

LEADERSHIP FOR CHANGE

Ralph Goldman's Role in the Social Development of Israel

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Since its creation, the State of Israel has addressed a unique set of social challenges. The Diaspora has played an important role in this effort from the very first years of the State. This article reviews these social developments, with a focus on Ralph Goldman's role in Israel's social development.

Ralph Goldman, for much of his career, has been deeply involved in the efforts to address Israel's social challenges. His contributions have found expression in the formal organizational positions he held, in the concepts and ideas that he promoted, and in his influence on the organizations he helped shape. His efforts have reflected his view of processes of social development, of the relationship between government and the voluntary sector, and of the relationship between world Jewry and the State of Israel. Those ideas have been central to the ongoing struggle to address the growing social challenges of Israel.

RALPH GOLDMAN AND ISRAEL'S SOCIAL DEVELOPMENT

After working with the Israeli government in the United States, Ralph Goldman in 1953 assumed a position in the Prime Minister's office in Israel in which he was responsible for the implementation of the U.S. government's Point-4 assistance to Israel. Through the United Nation's agencies technical assistance program, Israel received funding designated for "experts" to provide technical assistance in the economic and social sphere. This funding, totaling \$2.4 million per year, was intended to help Israel use wisely the much larger amounts of Point-4 and UN assistance it received for major eco-

nomic development and social programs. Ralph's role can be viewed as a harbinger of things to come as it involved two essential principles that have guided him throughout his career. One is the focus on the role of expertise and knowledge in shaping Israel's development—not on how to mobilize resources but how on how to deploy them in the most effective way. The second is that Israel's internal development involves both the utilization of external expertise while investing in the development of potential leaders in government and society.

In 1964 Ralph Goldman was asked to establish and direct the Israel Education Fund, which was later operated under the auspices of the Jewish Agency and the UJA. This fund was established at the urging of Ben-Gurion to increase high-school attendance by remedying the severe lack of sufficient schools and classrooms.

In this position, Ralph mobilized Diaspora resources for the State of Israel. Under Ralph's leadership, the Israel Education Fund raised significant amounts of money. However, Ralph led the Fund into additional areas beyond its initial mandate: the establishment of Community Centers in Israel (*Matnasim*), preschool programs in these Centers, and training staff for these programs.

The *Matnas* initiative involved the introduction and adaptation of a new social institution in Israel. Ralph had been involved in establishing the first Community Center in Jerusalem in the 1950s (see article by Sara Bogen in this issue). Using resources generated by the Israel Education Fund, he had the opportunity to expand the *Matnas* initiative. Located in the poorest neighborhoods and cities in Israel, the *Matnasim* addressed Isra-

el's fundamental social needs. This was to be an area to which he would remain committed throughout his career. Once again, Ralph was involved in the mobilization of expertise and ideas and not only resources. This time, however, the resources emanated from the Jewish world.

The next major role for Ralph came about in 1968 when he was recruited by the JDC to assume the position of deputy director of Malben. Ralph joined Malben at a critical moment in its history.

The State of Israel faced two major social challenges in its early years: establishing a set of national institutions to provide basic educational and social services to all its citizens and addressing the basic and emergency needs of traumatized and penniless refugees pouring into the country. There were almost 700,000 new immigrants in the years 1948-1951, more than doubling the Jewish population. Malben was established by the JDC, the Government of Israel, and the Jewish Agency for Israel in 1949 to address the needs of elderly, chronically ill, and disabled immigrants. Shortly thereafter, JDC became the sole operator of Malben.

By the time Ralph joined Malben in 1968, the decision had been made to close Malben and to transfer all of its services and institutions to the Government of Israel or to voluntary organizations. Behind this decision were several driving forces and concepts.

One factor was the changing needs of the State of Israel. Malben, as noted, was established to address the needs of immigrants. As the population grew, Malben was forced for financial reasons to narrow its definition of immigrants to those with fewer and fewer years in the country so that by 1965 it was providing services only to those who had been in Israel less than five years. At the same time the needs of those who had come into the country in earlier years and of the pre-State population were growing. The social problems of Israel were becoming less the problems of immigrants in refugee camps or of those struggling with the initial challenges of integration and more the problems

of those who had been in the country for many years but had remained poor or had become marginalized.

A related consideration was the rapid aging of the Israeli population. The percentage aged 65 and above had grown from 4.8 percent in 1955 to 6.1 percent in 1965, and the projections were for rapid future growth. Indeed, in 1975 the percent of elderly was to reach 7.9 percent. It was therefore felt that maintaining separate services for the immigrants was no longer a credible policy. There was an interest in developing a strategy that would enable the JDC to be of assistance with these much broader needs. At the same time, the JDC could no longer assume a meaningful ongoing role of funding these services.

Another factor was the realization of the need to shift the emphasis in the provision of the social services to the elderly. Malben had focused primarily on institutional services. These services are of course an essential component of any service system and perhaps all the more so for uprooted immigrants without appropriate housing or stable community environments. However, every service system needs a balance between community and institutional services both to address the desire of most elderly to remain in the community and to provide less costly alternatives to institutionalization.

The shift from institutional to community services illustrates the more general issue of choosing among alternative strategies for meeting needs. For a variety of reasons, Israel developed a strategy heavily based on out-of-home residential placement for a variety of vulnerable populations. The shift in the thinking of the JDC in the early 1970s with respect to the elderly represents an ongoing theme in the development of policies for other populations.

The final factor was the growth of Israel's own national institutions and the changing ratio between Diaspora funding and Israel's own resources. A new paradigm for the role of the Diaspora was emerging within Malben: to assist Israel's own efforts to develop

and provide social services, rather than taking direct responsibility for provision or for ongoing finance of current services. To achieve this end, partnerships were to be established with the government or other organizations with responsibility for operating and financing services. The concept of development was to take on several meanings: expanding the capacity to provide services, introducing new and innovative approaches, and improving the effectiveness of existing service systems.

The shift in strategy was not entirely new. Over the years Malben, alongside its ongoing provision of services, had begun to engage in efforts to strengthen various social institutions, including Israel's voluntary sector as a provider of services for the non-elderly disabled, the first communal mental health services, child development services for early diagnosis, and treatment for disabled children. At the same time efforts were made to strengthen professional education: for example, establishing in 1958 the Paul Baerwald School of Social Work at Hebrew University, Israel's first school of social work.

In the years from 1965 to 1975, Ralph was deeply involved in the full realization of the shift in strategy, helping shape and design the new set of institutions that would implement the new strategy. There were four major developments during this decade: the establishment of ESHEL in 1969, the establishment of the Brookdale Institute in 1974, the closing of Malben in 1975 and the establishment of JDC-Israel in 1975.

ESHEL: Association for the Planning and Development of Services for the Elderly

ESHEL was established in 1969 as a multi-year partnership between the JDC and the Government of Israel as equal financial partners. It was the first vehicle created for the implementation of the new strategy. It was to invest in developing new services and providing them with short-term support until they were fully integrated—financially and organizationally—into ongoing government

and voluntary service systems. It was also to invest in staff development and university-based professional education as an inherent component of the national infrastructure. Ralph became the first executive chairman of ESHEL and was to guide its early development.

The JDC-Brookdale Institute

The next step in the evolution of the new strategy was the recognition of the importance of applied knowledge and information as a force for guiding and informing the development process. Under the leadership of Herb Singer of the JDC board and with the active involvement of Ralph Goldman and Dr. Martin Cherkasky, the Institute was established in 1974 as a partnership between the Government of Israel and the JDC, with the support of the Brookdale Foundation of New York. The partnership was designed to ensure a strong link between research and policy and practice. At the same time, both partners fully committed themselves to the academic independence and objectivity of the Institute. This represented a major departure for an organization that up to that time had invested primarily in direct services, but was totally consistent with its respect for the development of expertise. Whereas the Institute initially focused its efforts in the area of aging, it expanded them at the request of the Israeli government to include a broad range of major social challenges facing Israeli society from early childhood to old age and from health policy to immigrant absorption. The board of the Institute included the most senior representatives of major social ministries and the budget division of the Ministry of Finance, along with senior lay leadership from the JDC board. It thus provided a framework for a direct partnership between American Jewish leadership and leadership in Israel. One of Ralph Goldman's particular hopes was that the Institute would also be an important force for linking the various parts of the Jewish world. With time this became an important part of the Institute program.

The Closing of Malben and the Establishment of JDC-ISRAEL

Malben was closed on December 31, 1975, and the next day, JDC-Israel was established to provide a broad overall framework for JDC's new role as a force for social development. ESHEL was incorporated in this framework, as well as some of the work of Malben, and new programs were initiated. The principles that governed the work of ESHEL as described above were now expanded to additional areas. One day after the establishment of JDC-Israel, Ralph Goldman became the new director of the JDC, having secured the framework for JDC's future work in Israel.

The Center for Social Policy Studies

During the 1980s JDC, under Ralph's leadership, went on to establish further entities focused on the development of professional expertise and knowledge. In 1982 the Center for Social Policy Studies was established under the leadership of Herb Singer and Israel Katz, with the consultation of Herbert Stein and the active support of Ralph Goldman. It was designed to address major issues of social policy, particularly the integration of macro economic trends and social policy, while being fully financially independent of the government. One of its initial and continuing activities is the publication of an annual report analyzing trends in the national budget for social welfare.

ELKA- The Association for the Development and Advancement of Manpower in the Public Services

In 1984, under the leadership of Michael Schneider who was then director of JDC-Israel, ELKA was established with the goal of promoting the development of effective leadership in the civil service in Israel. With its establishment, the JDC made a strategic decision to expand its focus beyond the social services to the overall national and municipal civil service system. From the beginning, ELKA included the highest echelons of

the civil service with the development of a course for directors of the ministries based on a small peer group tutorial approach.

SOCIAL AWAKENING, CHANGE, AND THE SUBSEQUENT RETREAT - 1970-1990

This overview begins in the early 1970s because of the turning point in social awareness that occurred then. In 1971, the first studies of poverty and inequality in Israel were carried out by a new research department established at the National Insurance Institute by its director, Professor Israel Katz. In estimating the rates of poverty, the researchers adopted a poverty level defined in terms of family income adjusted for family size equal to 50% of the median after-tax income of the population. This was consistent with the poverty levels in use in various international comparative studies at that time.

The findings of these studies came as a major surprise and shock for Israeli society because of the prevalent image of Israel as an egalitarian society. This image was reinforced by the dominant rhetoric of Israel as a socialist society that by definition ascribed to and achieved social equality. In contrast, the studies revealed that Israel's rates of poverty and inequality were among the highest of all Western countries. There was a particularly strong response to the finding that 20 percent of Israel's children were living in families whose income was below the poverty level. The data on poverty also emphasized the fact that it was primarily a problem of those who had been in Israel for many years, and many second-generation Israelis, and not the temporary poverty of recent immigrants. The data also highlighted the particularly high rates of poverty among Arab citizens of Israel.

The publication of the findings coincided with the outbreak of one of the most significant social protests in Israeli history. It was initiated by a group of youth of North African descent from a poor neighborhood in Jerusalem (Musrara). They chose to call

themselves the Israeli Black Panthers, after the radical movement that had developed at that time among African-Americans in the United States. They succeeded in capturing public attention and there was an outpouring of public sympathy that led to demonstrations in which thousands participated. The newly published poverty statistics led credence to the voices of the demonstrators, and the voices of the demonstrators led credence to the new statistics.

Together they led to the establishment by Golda Meir of a prime ministerial commission that made sweeping recommendations covering the full range of issues from income support to compensatory education to social service needs. Many of the key recommendations were implemented quickly, including sweeping changes in income support that had the immediate effect of dramatically reducing poverty rates by 1976.

Why did Israel have such high rates of poverty and inequality? The answer has important implications for understanding Israel's current challenges as well. It is important to distinguish two concepts of poverty: pre-income support poverty (pre-IS) and post-income support poverty (post-IS). Pre-IS poverty only takes into account earned income from employment, self-employment, or interest and dividends. It reflects the distribution of income as generated by economic activity. Post-IS poverty takes into account not only earned income but also all sources of government support (as well as the impact of taxation).

Using this distinction one can identify two reasons for the high comparative rates of poverty: One is that the economic system generated a high level of pre-IS poverty relative to other countries, and the second is that income support was relatively less effective in reducing poverty.

The high level of pre-IS poverty was in turn related to the structure of Israel's population. Poverty and inequality are related first and foremost to the degree of variation or heterogeneity in three basic factors that

affect living standards: education, family size, and women's participation in the labor force. The establishment of the State of Israel brought together three population groups—European Jewry, Middle Eastern Jewry, and the Arab population in Israel—that varied greatly in all three of these aspects. No other Western country had nearly as heterogeneous a population in these respects. The upshot is that Israel had to try much harder and to use its resources much more effectively to overcome these differences in background and achieve the degrees of equality that were found in the West. This remains true until this very day. Although some of these gaps in background factors have narrowed, others have grown to increase pre-IS poverty.

The second factor determining Israel's high rate of poverty was the effectiveness of the income support system in reducing poverty. Until the major reforms introduced in the mid 1970s, Israel's income support system was limited in many respects. Only in 1975 was unemployment and disability insurance introduced within Israel's social security system and only in this year did child allowances, provided to all families with children, reach significant levels.

The Late 1970s and the 1980s

The low rates of poverty achieved by 1976 proved, however, to be relatively short lived, partly because of the worldwide economic crisis stemming from the oil price crisis of the mid-1970s. Indeed, Israel was to enter into a period of economic slowdown that was to last until the end of the 1980s. Economic growth slowed dramatically, and unemployment increased from of a low of 2.7 percent in 1972-1973 to almost 5 percent in 1980 and to 8.9 percent in 1989. The economic slowdown led to increases in pre-IS poverty and to cutbacks in various income support programs and particularly in the real value of child allowances, so that by 1990 child poverty rates had returned to the 20 percent level experienced in 1969.

THE 1990S

There were two major developments in the 1990s. One was the central focus of attention of Israel society and the Diaspora, whereas the other went almost unnoticed and was only to surface toward the end of the decade as a major issue. Both were to have profound implications.

The New Mass Wave of Immigration

During the early 1990s, the doors of the Soviet Union opened, and some 610,000 immigrants arrived in Israel in a period of 5 years. The immigration from the FSU was exceptional because of its dramatic dimensions, the complexity of the transition required, and the immigrants' unique occupational and educational structure. In addition the early 1990s saw the second significant wave of Ethiopian immigrants, which, although small in absolute terms, significantly increased the Ethiopian population in Israel.

The main point is that this immigration ushered in a period of extensive social innovation and experimentation in which Israeli society and Diaspora Jewry together played an important role. The whole approach to absorption changed with the shift from absorption in centers to direct absorption in local communities straight from the airport. A broad range of employment programs were developed to enable immigrants to adapt existing professional skills or allow for career shifts. To ease the cultural clash, there were opportunities for cultural sensitivity training for Israeli professionals, as well as significant groups of immigrants.

For Ethiopian Jews entirely separate immigration strategies had to be developed, building in part on the experience in absorbing those who came in the 1980s, but including a whole range of new approaches, particularly in the areas of employment and housing. The organizations that Ralph Goldman helped establish played a significant role in this process of social innovation for both the Russian and Ethiopian immigrant communities

In the final analysis the overall impact of

this major wave of immigration was to stimulate an economic boom in Israel. Israel's GNP grew significantly; even after taking into account the growth in population, the GNP grew by 17 percent by 1996. This growth strengthened the Israeli economy and reduced the defense burden in relation to overall economic resources. By the end of 1996 the participation of immigrants in the labor force exceeded that of non-immigrant Israelis, and unemployment had declined from 8.9 percent in 1989 to 6.6 percent.

The absorption process, however, left many unresolved difficulties that were to have long-term implications. One was the fact that a majority of the Russian immigrants were not integrated into their previous or related professions and thereby experienced significant downward mobility. Many young people did not integrate well into the educational system, and high dropout rates and delinquency developed. There was also a large group of elderly immigrants from the FSU, which led to a significant increase in the level of poverty among the elderly. Finally, the process of integrating the Ethiopian population was still very much in its incipient stages.

The Growth of Dependency

The second development was the rapid growth in economic dependency in Israel, which had two manifestations. One manifestation was the rapid growth of various forms of income support during the 1990s. This growth was reflected in the sharp rise in total income support payments as a percentage of GNP, as well as in the particularly rapid increase in the number of the recipients of welfare benefits and disability benefits. The growth in direct social service budgets was much slower, and thus there was a shift in the balance between cash benefits and the provision of direct services.

The second manifestation was the rapid decline in the employment of low-educated groups in Israel. Employment rates of less educated and less skilled Jewish and Arab men declined dramatically from 1990

through the end of the decade. At the same time the employment of the educated groups in both populations remained stable or even increased. In addition to the growing gap in employment rates, the relative wages of the more educated versus the less educated also increased significantly. This contributed further to a growth in inequality and to a reduction in the incentives for low-educated people to join the labor force, rather than apply for income support.

These trends were to accelerate even more in the second half of the decade as the growth rate dropped dramatically and unemployment began to increase. Indeed by the 1999 it reached 8.9 percent, returning to its 1989 level. One of the factors that contributed to the decline in employment among the less educated was the emergence of a new phenomenon within the Israeli labor market – the presence of significant numbers of foreign workers from the Far East and Eastern Europe. This phenomenon had developed in response to the difficulties in employing Palestinian workers during the first Intifada. By the end of the decade there were over 300,000 foreign workers, at least half of them there illegally. They served to push the less-educated Israelis out of the labor force and to depress wages for low-skilled work. A second factor was the changes in the world economy, which led to major increases in the demand for Israel's high-tech industries and a significant decline in the demand for Israel's traditional sectors. A further consequence was a significant increase in the last part of the decade in both pre-IS and post-IS child poverty.

Another development that contributed to the decline in employment was the sharp increase over the decade in the number of working-aged men studying in Yeshivot. The support provided by the government to these students along with the generous child allowance for large families helped increase that number.

These trends were not the focus of public attention and debate in the 1990s. There was a failure in part to fully identify these trends,

in part to realize their significance, and in part to address them when identified. Thus, as a result, there was also a failure to consider the implications of these trends for social policies and strategies.

The trends were also in part disguised by the high-tech boom in Israel that led to an 8 percent growth rate in 2000, as Israel assumed a remarkable position in this worldwide development. Many thought Israel was on the verge of a new era of economic success and prosperity, yet beneath the surface the seeds of a growing social crisis were in the making. As shown in the next section, the Intifada and the changing world economic situation were to create a situation in which these trends could no longer be overlooked.

THE NEW MILLENNIUM

In the year 2000, the second Intifada broke out, accompanied by a worldwide economic recession and the burst of the high-tech bubble. This combination of events led to one of the deepest economic crises in Israel's history. The dimensions of the crisis were reflected in a slowdown not only in growth but also in negative growth, as the GNP declined in 2001 and 2002, and significantly declined per-capita between 2001 and 2003. The unemployment rate increased to about 11 percent by the end of 2003.

The set of policies introduced to address this crisis had both short- and long-term objectives. The short-term objective was to restore growth by reducing high government deficits and restoring international confidence in the Israeli economy. The longer-term objective was to introduce structural economic and social change to deal with what were perceived as basic structural obstacles to growth. The government decided to take advantage of the security and economic crisis to introduce a series of fundamental changes.

The essence of the economic program was to reduce the level of public expenditures in relation to GNP over a 10-year period, to reduce tax rates and particularly income and corporate tax rates, to introduce

more competition and more privatization in the economic sphere, and to drastically reduce the number of foreign workers. The essence of the social policy program was to reduce overall social expenditures (particularly expenditures on income support) as part of the effort to reduce the size of government and to reduce significantly benefit levels for the working-aged population, so as to create more incentive to work rather than apply for income support. This, together with the reduction in foreign workers and renewed growth, was to promote a shift from dependency and reliance on income support to greater participation in the labor market and self-sufficiency.

The program also aimed to enhance participation of the ultra-Orthodox community in the labor force by reducing stipends for Yeshiva students and by major reductions in child allowances for large families, to avoid a major crisis in the pension system by reducing benefits and raising the retirement age, and to reform some of the basic direct service systems that were deemed to be particularly ineffective. In particular, the program aimed to introduce basic reform in the education system; to promote the shift from institutional to community care for a range of vulnerable populations, which was most notably implemented in the services for the mentally ill and children; and to promote efficiency in the social services by introducing more privatization, expanding the focus on measurable outcomes and performance-based contracting, and expanding competitive bidding among providers of social services, rather than preferred-provider arrangements. Significant steps were made to implement these economic and social program reforms, thus defining this as a period of dramatic changes in economic and social policy.

The severe economic crisis along with the short-term impact of the cutbacks in social benefits led to a sharp increase in poverty rates. The poverty rate among children reached 29 percent in 2003, as compared with the rate of 25 percent in the year 2000.

At the same time, data from international comparative studies of educational performance in a range of areas revealed a dramatic decline in Israel's overall ranking and that the gaps in Israel in educational achievement between higher and lower socioeconomic groups were higher than almost all the countries surveyed. Added to this were disturbing statistics about the growth in various forms of social violence and deviance. Thus, the social challenges of Israel had grown more severe and complex.

In 2004 and 2005 a combination of factors led to a rapid turnabout in the economy, reflected in a 4 percent rate of growth in 2004 and a decline in the unemployment rate to about 9 percent by the end of the first quarter of 2005. In 2004, the poverty rates continued to rise and reached a further peak of 33 percent among children, and it is still unclear whether, when, and how much poverty rates will decrease.

Needless to say, the changes in social policy, and some of the related economic policy measures (particularly the speed and depth of many of the cutbacks) have been very controversial. Today, the divergence in opinions between supporters and critics of the government's social and economic policies is wider than ever. There is a broad body of opinion in and out of the government and in all sectors and political parties that views the growth of poverty and social gaps as a serious threat to Israel's future. Opinions vary much more with respect to how to address these problems. To what extent has the growth of poverty, particularly among families with children, resulted from the accessibility of income support or to what extent have labor market conditions pushed more and more families into poverty. To what extent can an active policy to promote employment reduce dependency and poverty, and to what extent will economic growth expand opportunities for the poor? In 2005, the government initiated a large-scale experiment to promote the shift from welfare to work by expanding employment services and restricting the ability to receive welfare with-

out making serious efforts to find work (modeled after the European and American welfare-to-work programs). The results of this experiment will help answer some of these questions.

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On behalf of the leadership, Board of Trustees and staff of United Jewish Communities, we are proud to join the American Jewish Joint Distribution Committee, the World Council of Jewish Communal Service, and the Jewish Communal Service Association of North America (JCSA), in honoring and celebrating the outstanding achievements of Ralph Goldman, honorary executive vice president of our esteemed partner, JDC.

For decades Ralph has been a remarkable visionary for world Jewry. He has helped launch many innovative educational, social and cultural programs that enrich life in Israel and throughout the Jewish world. His extensive history of leadership is rooted in his passionate and lifelong commitment to the Jewish people.

Ralph, your personal, unwavering dedication to our community and to the Jewish people inspires us all. May you go from strength to strength.

B'Shalom,

Robert Goldberg
Chair of the Board

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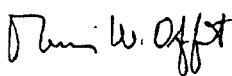
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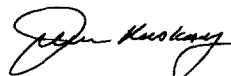
*Ralph has created
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