

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

ANALYSIS

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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.