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THE ISRAELI WELFARE STATE

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The modern welfare state that currently exists in the United States, is to most citizens, probably the only type of social benefit system they know. Moreover, while it stands that the model embraced by Americans, does go along way towards proving its people with the system of social insurance, it is not necessarily the best, nor the only model of social welfare that exists. By comparison, the Israeli model utilized in its welfare state, is arguably a hybrid model of the American, and European models; however, it is also specifically unique to the extent that religion is incorporated into the workings of the State. In point, this essay will attempt to assess what elements of the Israeli welfare state are founded in the U.S., compared to the European model, and which parts are distinctly unique to Israel’s system of social benefits.

In attempting to answer this question, the outline for this paper will begin with a basic introduction to the two pre-existing models, their origins and roots in global perspective. Subsequently, the Israeli model will be introduced as it relates to the American, and European systems, respectively. In closing, inferences will be drawn with regard to the relative similarity of either welfare State to that of Israel’s, and findings offered as to which social model most directly compares.
Nevertheless, what must be initially understood about the current Israeli welfare state is that it naturally extends out of the same rationale; however, has developed differently in varying countries and cultures. To this extent, the underlying notion of the modern welfare state, irrespective of geographic location, is social security. In this sense, the government is obligated to provide a level of basic needs and benefits in relation to their citizens. Things such as hospitals, public schools, and protection for the impoverished, elderly, or sick, are all basic foundations in the logic that sustains and enables these social systems to exist.

However, while these models are based on similar fundamentals, over time they have evolved to be more socially and economically relevant to the country and culture of the welfare state. Furthermore, while each model is nationally specific, it is not so much that they cannot still be grouped into relative categories for the sake of comparative analysis. In doing so, the notion of American system and European system really only extends to the specificities offered by each welfare state. Furthermore, it is difficult to broadly compare these two models, specifically because the notion of a European model that would generally apply to all the countries in the European Union would be difficult to specify.

Consequently, what can be generalized as a divergent between the American and European system, is the inherent ideology behind the two. This is important in Israel’s context, because it essentially defines the way in which social benefits, and forms of
insurance are granted, and offered by the State. To this point, what we find by comparison is that the logic of the American model is more fundamentally rooted in the concept of ‘means-tested’ accessibility to social insurance, then its European counterpart. To this extent, the European model can be seen in contrast as one of general accessibility, as a basic function of citizenship, and residency.

Expanding on this notion, the highlighted difference then between the two systems is notably how acceptable it is. Wherein the European context, the welfare state is more active in promotion, distribution, and accessibility of welfare benefits: the American example relies on this concept of eligibility to gain access to such benefits. Ostensibly, this dichotomy can be viewed as one of guaranteed security in the European case, and of last resort in the American.

An interesting example of this contrast is unemployment benefits, whereas in a variety of Nordic countries, unemployment insurance is offered simply based of the fact of employment or not, in the United States these benefits are only accessible granted a ‘test’. While this may not seem fundamentally divergent, in effect, it creates a rather drastic difference: the Nordic model would guarantee unemployment benefits as soon as one was of legal working age, whereas the American system would only do so after one had not only already been working for a set amount of time, but also be actively looking for work, able to prove so, and offer verification that this in fact true. Hence, quite clearly, the nature and logic behind these two models, inherently manifests a more
fundamentally libertarian system in the U.S., when viewed in comparison to European examples.

Nevertheless, what is evident from this contrast is the relative function, that eligibility and accessibility to the welfare state, serves in assessing the inherent nature of the social model. To this extent, we will utilize this as the first comparative criteria in assessing whether Israel’s welfare state is closer to the European or American model; however, before this is can be done, some relative background on the function, scope, and scale of Israeli model is warranted.

In doing so, we find that the Israeli model of social protection was formally incorporated into the functionalities of the States in the early 1950’s: and can be defined as a comprehensive model, wherein social benefits are granted through a specific agent of the State; the ‘National Insurance Institute (NIL).’ Furthermore, as an extension of the State, the NIL has the primary function of providing, “all legal residents with minimum benefits for a decent standard of living.” Given this understanding of the basic rationale behind Israel’s system, we turn to identifying the inherent nature of this model, for the purposes of subsequent comparison.

In doing so, it becomes quite clear that Israeli model, is fundamentally egalitarian by nature: with an emphasis on the concept of minimal benefits as a basis right, with the

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1 Adler, Steven. *Israeli Social Welfare Model: Israeli Labor Relations and Labor Law in Comparative Perspective*. Cornell University, Nov. 2011. Pg. 2
2 Steven Adler. *Israeli Labor Relations and Labor Law in Comparative Perspective*. 2
3 Steven Adler, *Israeli Labor Relations and Labor Law in Comparative Perspective*. 2
overt intention of countering the socioeconomic failures of the State, which lead to the outbreak of the Second World War; specifically the effects of extreme poverty and abject ignorance.\textsuperscript{4} In pursuing this ideology, the welfare state is active in promoting equal opportunity and rights to all of its citizens, with an overall “collectivist” approach towards the stability and growth of the country.\textsuperscript{5}

Granted this analysis, it seems quite clear that from a fundamental standpoint, the nature of the Israeli welfare state is inherently closer to the example of the European model, then the American one. As a result, we find that the Israeli and American systems are similar with respect to only extending the most basic fundamental rights of the welfare state; including: workers compensation, disability benefits, unemployment compensation, elderly and retiree pensions, and home care benefits in old ages.\textsuperscript{6}

In addition, this difference becomes more dramatic when viewed in contrast to the benefits offered by the Israeli model, but not the American. For example, the model employed by Israel currently grants: paid maternity level, child allowances, personal injuries, corporate bankruptcy settlements, and universal health care for all of its residents.\textsuperscript{7} Perhaps most impressive is the States’ guarantee of annual income as opposed to the American welfare system.

\textsuperscript{4} Steven Adler, \textit{Israeli Labor Relations and Labor Law in Comparative Perspective}. 3
\textsuperscript{5} Steven Adler, \textit{Israeli Labor Relations and Labor Law in Comparative Perspective}. 4
\textsuperscript{6} Steven Adler, \textit{Israeli Labor Relations and Labor Law in Comparative Perspective}. 5
\textsuperscript{7} Steven Adler, \textit{Israeli Labor Relations and Labor Law in Comparative Perspective}. 7
Arguably, from an American standpoint, most of these benefits are only possible in the U.S. through charities, churches, and other programs that quite frequently effect too few. Given the wealth of the United States, it also seems strange that most of these benefits, which seem more than economically and socially appropriate, are not offered in the wealthiest nation of the world. Additionally, it should be made apparent that the aforementioned social benefits are only a representative majority of the extension of the Israeli welfare state, in contrast to the American model.

Despite this, the American model is still quite similar in theory, if not in practice to varying forms of the Israeli, and European state’s models. However, having now demonstrated the divergence between the American and Israeli welfare state, both in nature and in practice; it seems appropriate to presume that the Israeli system of benefits shares more similarity with the European model: and although we know Israel’s system was modeled after those of Western Europe\(^8\), it is not apparently obvious which ones.

Moreover, while there can be only one Israeli, and one American model, the ‘European’ model, so to speak, is actually composed of multiple welfare states, which are easiest grouped by geographical location.\(^9\) In fact, according to Andre Sapir, the European model of social welfare is in reality a combination of four specifically different European models. In essence, while the singular nature of the American system, allowed

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\(^8\) Steven Adler, *Israeli Labor Relations and Labor Law in Comparative Perspective*. 2

\(^9\) “This article uses the now familiar grouping of national systems into four different social policy models in order to examine the relative performance of each model along a number of dimensions. The four models cover four different geographical areas.”
for easy comparison; the process becomes a bit more complicated when, “There are so many differences between national welfare state systems that the very notions of ‘European model’ or ‘social Europe’ are rather dubious.”

In addition, through utilizing this theoretical framework to effectively evaluate how well a social welfare system is doing; an assessment of the fairness, and effectiveness of the Israeli model can subsequently be garnered. To be clear, "There are four different European social models, each with its own performance in terms of efficiency and equity. The Nordic and the Anglo-Saxon models are both efficient, but only the former manages to combine equity and efficiency. The Continental and Mediterranean models are inefficient and unsustainable; they must therefore be reformed.”

In furtherance of this analysis, Israel’s welfare state will first be assessed in relation to its geographic model, and then, more specifically on a national model: with the expectation of a conclusion on which specific European social system, Israel most directly compares to.

However, in starting this process, a clearer understanding of these four models is merited; specifically, what the main characteristics of comparison are between the Nordic, Anglo-Saxon, Continental, and Mediterranean systems. More specifically, with respect to the level, and range of coverage provided, welfare systems located in the “Nordic countries (Denmark, Finland and Sweden, plus the Netherlands) feature the

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11 Andre, Sapir. "Globalization and the Reform of European Social Models." 369
12 “It is worth stating at the outset that obviously there are not only wide differences between these four models but also within each of them.”
highest levels of social protection expenditures and universal welfare provision.”

Conversely, social models in the, “Anglo-Saxon countries (Ireland and the United Kingdom) feature relatively large social assistance of the last resort.”

Additionally, in the, “Continental countries (Austria, Belgium, France, Germany and Luxembourg) rely extensively on insurance-based, non-employment benefits and old-age pensions.” And lastly, the welfare systems of the, Mediterranean countries (Greece, Italy, Portugal and Spain), concentrate their social spending on old-age pensions and allow for a high segmentation of entitlements and status. Their social welfare systems typically draw on employment protection and early retirement provisions to exempt segments of the working age population from participation in the labour market.”

Granted this framework, as well as the prior analysis and comparison of the Israeli welfare system, to the United States one, an effective assessment can thus be rendered. To start, it seems quite clear that the Israeli model is notably dissimilar to the general social benefit system employed in the Mediterranean countries: specifically in that the structure of the Mediterranean States is more capitalistic, and needs-based in its approach to providing social benefits; this can be evidenced by the use of employment, and corporate structures to promote their welfare system, rather than through a more active State, and public sector role.

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Furthermore, the Anglo-Saxon model can definitely be eliminated, as it is quite similar in many aspects to its American counterpart; incorporating a neo-conservative market ideology, as well as liberal views on social welfare policies. To this extent, we are left with only two options, Continental, or Nordic countries; given that Israel could be easily placed in the Nordic category with its similar egalitarian approach in extension of social welfare coverage, it could also be considered a Continental country, with its strong promotion of ‘non-employment based’ benefits, and protection of its social minorities (elderly, sick, etc.). Nevertheless, although the Continental model demonstrates many of the same national policies towards its citizens, the Nordic model more accurately reflects the universal, and all-encompassing nature of the Israeli welfare system.

In point, having effectively determined that the Nordic model offers the most similar comparison to the internal characteristics, and inherent nature espoused by the Israeli welfare system; the last step is to effectively decide whether, Denmark, Finland, Sweden, or the Netherlands, will be the country to meet this criteria. Using the chart of “Figure 2” (see Annex 1), which statistically graphs the Nordic countries with respect to their strictness on Employee Protection Regulation, against the percentage of people annually receiving unemployment benefits. According to the OECD, Israel is relatively tied with Denmark, at 1.8 on their scale of employment protection. However, given that benefits only extend to residents of the Israel, and the fact that we know it has low score in employee protection regulation; we can therefore place it squarely between the national welfare examples of Finland, and Denmark. Hence classifying the Israeli

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17 Employment Protection in 2008: OECD
Welfare State as extremely egalitarian in its scope, and notably effective in accomplishing so primary goal of its welfare state: the overt and unequivocal protection of its citizens, through the establishment of secure and stable social model.

Annex 1


