



The Economy of the Occupation

Parts 7 & 8

Breaking the Labor Market - The Welfare to Work Plan in Israel Focus on East Jerusalem

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The Alternative Information Center (AIC)

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Crowding at the entry to an employment center bordering East Jerusalem

Photograph: Rocco Nuri, 2006

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1. Background on the Welfare to Work (Wisconsin) Plan

In July 2005, Israel started the implementation of the Welfare to Work program, a two-year pilot with an option for a year-long extension. The plan is the first step in a radical shift in the Israeli labor market, and in the privatization of employment services.

The program aims to encourage groups who are currently dependent on Income-Support (the basic form of welfare in Israel) to find work and to stop collecting payments from the government.² It is currently implemented in four locations: Hadera, Ashkelon, Nazareth and Jerusalem.

This paper will examine the implementation of the program, and will analyze its implications for the Israeli and Palestinian economies. We will

concentrate in particular on the Jerusalem pilot and its effects on East Jerusalem Palestinians, whose plight in this regard has so far gone unmentioned in the press.

In 1985, 20,000 families relied on Income-Support payments. By 2001 the number increased to 145,000

It is important to note that the severe cuts in welfare came right before the implementation of the Welfare to Work plan. Total per-capita Income-Support paid by the government fell by over 31% between 2001 and 2005.

The cuts were challenged in the Su-

Income-Support in Israel

Income-Support is provided to those at the bottommost rung of Israel's welfare system. The payment provides a basic minimum of income to people without jobs who do not qualify for unemployment. Income-Support – a monthly average of 1621 NIS or 345\$ – is given to the most vulnerable groups in Israeli society; many of the recipients have no other income source.³

In 1985, 20,000 families relied on Income-Support payments. By 2001 the number increased to 145,000. This means that the population that depends on Income-Support is growing at almost five times the growth rate of Israel's population at large.⁴

After 2002, however, the government began implementing measures to curb welfare assistance. The number of people eligible for Income-Support has remained almost constant since 2001, but the average Income-Support stipend has been eroding continuously. The 1,621 NIS allotment amounts to only 22% of the average monthly wage in Israel or 48% of the monthly minimum wage.⁵

preme Court under the claim that the reduced stipends do not allow people to sustain themselves with dignity. While the Supreme Court rejected the appeal, many studies support this claim. A 2005 paper by the Van Leer Institute, for one example, showed that Income-Support should actually be tripled if it is to sustain people with dignity: it found that a single person requires a minimum of US \$600 a month to live with dignity and a family of four (two parents and two children) require a minimum of US \$1,300 monthly.⁶

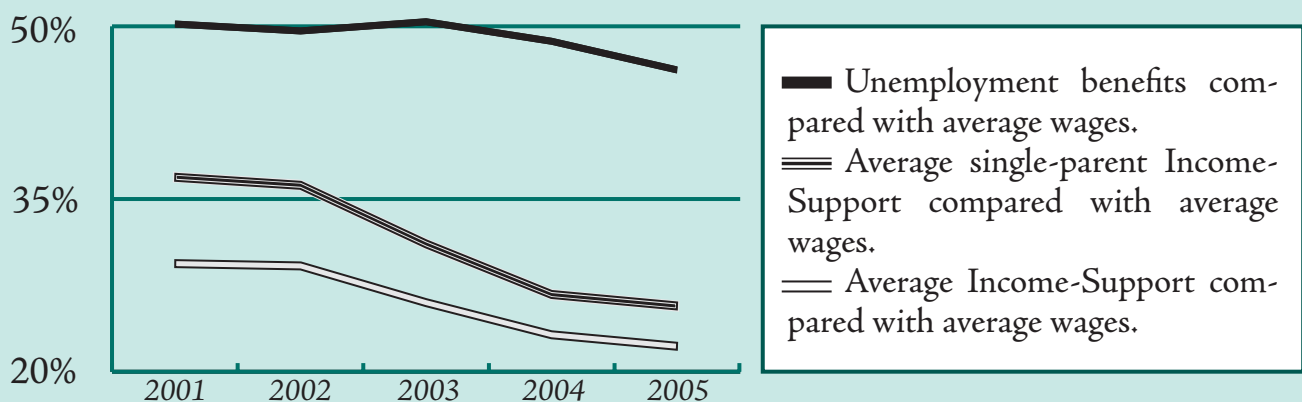
Total per-capita Income-Support paid by the government fell by over 31% between 2001 and 2005

Despite the low stipends offered, the Income-Support system was severely criticized by Israel's neo-liberals, and

was dubbed inefficient, costly and an encouragement to long-term unemployment. Neo-liberal economists and policymakers pushed for privatizing the government's welfare system. However, in 1998 an inter-departmental government committee recommended that the system should not be privatized, and that the real reason that the employment service is not producing satisfactory results is that it is under-funded. Israel's treasury, eager to make a move to reduce the "incentive for laziness," rejected the committee's recommendations and pushed forward with the privatization.⁷

The plan was hailed "Mehalev," the acronym for the plan's motto, which also means "from the heart." It is the Israeli version of the Welfare to Work plans that have been implemented in Europe and the US since the mid-nineties, usually through a private company which acts as a contractor for the state.⁸

Graph 1: Welfare Compared with Average Wages



Source: NII, 2005, *Statistical Yearbook*, 2005, Third Quarter, tables 4.1-4.2, 15.1-15.3, 4.3.1-4.3.5, 4.4.1-4.4.3. Data for 2005 is limited to June-July.

Comparison with the US Program

The approach chosen by Israel is termed by professionals a mandatory “Work First” approach, meaning that strong emphasis is placed on finding jobs quickly and closing welfare files. One alternative, termed the “Human Capital” approach, involves improving the workers’ standing in the market by providing professional training.⁹

However, even the Work First approach varies by the parameters of its target population (young or old, families or singles), the kinds of sanctions used, the supporting services provided to the target population, time limits for receiving allowances, and not least, the cultural sensitivity towards ethnic or other groups. The model espoused by Israel strives to close welfare files as quickly as possible, regardless of long-term consequences. The model targets families with children, the elderly and the disabled, and offers hardly any supporting services such as child-care facilities.¹⁰

In Israel, the plan targets individuals, and as we shall see, it thoroughly ignores the needs of parents and children. In the American models, however, the basic unit targeted by the programs is the family or the household. When the reform of 1996 changed the criteria for welfare eligibility, the change was accompanied by a dramatic increase in the Federal child-care budgets; individual states were given discretion as to how to use these funds. The unemployed were thus given tools to adjust to the reforms.

Israel imitated the aggressive US plans without implementing the accompanying child support, despite the fact that even the supported US plans failed to yield the hoped-for results.

According to Mark Greenberg, an independent expert and critic of the reforms, the reforms appeared successful until the 2001 recession. The number of welfare recipients was reduced by half and poverty rates fell. However, many people who found work under these programs entered low-level “dead end” jobs with almost no benefits. As the 2001 recession in the US kicked in, child-care and other supporting services ran into financial difficulties. Once the services were cut, there was a sharp decline in employment and an increase in poverty.¹¹

A closer look into one such program, the New York City plan, shows that the plan failed to achieve its goals, especially regarding under-privileged ethnic groups such as Afro-American and Hispanics, and has ended up hurting participants.¹² Professor Yehezkel Hasenfeld from the University of California claims that the true goal of the US plan was to reduce government expenditure on welfare, and though the plan indeed reduced the number of welfare recipients, it in fact caused an increase in poverty.¹³

Among the Welfare to Work plans, those implemented in the US are considered less sensitive to the needs of the poor than the European programs. Israel has chosen to adopt the most aggressive of the American models.

The approach chosen by Israel is a mandatory and aggressive “Work First” model

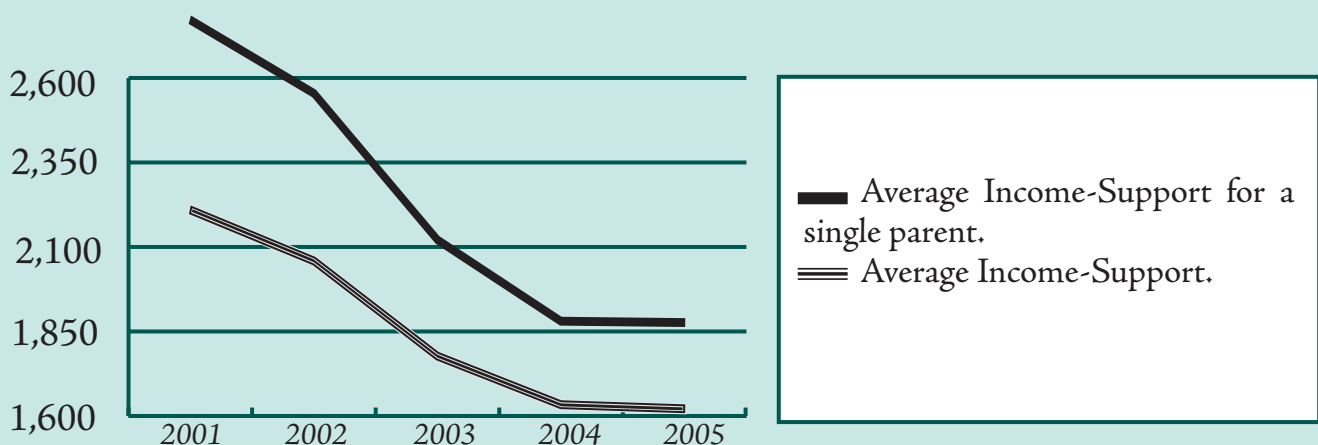
In Israel, a large-scale campaign was launched to win over public opinion for the plan. Radio broadcasts promoted the plan as a valuable tool for finding jobs for people, and the financial papers quoted officials promising that the plan will solve much of the unemployment problem in Israel. The radio campaign was stopped due to massive public protest against the Welfare to Work program.¹⁴

Four companies won the tender to operate the program in the four cities selected for the pilot. Initially 14,000 people were slated for inclusion in the program¹⁵ but in actuality the number rose to 18,000.¹⁶ The estimated annual budget of the program is US \$54 million, more than twice the total of annual Income-Support payments to those enrolled in the program.¹⁷ So far, the costs of the program were not addressed in the public debate at all.

The estimated budget of the program is more than twice the Income-Support that it was supposed to save

The 2003 Economic Policy law and several additional regulations mapped out the general outlines of the reform, the training and advising participants will receive as well as their rights and

Graph 2: Income-Support Figures (NIS)



Source: NII, 2005, *Statistical Yearbook*, 2005, Third Quarter, tables 4.1-4.2, 15.1-15.3, 4.3.1-4.3.5, 4.4.1-4.4.3. Data for 2005 is limited to June-July.

duties. Some of these are posted in the plan's administration website. However, the companies have discretion over the particular practices they chose, which are documented only in the confidential contracts signed between and state and the contractors. Thus, with the companies insisting on protecting their "commercial secrets," important information on their actual policies remains obscure.

Program Components

1. Workshops

Participants must attend a series of mandatory, daily workshops. Formally, participants should attend workshops for 30-40 hours every week, but it seems that the actual number of days and hours varies. The workshops are created and planned by the company's instructors with the official aim of providing the participants with job-finding skills, work ethics and discipline. The workshops include lectures on the labor market and on proper attitudes for job seekers, as well as various exercises. The companies and the administration believe that enforcing a school-like discipline on participants is an important preparation for future jobs.

2. The Job Search

The most important function the program offers is that of the Occupational Advisor. Advisors are meant to accompany participants throughout their job search; they are to adjust the work search, consider health limitations and make referrals to community service

jobs (see below). Advisors also register "refusals" and sanction participants who are deemed uncooperative. Their decisions are immediate and based on their personal judgment only, although they can be appealed by a long, formal procedure. The advisor, termed a "case manager," has a much broader role than that of the governmental official in the Labor Bureau, who has only a few minutes to offer the job seeker. The advisor is legally mandated to take all of the participant's needs and wants into consideration, and has the right to cut the participant's benefits as well. Formally and legally, any decision taken by the advisor can be appealed before an external governmental committee. Each company takes several thousand people under its care, and on average each advisor has a caseload of fifty people.¹⁸

Participants are shuffled around the workshops, perhaps to prevent them from forming bonds and organizing

3. Community Service

Community-service jobs are unpaid, limited positions in community centers, schools and other institutional work places such as the national forests and hospitals. The occupational advisor is required to send the participant to Community Service when the latter cannot find a regular paid job. The service position is expected to be adjusted to the participant's condition. The participants are required to work voluntar-

Rather than providing skills, the workshops enforce a school-like or prison-like disciplinary atmosphere

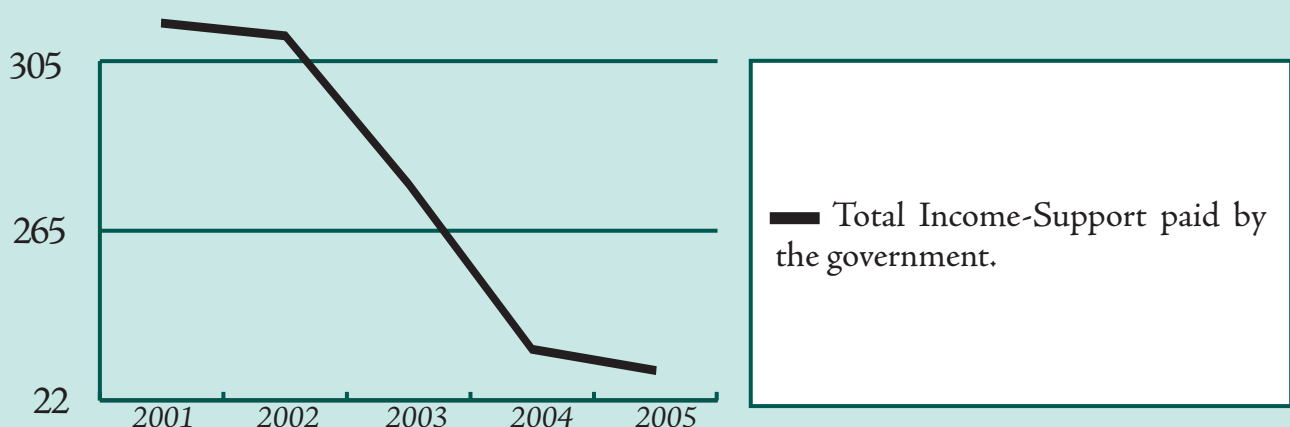
Critique of the Program's Operation

1. Workshops

Participants attest that the workshops are poorly organized and offer little that is valuable. Rather than providing the participants with tools for finding work, the workshops gradually wear out the participants and serve to oversee them and manage their time. In fact, the workshops' main effect is a school-like, some say prison-like, discipline enforced on the participants. Participants are shuffled around the workshops, perhaps in order to prevent them from forming bonds or groups that might empower them to protest.²⁰ The participants may not smoke, may not use cell-phones and may not talk among themselves. The companies demand that the participants dress properly and arrive sober; failure to meet the requirements could result in expulsion

ily and to contribute to the community in exchange for the Income-Support that until now had been defined as their basic right.¹⁹ The idea is motivated and justified by the “no free lunch,” ideology, which insists that every welfare recipient can and should work in exchange for his or her benefits. The Community Service is also said to encourage the unemployed to adopt working habits, such as getting up on time and performing work under a boss's orders. It seems that the participants who are sent to such service are typically the most difficult to place, even in the context of the very low-skill jobs offered through the program. Community Service is supposed to be limited to four months.

Graph 3: Total Income-Support Paid by the Government (Millions of NIS)



Source: NII, 2005, *Statistical Yearbook*, 2005, Third Quarter, tables 4.1-4.2, 15.1-15.3, 4.3.1-4.3.5, 4.4.1-4.4.3. Data for 2005 is limited to June-July.

from the program and loss of the living stipend, even though many of the participants are registered drug addicts.²¹ The Community Action Center (Singur Kehilati) in Jerusalem claims that these requirements are illegal.²²

Program participants must work for a minimal sum that was intended to support people who are unable to work

2. No Vocational Training

Though the program professes to provide job placements, the companies who won the bid are under no obligation to provide professional training. As of now, the companies did not

implement any professional training programs whatsoever. In fact, Israel's treasurer has claimed that professional training is "useless."²³

It should be noted that lack of professional training is widely considered to be one of the central weaknesses of the US Welfare to Work system.²⁴

Community Service, called "volunteer work," is a form of punishment: manual labor for less than minimum wage

3. Community Service Jobs

For the businesses that employ program participants, "community service



Program participants, waiting to get into the Welfare to Work center in Nazareth
Photograph courtesy of Sawt el-Amel

jobs” are a godsend – the institutions get the labor, and the government pays the money. The government saves money because now actual work is required as a prerequisite for Income-Support, and participants who cannot meet the requirements lose their income – saving the government money. The participants must now work for a stipend which was intended to support people who are unable to work. The program thus deliberately circumvents laws defending workers’ rights.²⁵

Only severe health problems allow
a participant to refuse a job

Working participants are under constant threat – if their employers are not satisfied they can lose their stipend.²⁶

The community service jobs have a connotation of punishment, and in fact this is what they are. The program’s participants are being punished for being poor and unemployed; their punishment is performing difficult jobs which they have not chosen, and for which – since these jobs considered “training” rather than work – participants receive less than half of the minimum wage (i.e. Income-Support).

Larger Questions

1. Little Chance to Find a Job

Because the companies are rewarded for placing workers in any jobs whatsoever or for eliminating people from the

welfare lists, they have very little motivation to actually try and improve peoples’ life condition.²⁷

Under the circumstances (workshop attendance, Community Service, etc.) program participants have very little free time to look for jobs. The company looks for jobs for them, and mostly places them in difficult, unskilled, low-paying and low-duration positions. Only severe health problems make a job refusal permissible. Refusing a job under any other circumstances brings on an immediate withdrawal of Income-Support.²⁸

Any disobedience can disqualify
a person from the program
and stop her Income-Support

2. Disqualification

The program keeps participants under supervision, making sure that unemployment doesn’t provide them with leisure, and preventing them from working unreported jobs while still collecting Income-Support.

Besides keeping participants busy, the workshops may also be a platform for sanctioning and punishing the participants, up to total disqualification from the program. In fact, any behavior that the supervisors judge as “disobedience” can also lead to these sanctions, and to a complete cessation of Income-Support. A disqualified person has the right to appeal the company’s decision, but appeals are handled only

in Hebrew, which creates a barrier for immigrants and Palestinians. Participants must pay a commission in order to appeal, and the commission may be more than a full day's worth of the participant's stipend.²⁹ In the end, only 8.3% of the appeals were approved by the NII committees appointed by the government, a fact that was celebrated by the program's administration.³⁰

Four months into the program, 35% of the participants had lost their stipends. Some 15% lost the stipend because they found a job, 10% were listed as absent and 10% lost their stipend because they were accused of refusing a job that was offered to them.³¹

A governmental official says the program is aimed more at policing than at treatment

It seems that the government paid little attention to the fate of the people who have been disqualified and lost their income.

An executive official in the Trade Ministry has said, "It's not clear how we have gotten ourselves into a program which is aimed more at policing than at treatment. Research in the West has already proven that the plan is faulty." He added, "I want to rethink what we have done. Choosing the Wisconsin Plan might have been the wrong way to promote employment".³²

Barbara Epstein, of the Jerusalem Community Action Center, expressed worry that the plan creates the groundwork for enslaving the participants – by forcing them to perform underpaid jobs.³³

Four months into the program, 35% of the participants had lost their stipends

The Association of Civil Rights in Israel's 2005 report argues that the plan violates the civil rights of workers in Israel, and actually only contributes to their further impoverishment. This trend is especially notable after a series of reductions in the rights of workers and those of the unemployed in Israel over recent years.³⁴

The current critiques of the reform relate both to practices stemming from legal or governmental decisions and to the companies' modes of operation. Public protest on both these fronts is on the rise. The protest began with journalists' reports, evolved into an ongoing campaign by advocacy and grass-root NGOs, and continues with severe criticism in the Knesset. As mentioned above, the protest brought the governmental radio campaign to a halt, and created a public atmosphere of opposition to the reform. Large protest demonstrations, however, have taken place only in Nazareth, where Palestinian Israeli citizens lead the dissent.

2. Privatization of Social Services

The implementation of the Welfare to Work system in Israel has another aspect which deserves our attention, the aspect of privatization. The plan essentially gives private companies a kind of authority normally reserved only for an elected government.³⁵

The four companies selected to manage the first stage of the project are private, international companies. Their goal is to make a profit. The idea of privatizing the service is that companies working for profit can achieve better results and at lower costs than the government. The plan therefore strives to offer such companies incentives to pursue goals compatible with the public good.

The contractors' profits grow
in proportion to the number of people
whose files they close

The companies who won the tender have the authority and responsibility to provide job-placement services, to test and categorize the participants of the program and to determine whether a participant is "uncooperative" and should therefore lose their stipend. The companies also have the leeway to choose the extent of support provided the targeted population. The government provides the companies with special a budget for their operation. Part of the companies' budget is slotted for

support services, but the tender fails to provide any means of ensuring that the money is used for this purpose. The companies are not obligated to provide specific professional training or basic supporting services for employment (such as transportation costs, child-care services or other support to families). Though the budgets for such forms of support exist, the companies do not profit from using these budgets and their decisions are not regulated by the authorities.³⁶

The companies' conflict of interest is evident. Their profit is proportional to the number of people they eliminate from Income-Support lists, while these very companies have the right to eliminate people from these lists.

The companies get more money if a participant holds on to a job for 6-9 months, but less money if the participant loses her job and returns to the program. It is therefore easier for the companies to simply take the money for every participant that has given up and was removed from the program. This is a built-in mechanism which the government installed to hasten the process of reducing the number of welfare recipients.³⁷

The companies agreed to save the government at least 35% of its Income-Support spending. Above that, the companies get 40% of every stipend that they have managed to cancel. If, for example, a company reduces the number of welfare recipients by 50%, it gets 40%

of the stipends of the 15% people that they eliminated from the lists beyond the threshold of 35%. The government saves the remaining 60% of these stipends, but must still cover the companies' operating budget. As the contract between the government and the companies is confidential, we do not know how long the companies keep receiving 40% of the stipends that they eliminate. The only incentive that companies have to place people well is a small bonus if the placement lasts for more than nine months.³⁸

The Winning Companies



MAXIMUS – the company that won the tender in

Ashkelon and Sderot.^{*39}

A4E – A British company that won the bid in both West and East Jerusalem. A4E works with the Israeli company Aman; their joint company, Amin, manages the program in Jerusalem.⁴⁰



CALDER – A Dutch company, working with the Marmet Israeli company, in Nazareth.⁴¹



AGENS – A Dutch company, working with the Yeud Is-

raeli company, in Hadera.⁴²

The four companies are officially under government supervision, but in practice very little supervision actually takes place. The responsible ministry, the Ministry of Industry, Trade and Labor has taken the role of program advocate in the public debate, and is consistently overlooking the companies' operating failures. The only remaining form of supervision rests in the hands of the appeal committee. The appeals are difficult and expensive to make. As we've said before, only 8.3% of the appeals have been accepted so far.⁴³

If the plan goes national, the companies could cut deals with large employers and provide them with free labor

The companies who won the bid are making a profit and accumulating capital. If the plan will be expanded to other parts of Israel, the government's ability to provide basic social services will be compromised and held hostage by private companies that can withdraw their services at any moment. Their accumulated capital might be misused in order to fortify the company's ability to exploit undefended labor. The companies might be in a position to affect the labor market by cutting deals with large employers and providing them with free labor, all under minimal government supervision.

* The company was involved in a series of accounting irregularities, bribes and even embezzlements in the US, which led New York State to revoke its contract. The official administration of the program in Israel (Mehalev) admitted that they didn't know of the company's history when they reviewed their proposal for the tender.

3. The Plan's Effects on Disempowered Groups

The welfare reform has met with little resistance from the upper classes in Israel. This is not surprising, as the people who rely on Income-Support are unemployed and impoverished. The groups that suffer from the welfare reform are therefore those that were already poor and under-privileged. These include mostly immigrants, Mizrahi Jews and especially Palestinian citizens of Israel and Jerusalemite Palestinians. Among these minority groups, single mothers, the sick and the elderly are those most gravely affected by the reform.⁴⁴

It is important to remember that

people who rely on Income-Support as their only source of income are well below the poverty line.⁴⁵ The welfare to work plan actually targets people who are already marginalized within Israeli society.

The groups that suffer from the welfare reform are those that were already poor and under-privileged

The specialists who prepared the ground for the reform profess that the majority of the participants are un-

Single Parent Families

Over a third of all Israeli children, 34%, live under the poverty line. The proportion of poor children grew by 50% since 1998, mainly as a result of the neo-liberal policy of welfare reduction.⁴⁸ The Jewish immigrant population, which comprises about a third of all Income-Support recipients and of the program participants, has an exceptionally high rate of single-parent families – 10.6%. Also, 20.2% of all Russian immigrant children live in a single parent family.⁴⁹

Most single-parent families receive Income-Support and the importance of this money to their livelihood cannot be exaggerated. The official figures for 2003, before the cuts in NII benefits, showed 56% of single parent families in Israel under the poverty line before Income-Support, and only 25.3% after.⁵⁰ In general, some 41% of all unemployed women have children under seven-years-old and 36% of them have more than one child under the age of seven.⁵¹

As we can see, impoverished mothers and their children have been losing economic ground fast over the last three years. In Israel, these mothers have “colors.” They have ethnic identities, a notable “otherness,” which will be specifically demonstrated below. This “otherness” makes it easier for the authorities to target these groups.

der-educated, with outdated skills and long-term unemployment. Many are subject to various social and psychological handicaps. Some are very close to retirement age, some have mental disabilities, and others yet are addicted to drugs.

The plan actively targets marginalized people within Israeli society, especially Palestinian citizens of Israel

It was found that only 6% of Income-Support recipients are free of the problems above, and over 81% suffer from a combination of two or more obstacles to finding employment.⁴⁶ The prospects

for finding jobs for such a population are therefore quite low to begin with.

Targeting Single Mothers

The Israeli model of the welfare plan was inspired by American models not only in its aggressive Work First” approach and its discourse of blaming the (ethnically other) poor, but also in its focus on families and on single mothers. Law revisions in 2003 that preceded the Welfare to Work pilot plan already substantially damaged the welfare entitlement of mothers with young children. The revisions cut child subsidies and reduced the age of children that qualifies mothers for exemption from the “occupational test” (where they must



Line in front of an employment office, bordering East Jerusalem
 Photograph: Rocco Nuri, 2006

prove that they are willing to take any job offered to them) from seven to two. As a result, mothers of children older than two must participate fully in the plan, though like others they receive no supporting services.⁴⁷

The authorities did not specifically state that mothers were targeted, but the decision not to exempt mothers from the plan has far-reaching consequences.

Targeting the sick and old

Like mothers, sick people were indirectly selected to participate in the plan. The only criterion for exemption from the plan is a health disability, but the minimum level of disability required for an exemption is very high.

Palestinians believe they were heavily enlisted into the program because policymakers don't want money to fall to the hands of non-Jews

It should be noted that rating the formal disability level of participants is an important function of the NII (National Insurance Institute, Israel's social security). Disability levels are awarded after a prolonged application process, which must be complete before the participant enters the program. However, some of the participants who were sick or disabled attested that they had not applied to the NII for disability. Their reasons ranged from lack of information, to a quickly changing medical situation

which they found troublesome to prove, to their difficulties with Hebrew and with the state bureaucracy. Sometimes the company's doctors overturned NII decisions and refused to recognize the hard-won health status that the participants had earned.⁵²

A parliamentary committee established right before the implementation of the program discussed the need to exempt those welfare recipients who were too disabled to work from the "occupational test," – a requirement that obliges them to arrive at the program center – possibly every day – and attempt to convince their case manager not to send them to physically demanding jobs. When the same people were under the care of the National Insurance Institute, their requests were handled on a case-by-case basis and they were required to report to the institute's offices only once every few weeks.

The government declared that until the law is revised, only those with a 75% work disability or more would be exempt from the requirement to accept any job given to them. This statement, if adopted as a policy, will still force people with 60% work disability to accept any job offered (see the testimonies from East Jerusalem below). As of now, the participants have not been informed of the final government decision.

As it stands, a large proportion of the program's participants suffer from health problems, and records of participants sent to jobs they were physically unfit to perform abound.⁵³

If the doctor working for the company

decides (based on examining medical papers and not on examining the applicant herself) that the person is capable of working, the only choice left to that person is to jeopardize her health and work anyway, or to give up her Income-Support stipend.

Targeting Ethnic Others: Immigrants and Palestinians

Jewish immigrants comprise about 33% of the plan's participants. These immigrants, who are struggling with the language and with Israeli culture, and who in many cases face more or less blatant discrimination, are another disempowered group targeted by the plan. Single-parent families, who have already suffered a significant reduction in welfare benefits, are especially prevalent among the immigrants because many families split over disagreements regarding coming to or staying in Israel.⁵⁴

But the most disempowered group targeted by the plan is Palestinians. In 2004, poverty was rampant among the non-Jews in Israel (the vast majority of which are Palestinians). Compared with a 15.9% poverty rate among Jews, the poverty rate among non-Jews was 49.9% (after taxes and transfer payments).⁵⁵

Some 20% of Israel's citizens are Palestinians (not including the Palestinian non-citizens), but Palestinians make up 30% of those receiving Income-Support.⁵⁶ However, of those selected for the Welfare the Work pilot, Palestinians made up at almost 50%. The choice to focus on recipients of Income-Support

(rather than on the unemployed in general) resulted in Palestinian citizens being represented in the program at double their ratio in Israeli society.

Recipients of Income-Support are portrayed as "stealing" money and enjoying a life of leisure at the public's expense

One also wonders about the criteria for selecting cities and neighborhoods for the pilot plan. Nazereth contributes 4,700 Palestinians to the program (already bringing in 26% of participants). But of the five cities with the largest numbers of Income-Support recipients, only Jerusalem was selected to participate. Furthermore, planners decided to include East Jerusalemite Palestinians, who comprise 33% of the total population of Jerusalem, but as many as half of the Jerusalem participants in the plan. An unknown number of Palestinian participants come from Ashkelon, Hadera and Sderot.⁵⁷

This undeniable targeting of Palestinians has led to large-scale protests against the program, especially in Nazereth; many Palestinians believe that they were enlisted to the program because policymakers don't want government money to fall to the hands of non-Jews.⁵⁸

Blaming the Victims

The plan's premise is that the poor are to blame for their condition. The idea behind it is that the people who rely on



Nazareth rally against the Welfare to Work program, August 2005
The Arabic reads: "Coming Soon to the Markets: the Resistance of the Hungry"
Photograph courtesy of Sawt el-Amel: *The Laborer's Voice*, 2005

Income-Support don't want to work – and that the plan will force them to.

The program's ideology is thrust upon the participants in hours of repeated lectures. The message is clear: "there is no free lunch," and "the problem is in your attitude."⁵⁹

It is therefore crucial to discuss the social implications of the program, as well as its economic effects. Those drafted into the program are stigmatized as lazy and incompetent. They are already poor and disempowered, as we've seen, yet they are portrayed as people who enjoy their freedom from work, and are satisfied to have their needs paid for by taxpayers. Welfare is no longer seen as a form of a socially-responsible insurance (people pay taxes so that they will be taken care of in times of need), but as a form of charity.

Professor Nancy Fraser of the New School for Social Research claims that the welfare state often stigmatizes the victims of social inequality, and blames them for their condition.⁶⁰ The Welfare to Work plan in Israel exemplifies this attitude, with its depiction of participants as people who enjoy a life of leisure at the public's expense. The program thus forces these people to suffer for their Income-Support, or, in fact, to

work for it and receive even less than minimum wage for their time.

The plan encourages public resentment towards this population with the workshops as are a form of punishment – people who failed to find a job shouldn't enjoy free time. Economists support the plan because it is supposed to be effective against "free-riders."⁶¹

Israeli journalist Yuval Karminzer has argued that it was because the program targets disempowered sectors of Israeli society that it didn't receive adequate media coverage, and that the public was left unaware of the numerous humiliating and cruel violations committed by the companies who won the tender.⁶²

Impoverished East Jerusalem Palestinians
are potential replacements
for laborers from the OPT

The plan can thus crush the selected populations because they occupy a blind spot in decision makers' field of vision. When these populations are noticed at all, they are seen as a nuisance at best, or as a threat that must be controlled.

4. Program Outcomes and Effects on the OPT

It has already been established that the plan doesn't create jobs, nor does it bestow new working skills. But does the plan at least fulfill its other agenda, that of saving the government money?

It is still too early to tell if the companies work at a better rate than government agencies. The government employment agency is under-funded, and each clerk handles 400-500 unemployed. On average, the agency found jobs for 16-17% of the unemployed under its care every month.

By comparison, the private companies who won the bid enjoy better funding, and every clerk has to deal with only 50 unemployed. Nevertheless, they found jobs for only 3.5% of the unemployed under their care every month over the pilot's first four months.⁶³ Thus, despite the government's attempt to provide more funds and therefore give the privatization an aura of success, the companies have so far failed to match the efficiency of the government's own employment service.

When the large expenditure of government money is considered, the plan's efficiency appears even more questionable. So far, Israel invested over US \$18 million in the program for four months. (In comparison with about US \$2.1 million which were paid to the participants in the form of Income-Support in the four months prior to the plan's imple-

mentation). This means that the government effectively paid nine times the sum of all of the participants' Income-Support payments – in order to revoke the stipend from some of the participants. As the government employment agency has not been dismantled, the bureaucratic costs have also not been reduced.⁶⁴

The current data suggests that more people have been denied their Income-Support than have found a job. This indicates that the government money didn't buy job placements; rather, it went to the companies' private coffers for no social good.⁶⁵

However, this data doesn't mean that the program has so far been simply ineffective. The plan still has widespread effects on the Israeli and Palestinian labor markets.

The government paid nine times the participants' Income-Support in order to revoke the stipend from almost a third of the participants

Unemployment

Israel has been suffering from serious unemployment for many years. In mid-2005, the official unemployment rate in Israel was registered as 9.1%. However, the unofficial rate (including peo-



Merchant in Hebron

Photograph: Anna Esther Mueller, 2006

ple listed as “job refusenicks” or those who work less than a few hours a week) is about double the official unemployment rate.⁶⁶

Despite the high unemployment, the program’s manager initially said that there were 5,000 available jobs for participants.⁶⁷ But in the first three months since the program was implemented, only 11% of the participants (1,980 people) found jobs, and many of these were temporary or part-time jobs. However, 6% of the participants were listed as “uncooperative” and 12% were listed as “absent” (including people who were late or missed over three sessions in one month). Of the 29% of participants who lost their stipend, the majority did not find a job.⁶⁸

Four months into the program, the situation was even worse. Some 35% of the participants lost their stipends: 15% found a job, 10% were listed as absent and 10% were accused of refusing a job that was offered to them. Out of the newly employed, 52% had found only part-time jobs. Most of the work was in cleaning, security, construction, industry and agriculture. So far, the program has managed to utilize only 40% of the jobs that were supposedly available.⁶⁹

Over 80,000 part-time jobs opened in Israel in 2005, regardless of the new program.⁷⁰ It is not surprising to see this rise in part-time jobs in a period of high unemployment, which, along with severe cuts in welfare, pushes growing numbers of the working-class to settle for any job they can find. The program’s participants must likewise accept any job they are given. The result is a rap-

id turnaround of people competing for the same jobs and quickly being ejected from them.⁷¹

Over 2002-2005, while Israel implemented continuous cuts in welfare payments, the percentage of people in the workforce actually diminished – a sign that people didn’t refrain from working because of the stipends, but were prevented from finding employment for other reasons.⁷²

Participants in the program have no choice but to accept any job they are given

The community service jobs which the program offers creates a group of disempowered laborers who don’t enjoy basic workers’ rights, and are providing free labor for companies that would otherwise hire people for minimum wage. This creates a further weakening of the workforce, and a new layer of impoverished workers.⁷³

Effects on the Palestinian Labor Market

The Welfare to Work reform is a policy of the Israeli government. The program is directed at Israeli citizens and at the Palestinian subjects of Israel in East Jerusalem. Does that mean that the program doesn’t affect the Palestinians without Israeli residency in the rest of the OPT (Occupied Palestinian Territories)? At first glance, the answer is yes. Palestinians cannot receive Income-Support and cannot be summoned to

the program. However, further analysis suggests that Palestinian lives will be profoundly affected by the plan.

The OPT suffer from even higher unemployment rates than those in Israel. Unemployment in the OPT is very closely correlated to closures and curfews imposed by Israel.⁷⁴ Because of the massive limitations on movement imposed on the OPT since the second Intifada in 2001, unemployment rates in the OPT are about three times as high as those in Israel, and in 2003 stood at about 31.2%.⁷⁵

One of the central sources of employment for the Palestinians is work inside Israel. Though the availability of these jobs is limited and the chances of entering Israel to find them are low, the wages

are an important source of income. Palestinian workers who come to Israel can support many people (as many as 6-8) back in the OPT despite their very low wages by Israeli standards.⁷⁶

According to Israeli Treasury estimates, the number of OPT Palestinians working in Israel (both legally and illegally) reached a peak in 1999 with 124,000. After the outbreak of the second Intifada, closures tightened and the number of workers dropped; by 2005 it fell to 44,000 workers a year.⁷⁷

Israel is obligated by the 1994 Paris Accords to allow Palestinian workers to enter freely into Israel and work.⁷⁸ However, Israel has been thoroughly dodging this obligation. In 2005, Israel's Treasury published its research pa-



Ramallah market

Photograph: Anna Esther Mueller, 2006

per on the “damage” that Palestinian labor causes the Israeli labor market.⁷⁹

The recommendations of this research paper were fully adopted by the Israeli government. In order to stop Palestinian workers, Israel decided to increase the cost of employing them. The plan is to enforce the minimum-wage law on those employing Palestinians, but to levy a special tax on the workers so that their actual pay will remain low (comparable to wages in the OPT). The tax is supposed to be transferred to the Palestinian Authority, but Israel is notorious for its habit of confiscating such money.

A special police force will be created to enforce these new measures and search out people who employ Palestinian workers illegally. The government’s goal is to minimize the number of Palestinian workers in Israel by 2008.⁸⁰

Although the government’s public statements do not make a connection between the Welfare to Work program and the plan to put obstacles in the path of Palestinian workers, there are actually three parallel policies at work here:

1. Welfare to Work. The declarative goal of the plan is to help people find work at minimum wage, but in the reality of the labor market (where

minimum wage is not enforced) the plan actually pushes many people to the point of no income at all. This means that a “competitive” replacement is being prepared for the cheap, desperate labor of OPT Palestinians and labor immigrants.

2. The Wall. The barrier makes it even more difficult and expensive for Palestinians to find work in Israel.

3. The Treasury’s new regulations. These will increase the cost of hiring Palestinians while decreasing the Palestinians’ incentive to work in Israel.

Thus the Welfare to Work program is creating a pauperized workforce inside the Green Line, a workforce that can compete with the Palestinians. It is immaterial whether these three policies were consciously designed together. What matters is that they all serve the same agenda – preventing Palestinian workers from entering Israel and creating replacements for them by impoverishing the local work force. One potential such group of replacements, impoverished East Jerusalem Palestinians, is discussed below.

5. The Plan in East Jerusalem – a Case Study

Israel's governing institutions see the Palestinians of East Jerusalem as part of the "Arab sector," namely, the Palestinian population which remained within Israel's 1948 borders and carries Israeli citizenship. The latter, Palestinian Israeli citizens, comprise a minority of some 20% of Israel's citizens. Unlike Palestinian Israel citizens, however, most Palestinian Jerusalemites do not have the political right to elect and be elected to the parliament.

Like all Palestinian living in the OPT, East Jerusalem Palestinians came under Israel's occupation in 1967. But unlike the remainder of the OPT, East Jerusalem was annexed in 1967 and the

Israel aspires to diminish the Palestinian population in Jerusalem while appropriating Palestinian land

Jerusalem Palestinians were given Israeli residency status with partial rights. Though they are not full citizens and cannot vote, Jerusalem Palestinians are entitled to welfare benefits and medical insurance that are beyond the reach of other OPT Palestinians. These partial rights do not change the fact that Jerusalem Palestinians are still living under occupation, and suffer from the illegal colonization of East Jerusalem by Jewish-Israeli settlers.

A Policy of Obscurity

Six months after the program's initiation, Amin – the company implementing the Welfare to Work reform in Jerusalem – refused to publish any data on program participants, their total number and ethnic distribution (Jewish and Arab), let alone figures related to the outcomes of its activities, such as the number of job placements, disqualifications, appeals, drop-outs, etc. Like Amin, the other three companies as well as the relevant governmental bodies tend to keep important data from the press and the public.

The few tables published by the administration after recurrent complaints from civil society organizations, parliament and even other government bodies, are general and partial.

The tables fail to mention how many of the dropouts are West Jerusalemites, and how many are Palestinian residents of East Jerusalem. They shed no light on whether dropouts were people who had alternative income sources and had cheated the welfare authorities, as governmental propaganda had implied. Real answers will remain unavailable as long the companies and the government continue to withhold information.

A4E, the British end of the joint British-Israeli company that runs the Jerusalem program is accused of violating British law, as it is providing the Israeli government with governmental services in occupied territory – East Jerusalem. Israel's sovereignty over occupied East Jerusalem was never accepted by the UK.⁸¹ As noted above, the joint company, called Amin, is made up of A4E and the Israeli Amman.

Over the past few years, East Jerusalemites, like the rest of Israel's poor, felt the deterioration of welfare subsidies, with major cuts in child- and income-assurance benefits.⁸² In August 2005, when the pilot plan began operating in Jerusalem, it turned out that in a city where Palestinians comprise some 33% of the population, they apparently make up about 50% of the program's several thousand participants.

Though the pilot plan is only partially implemented, it is nevertheless mandatory for those selected to participate, who are summoned to attend by mail. They must show up regularly at workshops, and face all the sanctions and the threat of losing their welfare allowance, as discussed above. For those selected, the plan is no pilot but a harsh reality.

The "customers" – as they are referred to by Amin employees – are approximately half of some 8000 Income-Support recipients who reportedly live in Jerusalem.⁸³ The exact number of participants and their ethnic and national distribution were never formally disclosed and requests for the information were refused.⁸⁴

A governmental source indicated

that Palestinians, mainly of East Jerusalem, comprise 52% of all welfare recipients in Jerusalem while their rate in the Jerusalem population is only about 30%.⁸⁵ Amin has attested (in response to a Maan advocacy center query) that Jews comprise 57% and Palestinians 25% of the participants in Jerusalem. But Amin also claimed that 18% are registered as ethnically "undisclosed." If all "undisclosed" participants are Palestinians, their actual proportion is 43%. Either way, the proportion of Palestinians in the program is much higher than their proportion in the city's population, which is about 33%.⁸⁶

Was there an intentional decision to target Palestinians? Are they being treated differently than Jews? These questions will be discussed below. Due to the policy of obscurity (see below) the following account will be based on published data, summaries of interviews with community-based and grass-roots organizations, recorded interviews with plan participants and some inside information.

Palestinian Jerusalemites form 52% of welfare recipients in Jerusalem, though they comprise only 33% of the city's population

Targeting Arabs in Jerusalem?

As mentioned above, we do not have exact numbers on the Jerusalem plan, but we know that the plan is implemented

in most of the Palestinian neighborhoods, covering a wide belt around the Old City to the south and to the east.

Our research suggests that East Jerusalem Palestinians participating in the plan generally undergo the same practices as the Jewish participants, but their economic situation is worse and their political and cultural contexts are different. Additionally, the Palestinian participants experience discrimination and are treated with an approach laden with pre-conceptions and stereotypes widespread among Israeli decision makers. This may be true even when the instructor or occupational advisor is himself a Palestinian.⁸⁷

East Jerusalemites felt the deterioration of the Israeli welfare subsidies accompanied by the new labor reform

Targeting Arab Women and families

A woman doing “volunteer” (community service) work at the Jerusalem Botanical Garden:

I have children and they have needs. I cannot cope. I leave the house at 7:30 and come back at 3:00. I have to go to the kitchen and cook. Will they pity me? They are just children. I have a 10-year-old daughter. She comes back from school at 12:00; her father is also a volunteer, so we don't know if the children do their homework or not.

*Perhaps this is what the Jews prefer, that our children will be on the streets with the traffic, that they will never study.*⁸⁸

Large, impoverished families are an unmistakable characteristic of the Muslim Palestinian population in and out of Jerusalem. In Jerusalem, 76.3% of all Palestinian children and 69.2% of all Palestinian families with Israeli citizenship live under the poverty line.⁸⁹

Palestinian women in fact were often mentioned by plan supporters – officials and journalists – as an example of a desirable target for the Welfare to Work policy. The idea was to get them to work out of the home thus increasing their participation in the work force. Indeed, the rate of Palestinian women working outside the home or registered as job seekers (and therefore participating in the work force) is exceptionally low even by Israeli standards. In 2002, 17.1% of all Arab women were working outside the home or seeking jobs, and the rate of Muslim women working outside the home was only 14% compared to 53.8% for Jewish women.⁹⁰

Sigal Ofek, a manager at Jerusalem's Botanical Garden perfectly exemplified this view:

This is the most important garden in the Middle East... we need all the work force we can get and we don't have the [necessary] budget, so of course we enjoy the project very much and along with that it's a humanitarian thing... what the girls [i.e. the middle-aged Palestinian women] are doing...it's not free. I pay for the bus, a very heavy burden; we have overhead ex-

penses, electricity, toilet...

*Of those 50 women working, if I compare it [their work] to agricultural work – I am an agronomist – it equals that of two Thai workers...I think that the project is an opportunity for them... some sectors do not go out to work for... cultural reasons, you probably know that.*⁹¹

Shaul Meridor, a Treasury official, boasted of the plan's success: "You know where they are now [The Palestinian women]? Picking mushrooms at the Ayalon valley, 50-year-old Arab women who never worked."⁹² Another manager at the Jerusalem Botanical Garden told a journalist: "see... here they learn the value of work, it's not like it is over at

their places [waves his hand generally to the East] there behind the walls [of the Old City]."⁹³

A familiar racist or deep colonial conception echoes in these officials' words. Palestinian women, officials seem to assume, should find it natural to work as agricultural laborers.

Dozens of Palestinian women, most of them older than thirty and some even older than sixty-years-old were indeed observed at the Jerusalem Botanical Garden doing "community service." However, most of the women from East Jerusalem are city dwellers. Annexed East Jerusalem is urbanized by and large, and comprised of former villages like Silwan which became urban neigh-



East Jerusalem, the Old City

Photograph: Anna Esther Mueller, 2006

borhoods. The Jewish managers in the program see the Palestinians as “natural” farmers, and make no attempt to understand the population that they are controlling.

One Palestinian woman reported:

My husband is confined to a wheel-chair [recovering from a recent fire], my daughter suffers from burns and my son who was sleeping [when the fire started] suffers from burns ... All my requests [of the advisor] went unanswered, not a word, nothing... just “Khalas, Yalla Ruhi” [enough, get on with it!]...my husband needs help to go to the toilet, my daughter is a young child and I leave her in the street. I tell her that the neighbors will take care of her... the house is a mess. I have to fulfill my home duties at midnight. Nobody helps me. All the children go to school, they are all young.⁹⁴

“Perhaps this is what the Jews prefer, that our children will be on the streets with the traffic, that they will never study”

According to the accepted view in local Palestinian society, a woman of fifty who has spent her mature life raising a family and maintaining the home (a hard and troublesome task), can expect to be treated with special respect, and to see her everyday chores taken up by younger women. This, however, is neg-

ligible in the eyes of Israeli officials, compared with the “natural Arab inclination” for physical work, which they attribute to Palestinian women.

Should the state act in order to increase the rate of Palestinian women working outside the home, thereby increasing the family income? This objective in itself could have been considered progressive had it been aimed at truly improving Palestinian women’ status in the labor market and had it not been implemented in an aggressive, inhuman manner. The present approach offers neither supporting child-care services nor professional training. Nor does the program offer Hebrew classes, which are required for even the lowliest non-manual jobs. The plan therefore drives many Palestinian families and mothers to an impossible choice between complying and leaving the program.⁹⁵ This choice is really a choice between maternal responsibilities and the meager income of the family. Aisha,* a 41 year old, mother of five:

I am a housewife, I never worked outside the home. The children were young. I had to prepare them for school. I have the responsibility... I have a daughter two-and-a-half years old... they [Amin] wanted me to leave the house from 7.30 till 3.30 in the afternoon... I cannot abandon my children... where shall I put her? With the neighbors? They too have children... What are the children going to eat and to drink? I am the one responsible for the house.

* Real names are on file at the AIC. Interview held at the family house, 18.1.06. This family eventually appealed, to no avail.

Ahmad,* her husband, adds:

I told them: “take me instead.... What are you doing? You are destroying my home...” I told the manager, “please, Ya Bint el-Halal [A dignified yet intimate form of addressing a woman]. Let me go instead of her...” but she refused... Yunes [the advisor] said that both of us have to work... I told him, “what about the children,” so he says, “I don’t care, you can put them in the streets, that’s your problem, not mine!”... They told me there is no appeal, there is no law, there is nothing... what can I do. The law is in their hands.

Some of the women interviewed did not express a total rejection of the idea of working outside the home, and voiced their aspirations to study and work. But they did not wish to be driven to dead-end jobs such as cleaning or other low-pay manual jobs, and wanted to see the children attended to, so that as mothers they will not betray their important parental role.

Treatment of the Sickly in the Jerusalem Program

In Jerusalem, 57% of all participants are over 45, a factor which in itself can predict a high rate of health problems and disabilities. Scenes of sick and disabled people on their way to reach the Amin center are common at the entrance to the center. Sabah, a program participant:

One of the main instructors told us from the start, if you have a 60% disability, it still means that you can work with the remaining 40%... he voiced the [planners’] idea that the weak will be crushed, and only the strong will survive.⁹⁶

Recurrent testimonies of both Jews and Palestinians participating in the Jerusalem plan attest to the following procedure: a person who falls sick must speak with the advisor, who is not a medical professional; the advisor may simply refuse to take the participant’s request into consideration or may show the documents to the occupational doctor, probably situated at the program center; the doctor’s decision on the participant’s actual disability is based solely on documents; he never meets the patient.

In Jerusalem, 76.3% of Palestinian children and 69.2% of Palestinian families live under the poverty line

Huda* is a 60-year-old woman, registered as 57 for historical reasons:

I have no cartilage in the knees. I have swellings in the arms, and [a split] disk and blood pressure and sugar [diabetes]. They sent me... to different doctors and the specialist wrote that I cannot perform any physical work.... the advisor took the

* Real names are on file at the AIC. The two medical documents, one from the specialist forbidding any physical labor and the other from Amin’s occupational doctor permitting “easy” work are on file at AIC archive. The quotes are taken from two interviews with Huda, 25.1.06 and 7.2.06.

papers, but the doctor in “Amin” decided that I can work. I never saw him [Amin’s occupational doctor]... he just signed the papers. I went to the committee... so they said to the advisor, “can’t you send her to do useful work?” They referred me to Hadassa [a large hospital] to lift and push carton packages... how can I lift with my hands? So they said: “why can’t you walk up hill in the Botanical Gardens and perform easier work?”... But I cannot even climb the hill... Eventually, I fell on a rock on the long walk from the bus [to the work place in the Botanical Gardens]... a Jew from the garden who speaks Arabic pitied me and took me to a room with tea and coffee....

Policy makers apparently believe that Palestinian women have a “natural inclination” for physical work

Intimidation and insults

The Israeli advocacy NGOs have received more than 600 complaints since the Welfare to Work plan was implemented in July-August 2005. Some 60% of the complaints reported insults and humiliation. Interviews and the reports of East Jerusalem coordinators attest to strong feelings of humiliation



East Jerusalem, the Old City
Photograph: AIC Archive, 2002

on the part of participants.⁹⁷ These aspects of the participants' experience cross ethnic barriers and demonstrate a degrading attitude which is common to advisors and instructors in all four centers of the program.

Part of the aggression is structured into the plan, as discussed above. It is notable that the excessive power of advisors to apply unbending rules and sanctions gives them a feeling of superiority.

*when he [the instructor] said a true thing I told him it was true, but they told us to do things that go against Islam, like if you go to a workplace you should tell the employer that you are experienced even if you're not at all... this is forbidden. This is what they tell us. Lie so that you can work.*⁹⁸

The program forces Palestinian mothers to choose between maternal responsibilities and Income-Support for the family

Though most of the instructors Jerusalem participants encountered were Palestinian, some Palestinian participants reported feeling humiliated on account of their nationality. Numerous complaints against specific Palestinian advisors and instructors working for Amin suggest that they developed a professional personality which included the use of frequent insults as part of their ongoing performance. The humiliations and insults further contribute to the demoralization of the participants, and increase the chance that they will

leave the program and thus lose their stipends, thus contributing to the profits of the company. Huda, previously quoted, is 60-years-old:

*Some of the people did not want to shut off their phones... suddenly one of the advisor shouts at me: "Didn't I tell you to shut off the phone? Shut off the phone!" As though I was his daughter and he was my father... Like we were in prison.*⁹⁹

A younger woman named Aisha who witnessed this exchange described it thus:

*People reproached him [Firas, the advisor] and said, "how can you talk like this? This woman is like your mother or sister. Would you like your sister or mother to work in such jobs?" He said: "Don't compare. My sister is educated. Don't compare yourself to my sister or mother." I [Aisha] saw old women being insulted. I felt sorry for them.*¹⁰⁰

Initially, Amin's workshop center for Palestinians was situated in East Jerusalem. But the Palestinian instructors reported that they were being intimidated and physically threatened by the participants and the center was consequently transferred to West Jerusalem. This event deserves our attention.

The basic experience of a Palestinian from East Jerusalem in the western parts and in governmental institutions involves trepidation and fear. For a Palestinian, especially if she is dressed in traditional clothes, walking in the streets of West Jerusalem can be an unpleasant experience involving checkups

and searches by soldiers and police.* The participants' felt more self-assured when they were in their home territory, and showed their dissatisfaction with the plan's embedded aggression and with the instructors' attitude. This dissatisfaction was probably expressed violently, and the instructors reasoned that the Palestinian participants will be much more obedient in West Jerusalem. Testimonies collected after the transfer indicate that the transfer indeed induced more submission.¹⁰¹

Political aspects, resistance and protest

*I admit it. I was making trouble in the workshop... in the middle of the workshop, I told the people, tell me your addresses and home phone numbers. Let's go to a lawyer, we will have a case. But they were all afraid and refused to give details.*¹⁰²

An outsider might find it strange that there was hardly any public discussion of the plan in East Jerusalem, much less any protest against it.

However, this situation seems natural to insiders. East Jerusalem Palestinians as a collective do not acknowledge the Israeli annexation. They are not full citizens and they choose not to participate in the Municipal elections (where Israel did give them a right to vote, unlike the general elections). They are not represented in Israel's governing bod-

ies, and the Palestinians of the OPT see them as a vital part of any future Palestinian state. Hence, any contact with Israeli authorities aside from passive acceptance of social benefits is politically problematic for this population. The Palestinians of Nazareth, by comparison, are Israeli by citizenship and Palestinian by culture (or nationality). Their struggle is a marginal yet legitimate one in Israel, one conceptualized as a battle for social justice and against discrimination.

The contractor's occupational doctor
makes biased decisions
without meeting the patients

One may say that East Jerusalem Palestinians are caught between two political entities and two discourses: a Palestinian entity involved in a national liberation struggle and the Israeli authorities, which hold these Jerusalemites in their power. These conditions make it almost impossible to generate a public struggle against the labor reform.

East Jerusalem Palestinians do not even have a recognized leader in the Palestinian arena, a public figure that can embody their specific problematic stand. Such is the case since the death of Faisal Husseini, who was a symbol of the national Palestinian struggle and also possessed a strong Jerusalemite identity. The institution associated with Husseini, the Orient House, embodied

* Ethnic profiling is commonly practiced by Israeli security forces, especially in Jerusalem. A Palestinian is often stopped three or four times on her way from East Jerusalem to a destination in West Jerusalem, and each "security check" can last over half an hour.

East Jerusalem Palestinians lack the proper social space for a struggle against the labor reform

these combined functions, but in 2001 it was closed down by the Israeli authorities “until further notice.”

Opposition to the plan comes from two directions. One is grounded in a social justice approach which objects to the plan on account of its structural injustices. This is led by Israeli advocacy NGOs and relies on a discourse of universal social justice. The second route is based in local communities generating ethnically-specific struggles, such as protests in the Russian immigrant media and, most importantly, the struggle

led by Palestinians (Israeli citizens) in the Nazareth area. This struggle, with its Ethnic-Nationalistic tone, is still going on.

The government-appointed committee of specialists that prepared the plan and chose Jerusalem as one of the cities where it would be implemented was undoubtedly aware of the fact that most Palestinians in Jerusalem reside in the occupied (annexed) areas of East Jerusalem, but this matter is absent from the committee’s report. The committee, which celebrated the principle of non-discrimination, brought forth as justification of its choice (which was supposedly a-political) its intention to achieve “a proper representation of the variety of social groups.”



Palestinians waiting at the Atarot checkpoint on their way to work in Israel, early morning. The sign above the line says “Have a pleasant stay.”

Photograph: Anna Esther Mueller, 2006

But discrimination pervades the plan and poor Palestinian families do not have the means to fight it. The Palestinian Authority cannot replace Israel's welfare services, for economic reasons and because Israel will not allow it. The Muslim religious associations deliver assistance irregularly and in small quantities.

Palestinians ordered to work longer hours were told "Jews won't succumb to these conditions and will refuse to come"

Some forms of resistance on the part of the Jerusalemite Palestinian participants appear nonetheless. These include the threats against Amin's advisors mentioned above, refusals to accept the working conditions (see below), and continuous appeals against advisors' sanctions and decisions. The appeals rely heavily on local volunteers and coordinators working for the advocacy NGOs. The NGOs' daily work is currently the only available platform for political protest and change. Maan WAC association, based in Nazareth, started a grass-roots action committee with and by East Jerusalem welfare recipients, thus forming an important al-

liance of Jerusalem Palestinians with Palestinian citizens.

Jamil Lafi, an East Jerusalem Palestinian enrolled in the program, works in foresting for the Jewish National Fund as his Community Service "volunteer" work:

I am a car mechanic so I have a profession, but I am 54 years old and all the employers want only young workers... Forestry is not real work, it is a "community service" and we only get our Income-Support for this physical labor...

*We are a group of 22, 23 men, all Arab, doing Community Service in the forest. We usually gather at 8.00 in the morning and get back at 12.00. Recently, they brought us back at 2 p.m.... The day before yesterday; we were told that the starting time will be 6.30 in the morning and the return at 2.30 p.m. The day after, we refused to go to work. We approached the Amin center, and, said that we are on strike. Most of us have children and we have to prepare them for school and kindergarten in the morning ... We are all men and all Arab... I asked my advisor and the people in charge in the Jewish National Fund why [the Palestinians alone were told to work longer hours] and they said that Jews will not succumb to these conditions; that they refuse to come...*¹⁰³

6. Walls and Labor Reforms – Related Policy Tools?

East Jerusalem's Palestinians suffer under policies of discrimination, aggression and ethnic cleansing imposed by various Israeli institutions, from the municipality on. Israel's objective – to shrink the Palestinian population while appropriating their land into Israel's "ever-lasting" capital – grows apparent from many disparate practices: land confiscations, house demolitions, discrimination in municipal budget allocations and the Interior Ministry and the National Insurance Institute's regular denials of residency requests.

The most important change in the lives of the Palestinians residents of East Jerusalem is the separation wall, which appears to mark the future boundaries of the city in Israel's eyes. According to the E1 plan that was recently approved by the government, the walls, fences and bureaucratic decisions will create a huge Israeli city, which will stretch deep into the West bank towards the Dead Sea and divide the West Bank in two. The walls have been planned with some ingenuity so that despite this expansion, Jerusalem's Palestinian population will actually shrink.¹⁰⁴

Some parts of the Jerusalem wall are still under construction, but the existing walls already have profound socio-economic implications, resulting from the artificial division between two Palestinian populations. East Jerusalem is

a metropolitan center which is gradually being cut off from its surroundings to the north, the east and the south. It is estimated that the wall divides 230,000 Jerusalem Palestinians from their families and communities, from important sources of livelihood – jobs and clients – and from a variety of economic and social transactions with wide areas ranging from Ramalla in the north to Bethlehem and Hebron in the south and to Jericho in the east.¹⁰⁵

The wall and the labor reform combine to create a local pauperized work force that can replace migrants or "aliens"

The existing separation wall in Jerusalem roughly follows the city's boundaries as drawn by Israel's annexation. Therefore, the remaining Palestinian population on Israel's side of the wall is comprised mostly of Palestinians who hold Israeli residency status.¹⁰⁶

Can we learn more about the meaning, effects and purposes of this wall by examining some other recently constructed walls?

In the US, for example, fences, border patrol and obstacles are spreading along the long border with Mexico since 1994, and particularly near urban centers like San-Diego. Reports claim that more than a million illegal migrants are caught by these instruments every

year. Still, illegal migrants entering the US from Mexico are estimated at more than a million annually. In December 2005, a bill passed in the House of Representatives issued the building of a 700 miles- (1,120 km)-long, double-sided metal wall along large segments of the US border with Mexico.¹⁰⁷

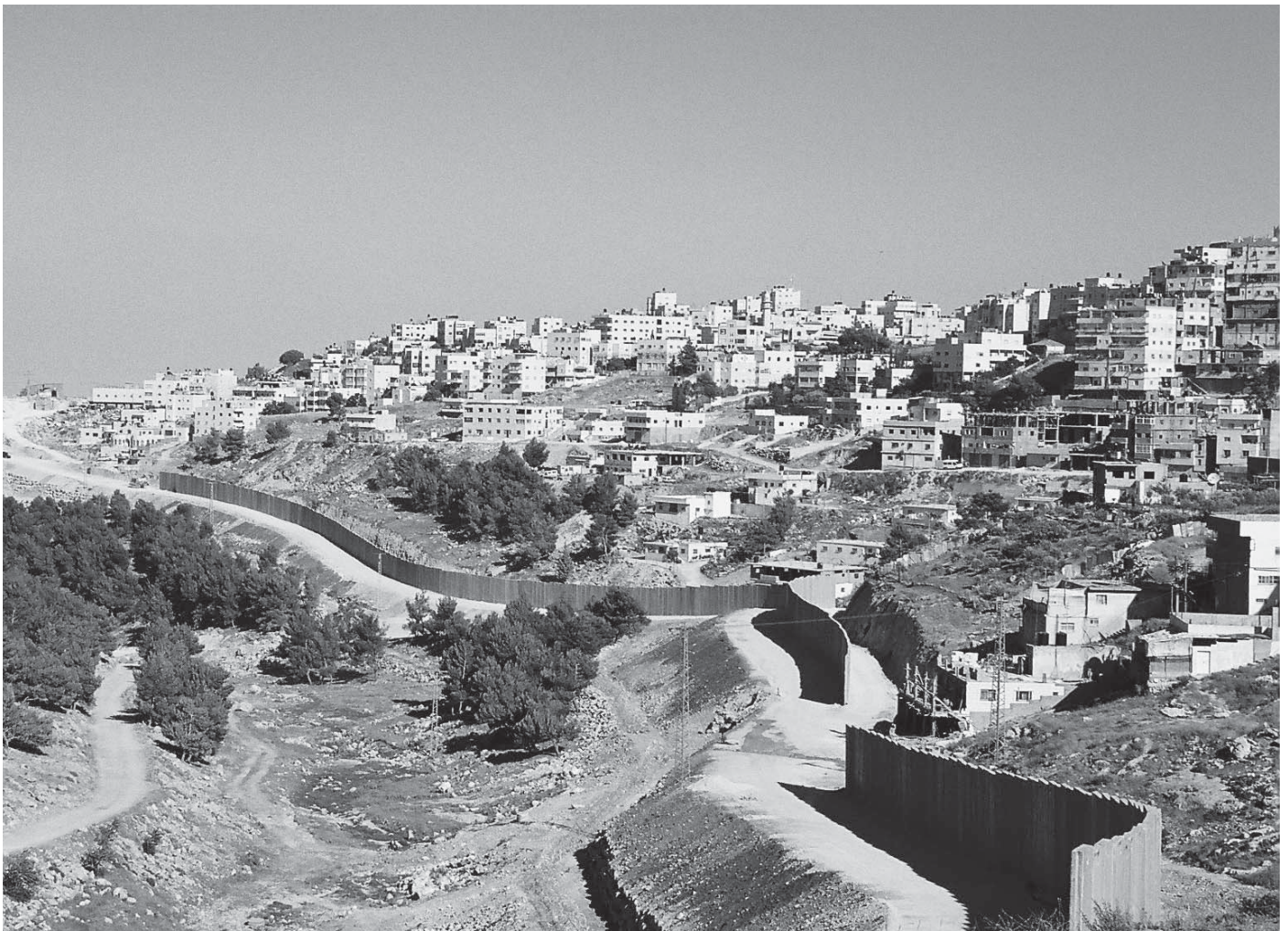
This wall is being constructed in an area where Welfare to Work reforms are highly visible. The juxtaposition gives rise to two important questions:

1. Is there a connection between the US wall with Mexico and the Israeli wall?

2. Is there a connection between these walls and the Welfare to Work reform which was born in the US and imported to Israel?

At first glance, the answer to both questions is negative, since the historical processes leading to them seem different. But a second look might reveal disturbing resemblances.

Labor reform, both in the US and in Israel, is part of neo-liberal policies that strive to change the labor market and the welfare system. The wall in the US is another aspect of its immigra-



Separation Wall, East Jerusalem

Photograph: Rocco Nuri, 2006

tion policy. It attempts to stop the influx of illegal Mexican migrants.¹⁰⁸ In Israel, the Wall is usually discussed in political terms, but undoubtedly one of its important aims is to stop the influx of Palestinian laborers into Israel, especially those termed “illegal.”¹⁰⁹ The Israeli Wall is simultaneously an economic and political tool.

In both countries, the walls are motivated by extreme nationalism. In Israel, these nationalist ideas are dubbed “demographic considerations,” and in the US “preserving American values.” In both countries, governments use security as an excuse for building the walls

and as a way to generate public support and overcome objections.¹¹⁰

There is another possible connection or correlation which requires further elaboration. Today, manual jobs (such as agricultural work, etc.) are performed mostly by illegal labor migrants.¹¹¹ Labor reforms are intended to fill these positions with nationals (see Chapter 5. above), at least partially. The poor recipients of welfare are pushed into the jobs formerly occupied by migrants. But welfare reforms tip the balance even further in the direction of employers, and at the expense of employees’ rights and their negotiation power. The



The US–Mexico border

Photograph: Creative Commons

disempowered workers must contend with worse conditions, e.g., low wages, lack of benefits and blatant violations of labor laws. Since walls and borders are not completely successful in stopping labor migration, the result might be fiercer competition among poor and destitute workers, further benefiting the employers.

The latter hypothesis may be only partly and locally true, but it deserves attention. The combination of neo-liberal policies and anti-immigration walls (or their parallels) is seen in Europe as well, with migrants and illegal migrants occupying manual jobs. Replacing them with “legal” residents and nationals looks reasonable from a neo-liberal and nationalistic point of view.

The Israeli case demonstrates this hypothesis quite clearly. In Israel, OPT Palestinians who cross the Green Line (the 1967 borders) to find work are termed “illegal aliens” and “a security threat.” Since the beginning of the nineties, Israel’s government, along with employers’ representatives, has tried to end the occupation’s most visible outcome within Israel: OPT Palestinian laborers’ domination in the fields of construction, agriculture and cleaning. Israel’s first move was the “closure” policy, implemented in the OPT. The second was to import hundreds of thousands of workers from other countries – Thailand, China, and Romania – and employ them at “Palestinian” standards – wages below minimum, long hours and no social benefits. The third move was the construction of the Wall, accompanied, as we suggest – by the la-

bor reform.

The US case, however, is harder to generalize. From the start, the welfare reform and the immigration policy met at one point: PRWORA, the 1996 US law that barred immigrants – “legal” immigrants, by definition – from receiving any welfare assistance during their first five years in the US. This further lowered their already inferior status in the US economy, but the connection may be taken further.

OPT Palestinians who cross the Green Line to work are referred to as “illegal aliens” and as a “security threat”

In the case of the labor reform in California, wall and immigration policy clearly meet. In California, the federal law on welfare reform was implemented through CalWORKS (California Work Opportunity and Responsibility to Kids Program), which went into effect in January 1st, 1998. Under CalWORKS, individual adult recipients of cash assistance are required to participate in a mandatory scheme much like the Israeli one described above. There are sanctions on individuals who refuse to work, as well as on counties and the state if too few adults are working within specified time periods.

In California’s agricultural heartland, such as the San Joaquin Valley, over 95% of the agricultural work is done by immigrants, and some 20% of all workers are seasonally employed. In the nineties, unemployment rates in these

regions ranged between 12 to 20%. A detailed study by Richard Green, Philip Martin and Edward J. Taylor found that the agricultural counties have both higher unemployment rates and higher welfare dependency rates than non-agricultural ones.¹¹²

This can be taken to reflect a work division whereby US citizens are eligible for welfare allowance while illegal Mexicans are performing the seasonal agricultural jobs. According to the study by economists Richard Green, Philip Martin and Edward J. Taylor, the federal law (PRWORA) and the California reform (CalWORKS) which limit the eligibility of (legal) immigrants to welfare and put time limits on the receipt of allowance “promise to add significantly to the supply of labor in agricultural areas.” This might mean that the more successful the reforms in the ag-

ricultural counties, the fiercer the competition between US citizens and illegal Mexican migrants.¹¹³

Meanwhile, – notwithstanding the Congress’s new bill – California’s governor, Arnold Schwarzenegger, approved the erection of a high metallic wall stretching along 14 miles of the Mexican border.

The US immigration policy and the wall have met political resistance not only from the left but also from some Republicans and local employer lobbies who want the cheap labor force, as well as from politicians who rely on the Latin vote.¹¹⁴ The picture is complex. It will require a thorough analysis to examine whether the disparate policies regulating wall building, immigration and labor reforms create a new global model of governing and manipulating the labor market.

Conclusion

The application of the Welfare to Work plan in Israel, and especially in East Jerusalem, has already caused a great deal of misery and injustice to the target population, and yet the government has actually increased its expenditures to accommodate this program.

Though one could argue that the plan is simply the result of government stupidity or malicious intent, or, conversely, that the plan will prove its merits in the long run, this paper argues that the program actually serves a hidden

purpose: to marginalize certain ethnic groups, to weaken the Israeli workforce and to reduce the competitiveness of Palestinians from the occupied territories. The government was willing to increase expenditures to achieve these goals.

The lack of professional training indicates that the plan doesn't aim to create more productive power, but to sabotage the productive capacities of Israel's labor force. The authorities who neglect to offer supporting services and training knowingly disempower the



Palestinian farmer at work

Photograph: Niv Hachlili, 2005

participants, and human tragedies unavoidably ensue. The plan implements a neo-liberal, right-wing ideology. It identifies the poor as blameworthy for their condition, and tries to shrink the government assistance they receive to minimum.¹¹⁵

This policy is part of a long-term trend in the Israeli economy. Minimum wage is not enforced efficiently, poverty is very high and the state has withdrawn much of its protection from the low-earners and the unemployed.¹¹⁶

This trend parallels the economic policy that Israel pursues in the Occupied Territories. By preventing the Palestinians from moving freely inside the OPT, from importing raw materials and machinery, and from attending schools and universities, Israel is hampering the Palestinians' productive power, and consequently unemployment runs rampant in the OPT. The welfare reform is another means by which Israel blocks sources of Palestinian employment.¹¹⁷

East Jerusalem is the paradigmatic case for the application of the reform. In the city that harbors the most intimate connection between the Israeli and the Palestinian populations, and where there is a large group that is neither here nor there (Palestinian residents of Jerusalem who do not have Israeli citizenship) – the Welfare to Work plan is being implemented full force.

The Jerusalemite Palestinians are suffering from a fresh blow, immediately following the erection of the Jerusalem wall which separates them from their social and economic surroundings. It seems that this population is aggressively being pushed to occupy the jobs that OPT Palestinian have so far filled in Israel's unprotected labor market.

The results of the plan as they are unfolding show that it creates yet another siege mechanism closing around the Palestinians, this one using economic means to reinforce the effects of ongoing political violence against them.

Endnotes

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86. Maan’s letter exchange with Amin. The request was sent by Assma Aghbaria of Maan Wac association on 25 January 2006. The reply, signed by Ms. Justine Zwerling of Amin arrived at the end of February of that year.

87. Generalizations on the Jewish experience should be taken with a grain of salt. The published data shows that about a third of plan participants are Russian and Ethiopian Jewish immigrants, and it is reasonable to assume that the rest, Non-Palestinian and Non-Immigrant participants, are mostly Mizrahim, Jews of Middle-Eastern descent. The ethnic aspect of Israel’s poor is undeniable and must be taken into account by those attempting to understand both public policy and the underlying human experience.

88. The speaker did not identify herself. Video records are on file at the AIC archive. The

interview was held at the Botanical Garden 7/2/06.

89. Jerusalem Institute for the Investigation of Israel (JIIS) http://www.jiis.org.il/image-Bank/File/shnaton_2004/shnaton_f0204.pdf. Passia, an important Palestinian research center, adds that some 20,000 Palestinians who reside within Jerusalem's annexed boundaries do not have Israeli residency status.

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94. The speaker did not identify herself. The video recording is on file at the AIC. The interview was held at the Botanical Garden during community service, 7/2/06.

95. In their efforts to improve public opinion just before the plan started, the British manager of the Amin company publicly promised supporting services ranging from child-care facilities to dental care. Manor, A'mir 2005, *Settling in the Hearts*, , *Kol Ha'ir*, June 17th, 2005.

96. Interview held at the family house, 18/1/06.

97. Unpublished statistics gathered by Commitment and Community Advocacy.

98. Interview held at the family house, 18/1/06.

99. Huda. The video recording is on file at the AIC. The interview was held at the Botanical Garden during community service, 7/2/06.

100. Interview held at the family house,

18/1/06.

101. This claim was verified by several sources.

102. Interview held at the family house, 18/1/06.

103. An interview with Jamil Lafi, 23.2.06.

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107. The bill has yet to pass in the Senate and commentator say objections within the Republican Party will prevent it. Unknown author, 2005, "Tom Tancredo's Wall," *Wall Street Journal*, 29/12/2005.

108. Estimates of the number of illegal immigrants currently living today in the US revolve around the figure of 10-12 million. More than a million people are caught annually while trying to enter the US illegally through in the Mexican border. The number of entries is estimated at over 400,000 a year. Cevallos, Diego, 2005, "Humanity Missing from 'Shameful' US Migration Bill," *Global Information Network*, New York: 26.12.05, p. 1

109. The actual numbers are completely obscure. Conservative estimates talk of dozens of thousands OPT Palestinian workers who enter Israel daily, even in times of complete closure.

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111. This generalization holds true for Israel, especially if Palestinians day laborers are included. The US case is more difficult to generalize. Conservative estimates claim some 10 million illegal migrants live in the US and occupy low-status, unprotected jobs.

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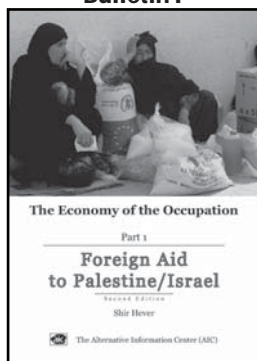
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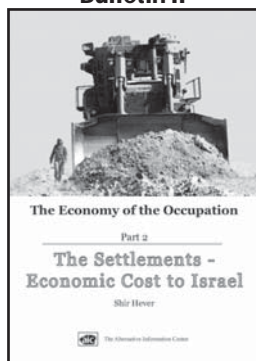
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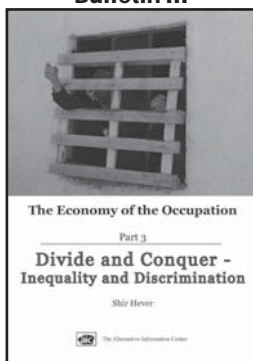
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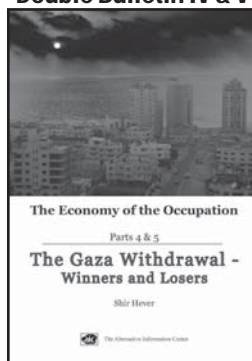
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The Alternative Information Center (AIC)

The Alternative Information Center (AIC) is a joint Palestinian-Israeli organization which prioritizes political advocacy, critical analyses and information sharing about Palestinian and Israeli societies, as well as on the Israeli-Palestinian conflict. In doing so, the AIC promotes responsible cooperation between Palestinians and Israelis based on the values of social and political justice, equality, solidarity, community involvement and respect for the full inalienable national rights of all Palestinian people.

The AIC believes that true social cooperation and communication between Palestinians and Israelis is possible. We have embodied this ideal for the past twenty years through our joint and collective structure. However, we acknowledge that this can only come to pass in the region if the root cause of the conflict is targeted and challenged – that being the long Occupation and dispossession of the Palestinian people. Based on these convictions, the AIC will continue to work towards the establishment of genuine and responsible grassroots bridges between the two communities.

AIC activities and publications provide a critical discussion of the political realities that shape the current situation, with special attention given to radical democratic and feminist struggles, and critical perspectives on the colonial nature of Israel and the alarming authoritarian features of the Palestinian Authority.

Shir Hever

The Economy of the Occupation

The Economy of the Occupation, published monthly by the Alternative Information Center (AIC), offers a new approach to the economic situation in the Occupied Palestinian Territories (OPT) and Israel. This bulletin will provide accessible and singular analyses of the socioeconomic interests behind the Israeli occupation of Palestine.

At the present time, the majorities amongst the otherwise politicized Palestinian and Israeli populations possess a limited understanding of their own socioeconomic situation. Available publications are sporadic, insufficient, often biased and fail to consistently link society, politics and the economy in the OPT and Israel. This disempowering state of affairs makes it all the more critical to offer alternative readings of the economic reality of the occupation.

The publication touches on various issues such as inflation, debt, trade, employment, poverty and capital, and demonstrates the influence of these issues on the daily lives of Palestinians and Israelis. The aim is to enhance awareness and to contribute to a more informed struggle for social justice and a just peace for Palestinians and Israelis.

Publications of the AIC are also available at:
www.alternativenews.org