

Neoliberalism as a State Project. Changing the Political Economy of Israel, eds. Asa Maron, Michael Shalev, (Oxford: Oxford University Press, 2017), pp. 219.

by Ira Sharkansky

Eleven authors contribute to this book, most of them sociologists. Yet the topic is highly political in its nature. The theme is that state actors – principally the Ministry of Finance are largely responsible for moving Israel from a high dependence on the state and the Histadrut, to neoliberalism. Chapters focus on the Labor Movement, Big Business, the Ministry of Finance, reforms, a failed innovation brought from overseas (Wisconsin Works), child allowances and health care, employment and labor subcontracting.

Israeli neoliberalism emerges as something of a muddle, battered by the needs of employing large waves of immigrants, coping with the costs of war, a major reform produced by inflation reaching 400 percent and moving toward 1,000 percent annually in the mid-1980s, and continuing tensions between politicians and senior bureaucrats in finance, health, and employment.

Here and there the authors mention Benjamin Netanyahu as a key figure in lessening the weight of the state in favor of neoliberalism, but there is no focused discussion of his actions.

John L. Campbell writes a Foreword that argues for the inclusion of Israel in the research on neoliberalism, and the editors return to this theme in their Introduction and Conclusions.

Yet Israel seems to be a distinctive case. Its 70 year history has included a unique rise in population from less than 800,000 to more than nine million, along with wars in 1956, 1967, 1973, 1982, and 2006, several prominent military operations in response to West Bank intifadas or provocations from Gaza, and uncounted terror attacks before, between, and after all of those. The weight of the state is heavier than any other western democracy in the defense sector, as is its dependence of outside aid from the US government, Germany, and private contributions, from overseas Jews and others who identify with Israel.

All these conditions are mentioned by the authors in this book, but are left in the background to detailed descriptions of manipulations by government ministries of Finance, Sick Funds, Health, the initial power and decline of the Histadrut

and Labor Party. What had once been the unchallenged dominance of Labor has now been reduced to six Knesset Seats, or five percent of the total in what might join a government as a minor figure. Prominent in the book are the institutions that have provided health care, social insurance payments, and have sought to manage public sector employment.

Important in the story is the history of medical care. Until 1994 most of it in the hands of a Sick Fund linked to the Histadrut. Then the politician who became the head of the Histadrut cut the ties to the Sick Fund, and supported a national program that forced all citizens and residents to become members of one Sick Fund or another. More recently, it's become apparent that the Sick Funds do not meet all the needs. So private insurance plans have emerged, which serve a substantial portion of the population in paying for what the Sick Funds do not provide, or do not provide as quickly or as well as the insurance paying public desires.

Also playing roles in the Israeli economy and policy-making circles in ways to affect state control or neoliberalism are religious Jews (Orthodox) and the ultra-Orthodox. Their political parties have been in almost all governments, and they have affected the weight of the state by their demands with respect to settlement in occupied territories, especially prominent in the case of Orthodox voters, and their demands for exclusion from military service along with welfare payments in the case of the ultra-Orthodox. The combination of the ultra-Orthodox and Israeli Arabs have marked Israel as a marginal society, with a social gap between economic classes larger than those of any democracy except the United States. Both settlement in the occupied territories and payments for welfare to Arabs, ultra-Orthodox Jews, and other needy people provide power to government, and get in the way of neoliberalization.

These issues also find their way into the pages of this book, but not in any concentrated or detailed manner.

Muddle could be the theme of this book, with several descriptions of conflict between governmental actors, private sector employers, demonstrators, politicians, and the Histadrut. Authors mention reforms that are proposed and enacted, but implemented partially if at all after several years. There are no clear time lines of what has produced the Israeli state, economy, and population. While an overriding theme is the responsibility of state actors for the production of neoliberalism, a sub-theme concerns differences in perspective and behavior

between the Ministry of Finance, academic economists, various actors in the health, social welfare, and employment sectors, as well as banks, private corporations and wealthy individuals.

Some of the wealthiest of investors have had overseas bases, or have been financed at least partly by overseas supporters. Several have run afoul of Israeli regulators and the judicial process.

Nochi Dankner is mentioned in the book, and he has since been sentenced. Prime Minister Ehud Olmert spent a year and four months in prison. Benjamin Netanyahu has been under investigation for more than two years, and as I am writing this he is likely to be indicted for three or more crimes.

These are parts of the Israeli muddle. A side effect of neoliberalism? It's among the questions that could have been addressed in the book.

There are few straight-line political scientists among the book's authors. That may be its major weakness, given the political nature of the material. *Neoliberalism as a State Project* focuses on the roles of the Finance Ministry and other governmental actors in reducing the role of the state as service provider. It's been essentially a political process to reduce the role of politics in deciding how the state operates, even though the state remains dominant in the overriding Israeli field of national defense.

It's a mystery, as well as a muddle. More political scientists may have helped focus on some of the numerous questions that remain unanswered.

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How to quote this article:

Ira Sharkansky, Review of *Neoliberalism as a State Project. Changing the Political Economy of Israel*, by eds. Asa Maron, Michael Shalev in *Quest. Issues in Contemporary Jewish History*, n.16 December 2019
url: www.quest-cdecjournal.it/reviews.php?id=147