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# Critical Issues in Israeli Society

*Edited by*  
ALAN DOWTY

Praeger Series on Jewish and Israeli Studies  
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PRAEGER

Westport, Connecticut  
London

## Library of Congress Cataloging-in-Publication Data

Critical issues in Israeli society / edited by Alan Dowty.

p. cm.—(Praeger series on Jewish and Israeli studies)

Includes bibliographical references and index.

ISBN 0-275-97320-4 (alk. paper)

1. Israel—Politics and government.
2. Israel—Social conditions.
3. Israel—Economic conditions.
4. Palestinian Arabs—Israel.
5. Ultra-Orthodox Jews—Israel. I. Dowty, Alan, 1940— II. Series.

DS126.7.C75 2004

956.9405'4—dc22 2003060426

British Library Cataloguing in Publication Data is available.

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Library of Congress Catalog Card Number: 2003060426

ISBN: 0-275-97320-4

First published in 2004

Praeger Publishers, 88 Post Road West, Westport, CT 06881

An imprint of Greenwood Publishing Group, Inc.

www.praeger.com

Printed in the United States of America



The paper used in this book complies with the Permanent Paper Standard issued by the National Information Standards Organization (Z39.48-1984).

10 9 8 7 6 5 4 3 2 1

## Contents

Introduction: The Tribalization of Israel? <i>Alan Dowty</i>	1
I. TRENDS IN THE PUBLIC SPHERE	7
1. Sources of Stability and Instability in the Israeli Polity <i>Gideon Doron and Rebecca Kook</i>	9
2. Corruption, Political Finance, and the Rule of Law <i>Menachem Hofnung</i>	33
3. How Far Do Justices Go: The Limits of Judicial Decisions <i>Gad Barzilai</i>	55
II. SOCIAL CLEAVAGES	69
4. Changes in the Orthodox Camp and Their Influence on the Deepening Religious-Secular Schism at the Outset of the Twenty-first Century <i>Asher Cohen</i>	71
5. The "Russian Revolution" in Israel <i>Zvi Gitelman</i>	95
6. The Status of the Palestinians in Israel: A Double Periphery in an Ethno-National State <i>Majid Al-Haj</i>	109

## Chapter Seven

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# A Critical Look at Israel's Economic and Social Gaps

*Ira Sharkansky*

Chronic items on Israel's political agenda are claims about economic and social gaps and demands for government action. At issue are inequalities between different income groups, Jews and non-Jews, as well as Ashkenazi and Sephardi Jews. One or another event seems capable of pushing the issue at least temporarily to the top of the agenda: a demonstration by heads of Arab localities and members of the Knesset who assert discrimination against their sector, or the closing of yet another marginal factory in a poor town populated largely by poorly educated, low-income Sephardi Jews.

Commentary about a substantial social gap, often treated as a synonym for income inequality, is sufficiently widespread to acquire the status of conventional wisdom. Well-known academics and journalists have argued that Israeli egalitarianism has been a symbol, or decoration for a Labor Party that failed to take it seriously; that Israel is a world leader in inequality; and that inequality is becoming worse each year.<sup>1</sup> The issue of income equality is technically complex and politically sensitive. It touches numerous issues of political morality plus the formal definitions and actual administration of taxes, transfer payments, social services, and statistical record keeping. Its sensitivity in Israel reflects these considerations and others: the ingredient of socialism that is coupled with the prevalent ideology of Zionism, norms of social righteousness that have ancient roots in Judaic doctrines, and claims of religious and ethnic discrimination that have set Arabs against Jews and Jews of Asian and African backgrounds against those with European backgrounds. Distinguished journalists and academics deal with various aspects of income equality, most typically

from a critical perspective, but often without examining Israeli data in the context of other countries' experiences or Israel's own economic traits.

A book by the Hebrew University political theorist Ze'ev Sternhell is a notable example of this genre. Sternhell casts his book, *Nation-Building or a New Society? The Zionist Labor Movement and the Origins of Israel (1904–1940)*,<sup>2</sup> as a fundamental reexamination of nationalism as opposed to social justice in the origins and development of the Israeli regime. He argues that regime founders sacrificed aspirations for egalitarian social policy to the greater priorities of nationalism. According to Sternhell, Israeli egalitarianism was an ideological symbol, rhetorical device, rallying cry, or decoration for a political party that failed to take it seriously.

Sternhell's analysis rests largely on his reading of pronouncements by Labor Party leaders and his assessment of various measures taken over the years with the proclaimed intention of bringing about an egalitarian society. The book was the topic of a conference at the distinguished Van Leer Institute in Jerusalem and the subject of the lead review in the weekly literary supplement of the newspaper *Haaretz*. Sternhell has been criticized for viewing less important and even marginal expressions of Labor Party leaders as key items in the party's history.<sup>3</sup> Especially relevant for this chapter is Sternhell's failure to assess Israeli egalitarianism in comparative context, or to consider the work of scholars who have wrestled with the concept of economic equality and the technical features of policies that are relevant to it.

Yosef Goell, a senior columnist with *The Jerusalem Post*, wrote that "[r]ecent studies have shown that among developed countries, Israel is second only to the United States in income inequality."<sup>4</sup> The Hebrew University academic Michael Shalev has written that Israeli inequality is ameliorated by progressive taxation and transfer payments, but asserts that Israel falls short of other welfare states in the seriousness and success of its egalitarian policies.<sup>5</sup> Dan Horowitz and Moshe Lissak, as well as Goell and Shalev, have written about increasing inequality between Israel's income groups.<sup>6</sup> At about the time this chapter was being drafted, a commentator on a popular nightly news program said that it was well-known that Israel's income inequality was the greatest among Western nations. Insofar as his comment brought no challenge or other response from colleagues on the panel, it may be concluded that the statement was accepted at face value, or viewed as a political mantra not warranting a response.

The Israeli academy is not free of dispute about the issue of equality. Emeritus professor of economics at the Hebrew University, Haim Barkai, was moved by a claim at a prominent national ceremony by the minister of education that Israel had the greatest social gap of all the developed countries, and similar claims soon thereafter by the prime minister and the nation's president. According to Barkai, in an article in *Haaretz*, the claims

were associated with the annual budget campaign of the country's lobby in behalf of social causes, and were based on incomplete and misleading data published by the National Insurance Institute (the Israeli equivalent of Social Security). The headline of Barkai's article in *Haaretz* asserted that the data used by his adversaries lied, and that the Israeli income gap was neither great nor growing.<sup>7</sup>

Barkai's article prompted a retort from Hebrew University political sociologist Michael Shalev. According to Shalev, there are enormous gaps between the rich and the poor in Israel, and that the government is greatly retarded in dealing with the issue compared to other Western countries. A curious aspect to Shalev's article was an admission that the study of income gaps was highly technical and complex, and lent itself to different conclusions, along with a modest claim based on comparative data that Israel finds itself with the less-egalitarian Anglo-Saxon countries and not with the more egalitarian countries of northern Europe. These modest statements seemed at odds with the assertion in the same article that Israel's gaps between rich and poor were "enormous."<sup>8</sup>

At about the same time, *Haaretz* published an item drawn from ministry of education research noting that gaps with respect to education between Sephardim and Ashkenazim remain, but are smaller than in the past. These findings reflect the incidence of young people from the two communities attaining certificates of matriculation, which indicate their success in secondary school examinations and figure in university admissions; plus their completion of university degrees and pursuit of advanced degrees. The research shows that two decades ago 43 percent of Sephardim as opposed to 72 percent of Ashkenazim attained the matriculation certificate; in the late 1990s the differential was 53 percent versus 77 percent; thus, the gaps lessened from twenty-nine to twenty-four percentage points. In the 1950s, 27 percent of Sephardim young people studied in academic high schools that prepared them for universities, as opposed to 50 percent of Ashkenazim; in the 1980s, the differential was 45 percent versus 64 percent. Here, the spread declined from twenty-three to nineteen percentage points.<sup>9</sup> Depending how one assesses these changing percentages, it is possible to conclude that gaps have indeed grown smaller, or that the change was slight.

The first report in a series on social justice to be published by the Van Leer Institute pondered the expectation that equality stands in opposition to chances for economic growth insofar as equality is not a prime goal of capitalists. However, it found a positive correlation between growth and equality, and concluded that equality could contribute to growth by removing causes of social tension. It also ranked Israel among the countries that are both more egalitarian than the average and display greater rates of economic growth than the average. Curiously, the report

did not focus on another explanation for the correlation between indicators of growth and equality: that growth provides the wherewithal that facilitates economic equality.<sup>10</sup>

Israeli media highlighted a report by a Knesset committee on social gaps in early December 2002.<sup>11</sup> The headlines were that Israel was second among developed countries in the size of the gaps between rich and poor. The actual report said very little about international comparisons, and nothing about the problems in such analyses that I will detail. Other elements of the report left additional doubts about the claims concerning Israel's international standing.

For one thing, the few countries included in the comparison did not include Switzerland, Japan, the United Kingdom, and New Zealand, which in earlier studies were found to have greater economic inequalities than Israel. Also, the report identified three social groups that score especially low in economic terms (Ethiopian immigrants, ultra-Orthodox Jews, and Bedouins). Two of these groups represent peculiarities in Israeli society that have few parallels elsewhere. The Ethiopian community of about 85,000 persons came mostly in the 1980s and 1990s from one of the poorest segments in one of the world's poorest countries. They would not have been allowed into most other developed countries, whereas Israeli and international Jewish organizations recruited them from their scattered villages. The ultra-Orthodox community represents some 295,000 persons in Israel, with four-fifths of the adult males refraining from the work in order to engage in full-time religious study. Both the Ethiopian and the ultra-Orthodox communities rely heavily on public sector subsidies in order to maintain a minimum standard of living. Both also skew the national statistics in the direction of income inequality. A sophisticated international comparison would make some effort at "normalizing" Israeli statistics in order to take account of these populations, but there was no such correction in the study produced by the Knesset committee.

The criticisms about Israeli inequality say more about the ideological affinities of Israeli intellectuals or those interested in Israel than the country's socioeconomic reality. They recall the findings of other social scientists, that Israelis are more inclined to hyperbole or extremism in their political expressions than the residents of other democracies.<sup>12</sup> Actually, it is no easy task to define a measure of equality in any country, and there are no universally acceptable comparisons of equality between Israel and other countries. The complexities in the analysis are sufficient in themselves to warn against any simple conclusions such as those I have reported. No empirical findings can be taken as the final word in this murky field of social science. However, the methodological complexities and diverse empirical findings deserve our attention prior to offering any conclusions about this intriguing, important, but ambiguous issue of equality.

### Issues of Concept and Measurement

The notions of social and economic equality are problematic on several dimensions. The concepts range outward to justice and fairness in the division of opportunities and achievements in income, education, occupational status, housing, and health, as well as treatment by a country's police and judicial authorities. It is common for scholars to deal with the more narrow and measurable concept of income equality. But problems abound even among the most precise definitions, which concern distributions of income between wealthier and poorer segments. Experts quarrel about the virtues and problems associated with measurements showing differences between upper- and lower-income groups, the widely used summary indicator (GINI coefficient), national measures of the "poverty line," and differing indicators for income and wealth (important for studies of the aged, who tend to score low on monthly income but higher on measures of wealth, such as home ownership). It is no simple task to distinguish between gross and net income; assign values to the public services received by families at different levels of income; trace the flow of transfer payments; reckon with how much families in each income class pay for indirect taxes (sales, value added, property, customs duties); take account of accumulated wealth represented by housing, land, savings accounts, the values of governmental and private pension funds, and other possessions; and reckon with unreported (underground) income. The problems do not stop with assessing the formal legislation concerned with taxes and services, but require an assessment of how different taxes are actually levied and collected, and how services are actually distributed. Most research proceeds only part of the way along the chain of increasing precision. Few compilations struggle with the problems of differential policy implementation from one population sector to another, or questions like *What is the value of education received in a slum school compared to that in an upper middle class neighborhood? What about the uneven assessments of taxes, or the discretionary discounts on taxes provided in cases of hardship?*

The analytical problems multiply for those concerned with comparisons across national borders. Countries differ in their public services, transfer payments, tax rates, and the exclusion of certain incomes and expenditures from taxation. And they differ as well in the quality of their economic statistics, and in the effectiveness of policy implementation.<sup>13</sup> What emerges from this collection of problems is a severely limited array of international data. Some data for numerous countries appear in regular publications of the World Bank and other international organizations. But these publications may group data from different years, collected by means of varying quality. The most refined information available has been collected for some countries on an irregular basis, assembled and partly refined by individual scholars or teams concerned with issues of international comparison.

An additional set of problems concerns the measures to be used in explaining national differences in income equality. Gross national product (GNP) is commonly used as an independent variable, but is faulted for some countries, including Israel. One of the problems is that GNP does not include foreign aid, which adds to Israel's wealth and living standards. GNP also does not account for country-to-country differences in the purchasing power of local currency.

The importance of international comparison ranges beyond what is essential in careful academic analyses. Comparison suggests results that indicate conditions that are reasonable to expect. If a country scores similarly on measures of equality as other countries with which it may be compared (that is, similar on characteristics likely to affect equality), it is fair to conclude that its performance is acceptable within the level of resources that states generally are inclined to allocate to equality. For those who assert that comparison is not an appropriate standard of judgment for equality, the only solution may be access to a Paradise where resources and opportunities are unlimited and justice is the prime value.

Parochialism can have serious implications for public policy. For those who are not satisfied with a reasonable level of aspirations, as defined by the achievements of countries that are similar on important traits, a parochial insistence on ever-greater achievements in a favored field of policy—like economic equality—can produce a distortion of resource allocations. The results may be shortfalls in the accomplishments of other public policies that are not currently fashionable, or damage to the private sector as a result of taxes that are higher than in countries that are its competitors in international markets.

No analyses can answer all the doubts of skeptics with respect to the assessment of income and/or social equality in different countries at different points of time. Yet, a consideration of data and an encounter with the technical difficulties of the analyses advances the discussion beyond the often impressionistic comments that scholars or journalists offer about their own country without an explicit consideration of how the country compares with others. The Luxembourg Income Study (LIS) is perhaps the most sophisticated large-scale effort to examine the issue of economic equality across a number of nations. It involves a data bank, as well as numerous studies using the data by scholars from several countries. Yet, it is far from ideal. Recognizing the complexity and disputes in the data, concepts, and tools of analysis, the introduction to the LIS Web site includes the following disclaimer:

This disclaimer is not meant to sidestep the responsibility for the material we will share with you, but rather is designed to emphasize the purpose of the Luxembourg Income Study Working Paper Series, which is to provide information for

your own purposes. The subjects presented have been chosen for their scholarly value. The information contained herein consists of research papers based in some way on microdata included in the Luxembourg Income Study. The information should not be considered to be completely error-free or to include all relevant information; nor should it be used as an exclusive basis for decision-making. The user understands and accepts that if the Luxembourg Income Study were to accept the risk of harm to the user from use of this information, it would not be able to make the information available because the cost to cover the risk of harms to all users would be too great. Thus, use of the information is strictly voluntary and at the user's sole risk.<sup>14</sup>

### Equality and Economic Development

One of the lessons that emerges from comparison is an association between equality and a country's level of economic development. Countries with higher levels of GNP per capita tend to have more equal distributions of income. The statistical findings make sense. Equality is expensive. It depends on a national treasury sufficiently wealthy to afford substantial programs in education; transfer payments to aid the unemployed, incapacitated, elderly, and large families; and an administrative structure sophisticated enough to assess and collect taxes in a progressive manner. A wealthy economy also provides more opportunities for personal advancement in the private sector, as through nongovernmental bank loans, educational scholarships, wages, and savings. A statistical analysis of data assembled for forty-five countries in the mid-1980s found coefficients of simple correlation in the range of 0.7 between GNP per capita and measures of income equality.<sup>15</sup>

This information shows that Israel is not among the few most egalitarian societies, but neither is it among the wealthiest. Israel's level of income equality more or less reflects its level of economic development. To the extent that these measures of Israel's income equality depart from levels generally associated with its economic development, they show that Israel is more egalitarian than a number of other countries at or above its level of wealth. Applying regression analyses and a consideration of residuals to the data shows that Israel's GINI coefficient is lower than predicted by its level of GNP per capita (indicating greater equality than typically associated with its GNP per capita), while the proportions of incomes received by low-income and high-income families are respectively higher and lower than predicted by its level of GNP per capita (also indicating greater equality of incomes than typically associated with its GNP per capita).

More recent data from the World Bank confirm this general picture. The bank's latest compilation of GINI coefficients show most well-to-do western European countries with greater income equality than Israel. Israel income

distribution scores somewhat more equal than those of Ireland, Portugal, and the United Kingdom, and substantially more equal than those of New Zealand, the United States, plus a host of lesser-developed countries.<sup>16</sup>

The importance of economic development for issues of equality adds to the criticism that should be directed at Sternhell's analysis. His censure of Labor Party founders for departing from an ideology of egalitarianism is inappropriate for the primitive condition of the prestate and early-state Israeli economy. He writes as if party leaders had a free choice in pursuing goals of nationalism or social equality, and chose nationalism over social goals. What he does not consider is the cost of each option, or its likelihood of being achieved in the context when decisions were made. Along with general poverty and a lack of administrative infrastructure, the early period that occupies much of Sternhell's analysis was marked by the total lack of state sovereignty. Labor Party founders did no more than head the Jewish population governed by the British Mandatory Authority. They had to rely on voluntary mechanisms and social pressure in order to collect funds and take other actions with respect to resource allocation and service provision.

The Luxembourg Income Study is assembling data with special care to reconcile national reports. As researchers indicate, however, the final data is not free of the country-to-country peculiarities I have noted. Several reports of the LIS use data for Israel and countries having wealthier economies: Australia, Belgium, Canada, France, Germany, Italy, the Netherlands, Norway, Sweden, the United Kingdom, and the United States. The findings show that Israel does not differ greatly from the norms of the group on measures of income equality, and scores more egalitarian than some of these countries on certain measures.<sup>17</sup>

A regime's investment in egalitarian policies can also be viewed in the context of demands on its resources from other policy fields. Israel's unusually high expenditures on security make its efforts on equality even more impressive. While a group of Western-style democracies was spending \$440 per capita and 2.9 percent of GNP on defense in 1980, Israel was spending \$2,623 per capita and 28.8 percent of GNP. Comparable figures for 1995 were \$503 per capita and 2.2 percent of GNP spent by other countries, while Israel was spending \$1,646 per capita and 9.6 percent of GNP.<sup>18</sup>

Also important in viewing a country's indices of equality are recent changes in its population. The arrival of more than 1 million mostly poor immigrants from the former Soviet Union and Ethiopia since the late 1980s has added more than 15 percent to the total population and would appear to worsen Israel's indices for equality. The cost of providing basic services to this new population takes resources from other social programs. And at least in their first years, immigrants are not likely to participate in the higher or even the middle reaches of a nation's economy.

Those critics who charge that Israel's economy has become less egalitarian in recent years are essentially correct. There has been a reduction in government subsidies for basic foods, public transportation, and other services used disproportionately by the weaker members of society. However, the same point is also made about numerous other national economies. There are several indications that the heyday of the welfare state has generally passed, or that welfare policies have retreated in the face of political victories by centrist or right-wing parties.<sup>19</sup> Many Western-style democracies along with Israel have accepted the fashions of governmental downsizing and privatization. The homeless appear to be more prominent on the streets of European and North American cities than Israeli cities. Foreign aid budgets also suffered, even before the end of Cold War competition, as elites in Western countries tired of providing charity to the world's poor.

Data for numerous countries on changes in equality are even more scarce and less comparable than data about equality in individual countries at fixed points in time. National governments change their distributions of taxes, program benefits, transfer payments, and statistical concepts without reference to what the changes mean for social scientists concerned with stable data sets. According to one set of figures, Israel's GINI coefficients changed in the direction of greater inequality from the 1980s to the 1990s, along with those of the United States, Switzerland, the Netherlands, Ireland, Spain, the United Kingdom, and Brazil.<sup>20</sup> Israel's shift to greater inequality according to these figures was less pronounced than those of the United States, Switzerland, the Netherlands, and Ireland. According to another set of figures, Israel's GINI coefficients moved in the direction of greater inequality between 1985 and 1994, but then reversed direction to show greater equality between 1994 and 1996.<sup>21</sup> A spurt toward inequality from 1988 to 1994 may reflect a period of sizable immigration and the unemployment experienced by immigrants rather than any deliberate policy on the part of the government.

Whatever the condition of Israeli inequality, it is ameliorated by progressive rates of taxation. Statistics published by Israeli and American governments show that the Israeli tax system substantially narrowed the income gaps. In the United States, in contrast, the gaps were widened by a tax system that is regressive in the aggregate.<sup>22</sup>

It should be no surprise that a number of social traits associate with different levels of income classes. We shall see in the following section that indicators of health, longevity, housing quality, and education are more and less desirable for social groups that score higher and lower on measures of income. Data for household possessions likewise correspond with income. While more than 90 percent of Israel's households possess a refrigerator, telephone, washing machine, and color television, other items appear more

in well-to-do than in poorer homes: air conditioning, personal computer, cellular phone, and one or two automobiles.<sup>23</sup>

### Israel's Minorities in Comparative Perspective

One of the prominent stories of the 20th century has been the creation of Israel, its survival against the violent opposition of Palestinians and other Arabs, and the absorption of immigrants that contributed to a seven-times multiplication of total population. Fifty years into Israel's history, a substantial group of its own Jewish scholars as well as other observers recognize the complexity in national myths. In a number of circles, the Jewish David has become Goliath, and the Arab Goliath has taken over the image of David. No end is in sight of debates as to the justice of Jewish and Arab actions with respect to one another. In the view of some scholars, the poor treatment of the Sephardim by the Ashkenazim is part of Israel's national sins.<sup>24</sup> According to one commentary written in the context of violence that spread from Palestinians to Israeli Arabs in October 2000, an essential part of the explanation was that Israeli Jews "live 1000 times better than the Arabs whose land they live upon."<sup>25</sup>

Here, the concern is not primarily with past or current violence or discrimination. It is, rather, with the demographics and economics of Israel's minority populations, as well as the social and policy implications of the findings. The emphasis is on the non-Jewish minorities, but the analysis would not be complete without a concern for ethnic variations among the Jews.

The argument is that compared to another country with prominent minorities, that is, the United States, Israel's minorities are closer to the majority on measures of income and health. On traits that can be considered destabilizing, such as numerous broken or ill-formed families and large numbers of young people without family support, the situation of Israel's minorities is enviable in comparison with that of the United States.

The proportion of non-Jews in Israel is 20 percent, and that of African Americans in the United States is 13 percent. The histories of both majorities and minorities have produced social and economic differentials as well as animosity between the populations. However, African American history of slavery and enforced segregation is different from the Israeli Arabs' experience of opposing Jewish settlement and then Jewish dominance. Moreover, just as African Americans differ greatly among themselves according to social and economic traits, so do Israel's minorities. About 75 percent of Israel's Arabs are Muslim, 15 percent Christian, and 9 percent Druze. It is common to distinguish Bedouin from other Muslims, and to expect significant differences within each of the minorities according to education.

In an age concerned with political correctness, there is a problem of sounding patronizing. I am a member of a national majority, and an Ashkenazi professor at the country's major university, writing in a way that can be interpreted as judging one minority against another. There are many among African Americans who will not enjoy being compared to Arabs, and many among Israeli Arabs or Palestinians who do not enjoy being compared with African Americans. Indeed, the use of the terms *Israeli Arabs* and *Palestinians* has become as problematic as *African Americans* or *Blacks*. While it would be safest not to write this chapter at all, the importance of the topic urges care in the use of language in order to minimize hard feelings on issues that are inherently sensitive.

Without a doubt, the Jewish majority enjoys higher standards of living than Israel's minorities. However, the general picture is that differentials on a number of traits are not as great as those between the majority and the minority in the United States. Moreover, changes over time in Israel tend to show an approach of majority and minority more distinctly than in the United States.

To be sure, international comparisons even of this limited sort are not simple. While some of the data series collected annually by the U.S. Bureau of the Census are directly comparable to those of the Israeli Central Bureau of Statistics, others differ from one another, and require judgments about their comparability. Tables 7.1 and 7.2 provide comparable data pertaining to education and health.

The strength of American education is apparent in Table 7.1. Both whites and African Americans are more likely to finish high school than either the Jews or non-Jews of Israel. Moreover, the white-African American ratios are closer in the United States than the Jewish-non-Jewish ratios in Israel. As this chapter is being written, a newly released Israeli government report indicates what visitors to East Jerusalem have been able to perceive for years: that many of the city's Arab children do not attend school.<sup>26</sup> Israeli educational rates for both Jews and non-Jews are increasing faster than American rates, as might be expected from having started further behind. Israeli scores for higher education are closer to those of the United States, but similar national gaps prevail as in the case of high school education. In education viewed as a whole, Israel is not yet in the same league with the United States. In both countries, social critics complain about the quality of education, especially in poor and minority communities.

The picture differs dramatically in the case of common measures of health, as shown in Table 7.2. In contrast to education, this is a field in which social services in the United States lag behind those of Israel. Since 1980, Israeli Jews have gone from having higher rates of infant mortality than American whites to having lower rates, and Israeli non-Jews have



**Table 7.1**  
**Comparable Educational Achievements**

*Percentage of Israelis with at Least Thirteen Years of Schooling*

Year	Jews	Non-Jews	Majority-Minority Ratio
1975	18	5	3.9
1980	21	8	2.7
1985	24	8	2.9
1990	28	9	3.1
1996	37	15	2.4

*Percentage of Americans with at Least Four Years of High School*

Year	Whites	Blacks	Majority-Minority Ratio
1975	65	43	1.5
1980	69	51	1.3
1985	76	60	1.3
1990	79	66	1.2
1997	83	75	1.1

*Percentage of Israelis with at Least Sixteen Years of Schooling*

Year	Jews	Non-Jews	Majority-Minority Ratio
1975	7.0	1.4	5.0
1980	8.5	2.2	3.9
1985	10.2	2.5	4.1
1990	12.2	3.0	4.1
1997	16.6	6.1	2.7

*Percentage of Americans with at Least Four Years of College*

Year	Whites	Blacks	Majority-Minority Ratio
1975	14.7	6.4	2.3
1980	17.1	8.4	2.0
1985	20	11.1	1.8
1990	22	11.3	1.9
1995	24	13.2	1.8
1997	24.6	13.3	1.8

Sources: *Statistical Abstract of Israel, 1998* (Jerusalem: Central Bureau of Statistics, 1998), table 22.1; and *Statistical Abstract of the United States: 1998* (Washington, D.C.: U.S. Bureau of the Census, 1998), table 260.

done even better. From rates that were slightly higher than African Americans, they are now substantially lower than African Americans. Moreover, the Israeli majority-minority differentials on this social indicator are smaller (ratios closer to 1.0) than in the United States. The picture is less dramatic in the case of life expectancy, but the national comparisons are in the same direction. Israeli Jews have a longer life expectancy than American whites, and Israeli non-Jews have a longer life expectancy than African

**Table 7.2**  
**Comparable Measures of Health**

*Israeli Rates of Infant Mortality*

Year	Jews	Non-Jews	Majority-Minority Ratio
1980-1984	11.8	21.2	0.6
1985-1989	8.8	15.2	0.6
1990-1994	6.8	12.3	0.6
1997	5.0	7.6	0.7

*American Rates of Infant Mortality*

Year	White	Black	Majority-Minority Ratio
1980	10.9	20.2	0.5
1990	7.6	15.5	0.5
1994	6.6	13.5	0.5

*Israeli Life Expectancy at Birth*

Year	Jews	Non-Jews	Majority-Minority Ratio
1980-84	74.8	72.4	1.03
1985-89	76.0	74.1	1.02
1990-94	77.4	74.9	1.03
1994-96	77.8	75.4	1.03

*American Life Expectancy at Birth*

Year	White	Black	Majority-Minority Ratio
1980	74.4	69.5	1.07
1985	75.5	71.0	1.06
1990	76.1	71.2	1.07
1995	76.5	71.9	1.06

*Rates of Reproduction among Israelis*

Year	1998	1975
Jews	1.27	1.51
Muslims	2.17	3.54
Christians	1.23	1.53
Druze	1.51	3.13

Sources: *Statistical Abstract of Israel, 1998* (Jerusalem: Central Bureau of Statistics, 1998), tables 3.1, 3.21, and *Statistical Abstract of Israel, 1999* (Jerusalem: Central Bureau of Statistics, 2000), table 3.11; *Statistical Abstract of the United States: 1998* (Washington, D.C.: U.S. Bureau of the Census, 1998), tables 128, 134.

Americans. Moreover, the Israeli majority-minority differentials are smaller than those in the United States. Table 7.2 also shows considerable convergence between Jews and non-Jews on rates of reproduction. Between 1975 and 1998 Jewish-Muslim differentials dropped from 1:2.3 to 1:1.71 and Jewish-Druze differentials dropped from 1:2.07 to 1:1.19.

Israeli and U.S. government statistics for 1997 show non-Jewish family income at 67 percent the level of Jewish family income in Israel, and African American family income at 64 percent of white family income in the United States, as shown in Table 7.3.

While rates of infant mortality, life expectancy, and family income reflect social conditions that are less enviable in the United States than in Israel, the contrasts appear to be even sharper in the case of traits where there are fewer directly comparable indicators. At issue are illegitimate births, births to young teenage mothers, and abortions. U.S. government data have shown substantial incidences of births to unmarried African Americans for several decades, and recent increases in births to unmarried whites. For 1995, 25 percent of births to whites involved unmarried mothers, as did 70 percent of births to African Americans.<sup>27</sup> Four percent of white births were to women younger than eighteen in 1994, and 10 percent of African American births.<sup>28</sup> In 1995, abortions amounted to 265 per 1,000 live births among American whites, and 686 per 1,000 live births among African Americans.<sup>29</sup>

Births to unmarried women or to young teenagers, and abortions, are also known in Israel, but not to these proportions. Israel's Central Bureau of Statistics does not report the incidence of births to never-married non-Jews. It reported that 2 percent of the births to Jews were to never-married women in 1995, which is less than one-tenth the rate of the same indicator among American whites.<sup>30</sup> With respect to abortions, Israeli data report only the incidence of approvals given by official committees for abortions in hospitals. Total abortion rates are undoubtedly higher. Those reported

Table 7.3

**Israeli Jews, Ashkenazim, Sephardim, and Non-Jewish Monthly Incomes**

Year	1997	1991
Jews in total	1.00	1.00
Jews with backgrounds in Asia and Africa	.90	.81
Jews with backgrounds in Europe and America	1.36	1.21
Non-Jews	.67	.64
American Whites	1.00	1.00
African Americans	.64	.60

Note: Israeli comparisons with Jews in total set at 1.00; American comparisons with whites set at 1.00.

Sources: *Statistical Abstract of Israel, 1992* (Jerusalem: Central Bureau of Statistics, 1993), table 11.4, and *Income Survey, 1997* (Jerusalem: Central Bureau of Statistics, 1998), table 3; *Statistical Abstract of the United States, 1993*, table 712, and *Statistical Abstract of the United States, 1999*, (Washington, D.C.: U.S. Government Printing Office, 2000), table 742.

for hospitals amounted to 170 per 1,000 live births for Jews and 20 per 1,000 live births for Muslims in 1996. Approvals linked to the unmarried status of the woman were in the magnitude of 9 per 1,000 live births for Jews, and 1 per 1,000 live births for Muslims.<sup>31</sup>

Israeli Jews and non-Jews also divorce, but the incidence appears to be a fraction of the rates in the United States. Israeli data for 1995 show 1.8 cases of divorce for every 1,000 Jews, and 0.6 per 1,000 among the minorities.<sup>32</sup> These figures were 31 percent of the incidence of marriages in the same year for Jews and 8 percent of the incidence of marriages in the same year for non-Jews. U.S. data show an overall (majority and minority populations) rate of divorce that is one-half the incidence of marriages.<sup>33</sup> Divorce rates for whites in the United States are similar to those of African Americans. However, only 61 percent of African American women had ever married by the age of thirty-four in 1990, while 86 percent of white women had married by that age.<sup>34</sup>

While Israel may be envied for ethnic minorities who are not desperately poor and do not clog its cities with unwanted children, there is a cost being paid for the condition. Low rates of divorce and illegitimacy among Israel's Arabs come about partly because of women who live in authoritarian family settings. Arranged marriages and killings of errant women to preserve family honor are part of the social environment.<sup>35</sup> These problems in Israel's minority population may decline with increased education. To the credit of Israel's Arab women are increases in their tendency to acquire education. While only 8 percent of Arab women aged sixty-five and over have at least thirteen years of education, 65 percent between the ages of eighteen and forty-four have at least thirteen years of education. Only a slightly higher percentage of men in the same age group (70 percent) have at least thirteen years of education.<sup>36</sup>

### Jewish and Arab Local Authorities

An accusation often made about Israel is that the government discriminates favorably in its support of local authorities whose residents are mostly Jewish and unfavorably with respect to Arab local authorities. Prominent among those who charge Israeli officials with discriminating are the mayors of Arab cities and towns. Israel's Supreme Court has ruled in favor of Arab plaintiffs who have brought suit against the Israel Lands Authority for allocating land to local communities meant for the housing of Jews only, and in favor of Arab plaintiffs who have charged severe inequalities in the allocation of land and resources for the management of Jewish and Muslim cemeteries. As this chapter is being drafted, the court decisions have yet to be followed up by tangible actions satisfactory to the plaintiffs.<sup>37</sup>

Without doubt, Arab localities have fewer public amenities than Jewish communities (see Table 7.4). Yet the picture is more complex than the image. The situation of Israel's non-Jewish local authorities has improved substantially since the 1980s with respect to their receipt of government aid. The Interior Ministry provides a grant to local authorities that is meant to compensate for a lack of local resources. Most local authorities receive a grant under this program, except for the most well-off Jewish communities. Interior Ministry grants to Jewish and non-Jewish recipient authorities were almost identical in 1993: NIS403 per capita for the Jewish local authorities and NIS401 for the Arab local authorities. In 1997, the per capita grant to Arab localities was NIS972 while that to Jewish localities was only NIS734. As a proportion of their total budgets, the grants received by Arab local authorities have been in the range of 1.6 to 2 times those received by Jewish authorities. In 1982, the condition of Arab local authorities was substantially less desirable. Their per capita grant was only one-third that of the local authorities whose residents were mostly Jewish. In 1982, Interior Ministry gave to the Arab local authorities a larger percentage of their total expenditures than in the case of the Jewish local authorities, but the differential was 1.14 to 1 (non-Jewish in relation to Jewish local authorities), compared to 2.09 to 1 in 1993, and 1.62 to 1 in 1997.<sup>38</sup>

Poor services in Arab communities reflect, at least in part, the disinclination of their local authorities to collect taxes. A ratio of the total local budgets in relation to the average income of families was .49 among the Arab local authorities sector during 1993, and .68 among Jewish local authorities. In the late 1990s, the local tax effort of both sectors increased, but the gap remained: .93 for Arab communities and 1.10 for Jewish.<sup>39</sup>

The information used for this analysis is the single most prominent form of central government aid to local authorities: the annual grant provided by the Interior Ministry. It is not, however, the whole story. Government ministries provide other allocations to local authorities, as well as pursue their own projects throughout Israel. These activities benefit the residents of cities and towns even if they do not pass through the budgets of the local authorities. Unfortunately, there are no centrally collected data, organized by cities and towns, or by Jewish and Arab beneficiaries, of the total outlays of the Israeli government.

#### *Arab Politicians*

Israel's parliament (Knesset) provides one arena for the demands of the country's minorities. From its beginning, the country has had an electoral system of proportional representation, and a tradition of creating parties to represent segments within each of the prominent minorities. As

**Table 7.4**  
**Jewish and Arab Local Authorities**

	1997	1993	1982
Govt grant/capita to localities mostly Jewish	734*	401*	2834*
Govt grant/capita Arab localities	972*	403*	925*
Govt grant as % of income localities mostly Jewish	25	17	61
Govt grant as % of income Arab localities	42	35	71
Local tax effort, localities mostly Jewish	1.10	0.63	NA
Local tax effort, Arab localities	0.93	0.49	NA

\*Data for 1982 are in Israeli shekels; data for 1993 and 1997 are in New Israeli shekels.

Sources: Ira Sharkansky, *The Political Economy of Israel* (New Brunswick, N.J.: Transaction Books, 1987), chap. 5; *Local Authorities 1993: Financial Data* (Jerusalem: Central Bureau of Statistics, 1996), *Local Authorities 1997: Financial Data* (Jerusalem: Central Bureau of Statistics, 1998), tables 13, 40, *Statistical Abstract of Israel 1999* (Jerusalem: Central Bureau of Statistics, 2000), table 2.14, *Local Authorities 1993: Physical Data* (Jerusalem: Central Bureau of Statistics, 1996), table 47 (Hebrew), and *Local Authorities 1997: Physical Data* (Jerusalem: Central Bureau of Statistics, 1999), table 50.

a result of the 1999 election, two parties representing the country's Arabs won five and two seats (out of 120). Another party that is the present manifestation of the former Communist Party won three seats. Most of its voters are Arabs, although it also has a Jewish component among its leadership and electorate. The largest of the country's parties—Labor and Likud—also have Arabs among their mostly Jewish voters and members of Knesset.

The party affiliations and the political postures of most Arab members of the Knesset are part of their problem. They tend to cluster in anti-establishment parties, and to express themselves shrilly on issues of Arab-Jewish relations. While they have supported Israeli governments that have offered concessions to the Palestinians, they have also been among the most outspoken and extreme critics of the Israeli government and its leading politicians during times of community conflict. Politics as we know it from democratic societies involves "one hand washing the other" or "you roll my log and I'll roll yours." However, several Arab Knesset members seem inclined to assure themselves of a role as severe critics, even if it means staying outside of the inner circles that allocate resources. After the increase in violence that began in October 2000 and involved Israeli Arabs and some of their political leaders as well as Palestinians and their leaders, there were Jewish activists who called for massive increases in allocations to Arab communities.<sup>40</sup> Others spoke against "rewards" for incitement and violence.

*Jewish Minorities*

The problems of Israel's minorities do not end with the situation of non-Jews. Israeli Jews who came from Morocco, Yemen, Kurdistan, or elsewhere in Iraq, plus other "Eastern Jews" and Romanians complain about their treatment by dominant East European Jews from the 1940s and 1950s. Ethiopian Jews who arrived in the 1980s and 1990s have their complaints, as do immigrants who have arrived from the former Soviet Union since the late 1980s. Common in the complaints of all these groups are charges that the government has been slow and stingy with respect to their demands for housing, training, and jobs, plus their treatment by civil servants in a range of fields.

The run-up to the 1999 election featured four parties claiming to represent recent immigrants from the former Soviet Union, another party representing Romanians, and an Ethiopian Knesset member of the Labor Party who caused an uproar at a party convention by accusing his party leaders of racism. Also begging consideration are charges made by Orthodox, ultra-Orthodox, religious but not Orthodox, secular, and antireligious Jews about one another. Each claims to be threatened or oppressed by those who demand more or less Jewish religiosity. The Knesset elected in May 1999

**Table 7.5**  
**Indicators Showing Differentials between Sephardim, Ashkenazim, and Non-Jews**

*Percentage of University Students (First Degree)*

Years	1989-90	1974-75
Jews in total	93	97
Jews origins in Asia and Africa	28	18
Jews origins in Europe and America	43	74
Non-Jews	7	3

Source: *Statistical Abstract of Israel, 1999* (Jerusalem: Central Bureau of Statistics, 2000), table 22.34.

*Housing Congestion: Relative Incidence of Households with Three or More Persons per Room*

Years	1998	1986
Jews in total	1.32	3.33
Jews origins in Asia and Africa	1.35	5.00
Jews origins in Europe and America	1.00	1.00
Non-Jews	2.45	79.00

Source: *Statistical Abstract of Israel, 1999* (Jerusalem: Central Bureau of Statistics, 2000), table 11.15, and *Statistical Abstract of Israel, 1987* (Jerusalem: Central Bureau of Statistics, 1987), table 11.6.

included three parties representing Orthodox or ultra-Orthodox Jews that won a total of twenty-seven seats, and two parties representing immigrants from the former Soviet Union that won a total of ten seats. Most prominent among the sectoral parties was Shas, which appealed on both religious and ethnic grounds to a clientele of Jews mostly from North Africa. Its seventeen seats placed it third among the parties in the Knesset.

The most distinctive ethnic divide involving Jews is that between individuals who trace their heritage to Asia or North Africa as opposed to Europe. Over the years, considerable intermarriage has blurred the statistics capable of measuring the social and economic disadvantages of the Jews coming from Asia or North Africa. Table 7.5 compares Israeli Jews according to their origins. It shows gaps in income, housing, and education. Except for a spurt upward of Ashkenazi income, these differentials have diminished in the most recent decade.

**Why the Criticism?**

The tantalizing question that remains is Why the severity of charges about Israeli inequalities—from critics both domestic and foreign—when conditions may not differ significantly from countries to which Israel may be compared? Although the comparisons detailed here are limited, they suggest that while Israel's Arab minority enjoys fewer benefits than the Jews, a consideration of summary indicators suggests that they are no worse off, and perhaps even better placed than the African Americans of the United States. And while Israel's Sephardim remain less well off than the Ashkenazim, the direction of change—like that of Israeli Arabs compared to Jews—shows significant convergence from the 1970s to the 1990s.

The shrill criticism of Israel may reflect disappointment in the ideals associated with the Bible and the modern country's Declaration of Independence. The People of the Book have not created a Paradise on Earth. Their failures disappoint many of them as well as others who expected better. The prophet Amos expressed a culture of unlimited criticism when he demanded righteousness rather than narrowly legal compliance with religious law.

Though ye offer me burnt offerings and your meat offerings, I will not accept them: neither will I regard the peace offerings of your fat beasts. Take thou away from me the noise of thy songs; for I will not hear the melody of thy viols. But let judgment run down as waters, and righteousness as a mighty stream.<sup>41</sup>

By this standard, that which is formally proper may not be good enough! "Righteousness" knows no limit. It is defined by what the most demanding of critics demands as right or just.

Amos's perspective is apparent in the incidence of Jews among radicals on several continents in numerous contexts of regime criticism and rebellion. The same outlook that led Jews to be prominent among rebels against European and South American regimes, and among those opposed to discrimination in the United States and the war in Vietnam, leads Jews of Israel and the Diaspora to criticize the Jewish state. Also to be taken into account is the perpetual and tendentious campaign against Israel among Arab and other

### *Third World Governments*

Gaps in perception may be heightened during times of Palestinian and Israeli Arab violence. We can examine claims of discrimination, economic and social gaps with the kinds of data employed in this chapter. More elusive to analysis and understanding are generalized claims of deprivation and discrimination, or the claims of Muslims to total control over holy sites, such as what Muslims call the Haram al-Sharif and the Jews the Temple Mount. At least part of the explanation for the collapse of the peace process and the uprising in October 2000 resulted from Palestinian refusal to consider anything other than their exclusive control of that site, and their violent response to an hourlong visit there by the Israeli politician Ariel Sharon. Some of this antipathy is fueled by Islamic religious opposition to a state dominated by non-Muslims that rules over a significant minority of Muslims in what is termed a "Muslim" region. Among the questions that elude simple response are claims about economic and social differentials fueled by more basic feelings of alienation from the Israeli regime? Will this alienation resist whatever actions are taken to aid non-Jewish localities and otherwise improve the opportunities of non-Jewish Israelis?

Systematic research that is comparative over time and between countries cannot overcome feelings of suffering and alienation, or silence hyperbole. Nonetheless, comparative analysis offers a contribution that can be made by social science for those who recognize its lessons. The nature of assessment is to deal with specific indicators and to concede that further thought and research are desirable.

### Notes

My thanks to Varda Sharkansky for her assistance.

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30. *Statistical Abstract of Israel, 1998*, table 3.16.
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38. Data for 1982 is reported in Ira Sharkansky, *The Political Economy of Israel* (New Brunswick, N.J.: Transaction Books, 1987), chap. 5. Data for 1993 comes from *Local Authorities 1993: Financial Data* (Jerusalem: Central Bureau of Statistics, 1996) (Hebrew). Data for 1997 comes from *Local Authorities 1997: Financial Data* (Jerusalem: Central Bureau of Statistics, 1998), tables 13, 40, and *Statistical Abstract of Israel 1999* (Jerusalem: Central Bureau of Statistics, 2000), table 2.14 (Hebrew). *Local Authorities 1993: Physical Data* (Jerusalem: Central Bureau of Statistics, 1996), table 47 (Hebrew). *Local Authorities 1997: Physical Data* (Jerusalem: Central Bureau of Statistics, 1999), table 50 (Hebrew).
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41. Amos 5:22–24.

## Chapter Eight

# Globalization and Its Impact on Israel

Yaron Ezrahi

### Introduction

As the internationalization of markets, finance, production, mass communications, and culture, globalization seems to realize some of the most cherished ideals of the enlightenment. Global economy was associated as Albert Hirschman, among others, had shown, with the promise of rationalizing, and therefore restraining passions and political violence,<sup>1</sup> and at least since the 17th century Bohemian divine Amos Comenius advanced his Pansophia and published the first picture dictionary, a world system of communications was widely seen as a powerful means for the promotion of international understanding. Yet, as the emergence of world monopolies and other forms of centralized economic powers, the rise of a largely unpredictable international capital market that has enormous influence on national economies, the spread of commercial consumers culture, the empowerment of the contemporary individual to electronically and, therefore, mentally travel and explore distant cultures and societies, or physically travel in the world beyond the boundaries and controls of one's own polity and national ambience, globalization seems to many to pose serious threats to civic democratic attitudes and structures, to domestic socioeconomic and, therefore, also political equality and stability, and to the integrity and vitality of local ethnic and national cultures.

Globalization has indeed multiple, and often also, contradictory effects whose evaluation would depend on the values and the interests that are presupposed. The rhetoric of globalization, however, is a source of much confusion that tends to obscure the attempts to establish which forces and