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## **Assessment Report**

# **The Israeli Protest Movement: Motivations and Opportunities for Change**

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## ***Series (Assessment Report)***

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## Introduction

The Israeli protest movement of July 2011 has been unprecedented in terms of longevity and scale, as well in terms of the variety of political forces taking part in it. The movement itself began with the pitching of tents in one of the main squares of Tel Aviv, protesting the rise in housing prices, both renting and purchasing; it soon spread to other squares in Israeli towns and cities, with a total of 3,383 tents pitched.<sup>1</sup> Besides the rejection of the rise in housing prices, the protests also expanded to include a number of other issues affecting the lower- and middle-classes of Israeli society. Protest organizers could point to a large number of similar demonstrations organized during the first month in which many people from various towns participated; at one point, the number of protesters in the street during one day was estimated at 300,000.

Previous protest movements within Israel were marked by their support base, which was drawn from Oriental Jews, the underprivileged strata of society, and tended to be reactions to perceived ethnic discrimination against them, such as the Wadi as-Salib protests in Haifa in 1959, and the Israeli Black Panthers movement in the early-1970s. Those protests not only had a narrower composition, but were also marked by the use of violence by both the police and the protesters. The present protests were instigated by the middle class, and continue to be led by them even after the ranks were swollen by the poorer sections of society. Perhaps relatedly, it is worth pointing out that the current protests have the backing of various Israeli media outlets, including radio stations, television channels, newspapers, and online media that have all been treating the matter of the protests with the utmost care and support for several weeks. This reality enhanced the support of public opinion as surveys indicate that 87% of Israelis are in support of the protesters' demands.<sup>2</sup>

## Reasons for the Protests

The extremely high cost of living that Israelis face is one of the most important factors behind the protest movement. In the past few years, the cost of living and prices paid by consumers for essential items, such as housing, food, clothing, transportation, fuel, communications, and electricity, have increased rapidly. The cost of living has risen to such a level that wide sections of the middle class **were no longer able to make ends meet**, while maintaining a middle-class

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1 See Amir Oren, "The Police Prepare to Clear the Tents," *Haaretz*, August 12, 2011. The only media outlets that do not share the consensual enthusiastic support for the protesters are the media outlets affiliated with the settlers, Yisrael **Beiteinu** (a party led by Foreign Minister **Avigdor Lieberman**) and the Shas Party (primarily representing Sephardic and **Mizrahi** Haredi Judaism). To read the article, <http://www.haaretz.co.il/hasite/objects/pages/PrintArticle.jhtml?itemNo=1237896>.

2 See Zvi Riklivski, "When Donkeys Grew Wings", *Haaretz*, August 8, 2011, <http://www.haaretz.co.il/hasite/objects/pages/PrintArticle.jhtml?itemNo=1237475>.

lifestyle. The prices of certain items now surpass what they would cost consumers in Western Europe or America; dairy products, for example, are between 50% and 80% more expensive than they would be in Western European or US markets. Residential rent rates have also soared during the same period; a small, one-bedroom apartment in Tel Aviv now costs US\$1,000 per month, while rent on a medium-sized apartment costs anywhere between US\$2,000 and \$3,000.

This increase in rents means that an entire generation of Israeli youth from a wide cross-section of the middle class – not even considering those who come from deprived backgrounds – are prevented from buying homes, as the cost of a medium-sized apartment in Tel Aviv has gone up by 64% over the last three years. The cost of buying such an apartment is now equivalent to 143 months of a middle-class employee's salary, rising to 192 months when one accounts for income tax deductions,<sup>3</sup> which is equivalent to 12 or 16 years of work, respectively, when one accounts for income tax deduction.

This crisis, which is afflicting middle- and lower-class Israelis, has its roots in the socio-economic policies that have been adopted by successive Israeli governments over the last two decades, policies which have meant the abandonment of Israel's welfare state, and the implementation of “free market economics,” policies which have seen the privatization of public assets and a decrease in spending on public services such as housing, health care, and education.

At the beginning of the 1980s, 70% of the Israeli state budget went to public services provisions, a figure which went down to 43% by 2011, bringing the country in line with other members of the Organization for Economic Cooperation and Development (OECD). However, the proportion of the Israeli state budget that is spent on defense is much higher than that of other OECD member-states; when this type of spending is taken into account, we find that Israelis are at the bottom of the list amongst OECD member-states in terms of spending on actual public services, lagging behind them by five percent.<sup>4</sup> We should also take into account an item of agreement among most Israel specialists and analysts: the Ashkenazi-centric middle-class has been the backbone of the Israeli economy. This group's role is of interest during the present protests, and has indeed been the focus of much attention from those who write about Israeli economy, society and state. In a piece which is illustrative of Israeli mainstream views, particularly those to the center and left on the political spectrum; *Haaretz* ran an article that depicts this Ashkenazi middle-class as a beast of burden that has carried all the weight of others' economic woes. In addition to themselves, this middle-class would have to support “unproductive” segments of their own society, including the ultra-orthodox Haredic Jews, who consume the state's services funded by the middle class, and settlers, in addition to the security burden.<sup>5</sup> Many of those who have analyzed this situation, including some who are well-placed within the Israeli establishment,

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3 Nachmia Strassler, “Shooting Themselves in the Foot”, *Haaretz*, July 26, 2011, <http://www.haaretz.co.il/hasite/objects/pages/PrintArticle.jhtml?itemNo=1236028>.

4 See report of the former Israeli Ministry of Finance Director General Avi Ben Basat, “The Story of the Fat Man and the Thin Man”, *Haaretz*, August 3, 2011,

<http://www.haaretz.co.il/hasite/objects/pages/PrintArticle.jhtml?itemNo=1236922>.

5 *Haaretz* leading editorial, “A Threat to Economic Stability”, August 2, 2011, <http://www.haaretz.co.il/hasite/objects/pages/PrintArticle.jhtml?itemNo=1236801>.

have gone on to speak openly about the problems the Israeli economy faces, and the growing burdens shouldered by the Israeli middle classes, which can be described as “insurmountable”. Some of the most important factors in the Israeli economy exacerbating the middle class crisis include:<sup>6</sup>

- 1) **Reduction in public spending and tax policy:** Israeli Prime Minister Benjamin Netanyahu presided over an acute cut in public service expenditures, believing that a cut in government spending would allow for reduced taxes, which would then stimulate growth. This policy of Netanyahu's has harmed wide sections of the middle and lower classes in Israeli society because he reduced income taxes and taxes imposed on enterprises and companies, as he felt that these constitute the main engines of economic growth. However, businessmen and executives were able to benefit from the drops in income and corporate taxes. In the meantime, Netanyahu increased the proportion of the state's revenue coming from indirect, regressive taxes, such as value-added taxes and other consumption taxes, including excises and duties, as well as many other indirect taxes, thereby increasing the tax burden born by the people, particularly the middle-class. Again, the rates of these taxes are higher than they are in the jurisdictions of other OECD member-states.
- 2) **Labor market participation:** Wide swathes of Israeli society do not fully participate in the labor market, particularly Haredic Jews and the Arabs. Under-representation of Haredic Jews in the workforce is due to their own religious beliefs and cultural practices; this is enhanced by the power of their political parties to blackmail the state into funding Haredic services and privileges, and to extort further monies from the state. The low rate of Israeli Arabs in the labor market is due to the lack of job opportunities in their marginalized areas, as well as the policies of successive Israeli governments that have discriminated against them, and failed to invest and encourage investment in Arab areas. They are also explicitly banned from working in a large number of public and private enterprises, particularly those that are classified as being “high-tech” and those that have any sort of connection to state security.
- 3) **The burden of security:** The Israeli security budget is excessively high; its rate compared to the Gross Domestic Product (GDP) makes it one of the world's highest. Security spending was at the expense of the budgets that are supposed to be dedicated to public services, such as health, education, and infrastructure, not to mention the drain on tax revenues caused by this massive military expenditure.

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<sup>6</sup> See the article written by former Israeli Finance Ministry budgetary official, Ram Belnikoff, “Moving Towards a Healed, Better-Priced Economy”, *The Marker*, August 8, 2011. See also: Ben Basat, *op.cit.*



- 4) **Israeli cartels and monopolies that control the economy:** These can be found in both the private and public sectors. In the private sector, the “20 Leading Families,” or tycoons, have plutocratic control over the economy, whereas the state controls its own cartels, limits competition, and extracts a price from the individual consumer, prices which are high even in comparison to countries like France.
- 5) **Generous financial support for the settlements in all fields:** The Israeli government offers a disproportionate amount of financial support for the infrastructure of settlements and services provided on the settlements.
- 6) **Periphery-center differences in Israel:** These serve to enhance social inequality amongst Israelis.

### The Organization of the Protests

The first protests, which started with the pitching of tents in mid-July on Rothschild Street, were organized by a group of no more than 15 youth in their 20s, none of whom had been members of a political party before. Even so, this movement spread to more than 40 towns and cities with many thousands of tents in a short span of time. At the beginning, it lacked, as would any such protest movement, any semblance of internal discipline or order. With the passage of time, however, a number of bodies emerged to lead the protests at a rate that surpassed all expectations. Of all these bodies, the most prominent leadership has been taken up by the Protest Movement Committee, which is comprised of the hardcore vanguard of the first protests. It is this committee who decides on the broad political direction of this protest movement in their daily meetings. There is also the “National Tents' Council,” which is formed by representatives of each protest tent, whereby each tent is allowed to delegate two individuals to the Tents' Council. The aim of this body is to ensure that the protest movement remains in touch with the mainstream opinion within each of the camps, and to know which subjects are being discussed within them; the council makes its decisions through consensus.

Besides these two bodies, there are joint meetings between the committee and representatives of each of the tents, as well as delegates from various large organizations that have signed up to the movement as groups, such as the University Students' Union and the **Dror Israel** Youth Movement, which emerged from the Labor Party, and other large social organizations participating in the protests. These meetings are dedicated to planning joint events, including large marches; here, too, decisions are made by consensus. The protest movements maintain their independence, especially from political parties; the protesters were keen to refuse to take financial contributions from any political groups, including the main political parties or structures. They have also refused to accept donations from businessmen, limiting all their own income to contributions from participants in the movement and public subscription.<sup>7</sup>

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<sup>7</sup> Ofer Adrit, “The Revolutionary Council”, *Haaretz*, August 12, 2011, <http://www.haaretz.co.il/hasite/objects/pages/PrintArticle.jhtml?itemNo=1237892>.

No observer of this situation is able to doubt the impact of the scenes of the Egyptian revolution in Cairo's Tahrir Square on the birth of the Israeli protest movement; the influences are clear on the emergence, shape, and style taken by the protests, especially regarding organization and drawing together, as well as the nature of the social forces that have been drawn to its ideals, not to mention the support role, albeit secondary, of the opposition parties. A few of the activists at the center of the movement speak frankly about how their methods have been inspired by scenes of Tahrir Square in Cairo. Nonetheless, we need to keep in mind that this movement has one major difference from the Egyptian uprising – none of the protesters are mentioning revolution or something similar to revolution to change the regime; they are all speaking of a social protest movement that endorses the actual political regime, not one that opposes it politically or transgress its Zionist ideological consensus.

### **The Governmental Reaction to the Protest Movement**

At first, Netanyahu and his cabinet tried to dismiss the motives and objectives of the protesters, claiming that they were acting to serve the political agendas of some political forces. Then, after the popular approval the protesters enjoy among the public became apparent, and the support of even elite sectors of Israeli society for the protesters' demands, Netanyahu was forced to backtrack and change his position, as well as his government's, towards the protest movement. Gradually, Netanyahu conceded that the protest movement has fair demands, admitting that his government and the successive Israeli governments have failed to address the sufferings of the middle class.

The Israeli government dispatched a number of cabinet ministers to visit the tents to meet with the protesters in a bid to negotiate with them to put a stop to their demonstrations. The continued persistence in the demands of the protest leaders, and the popular endorsement they gained, took the situation to the point where the Israelis abided by the findings of a committee of experts who were tasked with looking into the protesters' demands; after up to 300,000 protesters had come out on a single day of the campaign, this movement could no longer be ignored.

### ***The Limited Nature of the Protest Movement***

From the outset, the official protest organizers and leaders have been adamant that their movement is solely concerned with their own limited socio-economic demands, having nothing to do with political questions, particularly the Palestinian question. The official protest movement has declined from using the word “occupation” throughout their protests, avoiding possible deep divisions and disruption of consensus within the ranks of the movement, thus transforming into a partisan protest movement; their actions, or lack thereof, were also out of fear that the wider public would not support them in the way they did, nor would the media should their protest be associated with the Palestinians in any way. Importantly, they did not want to alienate large sections of protesters and supporters who support the right-wing in their



political positions, so they kept this stand point in order to maintain the movement's popularity and momentum.

Thus, the movement's leaders and committees have decided to focus all of their attention on the socio-economic aspects of the recent successive governmental policies, especially those of Netanyahu's government. The protesters criticized the alliance of the political power and wealth, as well as the benefits accrued by Israeli tycoons, or the "20 Leading Families" in control of the Israeli economy.

### The Movement's Demands

After the protesters had agreed among themselves not to forward a concrete set of limited, determined, and local demands to the government, but to advocate for a radical comprehensive change in governmental socio-economic policies instead, they published a "Citizen's Bill of Rights". They used this document to postulate and expand their own global and comprehensive vision; they held it up as a sort of over-arching demand as opposed to spelling a list of specific wants. With a full-blown attack on what it deemed to be "unbridled" free-market economics, the document, which was titled, "Social Justice: Towards a New Socio-economic Agenda," reserved a special ire for the policies of privatization that have characterized Israeli cabinets in recent decades. This new Bill of Rights calls for the change of the socio-economic approach adopted by these cabinets and the re-institution of the welfare state based on social justice. The document also emphasized the importance of renewing the social contract between the Israeli citizen and their state, a contract which, in the past, could be taken for granted to provide rights, basic civil liberties, personal safety, justice, equality, and the right to work for all citizens.

In the document's own words, these are "the same moral and ethical values on which Zionism was founded" and which are "the same foundations of exemplary society which Zionism sought to affirm in the world" that "have been cast aside for some decades, but have now arisen again like a Phoenix from the ashes."<sup>8</sup> This statement of principles reads as if it were an attempt to re-energize the Zionist project, and rekindle a sense of its lost values. As in the official statements of the leaders of the movement, it was a call for the state to become involved, again, in the economic lives of the population,<sup>9</sup> and to help bridge the gap between wealthy and poor Israelis, and to help build a strong social cohesion capable of answering to the socio-economic rights of the middle class, as well as the weak and poor strata in the Israeli society. The leadership has also demanded that the government fight price rises, impose governmental control over the price of essential consumer items, ensure that all sections of society have access to housing, and impose a raise in the minimum wage. In addition, they are asking that compulsory free education begin at the pre-kindergarten level (age 3). The Bill of Rights that they presented focuses, in fact, a lot of the need to prioritize education, at all stages. The document also speaks of the need to give due

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8 Hileh Raz and Lior Dittel, "The Tent Leadership Throughout the Country", *The Marker*, August 8, 2011, <http://www.themarker.com/misc/article-print-pages/1.679929>.

9 Eilan Lior, "The Protest Leaders Demand", *Haaretz*, August 8, 2011, <http://www.haaretz.co.il/hasite/objects/pages/PrintArticle.jhtml?itemNo=1236834>.

attention and provide appropriate funding to health care and the infrastructure of life as it pertains to citizens' daily needs. In order for this to happen, according to the document, there would need to be a re-drawing of the tax system such that it would shift the burden onto the tycoons of Israeli industry, as well as corporations, and away from the regressive taxes levied on the bulk of consumers, especially on consumer goods.

### **Achievements of the Protest Movement**

The Israeli protest movement is determined in the pursuit of its aims, and is dominating Israeli public discourse and debate; it remains impossible, as of the time of writing, to define the direction in which it is headed and how it will develop. What can be said, however, is that the unprecedented scale of the protests and their longevity – the protest successfully entered a second month – have bred unprecedented victories for any Israeli protest movement, including:

- Changes in the priorities and agendas of the Israeli society have started to occur on a large scale and in an unprecedented way. The socio-economic demands of the protesters, as well as the security issues, have replaced the political and security issues that previously dominated the political public discourse in the Israeli society's debate. All of this has taken place amid a political deadlock with both the Palestinians and the Arab countries in general on the eve of an important phase long awaited by Israelis. Also adding to the tension at this time, are the attempts to secure the United Nations recognition of the Palestinian state in 1967, as well as the incumbent protests and popular movements in the Occupied Palestinian Territories.
- The Israeli government has had to recognize the legitimacy of the protest movement, as it is extremely important, and acknowledge that the government has been responsible for making some mistakes in its previous policies. The government has created an expert committee headed by Professor Manuel Trachtenberg, a one-time head of the National Economics Council who answered to former Prime Minister Ehud Olmert, to review and study the protesters' demands, and to relay their findings to the government within one and a half months; the prime minister, meanwhile, has undertaken to carry out the committee's recommendations.
- The protest movement has successfully led to a reconsideration of values and demands that have been previously discarded by Israel's mainstream public opinion as a result of pressure from the ruling elites. The first of these was the issue of social justice, and the establishment of a "welfare state"; in tandem with the resurgence of these activities in the last weeks, very few commentators are singing the praises of the "market economy" and the "free economy" which prevailed in the minds of the Israeli public and elite as they had become accustomed to doing over the past two decades.

- This new movement has galvanized wide swathes of the middle-class who had previously been apathetic about political activism and public affairs. Many Israelis had simply distanced themselves from organized activity and their participation in the general elections decreased. In the past 25 years, the political activity of a large section of Israeli society, mostly middle-class Ashkenazim, had been more or less muted. Those that remained politically active were increasingly likely to vote for Likud and other right-wing, hawkish parties. Simultaneously, during the last three decades, there were two other groups of Israeli voters who were beginning to find their political voices and assume their role and activity, leaving a large impact on politics and public life in Israel, especially on the Ultra-Orthodox Haredic Jews and settlers. Here, there are a few questions: to what extent will this protest movement be able to push the middle class, with the Ashkenazi majority, back into their rightful political role, and public affairs in Israeli society against the sectors of settlers and Haredic Jews? Will important parts of this group continue to vote for the Likud headed by Netanyahu, or will they begin, instead, to vote for the opposition?
- Though the committees of the protest movement, and their official leaders, did not officially address any political issue, instead focusing most of their demands on socio-economic issues, the reality on the ground as revealed by the protesters has compelled many in Israeli society to examine pertinent crucial issues, particularly as they relate to the occupation of Palestinian territories and the building of settlements, opening a debate within Israeli society. This remains the case today because the social justice and “welfare state” which the protesters are advocating will require a re-distribution of government funding away from the priorities that are presently drawing on government spending. A number of articles and expert views have confirmed that there are exactly four areas from which this funding should come:
  - The cancellation of special privileges granted to those business tycoons, and an imposition of progressive tax on their income;
  - A reduction in the allowances and financial assistance that is provided to settlers;
  - A reduction in the allowances and financial support granted to the Haredic Jews;
  - A reduction in the security budget.

The ideological sparring and discourse which is taking shape around these issues has exposed large sectors of Israelis to opinions and ideas that they have not in the past been interested in, or were perhaps willfully ignorant of. More importantly, the political linkage made by the protest

movement and the media, not necessarily within the movement committees or among its leaders, between the vast array of these issues and the question of social justice and living conditions of Israeli middle and poor classes. Many journalists, representatives of social movements, academics and scholars, experts, and party politicians have been part of this public debate, a debate which has been characterized by wide disapproval of the Netanyahu government's policies.

This has all placed the government in an unenviable position, and severely detracted from the popularity of Netanyahu and his cabinet. His popular base earlier seemed to be on a solid foundation; in fact, a Dialogue Institute opinion survey which was carried out one month after the beginning of the protests indicated that Netanyahu's approval rating had shrunk to 29%, after having been 50% only in June. This was a record low for the Israeli premier since he took office<sup>10</sup>. What remains without a doubt is that this movement has re-instilled confidence within the opposition movement, from the center right, including both the Kadima and Labor Parties, after they had seemingly lost all ability to have lost any initiative in opposing the government policies on political issues. Netanyahu's government was able to make the most of the disarray among the Palestinians and in the Arab countries at large, as well as the declining power of the United States, as it appears as sole master of the political scene. With shifting the agenda to social issues, the opposition parties have now been thrown a lifeline that will help them effectively oppose the government.

## Conclusion

Importantly, the Israeli protest movement is confined to Israel Jewish Zionist population; it is, after all, the product of a society built on immigration and settler colonialism. Not only is Israel a state which was built on the tragedy of others, but the custodians of that state continue to have no regard for the pain and suffering of their victims, continuing to live in a state of conflict with those victims, be they the Palestinians who live in the Occupied Territories, or those Palestinians who live as citizens in Israel. The protest movement thus restricts itself to its own society, and has placed in its imagination a “wall” between itself and the Palestinians; the Palestinians are thus out of sight and out of mind for the protesters, and the Palestinians' suffering will not have to be addressed by them, as they go on to demand “equality, justice, and prosperity” for those who already enjoy the fruits of Zionism.

Nonetheless, this protest movement remains significant as it forms a serious challenge to Netanyahu and the extremist right in Israeli politics; importantly, it might lead to new political and partisan alliances, which might cause the weakening of the coalition between the Likud, the settlers, the Haredi Jews, and the Leiberman Israel Beitanu party. It holds out the promise of an upcoming electoral gain for those who are in the opposition. The success of such a change relies on the ability of the protesters to continue their protests, maintain their unity, and persist in taking the initiative with regards to their actions. The novelty in this movement is that the movement's leadership is drawn from the middle-class, who lies at the epicenter of Israeli

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10 Raviv Drucher, “A Considerable Drop in Netanyahu's Popularity: 29% Support Netanyahu”, *Naa'na News website*, August 14, 2011, <http://news.nana10.co.il/Article/?ArticleID=822149&pid=54>.

economic, social, and political life; it is they who are demanding that the record be set straight, not in the Palestinian Occupied Territories or in the Golan, or even in the Negev, but in the regions which they inhabit. Yet while these groups demand that their solutions, especially the solution to the housing problem, be found within their cities and villages within the Green Line. While the right-wing Israeli government, in a coalition led by Netanyahu, is trying to manipulate the situation so that these affected categories from the middle class will look for their answers in settlements on Occupied Palestinian territory, American administration permitting.