

Chapter 1

The Health Index

The life expectancy of an individual is influenced by three criteria: first, the individual's morbidity level (for example, the frequency of illnesses, and especially chronic illnesses); second, healthful behavior (such as physical activity, immunizations, dietary habits and smoking); and finally – access to health services, which is reflected in the level of investment in physical infrastructure (medical centers and hospitals) and professionalism (the level and number of doctors, nurses and the members of the professional staff) in general and in the periphery in particular, including government activity to remove the existing obstacles that prevent access to health services. Coping with the three criteria requires attention to the cultural and socio-economic background of the individual, while adopting a genuinely egalitarian policy in accordance with the needs of the various populations in the country.

According to the index, there is a gap of almost four years in life expectancy at birth between Arabs and Jews. This gap has increased over the years and indicates increasing inequality in the three criteria and the absence of government concern for the needs of the Arab population.

The concept of inequality in health relates to the disparity or the differences in the health of the populations, the health care policy towards the various populations or the process of providing medical treatment to various people or groups in the population. The health care system is responsible for prevention, damage repair and reducing gaps, and should operate as a type of shock absorber that protects the population from the various factors that increase inequality¹⁰.

Researchers in the health field emphasize that the actual government treatment of the problem of inequality in health care is characterized by one-dimensional vision, related to a specific population or specific subjects, rather than an overall systemic vision.

In this connection, the researchers note that there are two main reasons for the inequality in this area. The first is inequality in the resources at the disposal of the health care system: physical infrastructure and medical and paramedical manpower. The second is inequality in the various procedures in the system, which causes inequality in the availability of services. These procedures create economic and cultural obstacles that make it difficult for weak populations to receive proper medical care and deny them access to information that is likely to prevent morbidity¹¹.

According to many health parameters, the health of the Arab population is inferior to that of

¹⁰ Nihaya Daoud, "Between Culture and the Socio-economic Situation: Factors that contribute to inequality in health between Arabs and Jews in Israel," in Adel Manna (ed.), *The Book of Arab Society in Israel: Population, Society, Economy* (2), Jerusalem: Van Leer Institute, Hakibbutz Hameuchad, 2008, pp. 385-408.

¹¹ Leon Epstein and Tuvia Horev, *Inequality in Health and in the Health System: A presentation of the problem and suggestions for dealing with it*, Jerusalem, Taub Center for Social Policy, 2007.

the Jewish population. There are several possible explanations for this situation: the political situation (health is affected not only by the health care system, but by many other factors: the combined activity of the various government ministries, especially the Finance Ministry, the Social Affairs Ministry and the Health Ministry), problems of access, the availability and utilization of health care services, the socio-economic status, cultural and behavioral factors, psychosocial factors et al.

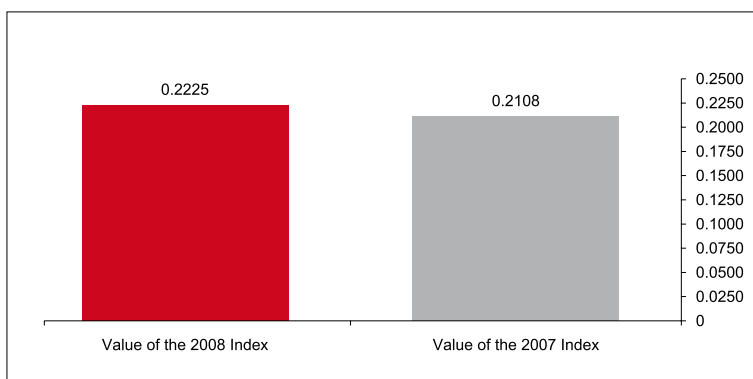
Nihaya Daoud, as opposed to many researchers who tend to attribute great importance to cultural and behavioral factors, claims that health actually depends on issues of class that are related to the socio-economic situation of the Arab population and to health behavior. She claims that these constitute important explanatory factors for the health situation (self-evaluation of health status, restrictive chronic illness, functional handicaps and depression) found among the Arab population. Daoud emphasizes that according to the findings, and as opposed to what is sometimes commonly believed, cultural factors related to tradition and factors related to access to health services are not linked statistically to even one of the indexes of health. It also turned out that "health behavior" is related to the socio-economic situation of the Arab population rather than to its level of traditionalism¹².

The value of the 2008 Health Index - 0.2225

The value of the 2008 Health Index increased by 5.5 percent relative to last year. In other words, the gap between Jews and Arabs in this area widened in favor of the Jews. In spite of the increase in life expectancy at birth among both Arabs and Jewish males, the trend towards change was higher in the Jewish community than in the Arab population (see Diagram 1.2, p. 23). Moreover, in spite of the decline in infant mortality in both populations, the decline among the Jews was greater. In other words, there was a disparity in life expectancy among men, and the gap in the rate of infant mortality widened (See diagram 1.3, p. 24).

In regard to smoking there was an increase in the gap between Jews and Arabs. In both populations the rate among men remained stable, but among women the gap increased due to the decline in the percentage of smokers among Jewish women while among Arab women the percentage remained unchanged (see diagram 1.4, p. 25). Moreover, in the mortality rate for selected age groups the gap between Jews and Arabs over the age of 20 increased, particularly for men, and over the age of 80 for both men and women (see diagram 1.5, p. 26).

Diagram 1.1: Change in the value of the Health Index from 2007 to 2008



¹² Nihaya Daoud, op. cit.

Indicators and variables

As we reported in previous Equality Indexes, the index continues to be based on three indicators that examine the level of equality in the area of health. We will once again note that the choice of these indicators and variables stems from their importance for examining the level of equality. However, we would like to point out that if we had at our disposal a wider selection of orderly statistics about other variables – variables of morbidity (for example, the incidence of illnesses and their treatment) and of accessibility (for example, doctors and professional centers in communities) – we would be able to provide a broader picture of the level of equality between Jews and Arabs.

Indicators	Variables
Life expectancy	1. Life expectancy at birth by gender and population group
Health-promoting behavior	2. Percentage of smokers by gender and population group
Mortality rates	3. Infant mortality rates by population group 4. Mortality rates at selected ages by gender and population

Life expectancy at birth

Life expectancy at birth is a statistical abstraction based on mortality rates typical of a particular age group. Life expectancy is defined as the average number of years that a person of a given age is expected to live if the present mortality rates continue to apply in the future¹³. The life expectancy for men in Israel is relatively high (11th place in the global ranking), whereas the life expectancy for women is lower (20th place)¹⁴. We should note that life expectancy for both Jews and Arabs is on the rise, but the rate of increase differs in the two populations, and the gaps are still widening. For example, in 1996¹⁵ the gap in life expectancy at birth for Jewish men and Arab men was 1.7 years (76.6 and 74.9, respectively) and in 2008 it widened to 3.7 years (78.7 and 75.0, respectively). The gap in life expectancy at birth between Jewish women and Arab women was 2.6 years in 1996 (80.3 and 77.7, respectively) and increased to 3.8 years in 2008 (82.5 and 78.7, respectively).

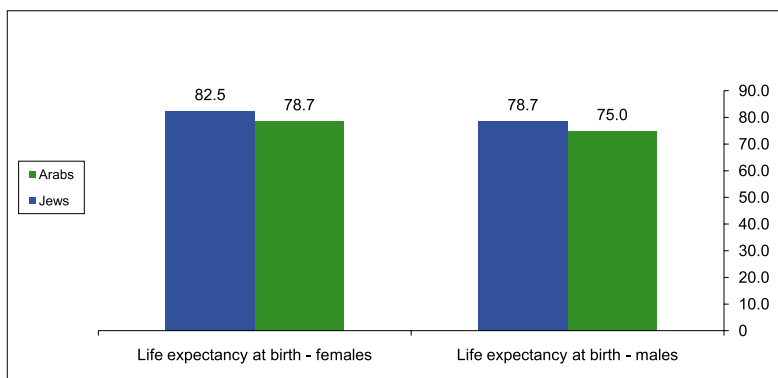
Diagram 1.2 (p. 23) demonstrates a gap in life expectancy at birth between Jews and Arabs – in favor of the Jews – among both males and females (life expectancy at birth for females is higher than for males among both Jews and Arabs). This gap is a continuation of the trend to a widening of the gap, which we noted in the past two years in the 2006 and 2007 Equality Indexes.

13 Jalal Tarabia, State of Health of the Arab Population 2004, 2005, p. 38.

14 Gabi Ben Nun and Nir Keidar, International Comparisons in Health Systems: The OCED countries and Israel, 1970-2005, Jerusalem: Ministry of Health: Finance and Insurance division, 2007.

15 Israel Statistical Annual, p.49, 1998.

Diagram 1.2: Life expectancy at birth among males and females by population group



Source: CBS, Israel Statistical Annual, 2008

Infant mortality

There are various reasons for infant deaths, which in some cases can be prevented through prenatal diagnosis. Two of the tests that women can undergo during pregnancy are an examination of amniotic fluid and a chorionic villus (CVS) sampling of placenta tissue. These tests used for prenatal diagnosis are included in the health services basket for women at increased risk for chromosomal defects or hereditary diseases. Significant differences were found among the various population groups when it came to taking advantage of the right to these tests: 52 percent of Jewish women above the age of 35 underwent prenatal testing as compared to 15 percent of Muslim Arabs, 16 percent of Druze Arabs and 58 percent of Christian Arabs¹⁶. There is also a difference between Jewish and Arab women in the percentage of abortions: According to figures from 1999 and 2001, the percentage of abortions in which the fetus suffered from a neural tube defect is lower among Arab women than among Jews: 44 percent and 75 percent, respectively¹⁷. The difference in taking advantage of entitlements is due to the absence of information programs to increase awareness and to the high cost involved in traveling to the professional medical centers – which are usually located in Jewish urban areas.

According to Diagram 1.3 (p. 24) there is a large gap in the infant mortality rate between Jews and Arabs – 3.2 versus 8.0 per 1,000 live births, respectively. It is important to emphasize that the rate of infant mortality among Arabs is particularly high in the Arab communities in the Negev: three and more times the national average (13 per thousand among the Arab population in the Negev, as compared to 4 per thousand in the population as a whole)¹⁸. The main reason for infant mortality among the Negev Bedouin is birth defects and hereditary diseases. The second most common reason is premature births. In the years 2004–2006, 42.7 percent of deaths among Bedouin babies were caused by birth defects and hereditary diseases, and 22.0 percent by premature birth¹⁹. An intensive and consistent investment in action and information programs among the Bedouin population in the permanent communities and the unrecognized villages is likely to help to increase awareness of prenatal tests and risk factors.

¹⁶ Jalal Tarabia, op. cit.

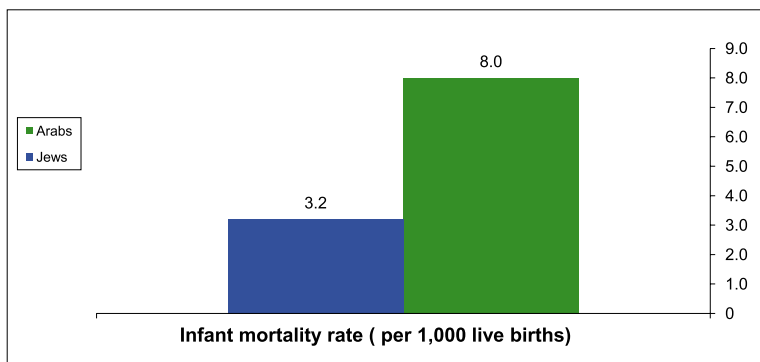
¹⁷ Jalal Tarabia, ibid.

¹⁸ Adel Manna, "Change and Continuity in the Lifestyle of Arab Citizens in Israel - a Situation Assessment," in Adel Manna (ed.), *The Book of Arab Society in Israel: Population, Society, Economy* (2), Jerusalem: Van Leer Institute, Hakibbutz Hameuchad, 2008, p. 27.

¹⁹ The health situation of Bedouin infants and babies up to age 6 in the permanent settlements and the unrecognized villages in the Negev, The International Center for Disease Control, Publication no. 314, Bureau of Health - Southern District, December 2008.

It should be noted that compared to the 2007 index there has been a decline in the infant mortality rate among both population groups, but the decline is more evident in the Jewish population. Among the Arab population the infant mortality rate declined from 8.4 per 1,000 live births in 2007 to 8.0 in the 2008 index – a decline of 5.0 percent. Among the Jewish population the mortality rate declined from 3.6 per 1,000 live births to 3.2 – a decline of 12.5 percent.

Diagram 1.3: Infant mortality rate (per 1,000 live births) by population group



Source: CBS, Israel Statistical Annual, 2008

Health-promoting behavior

Percentage of smokers

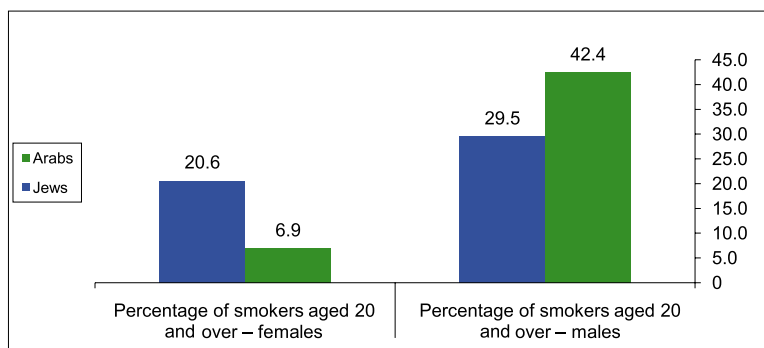
The Health Ministry takes various steps to prevent smoking, among them the implementation of the law against smoking in public places, educational programs to prevent smoking, special anti-smoking programs among teenagers, assisting cities and local authorities in implementing a policy of "a smoking-free city," and programs to prevent smoking in the health ministry offices²⁰. A government investment in information activity and prevention programs being carried out by the Health Ministry and other government ministries is likely to promote healthy behavior and to reduce smoking among the population as a whole, and particularly among teens. The Arab population suffers from an absence of culturally and linguistically appropriate information and prevention programs.

According to Diagram 1.4 (p. 25) we can point to a distinct gap in the percentage of smokers among Jews and Arabs, by gender. While the percentage of smokers among Arab males is 42.4 percent, among Jewish males it is 29.5 percent. The situation changes when it comes to female smokers, since the percentage of female Jewish smokers is three times that of female Arab smokers: 20.6 percent among Jews as compared to 6.9 percent among Arabs. However, the general trend indicates a small difference between Arabs and Jews in the percentage of smokers (disregarding gender distinction): 24.65 percent and 25.05 percent, respectively.

It should be noted that compared to the 2007 figures there has been a slight decline in the percentage of smoking among males, both Jewish and Arab, which in 2007 was 30.3 percent and 43.1 percent, respectively. However, no such decline was observed among female smokers, either Jewish or Arab, in comparison with the 2007 index.

²⁰ Minister of Health's Report on Smoking 2007-2008, the National Center for Disease Control, 2008.

Diagram 1.4: Percentage of smokers by gender and population group



Source: Health Minister's Report on Smoking in Israel 2007-2008, Ministry of Health, 2008

According to the Minister of Health's Report on Smoking, 2007–2008, over half the men who smoke consume 10–20 cigarettes a day. Among Arab men the percentage is higher, and stands at 66.2 percent as compared to 55.2 percent among Jewish men. We should note that about one quarter of Arab men who smoke are "heavy" smokers (in other words, over 20 cigarettes a day), whereas among Jewish men who smoke, only 15.5 percent are heavy smokers. Among the women, the division according to number of cigarettes per day is similar among Jews and Arabs – in both groups the female population had a low rate of "heavy smoking."²¹

It is important to mention that in the Arab population there is a greater chance that health behavior will be determined by the socio-economic situation rather than cultural and/or traditional factors²², and therefore an improvement in the economic situation is likely to lead to an increase in health-promoting behavior. Economic status affects the level and quality of medical care due to a variety of services that are not found in the basic health services basket and/or services where the patient is obligated to participate in the costs, for example, payments for health insurance provided by commercial insurance companies (complementary insurance) and payments for participation that apply to various services, such as the fees for well-baby clinics and for visits to specialists.

In addition, there are vital and expensive services that are not found in the basic health services basket, and therefore the patient must pay the full cost. These include, for example, dental care and medicines and technologies not included in the health services basket²³. Moreover, most of the Arab population lives in peripheral areas, and the cost of travel to professional medical centers and hospitals – institutions that are for the most part located in Jewish urban areas – is especially high.

Healthy behavior is likely to be a result of the socio-economic situation of the population, and therefore there is a clear need for investment to encourage health-promoting behavior among the general population, and among the Arab population in particular²⁴.

21 Ibid. p. 23.

22 Nihaya Daoud, op. cit.

23 Allocation of Resources for Social Services, Jerusalem, Taub Center for Social Policy in Israel, 2007.

24 Nihaya Daoud, op. cit.

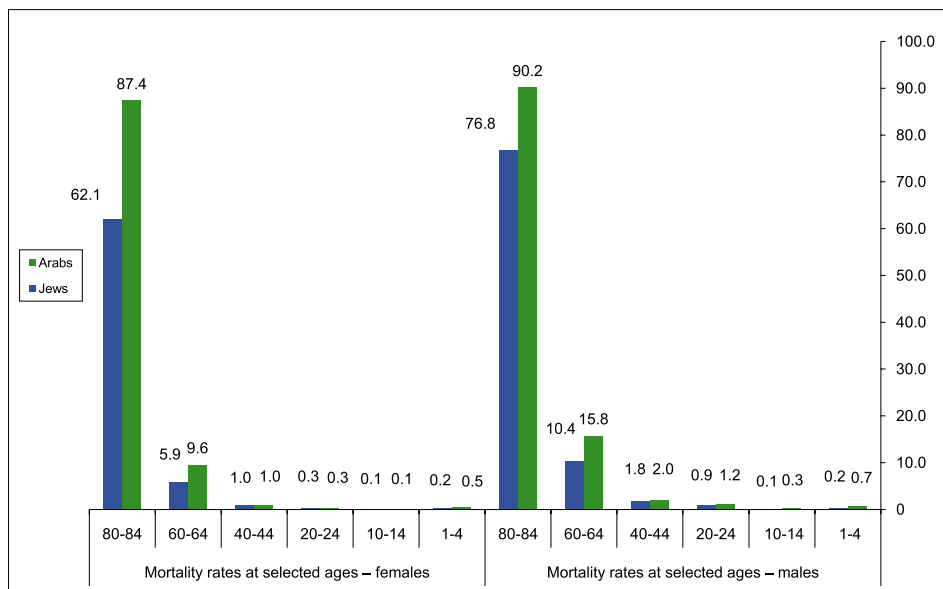
Mortality rate at selected ages

As mentioned, the life expectancy at birth variable reflects the number of years that the individual is likely to live, based on typical current aggregate mortality rates.

The mortality rate variable, on the other hand, is the percentage of those who die, while the cause of death is linked to the quality of care and follow-up provided by the health care system, changes in the health system, the socio-economic situation and the quality of life of the individual at every age in the course of his lifetime, in accordance with the age of death.

The Arab population continues to be young compared to the Jewish population: About half the Arabs are aged 20.1 and younger (Israel Statistical Annual, 2008), and the percentage of the elderly continues to be low – in 2007 only 3.4 percent of Arabs were aged 65 and over, as compared to 11.4 percent among the Jews. In general, the Arabs in Israel are less healthy than the Jews. The percentage of those suffering from chronic diseases such as diabetes and hypertension, heart diseases, cancer and hereditary diseases is relatively higher among the Arabs than among the Jews. Moreover, the level of health care services in Arab communities is generally inferior to that in Jewish communities²⁵.

Diagram 1.5: Mortality rate per 100,000 people by selected age and population groups



Source: CBS, Israel Statistical Annual, 2008

In most of the age groups the mortality rates are higher among Arabs than among Jews. Diagram 1.5 (above) presents the mortality rates in selected age groups. In the 1–4 years age group the mortality level among Arab males is 0.7 – 3.5 times the mortality rate among Jewish males, which is 0.2. There is a similar trend among females of the same age group, although the gap is smaller (0.5 among Arab females and 0.2 among Jewish females).

The 60–64 and 80–84 age groups are the groups with the greatest gap between Jews and Arabs, among both males and females. In the 60–64 age group, among males the rate is 10.4 among Jews and 15.8 among Arabs. Among Arabs of the same age group this rate is 5.9 among Jews and 9.6 among Arabs.

²⁵ Adel Manna, op. cit., p. 13-37.

In the 80–84 age group the mortality rate among Jewish males is 76.8 compared to 90.2 among Arabs. Among females from the same age group the mortality rate is 60.1 for Jews and 87.4 for Arabs.

It should be noted that the mortality rate among females in the 10–14, 20–24 and 40–44 age groups is identical for Jews and Arabs. Compared to the findings for the 2007 index, there was no change in most of the age groups, either for males or for females. There was a certain change in the 80–84 age group among Jewish and Arab males: in 2007 the mortality rates were 78.1 for Jews and 87.2 for Arabs, whereas in 2008 these rates were 76.8 and 90.2, respectively. In addition, there was a change in this age group among Arab and Jewish women: the findings of the 2007 index indicated mortality rates of 63.3 (Jews) and 86.7 (Arabs), whereas the 2008 findings were 62.1 and 87.4, respectively.

The co-payments for medications, doctors' visits and tests in the context of the public health care system are a component that is liable to affect the state of health, and thus to increase inequality. The Adva Center reports that the total average household expenditure on health, as a percentage of the total expenditure for consumption²⁶, increased gradually: from 3.8 percent of the total consumer expenditure in 1997 to 4.8 percent in 2000 and to 5.1 percent in 2006. The center also reports a continuing increase in the percentage of people who decided not to purchase medicines or to receive other health services, due to their cost. This phenomenon was about 50 percent greater in the lowest fifth percentile than in the population as a whole²⁷. We can assume that the Arab population is harmed more by this situation because of its relatively low socio-economic level.

In order to narrow the gaps there is a need to increase investments and inputs, and at the same time to decide on prioritizing the promotion of health among the Arab population. According to Health Ministry reports, the ministry has been carrying out dozens of health-promoting programs in Arab communities – especially in the south, among the Bedouin population. There is no question that these welcome programs will leave their mark in the near future. However, this activity does not provide a solution for the minimum threshold required to close the gaps. Responsibility for proper health without disparities belongs to the government and the prime minister. Dealing with one aspect of health-promoting behavior is not enough; there is a need for a holistic approach and perspective that includes two additional dimensions: the morbidity rate and the accessibility of health services.

The National Center for Disease Control issued a brochure in 2006 about the state of health of the Arab population in Israel²⁸, which includes details about morbidity and mortality in various regions. The center believes that in order to narrow the gaps between populations several steps must be taken, including the preparation of a governmental, multi-systemic, holistic program that will include all the groups involved and will be based on the following principles:

1. The intervention program will deal with the typical causes of morbidity and the leading risk factors and will be adapted to the needs, culture and lifestyle of the Arab community.
2. Any intervention program for a healthy lifestyle must begin in childhood and be reflected in activity in the schools.
3. There should be a discussion of affirmative action in the allocation of resources, a change in the capitation formula²⁹, perhaps on a socio-economic basis or on the basis of gaps in parameters of quality or remuneration according to quality.
4. The behavior and attitude of the doctors who work in the communities has a significant influence on the community. Therefore the medical leadership should be strengthened in order to promote the health of the population.

26 The total average monthly expenditure on a basic consumption basket that includes food, clothing, shoes et al, as defined by Central Bureau of Statistics.

27 Barbara Swirski, Co-payments for Health Services: Everyone Agrees that Something Needs to be Done. But Nobody Does Anything, Tel Aviv, Adva Center, 2008.

28 <http://www.health.gov.il/>

29 A formula by which the National Insurance Institute distributed the money collected for health insurance to the various health maintenance organizations. This formula is based mainly on the gender and age of the insured.

Chapter 2

The Housing Index

The housing shortage among the Arab population is increasing by the year. This shortage is directly related to two principle issues. The first is land, which includes three main elements: releasing land for development, planning and construction. The second issue is related to the government's order of priorities in investment in basic infrastructures that support modern physical development – for example, water, sewage and drainage infrastructures, and a system of roads for transportation in general and for public transportation in particular.

In June 2000 the Israel Lands Administration published initial findings from the study "An Analysis of the Supply of Residential Units in National Master Plan No. 35." The study³⁰ deals with the supply of residential units as compared to actual demand. National Master Plan No. 35 divided the area of the country into 34 planning units; the study examined the planning status in each unit, and to what degree it meets the anticipated demand for residential units according to forecasts of population growth until 2030. In several units there is a clear shortage in the planned supply, especially in Shfaram, which lacks 7,000 residential units, Sakhnin, which lacks 1,500 and Umm al-Fahm, which lacks 4,500.

The value of the 2008 Housing Index - 0.2820

The value of the Housing Index for 2008 increased by 4.2 percent – the 2007 index was 0.2706 whereas the 2008 index is 0.2820 (the lowest of the five indexes in 2008).

The reason for the increase in the Housing Index stems from the relatively sharp decline in the value of the owner-occupied residence (which is usually the most expensive property owned by the household) among the Arab population. Among this population there was a decline of about 6.0 percent in this figure, whereas in the Jewish population the decline was only 1.8 percent. Another central reason for the increase in the index between 2007 and 2008 is the absence of publicly initiated housing starts among the Arab population as compared to a drastic increase among the Jewish population. Publicly initiated building starts among the Jews constituted an average of about 21.9 percent of the total building starts in this sector, as compared to only 1.6 percent among Arabs.

Two factors moderated the increase of the Housing Index: one, an increase in the average property tax ("arnona") payments among the Arabs and its decline among the Jews. The second, the rates of home ownership: About 92.6 percent of all Arab households live in an owner-occupied residence as compared to about 69.0 percent of Jews. The high percentage

30 <http://www.mmi.gov.il/static/start.asp>

of ownership among the Arabs is due to the fact that the construction is carried out almost entirely on private land, which is a limited resource.

Although the Arabs constitute about 20 percent of the country's population, the area of jurisdiction of the Arab local councils constitutes only 2.5 percent of the area of the country. Moreover, only about 3.5 percent of the country's land is owned by Arab citizens and since the founding of the state the government has not permitted the establishment of a single new Arab community.

In the Negev there are about 46 unrecognized Arab communities³¹, with the number of Arab citizens living in them estimated between 63,000 (the number adopted by the Goldberg Commission based on the figures of the Interior Ministry) and 85,000 (an estimate by experts who appeared before the Goldberg Commission). This is in addition to about 11 communities in the Northern District and the Haifa District. Moreover, in about 80 percent of the area of the country the Arab population is prevented from purchasing or leasing lands³²; most of the rural land in Israel, over 80 percent of the area of the country, is controlled by regional councils of kibbutzim or moshavim. In spite of the Supreme Court ruling (Bagatz 6698/95 Kaadan vs. the community of Katzir), Arabs can still be excluded from state lands in an ostensibly legal manner in most parts of the country. In addition, the Kaadan case related only to enforcing the principle of equality of individual housing rights of citizens, and did not touch on the crucial question of allocating lands to Arab communities on a collective basis.

The housing shortage among Arab citizens has been manifested in several ways:

- a. The level of development in the residential areas in all the Arab communities still fails to meet the basic standards common in a modern country, and is far from the level of development characteristic of the Jewish communities. There is a shortage of public areas and public buildings, and the infrastructure and maintenance standard is very low.
- b. Building a residence in Arab society takes a relatively long time (the amount of time depends on the financial capability of the homeowner). As a result many families live in structures whose construction is incomplete, and are therefore exposed to safety risks.
- c. Many Arab residences are built without a permit, and are therefore under various threats: demolition orders, heavy fines and criminal charges. This situation exists in the Negev region, in the mixed cities and in the various Arab communities. Building without a permit is a direct result of the planning strangulation exercised by the government in the Arab communities. In 2000 the government recognized the fact that in order to close the past gaps on the one hand and to meet the natural demand on the other, Arab citizens need about 10,000 residential units annually for four years. Despite that, the government chose to ignore the basic needs of the Arab citizens, and since 2000 has marketed only about 950 apartments. Moreover, a shortage of government-initiated subsidized public construction – construction without which it will be impossible to meet even a part of the demand for housing among the Arab population – only reinforced the housing shortage among this population.
- d. Arab citizens who try to purchase residences in neighborhoods in Jewish or mixed communities often encounter racism-based opposition.
- e. Arab-Bedouin communities in the Negev are still considered unrecognized communities that are not recognized by the government, with all that implies in terms of housing conditions and the network of services and infrastructure.

31 The Goldberg Commission: On December 12, 2007 Construction and Housing Minister Zev Boim appointed a commission to recommend a policy to the government for resolving Bedouin housing in the Negev, including the formulation of proposals for legislative changes. The commission was headed by former Supreme Court Justice Eliezer Goldberg. On December 11, 2008 the commission published its recommendations.

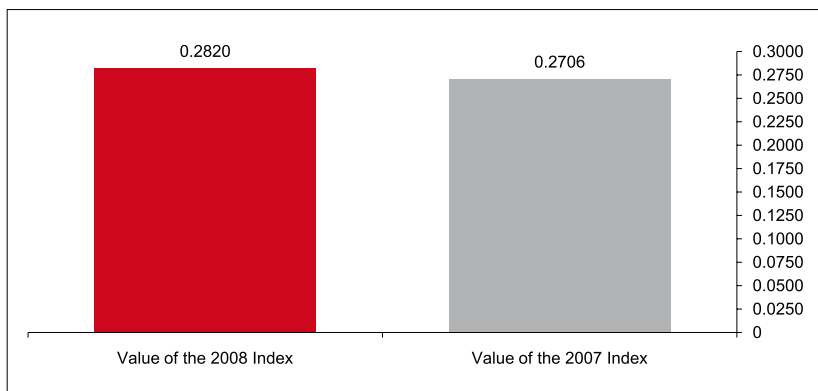
32 Oren Yiftachel, **Land, Planning and Inequality: The Division of Space Between Jews and Arabs in Israel**, Adva Center, and November, 2000.

- f. Arab neighborhoods in the mixed cities are still unrecognized, and residents who have paid "key money" are not allowed to enlarge or renovate the house.
- g. The area of jurisdiction of the Arab local councils is limited, and government authorities do not authorize requests to expand it in places vital for the planning and expansion of residential areas.
- h. Large portions of Arab-owned land were expropriated over the years. This process reduced the land area owned by the Arab population and its availability for housing and has led to complications regarding land ownership, which in turn has created difficulties in issuing construction permits.
- i. Despite the fact that the Arab population has increased sevenfold since the establishment of the state, and in spite of the occasional promises made by ministers, no Arab community settlements and no Arab city have been built (with the exception of the seven permanent Bedouin Arab communities in the south) since the founding of the state. This is as compared to about 700 Jewish communities established since the founding of the state.
- j. There has been no change in the inclusion and representation of the Arab population in government planning institutions and Arabs are still excluded from the decision-making process on this issue. Changing this situation is a vital precondition for increasing the influence of the Arab public and for presenting its needs clearly to the professional bodies, which would increase the willingness of the planning institutions to consider private building – the most readily available way of creating a housing supply that meets the growing demand.

The Equality Index reflects these difficulties only partially, due to the lack of annual data that could help provide a more comprehensive overview of the situation. The number of variables available to us is limited, and therefore the influence of each of these variables is relatively high.

In Diagram 2.1 (below) we have compared the values of the index in the years 2007 and 2008. The value of the Housing Index for 2008 indicates an increase – in other words, the gap between Jews and Arabs increased by about 4.2 percent in favor of the Jews. The increase stems from a widening of the gap in the following variables: monthly expenditure on property tax payments, the value of the owner-occupied residence, and the percentage of publicly initiated residences out of total building starts in communities with 10,000 or more residents. The last variable accurately reflects the attitude of the government to the needs of the Arab population and the degree of impact of public policy in the area of housing construction.

Diagram 2.1: Change in the value of the Housing Index from 2007 to 2008



Indicators and variables

In order to examine the level of equality in housing we did a comparative examination of 3 indicators and 7 variables which appear in the following table:

Indicators	Variables
Availability of housing	1. Rate of ownership of residence
	2. Value of owner-occupied residence
	3. Percentage of residences constructed on public initiative of total building starts for housing in communities of 10,000 or more
Spaciousness of housing	4. Number of rooms in the residence
	5. Average number of people per room
Quality of housing	6. Average monthly expenditure on housing
	7. Average monthly expenditure on property tax payments

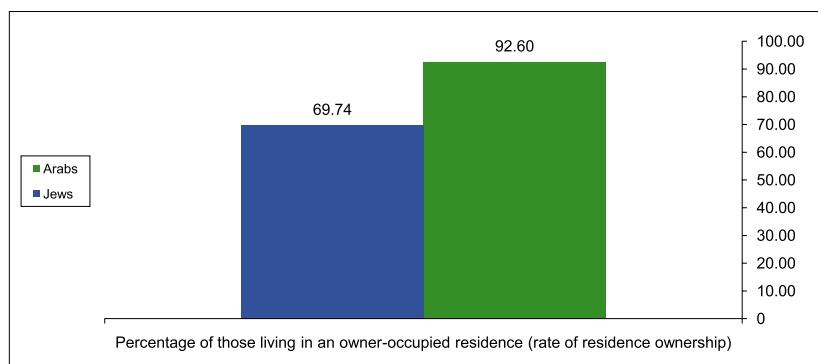
Description of variables

Availability of housing: Percentage living in an owner-occupied residence

Diagram 2.2 (below) demonstrates that the 92.6 percent of all Arab households live in an owner-occupied residence. The percentage of Jews living in such residences is lower: 69.7 percent. These percentages do not necessarily reflect the rate of home ownership, since there are households that own a residence but live in one that they do not own.

According to the findings of the 2007 social survey of the Central Bureau of Statistics, about 14.3 percent of all households (Jewish and others) living in a residence that they do not own are home owners, and they constitute about 4.3 percent of all households (Jewish and others). Among Arabs who do not live in an owner-occupied residence, about 4.3 percent are home owners – about 0.5 percent of all Arab households. Therefore, even when we take into account families that own a residence but live in one that they do not own, there is still a gap of about 20 percentage points in favor of Arab households when it comes to rates of ownership.

Diagram 2.2: Percentage living in owner-occupied residence by population group

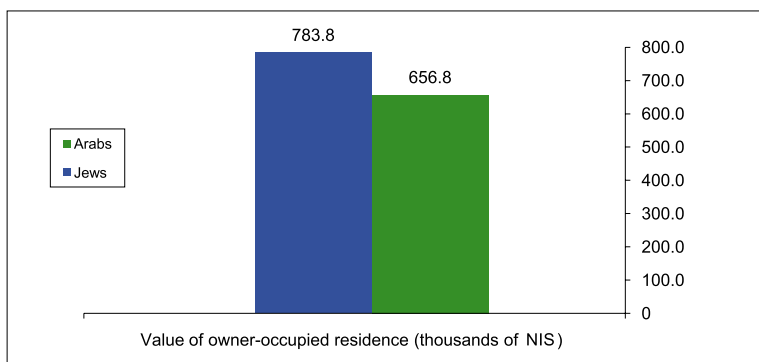


Source: CBS, Israel Statistical Annual, 2008

Value of the owner-occupied residence

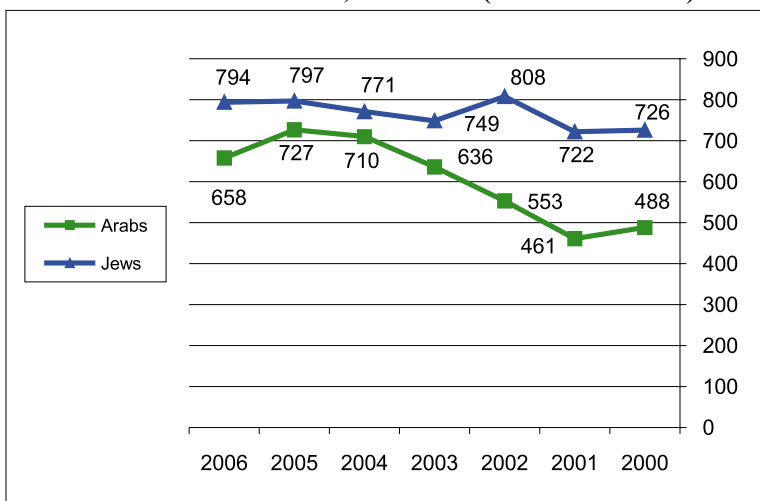
An owner-occupied residence is usually the household's largest investment, and the most valuable asset it owns. According to the data in the index, the value of an average owner-occupied residence in Arab communities is lower than that in Jewish and mixed communities (NIS 656.8 thousand and NIS 738.8 thousand, respectively)³³. We should point out that in recent years the gap has been slowly narrowing, in light of the trend toward the swift rise, over the years, of the value of owner-occupied residences in Arab communities (see Diagram 2.3.1, below). The main cause of the trend towards an increase in the value of the residence in Arab communities is the increase in the value of the land, stemming from a reduction in the amount of land available for construction (which was limited in the first place as a result of land expropriation). The areas designated for construction were small, and it was impossible to expand the area of jurisdiction of the Arab local authorities or to change the land-use designation for housing), and from the natural increase in the population (at a rate of about 3 percent annually), of whom the vast majority remain in the community.

Diagram 2.3: Value of owner-occupied residence by population group (thousands of New Israeli Shekels - NIS)



Source: CBS, Israel Statistical Annual, 2008

Diagram 2.3.1: Value of an owner-occupied residence in Jewish and Arab communities, 2000-2006 (thousands of NIS)



Source: CBS, Israel Statistical Annual, 2008

³³ For the purposes of this report the average exchange rate is NIS 4.0 = \$1.

Percentage of residences constructed by public initiative of the total building starts for housing in communities of 10,000 or more:

Public intervention in housing is reflected both in demand for housing (by means of assistance with the costs of development and a policy of mortgage assistance) and in supply. The involvement of the Housing Ministry in the housing supply is reflected in the initiation of projects for new housing construction in addition to the sale of land and assistance in infrastructure and public buildings. Until recently, publicly initiated construction was almost nonexistent in Arab communities except for isolated cases. This situation stems for the most part from the government's attitude toward the Arab communities and their development objectives.

Publicly initiated construction is one of the main means of expanding the supply of housing opportunities in Arab communities and increasing the exploitation of building density on lots. The shortage of land and the increasing demand for housing create an immediate need for such involvement which should be adapted to the unique characteristics of the potential users of the housing.

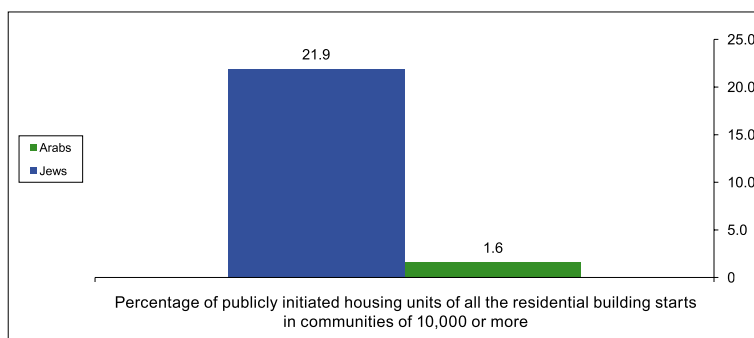
Diagram 2.4 (p. 34) describes the percentage of residences built by public initiative of all the residential building starts in communities of 10,000 and more: about 21.9 percent (as compared to 24.2 percent in the 2007 index) in Jewish and mixed communities and only 1.6 percent (as compared to 3.3 percent in the 2007 index) in Arab communities (see Diagram 2.4).

Public policy can contribute to promoting residential construction and development for the Arab population by:

- a. Including representatives of the Arab population in formulating a comprehensive plan for solving the shortage of housing and land in the planning area of the Arab population. The plan is supposed to meet three main criteria: (1) accelerating processes of issuing permits for planning and development of land for residential construction; (2) allocating designated budgets for a plan defined in advance both in terms of time and of budget size; (3) determining and formulating appropriate and culturally sensitive criteria to finance the acquisition and rental of residences in such a plan. The proposed plan will include a complete and just solution for residences that have already been built without a permit.
- b. Determining a special framework with government guarantees (like the assistance framework for the "new immigrants" from the former Soviet Union in the early 1990s). The government will grant support to potential purchasers by means of assistance with the costs of development and with mortgages, both based on the "self build" system and on building by contractors; or alternatively, will include the Arab communities in clusters 1-4 (according to the socio-economic rating of the Central Bureau of Statistics) in a special government assistance program.
- c. Development of high-quality infrastructure and public buildings in new residential neighborhoods planned on state-owned land.
- d. Regulating the price of land in order to reduce the price of the residence by reducing the taxation on the land and increasing the supply of land for residential purposes.
- e. Increasing the number of permitted residences per dunam (1000 square meters) in a manner that is culturally appropriate to the Arab population, taking into account the existing obstacles (such as a shortage of public spaces, the present state of construction, the character of the community), as well as completion and upgrading of infrastructure and public buildings, by adapting the criteria for funding urban renewal to the situation in the Arab communities.
- f. Encouraging the construction of public housing for those in need, especially in the urban communities.
- g. Government recognition of the unrecognized Arab communities in the Negev, according to just and egalitarian criteria. In addition, approval should be granted for the building of Arab community settlements.

- h. Providing mechanisms and tools enabling the recognition of neighborhoods in the mixed cities, the expansion and renovation of key-money residences and the purchase of the homes by the tenants at a discount.
- i. Cancellation of the expropriation laws and all the procedures that discriminate against the Arabs on land issues; the expansion of areas of jurisdiction and addition of public lands to the Arab communities in order to designate them for new residential neighborhoods; and planning that takes into account the needs of the population.
- j. Granting suitable representation to professionals from the Arab population in key positions in the Housing Ministry, the Israel Lands Administration and in the local and regional planning and construction committees, and primarily in the National Planning and Construction Committee.

Diagram 2.4: Percentage of publicly initiated housing units of all the residential building starts in communities of 10,000 or more



Source: CBS, Construction in Israel, 2007

Spaciousness of housing: size of residence, number of rooms and density

The spaciousness of housing is measured in the Equality Index using two variables: the size of the residence and the density. These two variables can be measured both in units of area (square meters) and in number of rooms. Due to the limitations of the data at our disposal we measured the size of the residence by means of the number of rooms, and density by the number of people per room. Last year the Central Bureau of Statistics published figures about the area of residential space subject to property tax payments and the number of housing units that were charged property tax, as published in the accounting records of the local authorities. On the basis of these figures we were able to estimate the average area of a residence in the Jewish and mixed communities and in the Arab communities. The figures were not included in the Equality Index, but we used them in order to make a comparison and to get a broader picture of the average size of the residential unit and the factors affecting its density.

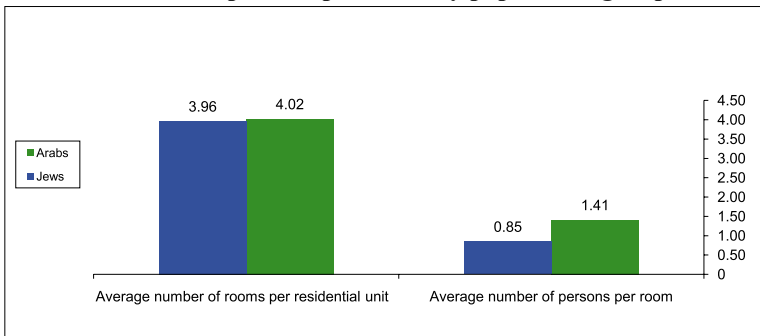
Size of residence: number of rooms

The average number of rooms per residence in Arab households is almost identical to that in Jewish households (see Diagram 2.5, p. 35); but from a comparison of the average area of a housing unit in Jewish and Arab households, we found that the area in urban Arab communities (communities of 2,000 and more) is larger, about 119 square meters, as compared to 92 square meters (the average size of a residence) in Jewish and mixed communities³⁴.

³⁴ The estimate of the average area of the residence was done by dividing the area of the residences by the number of housing units according to the reports of the local authorities on arnona fees for housing according to square meter and the number of housing units, as published in the CBS publication "Local Authorities 2006." This figure was published almost a year and a half behind schedule.

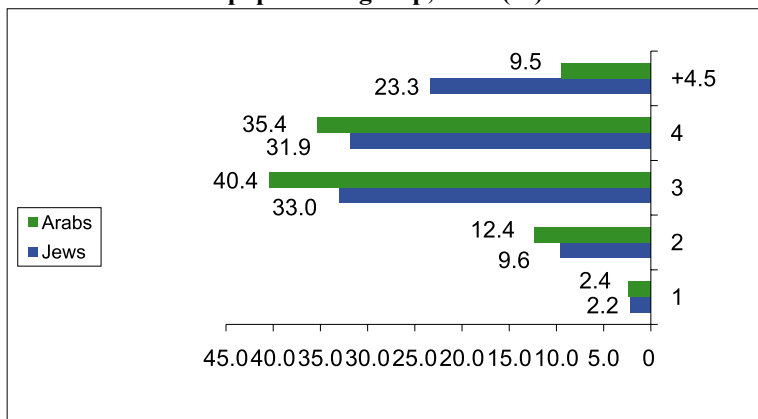
Although the area is larger, the average number of rooms per residence is almost identical. Diagram 2.5.1 (below) describes the distribution of households (Jewish and Arab) according to the number of rooms per residence. The diagram indicates that most of the households (65 percent among Jews and 76 percent among Arabs) live in three- or four-room residences. The main gap between Jews and Arabs is reflected in the percentage of households living in a residence of 4.5 rooms and more (23.3 percent of Jews compared to 9.5 percent of Arabs).

Diagram 2.5: Average number of rooms per residence and average number of persons per room by population group



Source: CBS, Construction in Israel, 2007

Diagram 2.5.1: Distribution of households by number of rooms per residence and population group, 2007 (%)



Source: CBS, Construction in Israel, 2007

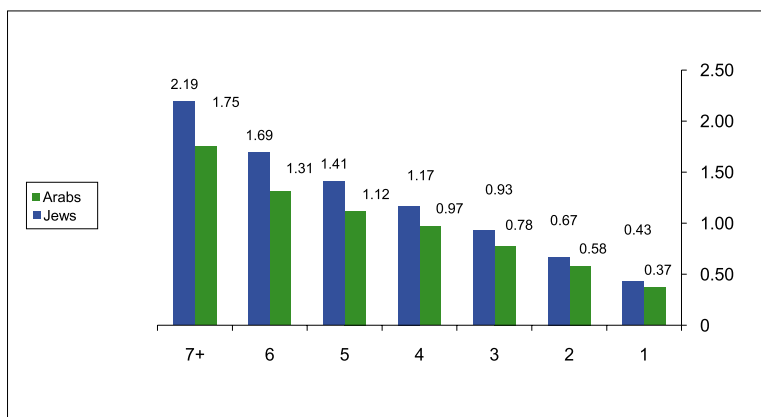
Average number of persons per room

As we have said, housing density can be measured both by area, i.e. square meters per person, and by the number of people per room. The figures at our disposal enable us to measure housing density by the latter method (number of people per room). In Arab households the housing density is higher, 1.41 people per room on average, as compared to 0.85 among Jewish households (see Diagram 2.5, above). We should mention the heterogeneous character of the housing density in the Arab population itself, and this is reflected in the particularly high density among the Arab residents of Jerusalem.

Housing density among Arabs is higher in terms of the unit of space per person as well. The CBS publication "Local Authorities 2006" indicates that in Arab communities the average

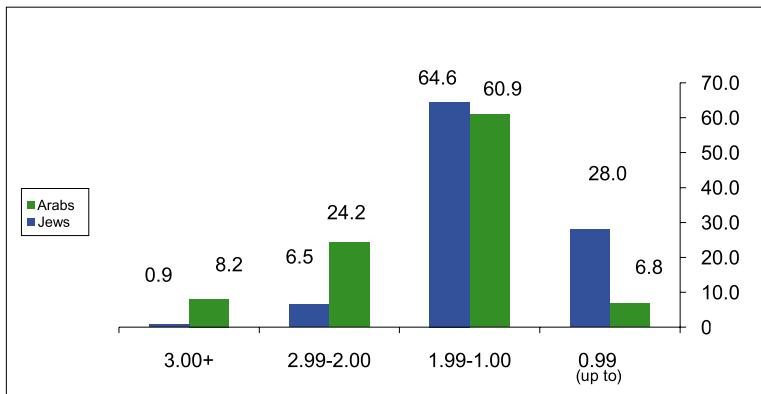
area per person is about 20 square meters as compared to 30 per person in Jewish and mixed communities. Moreover, regardless of the size of the residence it turns out that the average number of people per room is 30 percent higher among Arabs than among Jews. In that case, although housing density is influenced by the size of the household, the density is greater in Arab homes even without any connection to the size of the household (see Diagram 2.5.2, below). In other words, the housing density in Arab households is higher for any given household size.

Diagram 2.5.2: Average number of people per room by household size and population group, 2007



Source: CBS, Construction in Israel, 2007

Diagram 2.5.3: Distribution of households with children by housing density and population group, 2007



Source: CBS, Construction in Israel, 2007

Diagram 2.5.3 (above) describes the distribution of households with children up to the age of 17 by housing density. In 64.64 percent of Jewish households with children, and in 60.9 percent of Arab households, the housing density is up to two people per room. The main difference is reflected in the lowest and highest density values: Whereas 28.0 percent of the Jewish households with children enjoy spacious conditions of less than one person per room (as compared to 6.8 percent of Arab households), 32.4 percent of Arab households with children are crowded in conditions of over two people per room (as compared to 7.4 percent of Jewish households).

Quality of housing

Average monthly expenditure per household on housing

The expenditure for housing services was calculated by the Central Bureau of Statistics by assigning rental equivalents for residences of equal size in a certain community or area. This variable is an indication of the quality of the housing and of the level of maintenance; the higher the average expenditure for housing, the greater the probability that the quality of the housing will also be higher. The average monthly expenditure on housing services in Arab communities is relatively low, and constitutes 61.7 percent of the expenditure on housing services in Jewish and mixed communities (see Diagram 2.6, p. 38).

Average monthly expenditure per household on property tax payments

As a general principle, the higher the average property tax payments per household, the greater the ability of the local authority to provide a higher level of services for the residents. The average property tax payments depend both on the fee per square meter and on the actual rate of collection. This finding, which is published by the CBS, describes the sum due for property tax payments as reported by the local authorities. The sum due is not necessarily equal to the sum actually collected.

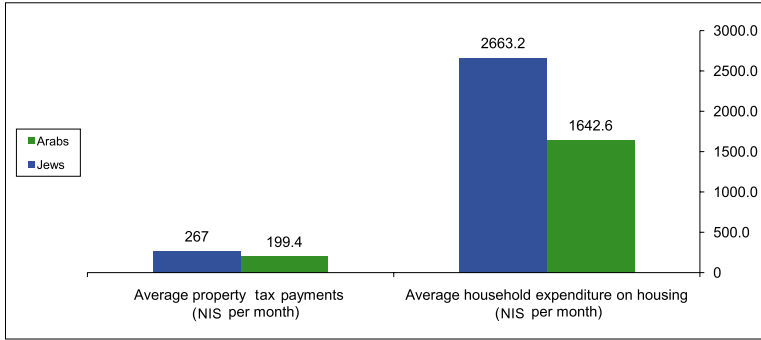
The average property tax payment for housing among the Arab population is about NIS 200 per month, which constitutes about 74.7 percent of the average property tax payments in Jewish and mixed communities, which is NIS 267 per month (Diagram 2.6).

It should be noted in this connection that the issue of property tax payments for housing in the Arab local authorities, and its status as the main component in the funding of the regular budget of the Arab local authorities, is complex for the following reasons:

1. The absence of employment and industrial zones in the planning space of the Arab population. It should be noted that these zones are the main source for property tax payments. In Jewish communities, 65 percent (on average) of property tax collection is funded by property tax payments from industrial and employment zones, and 20 percent by property tax payments from housing. In the Arab communities the opposite is the case: About 20.0 percent (on average) of the property tax in the Arab communities come from property tax payments from the industrial and employment zones, and an average of 80.0 percent are funded by property tax payments from housing.
2. The equalizing grants³⁵ have been reduced by over 50 percent in the past five years, without any alternative solution or alternative progressive solution for the financial distress prevailing in the Arab local authorities.
3. Payment of the equalizing grant is conditioned on the percentage of property tax collection. It should be noted in this connection that some of the residents in Arab communities are unable – because of their socio-economic situation – to meet the property tax rate required of them, in spite of the repeated calls by the heads of the local authorities to the residents to pay their debts. This situation creates a vicious cycle: Many are unable to meet their debts to the local authority, and as a result the authority is unable to provide them with basic services or even to pay salaries to its employees. And if that is not enough, the Interior Ministry conditions the transfer of money on meeting an unrealistic rate of tax collection, which most of the residents are unable to meet.

³⁵ In accordance with the Suweiry formula and subsequently according to the Gadish formula, which are used by the Interior Ministry to determine the size of the equalizing grant that it transfers to the local authorities.

Diagram 2.6: Average monthly housing expenditure per household and average arnona property tax payments for housing per household (NIS per month)



Source: CBS, Construction in Israel, 2007

Chapter 3

The Education Index

Education constitutes a very significant and important part of the life of every society. Education can serve as a factor accelerating the process of modernization, or on the contrary – one that reinforces conservatism and social stagnation. The importance of education is evident in every area of life³⁶.

Providing educational services is mainly the responsibility of the public sector. A primary reason for that is the need to reduce discrimination in this area. The public school system can bridge gaps in the students' scholastic achievements and can provide an equal opportunity to boys and girls who come from deprived socio-economic backgrounds. Abu Asbah emphasizes the connection between the resources invested in the school system and the outputs of that system. An analysis of government policy towards the school system in the Arab sector reveals a lower investment compared to the other educational streams, which is reflected in relatively sparse resources in comparison to those invested in the Jewish school system.

The Arab school system in Israel has in fact undergone many changes: an increase in the number of students and the number of educational frameworks, an improvement in the quality of teaching and the level of education. However, comparative analyses between the Arab and Jewish systems demonstrate that there are still large gaps between the two. Such gaps make it difficult for Arab students to be accepted to institutions of higher learning, a fact that has far-reaching consequences in both social and economic terms³⁷.

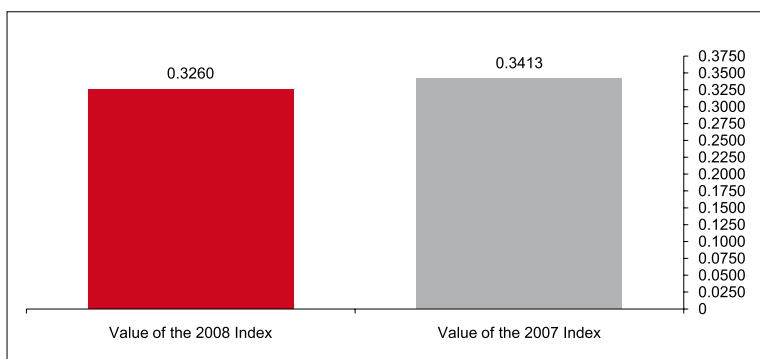
The value of the 2008 Education Index - 0.3260

The value of the 2008 Education Index is 0.3260. This index is 4.7 percent lower than the 2007 index. In other words, the gaps between Jews and Arabs in the area of education have been reduced. Diagram 3.1 (p. 40), describes the value of the 2007 index as compared to the 2008 index. The decline in the value of the 2008 Education Index stems from a reduction in the gap between Jews and Arabs in the following variables: (1) an increase in the percentage of 2-year-olds in day-care centers and nurseries, (2) an increase in the percentage of 3–4 year olds in nurseries and kindergartens, (3) an increase in the percentage of academically trained teachers and (4) a decline in the percentage of uncertified teachers among Arabs.

36 Khaled Abu Asbah "The Arab School System in Israel: Development and Current Situation Assessments" in Aziz Haidar (ed.) *Yearbook of Arab Society in Israel (1)*: Jerusalem, Van Leer Jerusalem Institute, Hakibbutz Hameuhad, 2005, pp. 201-221.

37 Ibid.

Diagram 3.1: Change in value of the Education Index from 2007 to 2008



Indicators and Variables

The indicators chosen to examine the level of equality in education between the Jewish and Arab populations relate to various aspects of the education received by the individual: the resources of the school system, the pedagogical infrastructure, participation in schooling and educational output.

List of indicators and variables

Indicators	Variables
Resources of the school system	1. Average no. of pupils in elementary school classes
	2. Average no. of students in secondary school classes
	3. Average no. of teaching hours per pupil in elementary school
	4. Average no. of teaching hours per student in secondary school
Pedagogical infrastructure	5. Percentage of academically trained teachers
	6. Percentage of uncertified teachers
Participation in studies	7. Rate of enrollment in nurseries and day care centers at age 2
	8. Rate of enrollment in nurseries and day care centers at ages 3-4
	9. Dropout rate among 9th-12th graders
	10. Percentage of students in universities among those aged 20-34
Educational output	11. Percentage with 0-8 years of education among those aged 15 and over
	12. Percentage with 13 or more years of education among those aged 15 and over
	13. Median number of years of study among those aged 15 and over
	14. Percentage receiving matriculation certificates among all 12th graders
	15. Percentage receiving matriculation certificates that meets the minimum requirements for university entry, among 12th graders
	16. Average "Meitzav" scholastic achievement exams scores - 5th grade
	17. Average Meitzav exam scores - 8th grade

Description of variables

Resources of the school system

Classroom density

In Diagram 3.2 (below) one can observe a difference in the number of students per class, with smaller classes in the Jewish school system (fewer students), both in elementary and secondary education. The average number of pupils per class in Arab elementary education is 29, compared to 24 in the Jewish system. This is a large gap of 20 percent to the detriment of Arab education. There are some who claim, as we will explain below, that the number of students per class is one of the main factors affecting educational achievement and the ability of teachers to teach. Therefore, this 20 percent gap is a major reason for the inequality between the Arab and Jewish school systems. This gap narrows to 10 percent in secondary education: 30 students per class in the Arab system as compared to 27 in the Jewish system.

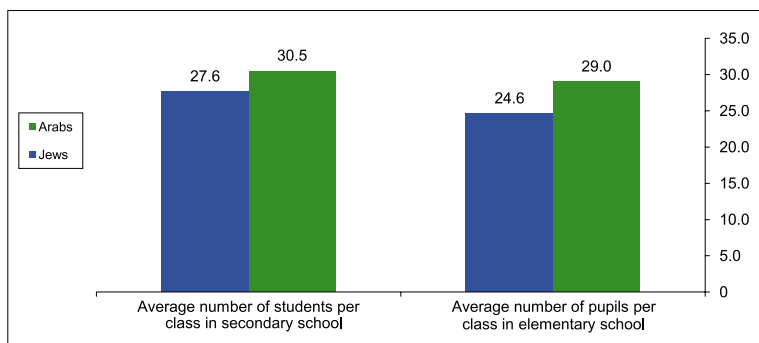
There is a lively theoretical-scholarly discussion being conducted on the issue of whether it is worthwhile to reduce the number of students per class. This discussion is divided between those in favor of reducing the number of pupils per class and those opposed. Those in favor of smaller classes emphasize their positive influence on scholastic and educational achievements, while opponents prefer to emphasize the effect of this step on budgets earmarked for the school system and for the necessary manpower.

Those in favor of smaller classes assume that it is impossible to improve teaching effectiveness and scholastic achievements without reducing class size, mainly because the larger the class the less individual attention the teacher is able to devote to the students. Discipline problems in large classes multiply and worsen mainly in populations that find it difficult to concentrate during the lesson, mainly in elementary school classes and among students from a weak socio-economic background³⁸.

Those opposed to reducing class size, on the other hand, emphasize budgetary constraints and the principle of cost effectiveness. They claim that inefficient use of the resources at the disposal of the school system is liable indirectly to undermine the effort to improve scholastic achievements, on the assumption that the size of the budgets will not change significantly.

Whatever the case, there is discrimination in class size between Arabs and Jews. These figures continue the trend that we pointed out in the 2007 index – a growing gap in classroom density in both elementary and secondary education.

Diagram 3.2: Average number of students per classroom in elementary and secondary education in Jewish and Arab schools



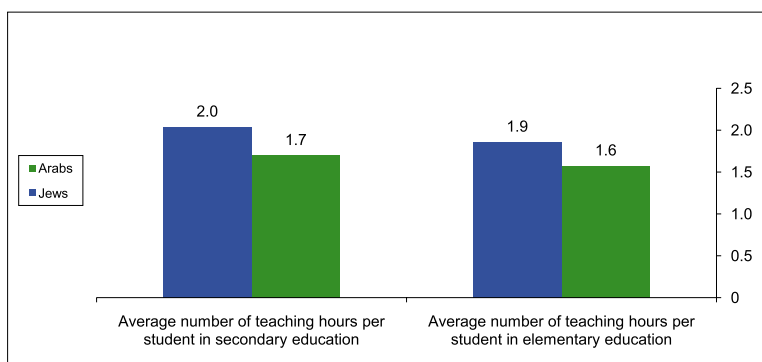
Source: CBS, Construction in Israel, 2007

38 Nahum Blass, Reducing class size: Budgetary and educational implications, Taub Center for Social Policy Studies in Israel, 2008

Average number of teaching hours

The diagram below indicates the average number of teaching hours per pupil in elementary and secondary education in both population groups. There is a gap in the average number of teaching hours in favor of the Jewish population, in both elementary and secondary schools: 18.7 percent and 17.6 percent, respectively. Teaching hours are the total number of classroom teaching hours divided by the number of students.

Diagram 3.3: Average number of teaching hours per student in elementary and secondary education in Jewish and Arab schools



Source: CBS, Construction in Israel, 2007

Pedagogical infrastructure

Teacher education

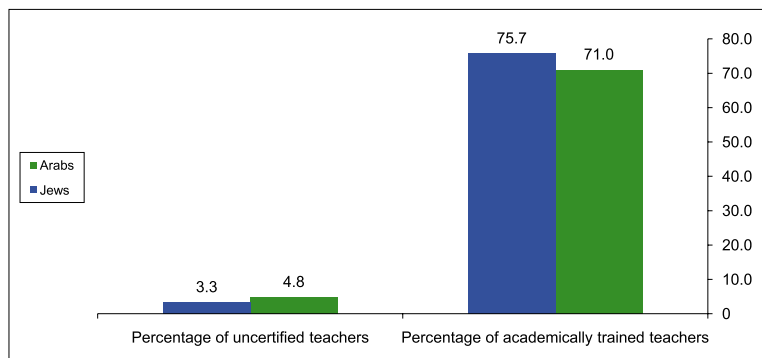
Various studies emphasize the influence of school variables on the students' achievements. One of the principal variables is the educational level of the teachers. We know that there is a positive correlation between the teacher's education and the students' achievements: the higher the percentage of teachers with advanced degrees, the greater the success of the students³⁹.

Diagram 3.4 (p. 43) indicates the educational level of the teachers, revealing that the percentage of academically trained teachers in the Jewish population is relatively greater than among Arabs: 75.7 percent compared to 71.0 percent. At the same time, the percentage of uncertified teachers among the Arabs is 4.8 percent and among Jews 3.3 percent – a gap of 45 percent in favor of the Jewish population.

We should note that compared to the 2007 index there has been an improvement in the education of Arab teachers: the percentage of academically trained teachers increased from 67.2 percent to 71.0 percent, while the percentage of uncertified teachers declined from 5.6 percent to 4.8 percent.

³⁹ Shmuel Shye et al, *Eligibility and ineligibility for the Israel matriculation certificate: Input and outputs of Israel high school students*, Jerusalem, Van Leer Jerusalem Institute, 2005.

Diagram 3.4: Percentage of academically trained teachers and percentage of uncertified teachers in the Jewish and Arab school system



Source: CBS, Construction in Israel, 2007

School participation

Pre-school education

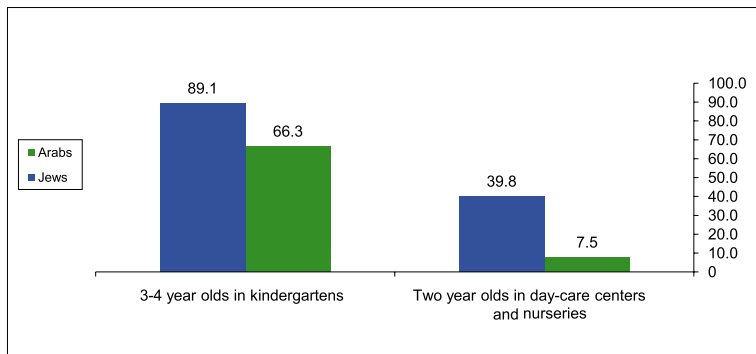
The percentage of those attending nursery schools is one of the worrisome statistics related to pre-school education. In recent years there has been growing awareness among the Arab population of the importance of early childhood education. One of the reasons for this is the increase in the parents' educational level and their participation in the job market. This change is reflected in a search for non-institutional solutions, such as non-profit and private organizations that run educational frameworks for this age group⁴⁰. However, the percentage of those in the Arab kindergartens and nurseries is still low compared to the numbers in the Jewish population.

The figures in Diagram 3.5 (p. 44) indicate the percentage of children aged 2 and aged 3–4 who attend pre-school. They point to a gap in favor of the Jewish population in both age groups, especially among two year olds. The percentage of Jewish two year olds attending pre-schools is five times that of Arab children. But it is important to note that the gap between Jews and Arabs has declined compared to the 2007 index, particularly among 3–4 year olds. Here there was an increase among Arabs from 57.5 percent in 2007 to 66.3 percent in 2008. There was no significant change in the Jewish population compared to 2007 (about 89.1 percent as compared to 89.3 percent).

Among 2-year-olds there was an increase for both Jews and Arabs compared to the 2007 figures. Among Jews the percentage increased from 35.2 percent to 39.8 percent, while among Arabs it increased from 6.1 percent to 7.5 percent.

40. Khaled Abu Asbah, *Arab education in Israel: Dilemmas of a national minority*, Jerusalem, Floersheimer Institute for Policy Studies, 2007, pp. 100-101.

Diagram 3.5: Percentage of two year olds and 3-4 year olds in pre-kindergartens, day care and nurseries by population group



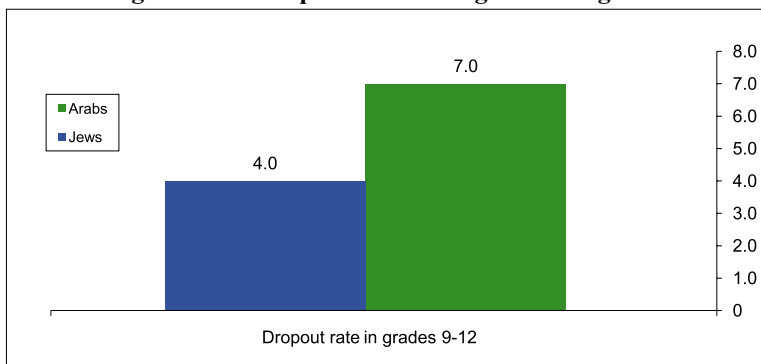
Source: CBS, Construction in Israel, 2007.

School dropouts

Since the mid-1990s the Ministry of Education has adopted a clear policy of reducing the dropout rate and encouraging students to stay in school. At the same time there is growing awareness of the fact that the phenomenon of dropping out of school is not reflected only in leaving school entirely. Many youths are registered as students but in fact are uninterested and do not experience any significant learning. Today it is clear that the problem of dropping out must be addressed comprehensively, and include students who belong to a regular school framework but do not actually study there. The broad definition includes children with a high rate of absenteeism, children who leave school and transfer to an alternative framework, and children who have dropped out completely and left school⁴¹.

We note that our data are based on the “formal” definition of the Ministry of Education, according to which a “dropout” is a boy or girl at the age of compulsory education who is not studying in a school under ministry supervision. The following diagram shows that the percentage of dropouts among students in grades 9–12 in the Arab population is 7.0 percent, compared to 4.0 percent among Jews – a difference of 75 percent. While among Jews there were signs of stability in the dropout rate compared to the 2007 figures, among Arabs there was a decline – from 8.0 percent in 2007 to 7.0 percent in 2008. As mentioned, the gap narrowed slightly, but there is still a profound difference between the dropout rates of Arab students as compared to Jews.

Diagram 3.6: Dropout rate among 9th-12th graders



Source: CBS, Construction in Israel, 2007.

41 Miriam Cohen-Navot, Sarit Ellenbogen-Frankovitz, and Tamar Reinfeld, **School Drop-outs and School Disengagement**, Jerusalem JDC-Brookdale, Center for Children and Youth.

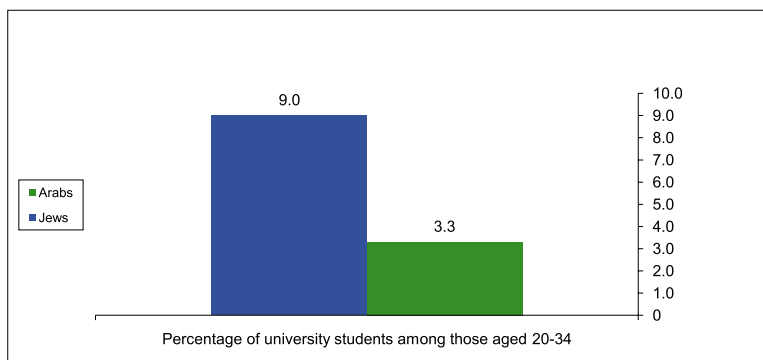
Percentage of university students in the 24-30 age groups

In the 1990s there was a notable expansion of the higher education system in Israel, which led to a multiplicity of academic institutions and to a significant increase in the number of students. However, this expansion did not increase equality of access to higher education. Although the private and public colleges have led to a removal of academic barriers in acceptance for studies, at the same time the link between financial ability and access to higher education increased, due to the high tuition fees in some of the colleges.

Because of the high correlation between ethnic and national origin and economic status, financial filtering reinforces cultural filtering, thus undermining the chances of students from weaker communities of being eligible for higher education in general, and of studying in the prestigious tracks in particular⁴².

The percentage of university students in the 20–34 age group is 9.0 percent in the Jewish population – almost three times the percentage in the Arab population: 3.3 percent. The same tendency was observed in the 2007 figures. While the percentage of those rejected from universities was 43.6 among Arabs, among Jews it was only 20.5 percent – a gap of about 23.0 percentage points in favor of the Jewish population.

Diagram 3.7: Percentage of university students in 20-34 age group by population group



Source: CBS, Construction in Israel, 2007.

Educational Output

Number of years of schooling

Education is an essential resource for the individual because it improves his chances for better employment, better health, a higher salary and a better position in society and its institutions. In that sense education represents a resource that promotes the attainment of other resources⁴³. In other words, if the number of educated people is higher, and there is a direct link between the compensation and the years of education (additional income for every additional year of schooling) and the level of education, the standard of living will also be higher. In addition, studies show that the higher the educational level of the parents, the greater its influence on the child's success in studies as opposed to the influence of allocating public resources to education. Moreover, a positive link between the income per year of education and the level of education increase the chances of reducing inequality of income.

⁴² Noga Dagan-Buzaglo (2007). **Social Rights in Israel: The Right to Higher Education**. Tel Aviv: Adva Center, p. 15.

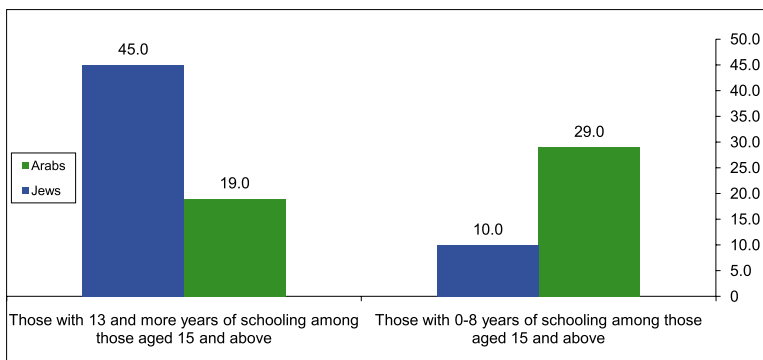
⁴³ Samuel Shye and Nomika Zion, **Education and Social Justice in Israel: On equality of opportunity in education**, Jerusalem: Van Leer Jerusalem Institute, 2003, p. 7.

The steep increase in the percentage of educated people among the Arab population in recent years, especially among Arab women, was not reflected in an improvement in the standard of living of the Arab population, as a result of the policy of exclusion adopted by the government towards educated Arabs. This policy was also evident in the private sector, and thus the core correlation between a positive return for education and the level of education was severed.

There is a profound gap between education among Jews and education among Arabs. The percentage of those with 13 and more years of study in the Jewish population is 2.5 times that in the Arab population. The percentage of those with 0–8 years of study, as can be seen in Diagram 3.8 (below), is almost three times as high among Arabs as among Jews.

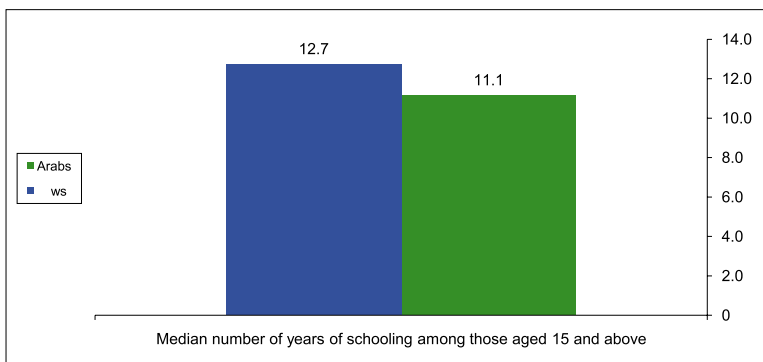
Diagram 3.9 (below) – the median years of schooling among those aged 15 and above – shows that the median is higher in the Jewish population: 12.7 compared to 11.1 in the Arab population. These figures continue the trend that we noted in the 2007 index.

Diagram 3.8: Those aged 15 and older with 8 years of schooling and with 13 or more years of schooling by population group



Source: CBS, Construction in Israel, 2007.

Diagram 3.9: Median number of years of schooling among those aged 15 and above



Source: CBS, Construction in Israel, 2007.

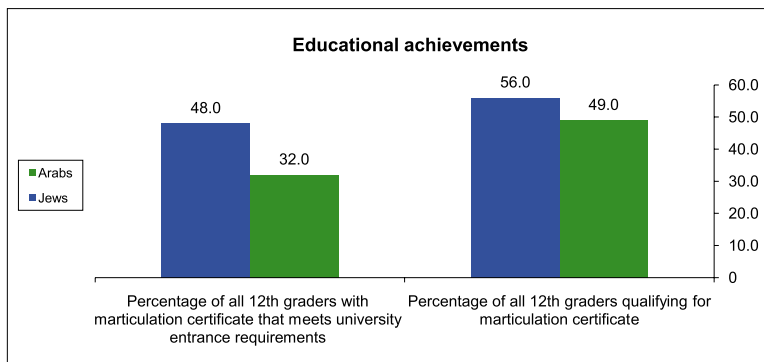
Educational Achievements

Diagram 3.10 (below) shows the percentage of 12th graders who received a matriculation certificate and the percentage of students who met the minimum requirements of the universities. In these two variables we can see that there is a gap in favor of the Jewish population. However, the gap is larger, and reaches 50 percent, when it comes to the percentage of those receiving a matriculation certificate that meets the minimum demands of the universities.

Compared to the 2007 index, the percentage of those receiving a matriculation certificate among Jews did not change, while among Arabs it declined slightly – from 50 percent in the 2007 index to 49.0 percent in the 2008 index. The figures for receiving a matriculation certificate for the 2008/2009 school year, published recently by the Ministry of Education⁴⁴, indicate an increase in the percentage of those receiving a matriculation certificate in the Jewish population to a level of 60.0 percent and a decline among the Arab population to a level of 32.0 percent. This gap will be reflected in next year's index.

The percentage of Jews receiving a matriculation certificate that meets the minimum demands for the universities increased slightly – from 47 percent in the 2007 index to 48.0 percent in 2008. Among Arabs there was no change in this figure.

Diagram 3.10: Percentage qualifying for matriculation certificates among all 12th graders and percentage of 12th graders qualifying for matriculation certificates that meet the minimum requirements for university admission



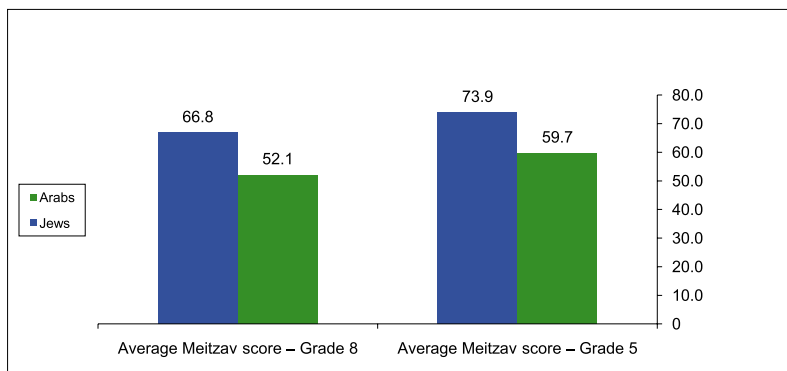
Source: CBS, Construction in Israel, 2007.

The Meitzav exam

Diagram 3.11 (p. 48) describes the scores of the Meitzav scholastic achievement exams (measures school and individual achievement) of Jewish and Arab students in Grades 5 and 8. We will note that the Meitzav exam includes four areas of study: mother tongue, English, mathematics and sciences. The diagram indicates that the grades of Jewish students are higher than those of Arab students in both Grade 5 and Grade 8. The gap between Jews and Arabs in Grade 5 is 14.0 percentage points, and in Grade 8 – 15.0 percentage points.

⁴⁴ Or Kashti, "Rate of eligibility for matriculation in Israel - 44.4 percent," Haaretz, July 9, 2009. (<http://www.haaretz.com/hasite/pages/1098980.html>)

Diagram 3.11: Average score in Meitzav exams in 5th and 8th grades in the Jewish and Arab school systems



Source: Ministry of Education, Meitzav Reports, 2003-2007

Until 2003 the Ministry of Education focused on the following objectives: Equality of opportunity and narrowing the gaps between Arab and Jewish children, focused attention on youth at risk and in distress, promotion of educational achievements and encouragement of excellence. In 2008 these issues dropped to the bottom of the list of the ministry's main objectives, which testifies to the perpetuation of the policy of exclusion and of ignoring the basic educational needs of Arab children. The state is obligated to channel resources to the Arab education system, and to meet the varied needs of the Arab population immediately and in a reasonable manner, in order to close the existing gaps.

Chapter 4

The Employment Index

The Arab population in Israel is characterized by high unemployment rates and low rates of participation in the work force, mainly among women. In addition, small businesses (and family businesses) that are part of the Arab economy suffer from difficulties in adaptability and a short life span.

The radical changes in the Israeli economy – the development of technology-based industries, the decline of traditional industries, the retreat of the welfare state, the reduction of the public sector and the absence of a government policy – have significantly accelerated the marginalization of the Arab population in the Israeli economy. Arabs constitute about 11.0 percent of the workforce although they are about 20.0 percent of the entire population. Working Arabs earn about 70 percent of the overall average wage. Only 18.5 percent of Arab women participate in the work force – a figure that has not changed significantly since 1995 (Israel Statistical Annual, 1996, 2008).

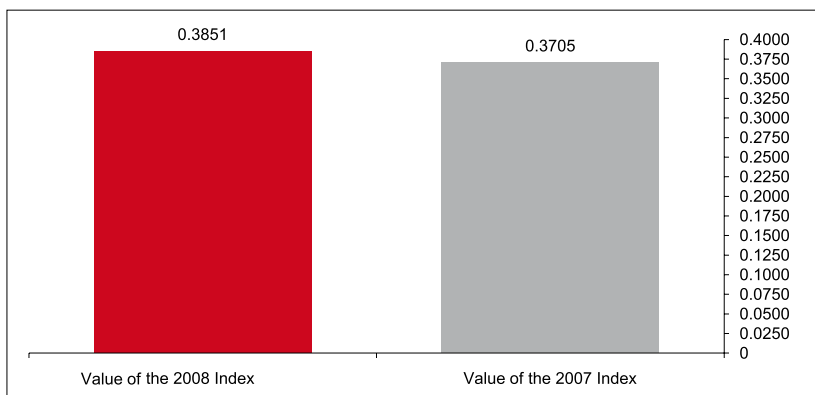
Moreover, most of those Arabs who are employed work in labor-intensive industries with low wages (unskilled industry, construction and agriculture). The Arab population is almost entirely absent from “prestigious” branches of the economy that offer high salaries (high-tech, banking, insurance and finance, electricity and water.) In addition, the representation of the Arab population in “prestigious” professions (academics, the free and technical professions, managers) is lower than that among Jews. The Arab population generally suffers from a lack of recognition and insensitivity on the part of the majority group, and of course from a paucity of employment opportunities. The barriers are reflected in discrimination on the part of Jewish employers on the one hand, and a shortage of jobs in Arab population centers on the other.

The value of the 2008 Employment Index - 0.3851

The three indicators – the rate of participation in the civilian job market, the percentage of unemployment, and the characteristics of the employed – demonstrate that the gaps in employment have widened during the past year. The rate of participation in the civilian work force increased among both population groups, but more among Jews. The percentage of the unemployed declined among Jews – both men and women. In the Arab population the percentage of the unemployed in general increased, with the increase among unemployed Arab women especially prominent. In the distribution of the employed by profession there were minor changes in the values of the variables, and in the distribution by profession, the gaps widened especially in the following areas: industry, electricity and water, banking, insurance and finance. On the other hand, the gap in education narrowed: this field, like care – giving and welfare, is considered a “refuge” for Arab academics, and especially Arab women.

As a result of the widening of the gaps, the 2008 employment Index increased by 3.9 percent relative to the 2007 index, which was 0.3705, as can be seen in Diagram 4.1 (below). The increase in inequality stems from the following factors: the trend of decline in participation in the work force among Arab women aged 25–34; a growing gap between the percentages of Jews employed in academic professions, as well as in industry, water and electricity, banking, insurance and finance. On the other hand, there was an increase in the percentage of Arabs employed in education.

Diagram 4.1: Change in the value of the Employment Index from 2007 to 2008



Indicators and variables

The Employment Index includes three indicators: the rate of participation in the civilian work force, the percentage of unemployment and the characteristics of those employed⁴⁵.

Indicators	Variables
Participation in the work force	1. Rate of participation in the civilian work force at ages 15 and above by gender and population group (%)
	2. Rate of participation in the civilian work force by age and population group (%)
	3. Rate of participation in the civilian work force by years of study and population group (%)
Unemployment	4. Unemployment rate by gender and population (%)
Employment	5. Distribution of those employed by profession and population group (%)
	6. Distribution of those employed by industry (%)

Description of variables

Participation in the work force

Rate of participation in work force by gender and population group

Diagram 4.2 (p. 51) demonstrates participation in the work force among Jews and Arabs, both men and women. The diagram indicates almost total equality between Jewish and Arab men in

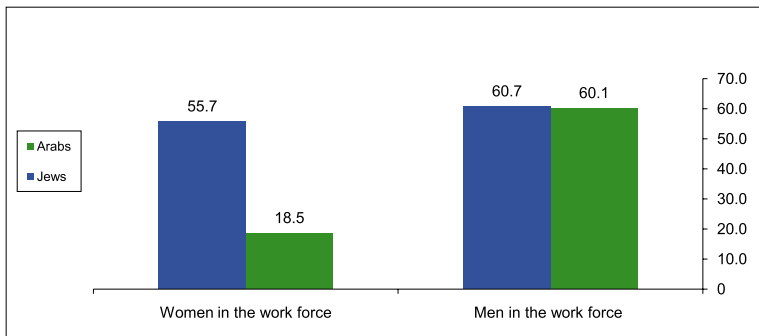
⁴⁵ Some of the characteristics of the work force and of those employed appear in the index without a division by gender. In our opinion the data should have been presented with such a division, because of the great difference between them in the rate of participation in the work force, in the unemployment rates and in the types of employment. But detailed data about Jewish and Arab men and women are not available prior to 2003, and at this stage we were unable to introduce that into the index because the values of the variables in the index are an average of the past five years. Therefore we added a gender distribution according to the CBS data for 2007 without adding it to the index at this stage.

participation in the work force. On the other hand, there is a large gap between women from the two groups.

The rate of participation of Jewish women is 55.7 percent, three times the percentage among Arab women, which is 18.5 percent. The supply of job opportunities for Arabs, particularly women, is limited in the Arab population centers. In addition, the absence of economic development, especially the development of industrial zones (in the Arab population centers), causes a serious shortage of jobs among Arabs.

It should be noted that in comparison to the 2007 index there was no change in participation in the work force among men, both Jews and Arabs. Among women the rate of participation of Arabs increased from 17.9 to 18.5 percent.

Diagram 4.2: Percentage of those aged 15 and over participating in civilian work force by gender and population group

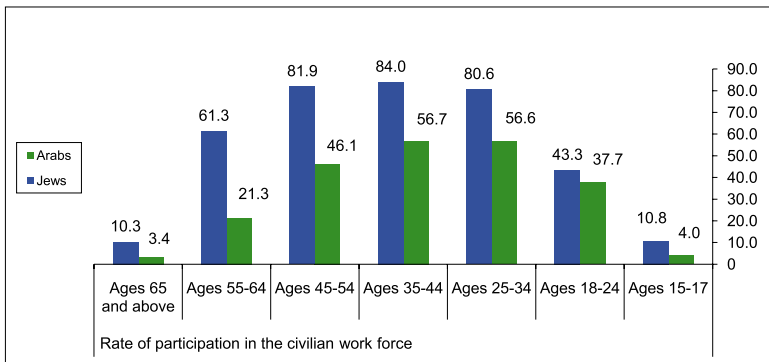


Source: CBS, Israel Statistical Annual, 2008

Rate of participation in civilian work force by age

Diagram 4.3 (below) indicates the rate of participation in the work force among Jews and Arabs in various age groups. The diagram shows that the rate of participation is higher among Jews in all the age groups. There is a particularly large gap in the following age groups: 25–34; 34–44; 45–54; and 55–64.

Diagram 4.3: Percentage participating in civilian work force by age and population group



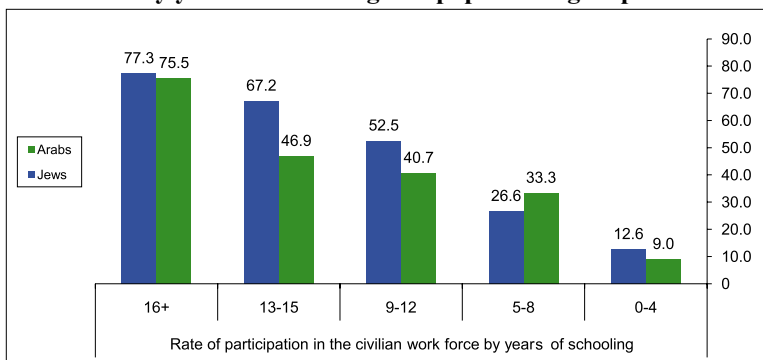
Source: CBS, Israel Statistical Annual, 2008

Rate of participation in the civilian work force by number of years of schooling

Diagram 4.4 (below) shows the rate of participation in the civilian work force by years of schooling, among Jews and Arabs. From the diagram we can see that the rate of participation among those with 9–12 years of schooling and with 13–15 years of schooling is higher among Jews. The gap narrows among those with 16 or more years of schooling (77.3 percent among Jews, as compared to 75.5 percent among Arabs).

It should be noted that among those with 5–8 years of schooling, the percentage of those participating in the work force is higher among Arabs: 33 percent, as compared to 26.6 percent among Jews.

Diagram 4.4: Percentage participating in civilian work force by years of schooling and population group



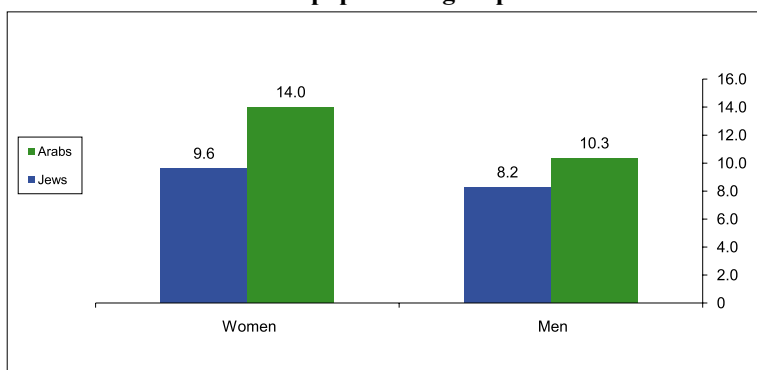
Source: CBS, Israel Statistical Annual, 2008

Unemployment

The diagram below indicates the rate of unemployment among Jews and Arabs, both men and women. It demonstrates a gap in the unemployment rate in favor of the Jewish population, for both men and women. The unemployment rate among Jewish men is 8.2 percent, compared to 10.3 percent among Arab men.

The gap is greater among women: the unemployment rate among Jewish women is 9.6 percent, compared to 14.0 percent among Arab women (see Diagram 4.5).

Diagram 4.5: Percentage of unemployed by gender and population group



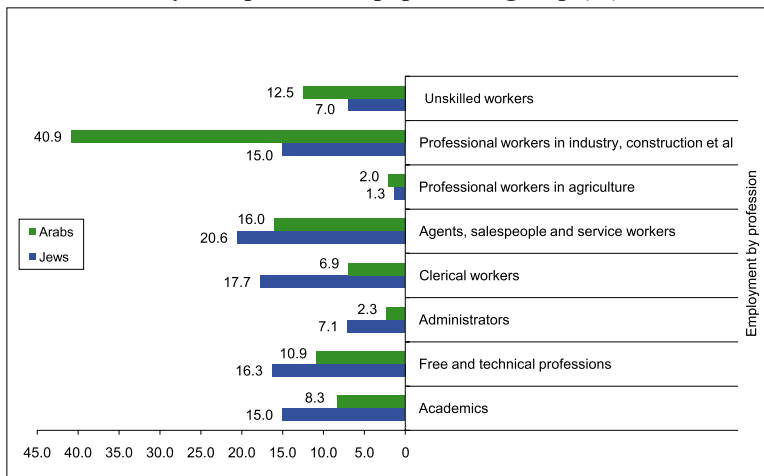
Source: CBS, Israel Statistical Annual, 2008

Employment

Distribution of those employed by profession

Diagram 4.6 (below) indicates the representation of Jews and Arabs in various professions. We can see that among "professional workers in industry, construction et al" Arab representation is 2.5 times that of Jews. Arab representation is also higher among "unskilled workers." Jewish representation, on the other hand, is higher among "agents, salespeople and service workers," "clerical workers," "managers," "free and technical professions" and "academics." It therefore turns out that Arabs are over-represented in low-wage professions that demand no investment in human capital, as compared to over-representation of Jews in high-paid professions that require a high investment in human capital. We should point out that this situation makes it relatively easy to replace the Arab workers with foreign workers.

Diagram 4.6: Distribution of the employed by occupation and population group (%)



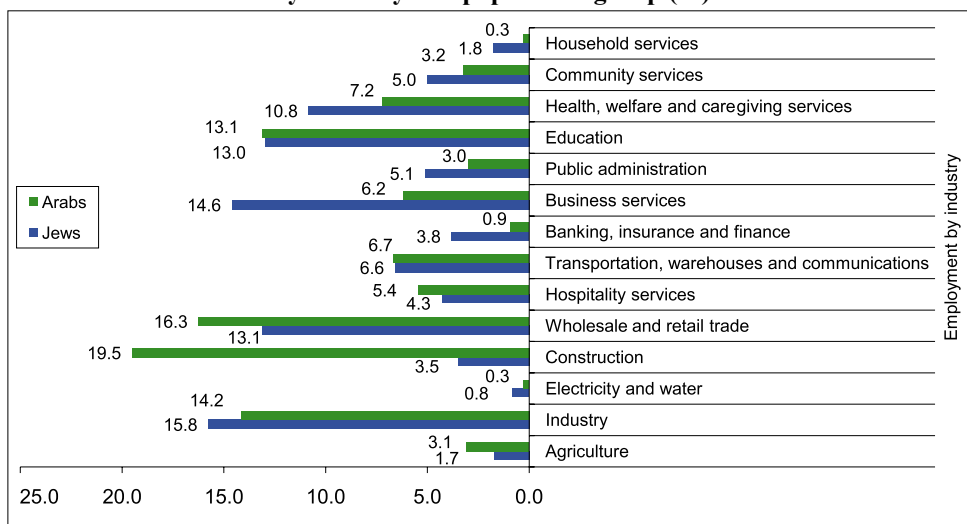
Source: CBS, Israel Statistical Annual, 2008

Distribution of employment according to industry

Diagram 4.7 (p. 54) shows employment according to industry among Jews and Arabs. There is a particularly large gap between Jews and Arabs employed in the business services industry – 14.6 percent of Jews compared to 6.2 percent of Arabs. In the fields of banking, insurance and finance, the percentage of Jews is almost four times that of Arabs. In the field of education the gap narrows significantly (13.1 percent among Jews compared to 13.0 percent among Arabs).

The diagram shows that in certain jobs Arab representation is far greater than that of Jews. The most outstanding gaps are in the fields of wholesale and retail trade, construction and agriculture. There is an especially large gap in construction. In this field the representation of Arabs is 19.5 percent, six times that of Jews, which is 3.5 percent.

Diagram 4.7: Distribution of employment by industry and population group (%)



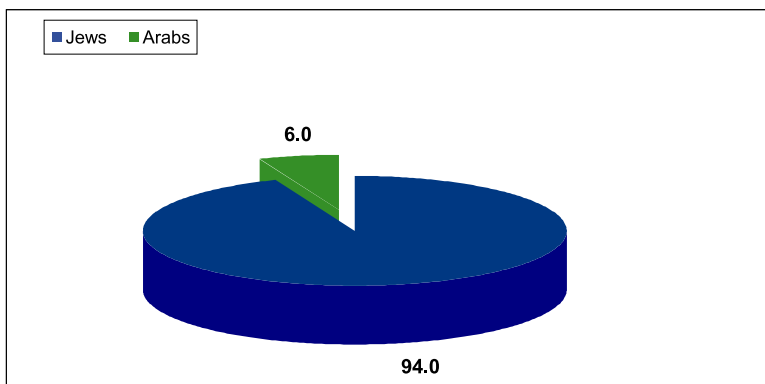
Source: CBS, Israel Statistical Annual, 2008

Arabs suffer from institutionalized exclusion and discrimination in general, and this is particularly true in regard to university trained academics, especially in the civil service. Not only do Arabs suffer from an absence of fair representation in the civil service, even those who are civil servants do not work in positions that influence the decision-making process, with most of them employed in junior and sectoral positions.

In 2004 the government decided (Decision no. 1402 from January 27, 2004) on a clear objective on this issue: By the end of 2008, 10 percent of civil servants would be Arabs. This objective was not met, of course, and was therefore updated and changed. At the end of 2007 the government decided (Decision no. 2579 from November 11, 2007) that the abovementioned objective (at least 10 percent of civil service workers would come from the Arab population) would be implemented by the end of 2012; at the beginning of 2008 the Knesset, with the support of the government, decided to establish a parliamentary commission of inquiry on the subject of enlisting Arab workers in the civil service, and the commission – headed by MK Dr. Ahmed Tibi – began its work on March 18, 2008. At the beginning of 2009 (Decision no. 4436 from January 25, 2009) the government decided to allocate additional resources, including another 20 earmarked jobs a year, additional jobs for students, the establishment of a reservoir of examiners for the acceptance committees for civil service positions, and the preparation of a mentoring program for the new workers.

In spite of these decisions, the rate of increase in the number of Arabs employed in the civil service never met the objectives determined by the government. Diagram 4.8 (p. 55) shows that the percentage of Arabs in the civil service, according to the 2008 index, is only 6.0 percent (in 2007 this number was 5.2 percent). The situation of Arab women in the civil service is also quite gloomy: Arab women constitute only 36.4 percent of Arab civil servants, while Jewish women constitute 68.0 percent of all Jewish civil servants.

Diagram 4.8: Distribution of those employed in the civil service by population group - 2008 (%)



Source: Annual reports of the Civil Service Commission, 2004-2008

Chapter 5

The Social Welfare Index

In the 1980s the social welfare policy in Israel began to change. This change was reflected in the reduction of social services and in the expenditure for the social welfare safety net. At the same time the effect of direct taxes and government transfer payments on the reduction of poverty gradually declined. The first half of this decade was characterized by large-scale cuts in the social welfare systems. This process was stopped in mid-decade, and since then there has been a certain increase in government expenditure on various social issues, mainly due to additional expenditures on caregiving services for the mentally and physically disabled. This increase has not kept pace with the increase in the number of those in need of social services. Moreover, poverty has increased among the needy populations, especially the Arabs.

A process of privatizing social services has begun, including a substantial percentage of the services that the government and the local authorities are legally obligated to provide to a variety of populations in need: the elderly, children and teenagers, the mentally and physically disabled, families, drug addicts and alcoholics, released prisoners and their families, new immigrants and the homeless. These services are increasingly being provided by non-governmental, voluntary and business organizations. In the literature this privatization has been called the "market economy" and "creeping privatization." Below are some of the services that have undergone some kind of privatization:

- ◆ Services for the elderly: senior citizens' homes and sheltered housing
- ◆ Services for children: boarding schools and foster families
- ◆ Services for those with special needs, day-care centers, hostels and apartments in the community, sheltered factories, social clubs, day-care centers for children and diagnostic services
- ◆ Services for the physically disabled: housing frameworks in the community (hostels), social clubs, employment centers, home help and sheltered factories
- ◆ Services for families (including single-parent families: shelters, halfway houses for battered women and their children, centers for treating violence in the family, centers for single-parent families, centers for victims of sexual abuse, summer camps for mothers, child-parent relations centers and programs to prepare couples for married life and to reinforce parental capability; services for youth: therapeutic social clubs, shelters and halfway houses for homeless teens, mobile assistance for homeless teens, counseling and therapy services for teens on health issues. These services are now being provided by non-governmental organizations and/or private-business associations and organizations⁴⁶.

In addition to the recognized negative effects of the privatization process (see Aviram et al,

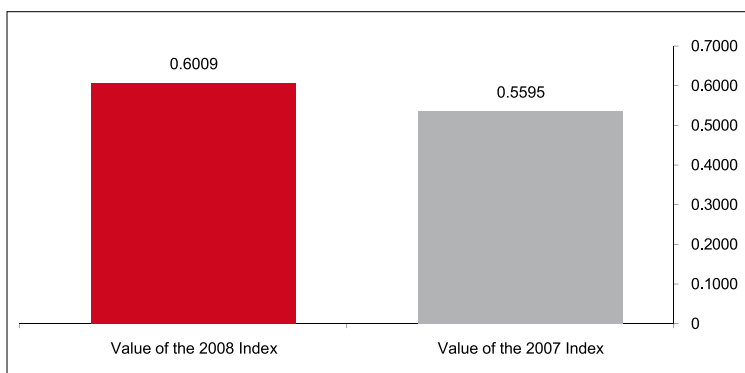
⁴⁶ Uri Aviram, John Gal and Yossi Katan. *Shaping Social Policy in Israel, Trends and Issues*, Jerusalem, Taub Center for Social Policy Studies in Israel, 2007.

2007), the process also includes reductions and cutbacks. The effect of the privatization is reflected in the 2008 index in a reduction of the percentage of expenditure on social services, both proportionally and in real terms, relative to the 2007 index. This year there is a clear decline in the percentage of expenditure on social services – which is weighted in the index – of the total national expenditure calculated for the index – from 25.2 percent in 2007 to 24.1 percent in 2008.

The value of the 2008 Social Welfare Index - 0.6009

The value of the Social Welfare Index is the highest of all the aggregate indexes, and this year stands at 0.6009. The value of the index indicates a widening of the gaps between Jews and Arabs by about 7.4 percent relative to the 2007 index. The increase in the value of the 2008 index stems from a widening of the gap between Jews and Arabs in the three indicators of the index. In the following diagram we compare the value of the 2007 index, which was 0.5595 and that of 2008 – 0.6009.

Diagram 5.1: Change in the value of the Social Welfare Index from 2007 to 2008



Indicators and variables

The Social Welfare Index includes three indicators: expenditure on social services in the local welfare bureaus, the incidence of poverty, and the effect of transfer payments and direct taxes on the incidence of poverty.

Indicators	Variables
Expenditure on social welfare	1. Total annual public expenditure (government and local authorities) on social welfare per capita
	2. Average caseload per social worker
Incidence of poverty	3. Incidence of poverty among families, individuals and children before transfer payments and direct taxes
	4. Incidence of poverty among families, individuals and children after transfer payments
	5. Incidence of poverty among families, individuals and children after transfer payments and direct taxes
Influence of transfer payments and direct taxes on incidence of poverty	6. Percentage extricated from poverty among families, individuals and children as a result of transfer payments
	7. Percentage extricated from poverty among families, individuals and children as a result of transfer payments and direct taxes

Sampling of communities

Two variables in the Social Welfare Index – “average annual total government expenditure (government and local authorities)” and “average caseload per social worker” – are not presented as aggregates (for the Jewish and Arab population as a whole, together and separately) because they are published according to community. In this case we used a sampling of communities to calculate these variables. The sampling including 11 pairs of communities (one Jewish and one Arab) of similar population size and belonging to the same geographical district (see Table A).

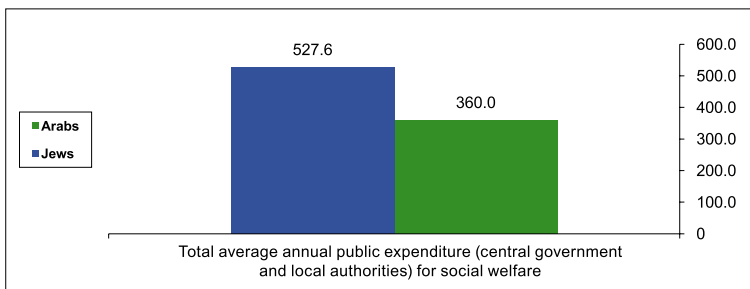
Table A: Sampling of Jewish and Arab communities

District	Jewish communities		Arab communities	
	Name of community	2007 population (thousands)	Name of community	2007 population (thousands)
North	Nahariya	51.0	Nazareth	65.5
	Migdal Haemek	24.8	Sakhnin	25.1
	Hatzor Haglilit	8.6	Ein Mahel	11.0
Haifa	Kiryat Motzkin	39.6	Umm al-Fahm	43.3
	Binyamina - Givat Ada	11.2	Jisr al-Zarqa	11.7
Center	Rosh Ha'ayin	37.9	Taibe	34.8
	Kiryat Ono	27.4	Tira	21.5
	Yehud - Neve Ephraim	25.8	Kalansuwa	17.8
Jerusalem	Kiryat Yearim	3.3	Abu Ghosh	5.9
South	Dimona	33.6	Rahat	42.2
	Yeruham	8.5	Kseifa	10.7

Public expenditure on social welfare

Diagram 5.2 (below) describes the total average annual public expenditures (government and local authorities) on social welfare per capita according to the 2008 index, as reflected in the sampling in Table A. Among both Jews and Arabs there was an increase relative to last year, but the size of the gap between the two population groups did not change. The diagram demonstrates that the average annual expenditure per capita in the Arab local councils that were examined increased from NIS 348.1 in the 2007 index to 360.0 in the 2008 index: an increase of 3.4 percent. Among Jews the average expenditure increased from NIS 508.6 in 2007 to 527.6 in 2008 – an increase of 3.7 percent.

Diagram 5.2: Total average annual public expenditure (central government and local authorities) for social welfare (NIS per capita)



Source: Ministry of Social Affairs, Expenditure on social welfare in selected Arab and Jewish local councils, through the Freedom of Information Department

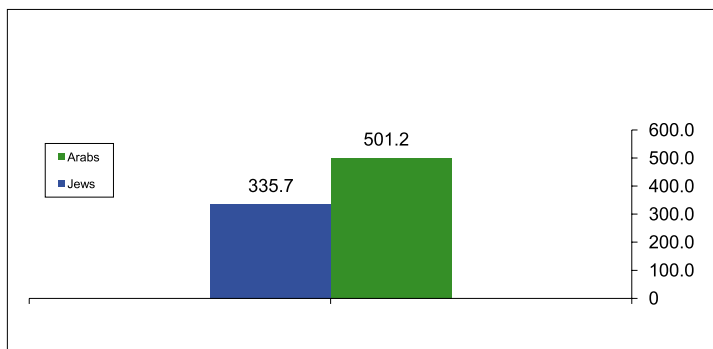
Caseload per social worker

The caseload per social worker in the local welfare departments is a variable that provides another dimension of the welfare budget – allocations per case: the lower the average caseload per social worker, the higher the budget per case.

Diagram 5.3 (p. 60) describes the average caseload per social worker according to the 2008 index. The average caseload in the Arab communities is 501.2. This is an increase of 16.7 compared to the average in 2007, which was 429.2. In the Jewish communities, on the other hand, there was a drop of 3.7 percent in the caseload per social worker – from 348.7 in 2007 to 335.7 in 2008.

In the 2007 index the caseload per social worker was 23.0 percent higher among Arabs than among Jews; within one year this doubled to 49.3 percent – a change that attests to a dramatic decline in the budget per case in the Arab population as compare to the Jewish one, and to an increase in the gap between the populations.

Diagram 5.3: Average caseload per social worker in Jewish and Arab communities



Source: Ministry of Social Affairs, Expenditure on social welfare in selected Arab and Jewish local councils, through the Freedom of Information Department

Incidence of poverty among families, individuals and children

Since the 1970s, poverty in Israel has been calculated based on the relative approach which is a method used throughout the world. According to this approach poverty is a matter of relative distress that should be assessed based on the standard of living typical of the society. A family is defined as poor if its standard of living, as reflected in income, is significantly lower than that of the society, and specifically if the available income per standard person⁴⁷ is lower than half the median of this income⁴⁸. As a rule, the poverty rate among Arab families is constantly increasing. In 2003 it was 48.4 percent while in 2007 it increased to 51.4 percent.

We should point out that the increase in the poverty rate in the Arab population has been very rapid. Between 2001 and 2006 the percentage of the poor increased by 31.1 percent, as compared to an increase of 2.1 percent among Jewish families. The accelerated poverty in the Arab population is a clear and direct result of the cutbacks and the policy of exclusion practiced by all the Israeli governments. In the years 2001–2006, for example, there was a decline of 40 to 50 percent in child allowances and in guaranteed income allowances, in addition to more stringent requirements for receiving unemployment payments.

In addition, during the 2001–2003 economic crisis, the Arab population suffered from high unemployment. At the same time, the fruits of the economic prosperity that began in 2004 did not filter down to the traditional industries with an over-representation of Arabs. Added to that was the ongoing policy of exclusion in terms industrial and employment zones in the Arab communities.

In other words, the gaps between the Arab and Jewish populations are a result of the policy of cutbacks and exclusion from the job market, a policy that was not accompanied by a solution and by practical long-term alternatives that would integrate the Arab population

⁴⁷ A standard person in a family takes into account the principle of the advantage of size. The basis for comparison is a two-person family. This is a family with two standard persons. Therefore, a one-person family has a value of 1.25 standard persons. In other words, the needs of a one-person family are not evaluated as equal to half the needs of a two-person family, but as greater. Similarly, the needs of a four-person family has a value of 3.2 standard persons, and the value of its needs is not double the value of the needs of a two-person family, but less than twice as much.

⁴⁸ The dimensions of poverty and social gaps - 2007, Annual Report, the National Insurance Institute, 2008 .

and improve its situation in the various strata of the job market and the Israeli economy.

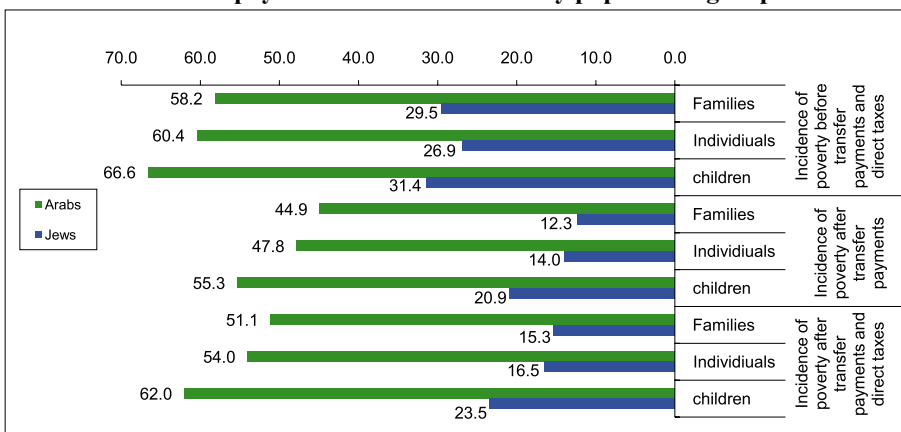
In diagram 5.4 (below) the incidence of poverty among the Arab population is greater than that in the Jewish population, both before and after the payment of transfer payments and taxes. The diagram shows that about 60.4 percent of individuals in the Arab population are living below the poverty line, as compared to 26.9 percent of Jews. After transfer payments and taxes, about 54.0 percent of Arab individuals are below the poverty line, as compared to about 16.5 percent of Jewish individuals (see Diagram 5.4).

The system of direct taxes (income tax, National Insurance and health tax) is considered another important tool, perhaps the most important, enabling the government to influence the redistribution of income in the economy. A tax system is considered effective the more progressive the system (more tax from the rich and those with high salaries, and less tax from the poor and those with low salaries). The tool is not effective as a means of a more just distribution, especially among the Arab population, because of the typically low salary level – most of the Arab population is below the tax threshold and does not enjoy the benefits granted by the government in collecting direct taxes, such as refunding the value of the family deductible.

In light of that, economic leaders in Israel are discussing the introduction of a policy of negative income tax. This enables giving grants in a focused manner to a working population that is below the tax threshold and has a high potential for poverty, without these people having to turn to the National Insurance Institute for payments. Negative income tax therefore constitutes a monetary payment via the tax system, in accordance with the employee's salary.

The findings of the index therefore demonstrate (as we will see in Diagram 5.4) that the incidence of poverty is higher in the Arab population both among children and among individuals and families. It continues to be high compared to the Jewish population, even after transfer payments and after transfer payments and direct taxes.

Diagram 5.4: Poverty rate among families, individuals and children prior to transfer payments and direct taxes, after transfer payments and after transfer payments and direct taxes by population group



Source: The National Insurance Institute, Report on Poverty and Income Inequality, 2008

Rate of decline in the incidence of poverty as a result of transfer payments and direct taxes

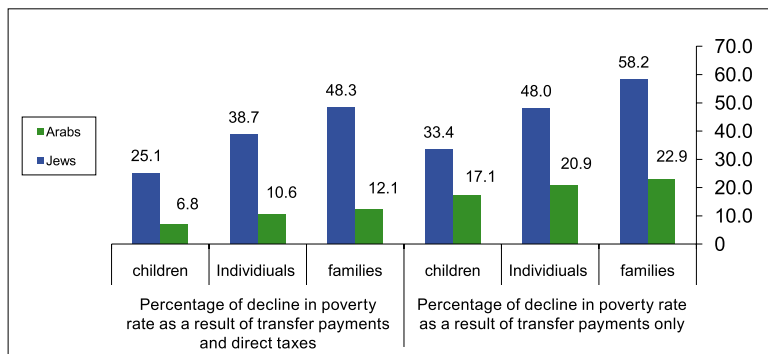
Diagram 5.5 (below) describes the effect of transfer payments and of transfer payments and direct taxes on the incidence of poverty. In other words, the diagram describes the percentage of those extricated from poverty as a result of transfer payments alone and as a result of transfer payments and direct taxes combined.

From the diagram we can see that the influence of these payments on the Jewish population is far great than on the Arab population. The gap is particularly evident in the influence of transfer payments, and the influence of transfer payments and direct taxes on families: transfer payments extricate only 22.9 percent of Arab families from poverty, as compared to 58.2 percent of Jewish families (almost 2.5 times as many).

Diagram 5.6 (p. 63) indicates that according to the figures describing the trend, which are based on the data of the National Insurance Institute, in 2007 only 9.2 percent of poor Arab individuals and 5.2 percent of poor children were extricated from poverty as a result of transfer payments and direct taxes. In the Jewish population these figures were four times as high: 36.8 percent of poor individuals and 21.3 percent of poor children were extricated from poverty. The explanation is that the government's current social welfare policy leads to relatively high rates of extrication from poverty for the elderly, new immigrants and single-parent families (57.5 percent, 46.7 percent and 33.0 percent, respectively – Poverty Report, 2008). The relative size of these populations is higher among Jews.

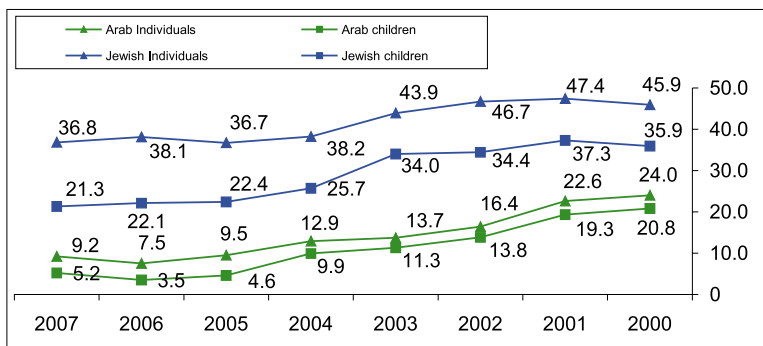
Among Arabs, on the other hand, there is a high percentage of families with one breadwinner, with no breadwinner and with four or more children. The rate of extrication from poverty among these families is 24.4 percent, 14.9 percent and 10.4 percent, respectively. In effect, the policy of allowances and the direct taxes does not currently provide a solution for the causes of poverty typical of the Arab population.

Diagram 5.5: Percentage of decline in poverty rate as a result of transfer payments and direct taxes by population group



Source: Report on Poverty and Inequality in Income Distribution, 2008

Diagram 5.6: Percentage of individuals and children extricated from poverty as a result of transfer payments and direct taxes, 2000-2007, by population group



Source: Reports on Poverty and Inequality in Income Distribution, 2000-2008

The harsh findings attest to increasingly large gaps in social welfare between the Arab and Jewish population. The preliminary figures for the end of 2008 and the beginning of 2009, received from the Ministry of Social Affairs, attest to improvements in the work force within the social welfare bureaus by about 18.8 percent in the communities in the Arab sampling as compared to an increase of 2.0 percent in the Jewish communities, and to an increase of 8.3 percent in budgets channeled to the Arab communities as compared to 5.7 percent in the Jewish communities. If this trend continues over the long term it will leave its mark in the near future.

However, the findings of the 2008 index require that both immediate steps and a long-term policy be adopted to close the gaps. The social welfare field in Israel has been steadily shrinking since the 1980s, apparently as Israeli governments took steps designed to cut back social welfare programs by various means. These steps also included reducing the real value of the allowances and a toughening of the criteria for eligibility for various programs, including an increasing use of selective principles and of privatization which is eroding almost every aspect of welfare services.

In light of this, in order to improve the situation of the Arab population, there is need for three-pronged action:

1. Preserve and protect social welfare rights in appropriate legislation and establish a uniform standard for all parts of the population.
2. Massive investment in special populations that are unsuited to the job market, among the Arab population.
3. Genuine integration of the Arab population into all levels of the Israeli economy, from senior positions and other jobs in the public and private sector, to the development of industrial and employment zones in the Arab communities.