

Are we reaching the end of the welfare state?

A concise definition of a welfare state is a state in which the welfare of the people in such matters as social security, health and education, housing, and working conditions is the responsibility of government.

In view of recent efforts by the prime minister, the finance minister, and most of the Knesset, one can say that our current government is clearly out to significantly lessen the scope and involvement of the

state in the welfare of its citizens. These efforts are not only motivated by economic determinism and the reality of war and global economic crisis, but also by ideological decisions about the role of government and the market concerning responsibility for the standard and quality of life of its citizens.

There is no doubt that modern Western governments cannot and will not maintain the benefits that characterized their welfare states

of old. This is as true for Scandinavia, Germany, France, and England as it is for Israel. The easiest devices to cut funding have always been to reduce the social insurance benefits ("transfer payments" or social allowances) of the National Insurance Institute.

For decades, the Finance Ministry

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has sought to reduce or stagnate child allowances, unemployment compensation, allowances for the aged, the handicapped, and welfare payments. Few will disagree that there is room for discussion and review of these programs, but what is disturbing is the fact that recent policy is being determined by pure panic and lack of

conceptual explanation and preparation for wide-ranging policy changes.

For example, under the latest proposals, unemployed people will now have to show up at the Employment Service three times a week, and if they refuse three job offers they automatically lose benefits. But the government has few jobs to offer, has not even discussed creating a public works authority or endorsed private

employment agencies, and naively thinks that by deporting 50,000 illegal foreign workers (out of 300,000 foreign workers) this will close the equation.

The same panic reigns in plans to cut down support for battered women's shelters, single parent families, services to children at home and in substitute care, and other endangered groups and services.

The search for a quick revenue fix led to an increase in VAT, a permanent universal punishment for the poor. Just wait for next year's poverty data to see what "policy by panic" brings upon us.

Instead of pulling old Finance Ministry schemes out of the drawers, the government and MKs might weigh ideas such as differential taxation of all National Insurance allowances, equal child allowances (instead of graduated

by size of family), compulsory pensions for all citizens, differential (instead of universal) government participation in municipal welfare budgets, competitive fee setting for services purchased by government from the non-profit sector, merger of government ministries and municipal services, and establishment of an authority for subsidized (full or part-time) employment and public works instead of unemployment grants for those able to work.

While we go about rapidly down-sizing a welfare state that took decades to conceptualize and build, our policy makers (not the economists) must now plan very carefully what the new version will be and the strength that it will bring to all the people of this country in the decades ahead.

As much poverty as you want

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Once again, the annual "poverty report" of the National Insurance Institute is out.

Once again, there are more people (more than 1 million) living under the poverty line, and about half of them are children.

Yet, looking back over 50 years one is astounded by the rise in the standard of living here, the number of university students and graduates from all ethnic groups, the improvement in general housing conditions, and the amazing network and number of personal, educational, and

health programs that are available.

All recent governments, Left and Right alike, are pledged to a market economy model and have created a wobbly cooperative alliance with the business and the non-profit sector to provide services that many would prefer remain government responsibility. But the consequent growth of the non-profit sector, comprising 30,000 registered non-profit organizations and more than 3,000 private foundations, is a remarkable symbol of participatory democracy and civil society. In this regard, we are a beacon for other countries.

So why is there still so much poverty?

As a member of the committee to draw the "poverty line" appointed in the 1970s by minister of labor and social affairs Yisrael Katz and deputy prime minister Yigael Yadin, I remember we proposed to the Begin government not one, but three possible lines. Each was a percentage of the median wage (40 percent, 50%, 60%).

We told them poverty is a relative phenomenon based on the values of those who make the decision about where to draw the line and on their personal view of the minimum standard of living desired in the country. Thus the poverty lines in India, America, and Afghanistan are widely different.

In our case, the government chose 50% of the median wage for the poverty line. One could "eliminate" poverty in a minute by simply lowering the line, or push thousands above the line by providing the "poor" with more money through transfer payments (to large families, the handicapped, elderly, etc.), providing more free education and day care, employment projects, and cheaper health care.

All of these measures require value decisions that lead to social policy and economic expenditure by those who wield political power.

This tug of war is a perpetual feature of all governments, and especially a cancer of splintered coalition governments. In our case, the size of the pie available is affected by our security situation, tax laws, the spoils mentality of some of our leaders, and powerful lobbies. This means that there is no serious ability to plan social policy, and everything is ad hoc until the next change in government (or social explosion), when everything begins again.

Discontent is a natural result, compounded by constantly rising expectations by the public and governmental drifting from crisis to crisis: How much poverty do you want? Don't ask anyone in the government. They haven't got a clue, and they won't be around later to take responsibility for what they do.

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