

Arab Economic Forum Working Papers Series

# Different Aspects of discrimination against Palestinians citizens in Israel

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Working Paper No. 1 | May 2018

المنتدى الاقتصادي العربي  
הפורום הכלכלי הערבי  
Arab Economic Forum

# Different Aspects of discrimination against Palestinians citizens in Israel

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## Background

Arabs in Israel are part of the Palestinian people. They comprise around 21 percent of Israel's population, numbering over 1.7 million, about 84 percent of them are Muslim, about 8 percent are Christians and about 8 percent are Druze (CBS 2016). Most of the Arabs live in the Galilee region in northern Israel. Smaller numbers live in the "Triangle" area in the center of the country and in the Negev desert in the south (mostly Bedouins). There is a very high degree of residential segregation between Arabs and Jews: in almost all Israeli communities the vast majority of residents are either Arab or Jewish, although there are a few towns with a Jewish majority and a sizeable Arab minority (which typically lives in segregated neighborhoods).

Since the establishment of Israel in 1948 Arabs living inside the country were formally declared equal citizens with full rights. However, they have traditionally been viewed with suspicion by the Jewish majority as a potential "fifth column." Moreover, Palestinians citizens of Israel have always been Israel's most oppressed group, facing wide systematic discrimination and harsh conditions in every aspect of social, political and economic life.

Several governmental steps were made, over the past decade, to close economic gap between Jews and Palestinians in Israel. In March 2010, a five-year development plan was declared regarding 13 Palestinian settlements numbering 350,000 people, focusing on: Employment development, Housing, Transportation, Improving personal security. However, a 2012 report by the State Comptroller of Israel found the implementation of these policies to be slow and partial. Another governmental plan was presented in 2015, a new five-year plan for the economic integration of Palestinians. This plan provides a broad set of policies, covering municipalities, education, infrastructure, employment, housing, and many other fields. Like previous plans, the implementation is also slow and partial.

The aim of this report is to address different aspects of inequality and discrimination against Palestinians citizens in the Israeli public domain in different areas including the labour market, education, local governance and housing.

## [ 1. Employment ]

In the labour market, the discrimination (ethnic penalty) manifested in lower rates of employment participation, higher unemployment rate, limited access to the most prestigious occupations of managerial and professional jobs and low income relative to the Jewish majority.

The employment and labor force participation rates of Arabs are significantly lower than the rates of the Majority-Jewish population in Israel. The gap in employment rate between Jewish and Arab men is relatively small (81% and 75% respectively) and stems from early exit of Arab men, which are more likely to do low-skilled, physical work, from the labor market. While the employment rate of Jewish women is similar, even higher, than that of other liberal and developed economies, the employment of Arab women follows the pattern of developing Arab countries, with 27% in 2016. (e.g. Morocco, Saudi and Egypt). Even though employment of Arab women has risen in the recent years, it still remains much lower than employment of Jewish women making a significant gap in the general employment rate between Arabs and Jews. In addition, Arab in Israel tend to work at low-paid jobs in sales, services, education and health, and less in managerial and technical positions.

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### **The Main structural reasons and obstructions for the low employment rate of Arab in Israel are:**

- Limited access to high-skilled, high-paying jobs.
- Arab localities have little local industry and employment zones.
- Lack of public transportation and transportation infrastructure makes commuting to outside employment centers difficult.
- Lack of daycares limits the ability of mothers to work.
- The low rate of Arab employment at the Israeli civil service.
- Prejudice which create social obstructions for employment.

## **[ 2. Wages and Income ]**

These occupational differences, along with gaps in education and skill acquirement, are responsible for a severe wage gap: The average wage of an Arab worker is about two thirds of the average wage of a Jewish worker. These differences in employment and payment between Jews and Arabs, especially women, are responsible to large gaps in household income, as the average income of an Arab household is roughly 60% that of the average Jewish household. The difference is even larger when we consider that an Arab household has, in average, a larger number of children. It should also be noted that these income gaps only increased over the last two decades. This also causes Arab households to rely more on government benefits. Consequently, Arabs rank among the country's poorest population sectors.

## **[ 3. GDP ]**

The lower Wages and employment among Arabs, as well as the ownership of less capital, lead to low contribution of Arab to the Israeli GDP. A Rough estimation of the Arab share of Israeli Gross Domestic Product reveals that their contribution is about 9% which is lower than their ratio relative to the population and labor market

## **[ 4. Poverty ]**

Low income leads to high poverty. Poverty are in Israel has decrease significantly over the last 7 years, but it is still among the highest in the west. One of the reasons for that is the poverty rate in the Arab sector. Arab in Israel has the highest level of poverty rates. Around 55% of the Arab live in households with an income below the poverty line<sup>1</sup>, as well as 66% of the Arab children. In comparison, 14% of the Jews and 20% of the Jewish children live in poor households. The incomes of poor Arab families are on average, farther than the poverty line compared to that of poor

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<sup>1</sup> Similar to most OECD countries, and unlike the United States, the poverty line in Israel is defined in relative terms: a household is considered poor if its income is below 50% of the median household income, adjusted by the number of household members

Jewish families, so government redistributive policies, such as transfer payments and entitlements, do very little to reduce it.

## [ 5. Education ]

There are significant gaps between Jews and Arabs in Education, both in terms of the resources assigned by the state and in terms of quality schools and teaching which bring the large gaps in the achievement of Arab students relative to the Jews. The difference in annual government expenditures per student between Jewish and Arab students is around 500\$, and is larger for students in poorer municipalities. Jewish students also tend to live in richer municipalities which can afford to compliment government expenditure with extra funds. Educational achievements and attainment are lower as well. Among Arab high school students that participate in matriculation exams, only two thirds are eligible for a certificate, with is required for students applying to universities, compared to three quarters of Jewish examinees. Programme for International Student Assessment (PISA) results indicate that the math and language skills of Arab students in Israel are on par with undeveloped countries. Furthermore, dropout rates from the educational system are higher in the Arab schools—2.4 percent in grades 7-11, in comparison to about 1.4 percent in the Jewish sector in 2012/2013.

Arabs' share of the university student population in Israel is lower than their share of the population—in 2015/2016 Arabs accounted for only 15.2 percent of all university and college students in Israel. The rate goes down the higher is the academic degree, and in PhD studies Arabs make up only 5.7 percent of all students in 2015/2016 (Council for Higher Education 2016).

## [ 6. Local Governance ]

The Arab Municipalities have very difficulties to improve their economic situation. The shortage of budgets, land and employment bring harsh economic situation, difficult to provide public services such as education and health. For an Israeli municipality, the main source of income is property tax revenue. The property tax revenue per capita from private housing in non-Arab (Jewish and mixed) municipalities is more than twice that of Arab municipalities. The difference commercial property tax revenue is even larger – about ten time higher in non-Arab municipalities. This is due to the almost complete absence of industrial parks and areas allocated to commerce in Arab municipalities, as well as to governability problems that prevent efficient property tax collection. Due to through expropriation of land by the state over the years, these municipalities have little to none land reserves.

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## 7. Housing

The absence of land reserves, as well as difficulties in forming outline plans and obtaining the required permissions, have led to a huge housing shortage in Arab localities. There is also very little new construction initiated by the Israeli government in these localities, compared to the Jewish ones. This has also caused many residents of Arab municipalities to build with no permissions or outline plans, which in turn led to the demolition of hundreds of unrecognized houses in recent years.

## 8. Conclusion

Among the Israeli society, the ethnic (in our case the national too) division is a salient and constant aspect of the society that is used by the dominant majority (Jewish population) as a criterion to determine the access to social and economic rewards and particularly during periods of economic demographic and geopolitical changes. In the Israeli Society ethnic inequality (in earning from work) will persists, but its extent depends on the state of the economy, the minority-majority relations in that meticulous moment and other changes. These problems mentioned above create a vicious cycle: when the population is poor and its labor market participation is only partial (women) and subject to barriers, it is difficult to invest in basic and higher education and to develop new employment opportunities.

**Accordingly, we believe that there is a need for a new policy solution, which can provide an opportunity for essential change in the Palestinians economic and social status. We suggest the following steps:**

- 1) To prepare a structural resolution of the economic and social problems faced by Arabs in Israel that would entail major policy change in numerous spheres.
- 2) To design a new comprehensive economic plan, with the participation of experts from the Palestinian side as a partners for any suggested governmental solution.
- 3) To increase the government budget for the Palestinian society in Israel according to their share in the entire population.
- 4) To arrange a shared workshop between the OECD and Palestinians experts skilled in addressing social and economic features and designing policy.

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