for fear that the first option would perpetuate the existing situation and keep Arab women in the private sphere.

The bottom line is that the women at Kayan believe that it is impossible to speak about the status of Arab women or of women in general and it is impossible to encourage women to enter the work force and politics without referring to their status within the home. As long as the division of labor within the home is not egalitarian, it is impossible to speak about raising the status of women in the public sphere, for the necessary conditions are absent.

Respondent: Prof. Kathleen Lahey - Faculty of Law, Queen's University, Kingston, Ontario

I think you really neatly encapsulated the true contradictions of the problem, bringing us almost full circle back to the question of what is the proper public policy initiative. I would like to present a few points about taxes. Firstly, Israeli women are uniquely situated amongst all the women on the globe because of the existence of the women's tax credits and the children's credits that are available on the basis of gender. Now, it appears to me, on the basis of some of the research papers produced by branches of your government, that men now have their eyes on these credits and would like to have them transferred to them in order to turn them into cash in their hands, and I would say: if you are waiting for a reason to take to the streets, go ahead - just let me get out of the country first. These credits constitute a built-in labor force participation incentive measure, because women can only cash in on them by doing paid work. Now, you will hear government analysts say: "Well, women don't make full use of the credits," - and the answer to that is that that is okay: they make use of some of them to extend their tax-free zone much further up the income scale than is currently possible for men. So I really think that this is one of the most brilliant things that I have seen in your tax structure, and it is well worth hanging on to. However, you need more than that, because the structure of the earned income tax credit has injected an element of gender bias into the system that was not there before. That needs to be neutralized. In addition, you only have to convince your government to roll back or slow down tax cuts, but to also start dealing with care responsibilities - the number one barrier to women's labor force participation - in its future budgetary needs. Study after study the OECD, the EC, by researchers in North America, Australia, and New Zealand, have established that if you lower the tax burden on women's work, you will increase their labor force participation, and that's because they can get to a higher after tax income through that route more efficiently than through anything else. In addition, there are fiscal measures that make it possible to induce women, or to induce men actually, to share unpaid work. For example, in Norway and Sweden policy analysts are now suggesting that the amount of parental leave available to a mother might be increased, if a family can show that the father also took parental leave, or both of them might get more, if they can show that they take alternate leaves. This is being done in order to help break down the sex-based stereotypes under which women are expected, without even being asked, to do all of the unpaid work and juggle that with poorly paid paid-work - and men are expected to follow the standard [breadwinner] model. That needs to be broken down too, and the theory is that a more egalitarian sharing of the unpaid work, as well as of the paid work, will be better for all human beings.

GENERAL DISCUSSION

Wafa: I am Wafa from Neve Shalom. The problem is that Arab women do not have jobs. This is not a matter of culture. I would also like to talk about the matter of taxation. We know from the statistics that there are no job openings for Arab women, and that is the reason they do not work. Thus, only Jewish families can benefit from tax credits for women. For this reason, if I were in the Knesset, I would act to give [Arab] men tax credits, so at least the family can benefit. This is a very serious dilemma. I returned from Canada two weeks ago and could hardly believe what I saw at the airport. I saw a blonde woman working side by side with a woman of the same color as mine, and also a woman with a head covering. We would never see such a thing here.

Gal Horowitz: I am from Tapuach, a non-profit organization that operates technological training programs. I am the manager of programs that deal with employment, mainly women's employment. I wanted to ask the panel and the other participants, if they are not of the opinion that the work of the foundations, of private bodies and of the non-profit sector in the area of employment in general and women's employment in particular, does not have the effect of freeing the state of what is essentially the state's responsibility.

Nitza Berkovitch: I would like to speak about Bedouin women. A survey conducted by the Center for the Study of Bedouin Society at Ben Gurion University found that the percentage of Bedouin female university graduates working in full-time jobs in their areas of study is very high – about 67%. The areas of study are mainly teaching and social services. The activities of the Center and of the Association for the Promotion of the Education of Bedouin Women have proved themselves. When it is possible to get a college education, there are fewer cultural barriers. It is true that there is still a dilemma due to the fact that the areas of study are traditional ones – education and care work. As a person active in the Association, I can tell you that we have a dilemma over whether to give priority to scholarships for women studying biological sciences or engineering or women studying for professions needed in Bedouin society.

Yaakov Zigdon: In response to the comment regarding non-profit organizations: As a person working in a state service, I am all for working with non-profits. The state works with masses. I am supposed to take care of 200,000 persons. When you work with 200,000 persons, there will always be groups and individuals falling through the cracks. Non-profits can help in this matter – they add something that a state service lacks: spirit and soul. I am in favor of contracting out to non-profits in areas in which we need help. We work with

Tapuach; it is our executive arm in the area of computer skills for women. We have already done 2,400 training courses, and we have another 600 to 700 on the way. Thirty-five percent of women who took the courses were placed in jobs. We do not just provide training; the goal is a job. We also cooperate with Yedid, Be-Atzme, "Forty-Five Plus" and other non-profits.

Vital Weisfelner: I would like to present a question to the Deputy Director of the Government Employment Service and to share my own experience. In April a Supreme Court petition was served against the Government Employment Service for age discrimination [in which I was the plaintiff]. In the job offers made public by the Service, one-third of the job openings state that the jobs are for persons aged 25 to 40. I give this as an example of shirking responsibility – this is your job: to find work for as many people as possible. When the Shas party [an Orthodox party] was in the government coalition, dozens of courses were set up for Mezuzah writing. I mention this as an example of what the state can do when it wants to. In the same manner, when the Russians immigrated to Israel, the state budgeted large sums to employers for hiring persons whose mother tongue was Russian. . . In my opinion, your job is to take care of unemployed persons. The [unemployment] figures are much larger than the official ones, which relate only to those persons who register at the Employment Service because they still hope to find jobs.

Yaakov Zigdon: Affirmative action is possible if it is done legally, by Cabinet or Knesset decision. We definitely do receive special budgets for particular groups. They tell us, "This matter was approved by the Knesset Finance Committee," or "This is for ultra-orthodox persons." The same thing happened in connection with Gush Katif; very clear government resolutions determined that there should be affirmative action for persons evacuated in the disengagement from Gush Katif. Government corporations were told that if they had two candidates with the requisite qualifications, one from Gush Katif and the other from somewhere else, they should hire the person from Gush Katif. We also have affirmative action for Arabs in the Public Service Commission. This is legitimate.

Regarding the welfare reform program: While the program is supposed to be experimental, some persons have already declared it a success and are already working on extending it to cover the whole country and all 120,000 persons receiving income support. What is problematic in my opinion is that there are no criteria for success and how it is to be measured. In my opinion, the correct measure of success is the unemployed person at the end. If it is proven that the program really helps unemployed persons, I will be the first to say, "Close the Government Employment Service; we have a better alternative." My main

critique of the welfare reform program is that it is pouring out a huge sum of money but getting very unimpressive results. The money does not get to the unemployed, but rather to the owners of the placement companies. It does not even get to their employees, for they earn wages very similar to those of the people they assist.

Sigal Shelach: Concerning Arab women: While it is true that the main problem is demand for Arab women in the labor market, especially for those women who cannot work outside of their own communities. At the same time, I would like to state that things can and are being done. I will mention a number of initiatives. We are developing an initiative, together with the Converse corporation, that involves contracting with an organization to provide QA services in Arab locales – training followed by job placement outside the locality. There have been successes in finding jobs for women who did not think they would be able to work outside their own locales. It is true that there are transportation problems – sometimes no public transportation at all, and sometimes no subsidies for transportation, but there are ways of overcoming these problems. I believe that programs that are targeted and that work with individuals can find solutions for the Arab community. I did not speak about entrepreneurship; in the Arab community such initiatives can serve as temporary solutions and provide the way out of poverty. There is no doubt that education is the main solution. Today Arab women with college educations work at the same rate as Jewish women with college educations, though the former constitute a very small group.

Katherine Lahey: I would like to just comment that Canada has been going through parallel agonies, similar to some of the issues that are being discussed, particularly in relation to four indigenous communities that have no legal status. Billions of dollars have been poured into programs that do all of the different kinds of things that have been described here, and more, including devolution of self-governments along with the money to the local communities and the variety of financing arrangements that have sort of flowed from that. One of the most heartbreaking things about these programs is that no matter how seriously and with what degree of commitment they are pursued, the real problem is that we are dealing with centuries of cultural hierarchies and differences. Then comes the next election and the cry for government accountability, then comes the audit, the assessment, the measuring of how many people were placed in jobs and how many hours they worked and how long did it last and how many were women and all of those things. All too often, what happens is that the negatives, even if they are small, tend to overshadow the big picture of what is really going on.