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**Union responses to a  
changing environment:  
The *New Histadrut* -  
The General Federation  
of Labour in Israel**

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International Institute for Labour Studies Geneva

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## ***Abstract***

The Histadrut was founded 80 years ago as a surrogate for the state administration which did not exist at that time. Even after the State of Israel was founded in 1948, the Histadrut continued to play a general economic and social role in expanding the industrial sector and providing health care, including medical insurance. Only when the *National Health Insurance Law* of 1995 separated the Histadrut from health care did the organization become predominantly a trade union. This seriously affected the basis of Histadrut membership. Prior to 1995 it covered most of the population, i.e. all the people who belonged to the largest sickness fund in Israel, but now its members are mainly organized workers. The changing environment therefore means a great deal more than external macroeconomic change – namely globalization, enhanced competition and technological progress – for the organization. As of 1995, the *New Histadrut* has been forced to recruit members or to reaffirm membership according to new criteria.

Following a short review of the Histadrut prior to 1995, this paper assesses the New Histadrut's response to external and internal challenges. The analysis covers membership, finances and structure, collective action and public attitudes to the Histadrut.

Like the majority of unions operating elsewhere, the New Histadrut functions in a political and economic environment that is undergoing significant transformation. These changes have had a negative impact on the New Histadrut's position. With the decline of the socialist ideology, and the recent trend toward globalization, governments in Israel have begun advocating a policy of privatization and competition. One direct consequence of these policies is a decline in labour market regulation. Even in the public services, the proportion of jobs covered by collective agreements is being reduced. Resistance to wage increases has become stronger, a position that includes threats to restrict trade union power.

Taken together, the institutional and policy transitions have caused a substantial decrease in New Histadrut membership. The vast majority of its present members are salaried employees in workplaces where collective agreements were already in effect or recently negotiated. These people are mainly public service employees and workers in basic manufacturing industries.

In order to stem the decline, the New Histadrut initiated a national recruiting campaign before the 1998 general elections. In addition to traditional union populations, the campaign targeted groups which are considered difficult to organize, such as women, younger workers, professionals, informal sector workers and casual labour. The issues concerning women in the workplace are addressed regularly by the New Histadrut. However, questions such as gender equality, childcare, working time arrangements, training facilities and representation in union leadership were given special consideration during the campaign.

The Histadrut's efforts to organize people working for temporary employment agencies, a growing force in the Israeli labour market, has resulted in the negotiation and signing of several collective agreements. Attempts to institutionalize individual contracts within the framework of collective agreements, a ready part of the New Histadrut agenda, are highlighted.

Internally, the New Histadrut's diminished income has had serious repercussions on its budget and staff. Its current income is confined to individual dues from a much-reduced membership, and its financial status, already poor because of debts incurred before 1995, has deteriorated gravely. The organization has initiated a programme of staff reductions and structural reorganization, involving the merger of relatively small local works councils on the one hand, and the unification of

individual unions serving workers in similar sectors. The elected central governing institutions of the New Histadrut have also been modified in structure and size.

In contrast to the period before 1995, the dominant activity of the New Histadrut is trade unionism. This shift has caused the organization to alter the range of services formerly provided, and to change the emphasis in services which are still supplied. Collective and individual legal counselling is being offered on a greater scale, both at local and national level, while education, vocational training, youth, culture and sports are receiving less attention. Some of these functions have been made the responsibility of local works councils or individual unions.

The nature of collective action instigated by the Histadrut has also changed. On the one hand, collective negotiations are being decentralized, with a trend towards occupational or sectoral agreements in place of general framework agreements. The terms of the few general agreements signed since 1995 reflect a loss of New Histadrut power to impose conditions. On the other hand, the New Histadrut has displayed a greater readiness to resort to extensive general strikes as a negotiating tactic. These changes reflect a shift in the balance of power in labour relations in Israel.

The main issues on the New Histadrut agenda are: the preservation of the current social security and health care systems, the struggle against growing unemployment, and the protection of workers' rights, especially in the informal sector and in cases of reorganization.

## **1. Introduction**

The New Histadrut is an extremely complex institution. In the course of its 80 years of existence, it has included many types of organization under its roof. The Histadrut (its original name) was founded in 1920, prior to the establishment of the State of Israel (1948), and operated as a substitute for an official state agency (if not the government itself) during the period known as the *Yishuv* (1920-1948). During this period the Histadrut leadership defined its objectives in very broad terms, targeting all individuals who lived or wished to live by their own labour, and their families. Histadrut membership was therefore open to the population in general, not just to wage labour. It provided services in all spheres of life: employment, housing, health, social rights, agriculture, schooling and adult education. In 1923, *Hevrat Haovdim*, the Histadrut-owned conglomerate (in contemporary terms), was established with the objective of providing employment for Jewish workers in the small settlement that existed at that time. It is worth noting that the issue of establishing industry-based trade unions within its framework was raised only in 1944, at the Histadrut's sixth convention, after more than 20 years of existence.

The establishment of the State of Israel in 1948 was a major turning point for the Histadrut, due to the creation of a state administration that would take over many of its functions. Nevertheless, especially during the early years, the Histadrut continued to fulfil many national functions, such as immigrant absorption, rural settlement, and industrialization. Its role in those areas gradually diminished, but its involvement continued to affect the organization, in various ways and degrees, until the end of 1994.

Considering the singular role played by the Histadrut, one that went far beyond any model of trade unionism, it is impossible to detail its history or the evolution of its structure and policies in one short report.<sup>1</sup> Therefore, we must limit ourselves to summarizing the milestones in its recent development. We include a very brief review of the Histadrut prior to 1995, as background to the current special difficulties it confronts in addition to the challenges facing trade unions in general.

### **1.1 Background: The Histadrut prior to 1995**

Before 1995, the Histadrut's main characteristics were its broad membership base and its diverse objectives. Many different units were gathered under its roof. These units often had little in common with traditional trade unionism and some of them could even be considered incompatible with each other or with trade union goals.

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<sup>1</sup> The Histadrut has been discussed extensively in many works. See for example: Tabb, J.Y. et al: (1961), *Industrial relations in Israel*, Dvir, Tel-Aviv (Hebrew); Shirom, A.: (1983), *An introduction to industrial relations in Israel*, Am Oved, Tel-Aviv (Hebrew); Bartal, G.: (1991) *The General Histadrut, structure and functions*, Histadrut Publications, Tel-Aviv (Hebrew); Galin, A.; Harel, A.: (1978) *Development and change in the industrial relations system in Israel*, Massada (Hebrew); Tabb, J.Y.; Goldfarb, A.: (1971) *Workers' participation in management*, Pergamon Press. Sobel, I.: (1963) "Israel", in Calenson, W. (ed.): *Labor in developing economies*, University of California Press.



### 1.1.1 Spheres of activity

The Histadrut's main spheres of activity, as expressed in its major subdivisions, were:<sup>2</sup>

*Provision of health care:* The General Sickness Fund (*Kupat Holim Klalit*), established as an organ of the Histadrut in 1923, remains the largest sickness fund and health care organization in Israel. Until the *National Health Insurance Law* was enacted in 1995 it was the only fund that accepted members regardless of their socioeconomic status or medical condition. It runs hospitals, convalescent homes, neighbourhood clinics and specialized medical facilities throughout the country.<sup>3</sup>

*Economic development and employment:* This was primarily the function of the economic division (*Hevrat Haovdim*). Established in 1923, it was originally designed as a mechanism for creating employment and providing services to Jewish immigrants in Israel. It included manufacturing, construction, marketing, banking and insurance concerns owned by the Histadrut (known as *The Institutional Economy*). It also included what was termed the "cooperative sector", owned directly by the members. The "cooperative sector" includes the kibbutzim and moshavim (at that time agricultural settlements) as well as their marketing organizations. The dual function of trade union organization and industrial ownership were a feature of the Histadrut for more than 40 years after the establishment of the State. *Hevrat Haovdim* provided steady employment, and sometimes the only employment in peripheral townships; it was also a leader in establishing fair working conditions. It has been argued that the recession in Israel in the mid-1980s revealed many of the organization's inefficiencies. The consequent reorganization, concluded in the early 1990s, resulted in a gradual privatization of the Histadrut-owned "economy."

*Trade unionism:* Histadrut members are assigned to individual trade unions according to economic branch, occupation and/or employer. In 1994, there were 44 national trade unions, of which 19 were based on occupation/profession (engineers, social workers, artists, etc.), 19 on industrial branch (textiles and clothing, metals and electronics, construction), and six on employer (government employees, civilian employees of the Israel Defence Forces, etc.). Trade union activity was coordinated by the Trade Union Division. Contrary to practice in most unions, membership in the Histadrut was general, i.e. individuals joined the cover organization<sup>4</sup> as such, rather than a specific trade union. Afterwards, they were assigned to a union, according to their occupation and/or place of work. Formally, members belonged to a single trade union, but this assignment was a complex procedure because multiple, parallel bases of membership existed (for example, an engineer in industry could be placed according to profession or industrial branch). The trade unions were represented at local level by Histadrut councils, known as local works councils (numbering 72 in 1994) and by shop committees in the separate firms. Legally, the Histadrut organs – not the shop committees – represent the workers.

*Women's rights:* In addition to a special department in the Trade Union Division devoted to women's employment issues, a separate organization, *Na'amat*, was established to promote women's issues and rights in all spheres of life. In addition to proposing legislation and campaigning for gender equality, *Na'amat* operates a chain of subsidized day care centres and kindergartens as a service for working women.

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<sup>2</sup> Bartal, G.: (1991) *The General Histadrut, structure and functions*, Histadrut Publications, Tel-Aviv (Hebrew).

<sup>3</sup> In 1990, Kupat Holim operated 14 hospitals, 1,300 clinics, 550 laboratories and other medical facilities. Membership was 3,350,000 out of Israel's total population of less than 5 million (Kupat Holim Research Department).

<sup>4</sup> Alternatively, one might join Kupat Holim, which would automatically enrol the individual as a Histadrut member.

*Social security:* The Histadrut established pension funds for workers based on contributions from employers and employees. It owns and operates a chain of relatively inexpensive retirement homes and provides low-interest loans for the needy.

*Other services:* Additional divisions of the Histadrut structure provided other services, which either supplemented or paralleled state services. The most significant divisions were: culture and education, vocational training (the *Amal* vocational high school chain), youth movements, athletics (including the *Hapoel* network of sports clubs for youth as well as professional local and national teams); consumer protection; immigrant absorption and development, religious affairs, and many more.<sup>5</sup>

### 1.1.2 Internal structure<sup>6</sup>

Before 1995, the Histadrut was geographically dispersed, although decision-making power rested with a small number of highly centralized internal institutions.

By 1994, the Histadrut employed a staff of almost 4,000 in its central organizations and local councils, not including the General Sickness Fund, the Economic Division, social security and pension fund administration, the staff of schools and day care centres, or most of the representatives to national and local conventions.

The elected central institutions were the major governing and policy-making organs at national level. These were the National Convention, the Council, the Executive Committee which elected the Central Committee and the Secretary-General.<sup>7</sup> Each national trade union had separate but parallel elected institutions as well, as did *Na'amat*, *Kupat Holim* and a number of other organizations.

The Histadrut implemented its policy through 72 local councils which attended to most of the functions described, except for health care (handled by *Kupat Holim*) and economic activity (executed through *Hevrat Haovdim* enterprises). Each local council had an elected local (or regional) convention, council, secretariat and secretary. Elected or assigned officials acted as the administrators.

Local shop committees were established in every agency or firm where the Histadrut had organized the workers and where collective agreements were in effect. The shop committees represented the Histadrut, but were not part of its administration.

Elections for the conventions (Histadrut and local council) were run according to political party affiliation. This means that the number of delegates sent by each party to the Convention represents the proportion of the total vote won by that party. The parties tend to be identified with the major political parties active in Israel's national political arena. This means that Histadrut elections are related to the political strength<sup>8</sup> and platform of the national parties, and are often lively events. The Histadrut Secretary-General, who used to be the number one candidate of the winning party, was formally elected by the Executive Committee. In all elections until May 1994, the Labour Party won an absolute majority and governed the Histadrut.<sup>9</sup>

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<sup>5</sup> The Histadrut motto declared that it accompanied its members from the cradle to the grave.

<sup>6</sup> The spheres of activity were incorporated in about 30 divisions and departments of the executive committee of the Histadrut and a large number of sub-divisions. A detailed analysis of the Histadrut prior to 1995 exceeds the scope of this paper.

<sup>7</sup> The Executive Committee and Central Committee functioned as the elected institutions of the Economic Division as well.

<sup>8</sup> Although in some elections it has affected the results in a contradictory way.

<sup>9</sup> This meant that prior to 1995, Histadrut leadership was part of the Labour Party leadership.

Most of the national trade unions also hold party-based elections, although the occupational trade unions (such as the Engineers' Union) have gradually turned to personal elections, at least for the position of president.

### 1.1.3 Membership

Officially and legally, the Histadrut was a voluntary association with membership decided on an individual basis. Before the *National Health Insurance Law (1995)* was passed, one first had to be a member of the Histadrut and the General Sickness Fund in order to join a trade union. The reverse was also true: in order to belong to the General Sickness Fund, one had to be a member of the Histadrut and thus of a trade union, or at least pay membership dues and hold a Histadrut membership card. For the majority of members, the chief motivation for joining the Histadrut was not the benefits of trade unionism but of medical care.

The General Sickness Fund, reflecting Histadrut ideology, accepted members regardless of their socioeconomic and medical condition, whereas other funds imposed selective criteria stipulating age, medical history, and a minimum income. In consequence, the members of the General Sickness Fund and of the Histadrut came from all strata of Israeli society. They included salaried workers, the self-employed, the unemployed, pensioners, and housewives.

In keeping with the policy of intersecting membership, official Histadrut membership data were based on registered members or, at best, dues-paying members, irrespective of which organization attracted the individual to join. Hence, prior to 1995, there were no reliable data regarding trade union membership. Many Histadrut members did not even know that they belonged to a trade union.<sup>10</sup>

*Membership dues:* Dues were progressive, according to income,<sup>11</sup> and paid directly to the Histadrut. Payments were transmitted either individually or collectively to the Histadrut "Tax Bureau", which also served as a records bureau. In organized workplaces (i.e., where a Histadrut-negotiated collective agreement was in place) non-members who benefited from the agreement paid an organization fee of 1 per cent.

The Histadrut would allocate a budget to its various activities, including the trade unions, which were, and still are, directly dependent upon the Histadrut budget for funding their daily activities. Prior to 1995, most of the membership dues (73 per cent) were dedicated to health care.

### 1.1.4 Influence and power relations

As the main labour representative in Israel, supplying services to the majority of the population, the Histadrut has historically played a major role in industrial relations. The fact that the Labour Party was in government until 1977 appears to have contributed to the Histadrut accumulation of power.<sup>12</sup>

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<sup>10</sup> A recurrent question raised in many of the internal surveys conducted by the Histadrut's Institute for Economic and Social Research examined this issue. Over the years, only 10 to 20 per cent of those claiming to be Histadrut members responded that they were trade union members as well. For example, in a 1994 survey, 82 per cent of respondents said that they were not trade union members. Only 9 per cent could specify the name of their trade union, which in every case was an occupational union. (The Institute for Economic and Social Research of the Histadrut, internal reports).

<sup>11</sup> The percentage of income varied according to a complex formula and amounted to between 5 and 5.5 per cent.

<sup>12</sup> An example of the influence attributed to the Histadrut during that period is illustrated by responses to the question: "Who is most influential in the industrial relations system?" asked in the course of a comprehensive survey (1,200 interviewees, a representative sample of Israel's adult population, not limited to Histadrut members).  
(continued...)

Among its achievements are an acceptable level of pay and improved working conditions for all employees. These benefits were obtained through general collective agreements and through Histadrut influence on labour policy. For example, the *Minimum Wage Law (1987)* and the *Paid Sick Leave Law (1976)* began as a section in the general collective agreement; later, as a result of Histadrut pressure on the social lobby in the Knesset, the provisions were reformulated and passed as legislation. Yet, even without specific legislation, the conditions negotiated within the framework of collective agreements affected the country's entire labour market. Job security, always an important issue in Israeli labour relations, particularly in the public sector, is another area where Histadrut achievements have influenced policy throughout the economy. The Histadrut has succeeded in negotiating very rigid dismissal requirements for tenured workers.<sup>13</sup> In the organized business sector, dismissals have also become a lengthy process, requiring the agreement of the workers' representatives with respect to individual cases.

We should note here that no specific law concerning freedom of association or trade unionism in general has ever been enacted: in the past, no institutional framework seemed necessary as the strength of the Histadrut appears to have been taken for granted. There seemed to be general agreement that the Histadrut was sufficiently powerful to protect its representatives and prevent any attempt to interfere with free association.

The status of the Histadrut in collective bargaining and in labour disputes is addressed in two laws passed in 1957. According to the provisions of these laws, the Histadrut is practically the only representative organization on these concerns in places of work.<sup>14</sup>

*The crisis of 1995:* The situation of the Histadrut changed radically with the enactment of the *National Health Insurance Law* in 1994 (it came into force in 1995). This law severed the link between the trade union organization and the provision of health care services. It meant that the Histadrut now had to attract members on its own merits. Separating the General Sickness Fund from the trade union movement removed the basic motivation for mass membership in the Histadrut. Individual membership was automatically cancelled, and with it the flow of funds from these individuals. The status of collective membership became uncertain as the agreements concerning the automatic payment of dues were no longer in force, as of January 1995. In effect, the Histadrut had to start recruiting members for a new organization, whose future functions were unclear.

An added element of uncertainty was the fall from power of the Labour Party. For the first time in its history, the Labour Party lost the Histadrut elections in 1994, and a new inexperienced coalition began to rule the organization. Consequently, the new environment has meant a great deal more for the New Histadrut (the name taken by the organization after the 1994 change in leadership) than it does for most trade unions in the industrialized world. Globalization, enhanced competition, technological change, new employment methods and changing characteristics of the labour force are all international trends faced by the New Histadrut but the organization also has to cope with changes in the services it may offer its members. The Histadrut has been compelled, therefore, to "reinvent" itself in a political, structural and economic environment which is less than supportive. The financial costs of transition are becoming increasingly burdensome, especially in view of the

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<sup>12</sup> (...continued)

Among the respondents, 64 per cent answered the Histadrut, 26 per cent the government, and 10 per cent the employers. See Galin, A; Harel, A: (1978) *Development and change in the industrial relations system in Israel*, Massada, (Hebrew).

<sup>13</sup> Such employees were termed "a nail without a head" indicating that they are hard to move.

<sup>14</sup> An alternative labour representative the *Histadrut Haovdim Halumit* has a small membership, but cannot legally act as a trade union in any place of work (see table 2 for "other unions"). There are also some small non-Histadrut occupational unions (e.g. physicians, university teachers and journalists) who can legally negotiate in their respective sectors.

deficit accumulated before 1995, by the Histadrut and the General Sickness Fund, part of which still has to be repaid by the New Histadrut.<sup>15</sup>

Thus, we have to take into account the special circumstances of the changing internal environment of the New Histadrut as a central factor in the organization's adaptation strategy. It has become increasingly difficult to differentiate between the Histadrut response to the special circumstances forced upon it as of 1995 and the general challenges facing the trade union movement. It is safe to surmise that a significant part of its response is the effect of the battle for survival. One unfortunate result is the downsizing of its research institution and the cancellation of its longitudinal surveys of labour conditions and the labour market. As a result, information regarding the New Histadrut as an organization and Histadrut functioning as a trade union has become scarce.

## 1.2 The external environment

Israel's political and economic systems are changing in a way that is having a negative impact on the New Histadrut's status and influence. The traditional partners in the industrial relations system may not necessarily have altered their attitudes towards unionization in general. However, since the late 1980s, fresh impediments have appeared in the organization's external environment that threaten to undermine the *modus vivendi* formerly achieved.

### 1.2.1 The government

For the past 20 years, all Israeli governments have advocated privatization and increased competition. This policy has been carried out more vigorously of late. Even in corporations still owned by the government, the threat of private ownership and competition dominate planning and policy making. Privatization has already been introduced to some degree in communications and banking. Plans to privatize the nation's electric power company, public transport, seaports and many other activities are being discussed.

Developments of this order always involve the reorganization of employment relations and changes in personnel, particularly under the banner of increased efficiency. According to the common assumption, efficient management involves flexibility in the use of resources, including human resources. Flexibility with respect to human resources has three main aspects: the number of workers, their skills, and labour allocation in terms of time. All three aspects can be considered as obstacles to the stable long-term employment of the same workers in the same occupations. Employer insistence on flexibility raises strong demands for reduced regulation of the labour market, a position opposed to that of the Histadrut's traditional and firm demand for a stable working environment for its members. Moreover, this policy threatens to erode the possibility of long-term employment relationships, the traditional basis of union strength.

Below are some of the main elements of current labour policy.

For various reasons, the government, as an employer, has introduced an unwritten policy of reducing the proportion of permanent, tenured employees in the public service.<sup>16</sup> The government

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<sup>15</sup> In December 1998, the Histadrut still owed NIS 650 million (approximately US\$150 million) to the General Sickness Fund, for operational costs from before 1995.

<sup>16</sup> The government sector in Israel has about 600,000 employees; of these, 20-25 per cent are not covered by its standard employment regulations. The majority of these people are hired through temporary employment agencies and some particularly senior officials are hired on individual contracts. Although this practice does not represent official policy, it exploits clauses permitting short-term employment under special terms. This

(continued...)

is hiring more and more of its employees through temporary manpower agencies. Such workers are extremely difficult to organize.

The official position taken by the government in the course of wage negotiations has been consistent and unyielding during the last few years. The only concession it is willing to grant is to maintain the real wage. Economic recession and high unemployment rates (8.6 per cent in 1998) are used to justify this position.

Government opposition to strong unions is apparent from steps it has proposed that would restrict a union's right to call a strike in the public sector. Israel's proposed *Government Budget Act (1999)* includes clauses limiting the right to strike and curbing the unions' decision-making power with respect to strikes. The proposed Act includes an amendment to the *Labour Dispute Act (1957)*,<sup>17</sup> stipulating that the representative trade union has no power to call a strike until such a strike is approved through a vote, by secret ballot, in which at least half the employees of the agency participate.

### 1.2.2 The employers

Employers in the business sector have been seriously affected by globalization, enhanced competition in their product markets, and technological change. They claim that part of their strategy for survival is flexibility in the allocation of human resources. The present recession and unemployment rates appear to validate these claims.

Consequently, employers are resolutely demanding reduced regulation of the labour market, which implies less favourable conditions for steady employment and easier dismissal terms. When they fail to modify the regulations concerning present employees, employers attempt to initiate second-generation contracts for new recruits. The second-generation contracts usually include less favourable working conditions and more flexible provisions for dismissal (for instance, shorter periods of notice, reduced involvement of the shop committee and the Histadrut).

Technological change and the reorganization of production systems make it possible to introduce a variety of employment relationships, such as subcontracting, outsourcing and individual employment contracts.

The need for flexibility is being used as an argument against the employment of permanent, tenured workers at all levels. Many employers have begun to use temporary employment agencies to provide employees for long-term positions, not just for temporary jobs. This provides maximum flexibility without, as a rule, incurring higher labour costs. Other modes of employment used to avoid collective agreements are subcontracting and individual contracts.

As a result, Histadrut status and influence in the business sector has declined substantially. Like most trade unions, the traditional stronghold of the Histadrut was large enterprises, with a stable body of employees in the same workplace at the same time. In such enterprises, employees have common interests and are relatively easy to reach and organize. The new employment practices are reducing this body of employees; hence, the source of union support has diminished.

### 1.2.3 The workers

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<sup>16</sup> (...continued)

method has been adopted in order to avoid both bureaucratic and budgetary constraints. Obviously, there are no formal longitudinal statistical data on such employment (reported by Mr. S. Hollander, Israel's Civil Service Commissioner, during the International Seminar on Trade Unions, Zicron Yaakov, May 1998).

<sup>17</sup> This amendment has been temporarily postponed.

In consequence of the trends described above, the prevalence of atypical forms of employment is growing steadily in Israel. Employees hired under these conditions pose special difficulties for trade unions because they can be recruited only as individuals. As the terms of collective agreements made by the unions do not directly affect them, their motivation to join is ambiguous.

Individual employment contracts are now more common than ever. The Histadrut, which formerly objected strongly to individual contracts, and which had the power to prevent their expansion, has introduced clauses specifying quotas for such contracts within its collective agreements, primarily with respect to managerial positions. A survey conducted in 1993 found that 36 per cent of the employees questioned were under individual contract.<sup>18</sup> Individual contracts are prevalent in small workplaces in the informal sector, in hi-tech enterprises and in managerial positions in most sectors.

Another popular approach is to recruit through temporary employment agencies. Such workers enjoy neither steady employment nor a permanent place of work. There are no accurate estimates of the number of employees hired through these agencies but from all indications, the phenomenon is expanding rapidly. Temporary employees are a difficult population for trade unions to organize because they are highly mobile between places of work, and they do not work under their direct employer at the same site.<sup>19</sup>

The terms of employment are also affected by the characteristics of young people now joining Israel's labour force. This generation is significantly different from the previous ones, and the entry of the young means an increasingly diversified labour force. They are better educated,<sup>20</sup> more career-oriented, individualistic and less motivated by class interests and solidarity. They reflect changing public and political attitudes towards trade unions, namely a weakened commitment to unionization founded in solidarity. This generation of workers is therefore less motivated to join a trade union and more inclined to look critically at the potential benefits of membership.

#### 1.2.4 The legal system

The involvement of labour courts in industrial relations has increased as the role of collective bargaining has declined.

The Union of Newspaper Employees requested an injunction against the *Ha'aretz* newspaper's policy of hiring new employees through individual contracts (1996). The National Labour Relations Court did not admit the claim and did not consider the existence of a collective agreement as a factor preventing employment by means of individual contracts in the same workplace. The Court stated that such a practice would be considered illegal only if the collective agreement contained a clause excluding any alternative method of employment.<sup>21</sup> This ruling is intended to protect employers' prerogatives regarding managerial functions.

On the other hand, the courts have considered the dismissal of permanent employees in favour of individual contract workers as a unilateral substantive change in working conditions that poses

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<sup>18</sup> Public opinion survey conducted by the Institute for Economic and Social Research of the Histadrut, 1993. There are no official data on the proportion of the labour force actually covered by individual contracts. Employees not covered by collective agreements are considered to be under individual contract, even if there is no signed document.

<sup>19</sup> Paradoxically, about 50,000 temporary employment agency workers are "organized" through collective agreements negotiated between the Histadrut and the companies.

<sup>20</sup> During the last 20 years, the median level of education of all employees in Israel has risen by two years of schooling (Central Bureau of Statistics, manpower surveys and various years).

<sup>21</sup> National Labour Relations Court: "In the matter of the *Ha'aretz* Newspaper vs. The Union of Newspaper employees" (1996).

a real threat to workers and their representative organization.<sup>22</sup> The courts have acknowledged the trade union right to take collective action, including strikes, against what they consider unlawful dismissal.

No specific laws concerning the rights and obligations of labour organizations have been enacted in Israel.<sup>23</sup> The Supreme Court, in its role as court of appeal, has recently defined the characteristics of a *bona fide* trade union.<sup>24</sup> One of the fundamental criteria listed in its ruling is that the main objective of a labour organization is to promote the interests of its members, as workers, by negotiating collective agreements. This expresses trade unionism in its traditional sense. It also means that any organization attempting to promote workers' interests solely by rendering individual services and legal counselling cannot qualify as a trade union. However, it is doubtful if an organization devoted exclusively to collective bargaining would be viable in a segmented labour market.

The sections below assess the impact of environmental change, internal and external, on the New Histadrut. The following issues are covered:

- Membership data and strategies for organizing new target groups.
- Structural and financial adaptation of the trade union.
- Collective action, social alliances and influence.
- Public attitudes towards the Histadrut.

## **2. Membership data      Trends in union density**

The longitudinal measurement of membership rates in the Histadrut poses serious difficulties due to the redefinition of membership effective as of 1995. The data concerning membership prior to 1995 do not represent union density for they do not represent membership based on trade union interests. With the separation of the General Sickness Fund from the New Histadrut in 1995, one of the major motives for joining the Histadrut was eliminated. Therefore, post-1995 membership is a better indicator of union membership, although it still includes a significant proportion of non-workers, particularly pensioners.<sup>25</sup> Nevertheless, the vast majority of current members are working in firms or organizations where the (New) Histadrut has negotiated collective agreements that include the payment of dues and an organization tax deduction.

In the absence of a better measure, the right to vote in the (New) Histadrut general election is used as the basis of the comparative data presented in table 1.

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<sup>22</sup> For example, the case of sanitation workers employed by the Municipality of Tel Aviv-Yafo.

<sup>23</sup> This may change if and when the much debated *Basic Law: Social Rights* is finalized.

<sup>24</sup> The ruling in the appeal of the New Histadrut in the case of Amit (the Union of Maccabi Employees) handed down on 22 February 1997.

<sup>25</sup> Membership dues for pensioners and the unemployed are negligible.



**Table 1. Eligibility to vote in the general election as an indicator of membership density**

Election year	1981	1985	1989	1994	1998
Eligible to vote	1,471,846	1,494,717	1,446,838	1,573,174*	627,405**
% of population (18+)	61	58	51	47	NR
% of employees				34.5***	29

**Notes:**

In 1994, for the first time, enlisted soldiers were included if they or their parents were members at the time of the soldier's enlistment. These account for at least part of the increase in the number entitled to vote.

\*\* Includes pensioners.

\*\*\* This figure is calculated for collective membership only, which is a better indicator of true union density. The percentage cited by the New Histadrut is 52 per cent, including individual membership. See Table 2 and explanations.<sup>26</sup>

N.R. Not relevant as the members are mainly employees

Source: Publications of the Elections Department, the New Histadrut.

Table 1 indicates the number of Histadrut members entitled to vote on the basis of regular payment of union dues in the respective election years.<sup>27</sup> The table shows a gradual decrease in the proportion of Histadrut members in the adult population, from 61 per cent in 1981 to 47 per cent in 1994, with no significant change in the absolute number of members. The 1998 data indicate a 60 per cent decline in the number of members, for the reasons stated previously. This decline confirms the conclusion that the gradual weakening of the Histadrut as a central factor in industrial relations has accelerated as of 1995.

The only attempt to estimate the strictly trade union-motivated membership for the period prior to 1995 is an in-depth analysis of membership data performed for one point of time: the end of 1994.<sup>28</sup> This study is also the only analysis of trade union membership by economic sector. From the union point of view, the crucial factor concerning membership is the percentage of employees in organized workplaces who pay full dues. This excludes members who joined for the sake of health care and who do not enjoy the full range of trade union services (irrespective of whether they are unemployed, employed under individual contract, self-employed or do not participate in the labour force). Most of these employees participate in a system of "collective dues payment" (or write-off) by which the employer deducts the dues from salaries and transfers them, collectively, to the Histadrut or to other unions, according to membership. In places of work covered by collective agreements signed by the Histadrut, the employer also deducts an organizational tax from non-members who benefit from the terms of the collective agreement as well and then transfers it to the Histadrut.

Table 2 indicates that the total number of taxpayers for November 1994 was 1,822,447. Of these, 88.8 per cent were Histadrut members, another 6 per cent paid the organization tax to the Histadrut, and only 5.2 per cent belonged to other unions.

In November 1994, the employees included in the system of "collective dues payment" constituted about 29 per cent of total Histadrut membership. An additional 24 per cent paid their dues individually (table 2). It is conceivable that most of the latter group joined more because of the services available under the General Sickness Fund than because of the union-related services provided by the Histadrut. We should note that almost half of all dues-paying members were housewives, pensioners, students and kibbutz members.

<sup>26</sup> Nathanson, R.; Zisser, G. 1997. "The influence of trade unions on wages and labour markets: An empirical analysis", in *The Economic Quarterly*, Vol. 44, No. 3 (Hebrew).

<sup>27</sup> Until 1995, family members were included for a relatively small extra payment: even if they did not participate in the labour force, housewives had the right to vote. Pensioners, students and the unemployed were automatically included as well if they had joined the Histadrut's General Sickness Fund.

<sup>28</sup> Nathanson, R.; Zisser, G.: Ibid.

**Table 2. Taxpayers in November 1994**

Collection mode	Histadrut		Other unions		Organization tax
	No.	%	No.	%	
Collective payment	474,443	29.3	35,514	37.5	110,027
Individual and bank payment	390,980	24.2	12,992	13.7	
Pensioners	251,818	15.6	18,849	19.9	
Students	25,005	1.5	757	0.8	
Housewives	375,222	23.2	24,967	26.4	
Kibbutz members	100,241	6.2	1,632	1.7	
Total	1,617,709	100	94,711	100	110,027

Source: Nathanson and Zisser (1997).

The number of members entitled to vote in the 1998 elections (table 1) supports the conclusion that the collective tax payment represented an unbiased estimate of genuine union membership prior to 1995, considering the fact that in 1998 pensioners were included among those entitled to vote.

Table 3 presents the proportion of salaried workers in each economic sector whose union dues and organizational tax were automatically deducted from their pay. A total of 44.7 per cent of salaried workers paid dues (41.4 per cent to the Histadrut 34.5 per cent as members and 6 per cent as non-members). Significant differences appear in the degree of organization between economic sectors. While electricity and water (91.2 per cent), public and community services (70.4 per cent) and transport, storage and communications (60.7 per cent) all have a high rate of organization, personal and other services (12.3 per cent), construction (12.6 per cent) and commerce, restaurants and hotels (21.1 per cent) all have a very low rate of organization. High organization rates characterize sectors which have large workplaces. Significantly, these are the sectors where deduction of the organizational tax from the pay of non-members is also more prevalent.

**Table 3. Organized workers by economic sector (1994, third trimester)**

Economic sector	Employees (000s)	Collective tax deduction as % of employees			
		Histadrut	Organization tax	Other unions	Total
Total	1547.1	34.5	6.9	3.3	44.7
Commercial sector	1064.3	25.0	5.8	2.2	33.0
Agriculture, forestry and fishing	25.1	29.9	4.0	4.8	38.6
Manufacturing	355.1	29.9	6.8	3.3	40.1
Electricity and water	19.4	61.3	24.2	5.7	91.2
Construction	100.4	11.1	1.0	0.6	12.6
Commerce, restaurants and hotels	205.0	14.5	5.4	1.2	21.1
Transport, storage and communication	79.3	44.8	13.5	2.4	60.7
Financing and business services	170.9	22.9	4.0	1.5	28.4
Public and community services	482.8	55.2	9.2	5.9	70.4
Personal and other services	98.6	9.5	2.1	0.6	12.3

Source: Nathanson and Zisser (1997).

The analysis of the business sector is especially interesting as only 33 per cent of the employees were organized in one way or another. The business sector in Israel includes government-owned

companies as well as firms owned by the Histadrut (known as the Histadrut sector), where practically all the employees (127,720 workers) were organized.<sup>29</sup> When we deduct these two sectors from the total, we find that only 23.9 per cent of business sector employees were organized.<sup>30</sup>

It is safe to conclude that membership in the New Histadrut rests between 30-35 per cent of all salaried employees, with a rate of about 25 per cent in the business sector and 50 per cent in the public sector.

## **2.1 Strategies for organizing new target populations**

Many of the employees in Israel's labour market constitute new target populations for the New Histadrut. In 1995, individual membership was automatically cancelled and had to be renewed by all members who wished it to continue. (The situation for members covered by collective agreements was different – their membership was extended, unless specifically revoked by the member.)<sup>31</sup> Among the target populations for unionization efforts are workers considered as difficult to organize, especially newer entrants to the labour force. These groups include women, young people, high-level professionals, workers in the informal sector, and temporary workers. Recruitment on an individual basis is impracticable when the organization cannot offer real benefits. This point is discussed in Chapter 3. Accordingly, the main recruiting effort is aimed at negotiating new collective agreements and extending existing agreements.

A general recruitment campaign was initiated by the New Histadrut on 29 June 1997, before the 1998 general elections. This national “marketing campaign” engaged senior officials and was conducted in the workplaces. The campaign was later extended until 9 September 1997. Workers joining the New Histadrut before the elections, which were held on 9 June 1998, were granted the right to vote in these elections. (See table 1 for eligibility to vote in the 1998 elections).

Recruitment at individual level is difficult to accomplish. There is little motivation for an individual to join, as the advantages of such membership are not immediately obvious. One appropriate measure is to use local or district council officials who are familiar with potential members. This tactic has not been particularly effective because of the lack of incentives for local staff members to engage in massive recruitment efforts. An important reason for this reluctance is the fact that the dues received go directly to the central Histadrut rather than to the local labour councils. However, in the long term, the capacity to mobilize new members will depend on the New Histadrut's ability to deliver significant results in terms of improved benefits to current members.

As the dominant activity of the New Histadrut has become trade unionism, greater emphasis is being given to collective and individual legal counselling, at local and national level. Many functions previously fulfilled by the Histadrut as an umbrella organization are now relatively neglected. Some of the national unions, especially those in occupational and academic sectors, continue to give high priority to investment in human capital, by organizing and subsidizing vocational training courses. Others are offering consumer benefits through agreements with credit card companies or even individual suppliers. (An exception to this policy is an arrangement for purchasing high quality computers on favourable terms. This is a New Histadrut project that is being promoted as “a computer for every worker” as part of New Histadrut rather than trade union policy).

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<sup>29</sup> In government-owned companies by means of collective agreements and in the Histadrut sector by closed shop arrangements.

<sup>30</sup> Nathanson, R.; Zisser, G.: *Ibid.*

<sup>31</sup> Where collective membership was cancelled, employees were required to continue paying the organization tax.

Efforts to unionize newer target populations focus on women, casual or temporary workers and individual contract workers.

### **2.1.1 Women workers - Special considerations**

Women make up about 43 per cent of the civilian labour force in Israel. Until 1995, the proportion of female Histadrut members reflected the proportion of women in the entire population. However this was not a measure of trade union ability to recruit female workers, as housewives could also be members. In the elections held on 10 May 1994, women comprised 52.6 per cent of those eligible to vote.

The New Histadrut continues to incorporate two organs focusing on women's issues. These are a section of the Trade Union Department which deals with the rights and special working conditions of employed women; and *Na'amat*, the Movement of Working Women and Volunteers, which deals with women's issues in all areas of life.

Women's representation in New Histadrut institutions:<sup>32</sup> The Convention of the New Histadrut includes 3001 members. To ensure more equitable representation, each list of candidates proposed by the internal factions has to include at least 30 per cent women and at least 30 per cent men, i.e. among every ten candidates, there have to be at least three men and three women. It has been recommended that other elected institutions adopt the same system.

The issues concerning working women are high on the agenda of the New Histadrut and *Na'amat*. Their special concerns, such as daycare for children, working hours, training facilities and representation in union leadership are regularly addressed.

The subject of gender equality at work was recognized by the New Histadrut's House of Representatives as the direct responsibility of the New Histadrut. The recommendations prepared by a special subcommittee<sup>33</sup> include an acknowledgement of the contribution of women's labour and a statement of the organization's commitment to equal opportunity and the promotion of women's participation in the labour market. The recommendations are listed below.

The New Histadrut should exert a direct influence on the educational system. It is proposed to create a lobby pressing for a reformulation of the traditional male-dominant value system in the school curriculum and for the provision of services, such as an extended school day and pre-school education for children aged three to four, free of charge;

The New Histadrut should emphasize training and education to enhance women's ability to contribute at all levels of the labour market;

Women should be represented in all union institutions, making up at least 30 per cent of all delegates.

In order to execute these resolutions in the workplace, local bodies composed of representatives of the trade union, the Department for Employed Women in the Trade Union Division, *Na'amat*, and shop committees, should be established.

Bilateral (Histadrut employer) frameworks should be established to supervise implementation of the existing legislation and to draw up new legislation in this area.

In August 1997, the New Histadrut leadership endorsed the sub-committee's recommendation to include a clause requiring equal pay, promotional opportunity and allocation of responsibility in the workplace within every collective agreement to be negotiated henceforth.

<sup>32</sup> Based on decisions taken by the New Histadrut's House of Representatives in January 1998 regarding the elections to be held on 9 June 1998.

<sup>33</sup> The Special Subcommittee on Labour and Welfare presented its recommendations on gender equality in May 1997.

*Na'amat*, together with other social welfare and women's lobbies, was active in preparing important legislation concerning sexual harassment in the workplace (1998). Beyond the fact that the Act defines harassment in quite broad terms, the activities surrounding its passage focused public attention on this important issue.

*Na'amat* was also influential in amending the *Women's Employment Act (1954)* to ensure that a woman returning to work after taking maternity leave cannot be dismissed for a period of at least 45 days.<sup>34</sup>

### 2.1.2 Casual workers

The use of temporary contract labour (or subcontracting) is growing as the need for flexibility in human resources is recognized by Israeli employers. No reliable data are available on the phenomenon in general or on the scope of employment through temporary manpower agencies. However, recourse to casual or temporary labour is known to be very widespread in the private sector.<sup>35</sup> The public service sector and the government are also important users of labour contracted through temporary employment agencies. The government has refused to engage in negotiations with the Histadrut over the employment of temporary labour in the public administration despite the effect of this practice on established labour relations. In Israel, this arrangement does not appear to represent a short-term solution to labour shortages and a "temporary worker" may be employed for indefinite periods of time.

The Histadrut has always strongly opposed any sort of non-collective labour relations, especially in organizations where collective agreements are in force. In the past, it was able to restrict the number of workers not covered by agreements to an insignificant proportion of the workforce. The rationale for this position was twofold, based on orderly labour relations on the one hand, and union interests on the other. First, the employment of direct employees and temporary contract labour in the same organization or firm, especially for long periods of time, undermines the capacity of the union to negotiate for equal working conditions. Second, temporary workers are difficult to organize because of high turnover rates. Even if the manpower agencies, as employers, are party to the collective agreements negotiated with the New Histadrut, the coexistence of two standards for determining working conditions is usually detrimental to both workers and the union. In addition, even if it has a collective agreement with the manpower agency, the New Histadrut does not represent agency workers vis-à-vis management in the actual place of work, a fact that weakens the New Histadrut's position as a labour representative. At present, the threat of transferring staffing responsibilities to manpower agencies is a salient element in the background of negotiations.

Initially, the Histadrut tried to resist the introduction of temporary contract labour by turning to the labour relations courts. But the courts, including the Supreme Court, have affirmed the right of employers to take on temporary workers.<sup>36</sup> A collective agreement may include clauses that prohibit temporary labour in the workplace but, if not specifically included in the terms of the contract, employers may choose any employment relation they wish.<sup>37</sup> Recently, the National Labour

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<sup>34</sup> The original law restricted the possibility of dismissing a female employee who was pregnant or on maternity leave but made no reference to the possibility of dismissing her the day after she returned from that leave. It was amended in 1997.

<sup>35</sup> It is estimated that temporary labour represents 8-12 per cent of the labour force.

<sup>36</sup> Radai, F.: (1998) *The policy of employment through manpower companies*, Discussion paper, The Institute for Economic and Social Research and the Friedrich Ebert Foundation.

<sup>37</sup> The National Labour Relations Court in Israel does not consider the mere existence of a collective

(continued...)

Relations Court did recognize the legitimacy of employee resistance to changes “in the fabric of labour relations” initiated by the transfer of responsibility for recruiting part of the workforce to contractors.<sup>37</sup>

Although resort to legal procedures has failed to halt the trend, the New Histadrut has yet to take the serious organizational steps necessary to prevent the expansion of temporary employment. It has often made demands aimed at limiting the phenomenon during negotiations, but employers have rarely agreed to its terms. In effect, although the existing laws do encourage temporary manpower agencies to negotiate collective agreements with their employees, a number of factors are impeding the process. Because casual workers are scattered among numerous places of work, and are easily replaceable, there are practical difficulties in organizing and representing them. (This also applies to public sector temporary workers, although the sector is usually amenable to labour organization). The bargaining power of this segment is relatively low, at least partly because manpower agencies succeed by offering lower labour costs to employers than those entailed by direct employment. Nevertheless, about 40 special collective agreements have been concluded between the New Histadrut and the temporary manpower agencies in their role as sub-contractors (1998). One measure encouraging the agencies to sign such agreements is *The Law of Employment by Temporary Employment Agencies (1996)*. According to this law, agency employees who have worked for three consecutive years in the same place of work, must be given working conditions equal to those of the subcontracting firm’s regular employees, unless the agency itself has negotiated its own collective agreement.

The New Histadrut, although it does not organize the workers directly, shares the interest of the agency with respect to signing collective agreements. Such agreements include the standard clause concerning union dues. The firm deducts union dues from New Histadrut members and organization taxes from non-members, both of which are transferred to the New Histadrut. The agreements benefit the employees as they guarantee minimum working conditions, such as notice of dismissal, pension rights after a designated period of employment, and paid sick leave. Most of the provisions correspond to the legal minimum, with the exception of pension rights. The agreements do not as yet ensure job security – the worker may still be dismissed at will. Nor do they ensure continuity of actual employment through the agency. Thus, during those periods when a temporary employment agency neither supplies work nor pays the workers, the employees are not entitled to unemployment insurance because they are presumably employed by the agency.

There is some criticism of these contracts. It has been claimed that by reaching collective agreements with temporary employment agencies, the New Histadrut has, for the first time, recognized the legitimacy of these alternative employment methods. This step is considered detrimental to the workforce in general and damaging to the standing of the organization as a labour representative in particular.

### 2.1.3 Individual contracts

Worker solidarity and equal working conditions were the cornerstone of the Histadrut’s traditional strong opposition to individual employment contracts. This ideology was also the basis of its attempts to include the majority of employees in the framework of general collective agreements.

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<sup>37</sup> (...continued)

agreement to preclude other modes of employment, unless specifically stated.

<sup>38</sup> “The case of sanitation workers employed by the Municipality of Tel-Aviv-Yafo vs. The Municipality of Tel-Aviv-Yafo”. Lecture presented by S. Adler, President of the National Labour Relations Court, in a seminar on Trade Unions, in Herzlia, December 1997.

Employees holding individual contracts have always been able to join the New Histadrut, but they rarely do nowadays, apparently because there are few practical advantages to be gained from membership. During the last few years, the New Histadrut's campaign against individual contracts has, to all intents and purposes, failed. Not only are senior managers and high-level professionals increasingly engaged on such contracts, but a significant proportion of the regular labour force also works under those conditions. Some individual contracts are legal documents detailing working conditions and benefits. The majority, however, are verbal agreements regarding general working conditions and remuneration. In all cases where a binding collective agreement is not in force, the terms of employment are established individually. The data presented in table 3 indicate the economic sectors where collective employment agreements are least prevalent: construction, commerce, restaurants and hotels, and personal and other services. The private business sector as a whole includes a large proportion of employment which is not regulated by collective agreements.

At present, the New Histadrut is making a considerable effort to regulate individual contracts in some way. The preferred solution is to include individual contracts within the framework of collective agreements.<sup>39</sup>

Many collective agreements specify a quota of senior staff who are permitted to be employed according to individual agreements.

Some framework collective agreements suggest the terms of individual contracts.<sup>40</sup>

The New Histadrut and the government are attempting to negotiate a general framework for individual contracts to be offered to senior officials.

The New Histadrut's attempts to maintain the influence of collective agreements is demonstrated in the revised definition of workers eligible to vote for shop committee members. Previously, all non-managerial permanent employees were entitled to vote, irrespective of the type of contract they held. According to the new definition, workers employed according to individual contracts are denied the right to participate in such elections.<sup>41</sup>

#### **2.1.4 Wage earners from foreign countries**

Immigrant workers are a major concern to the New Histadrut. Their presence affects its influence on the welfare of individual workers and the Israeli labour force, and it also affects the New Histadrut's role as an employee representative. The actual number of foreign workers in Israel is unknown; a significant proportion have entered the country illegally and are not registered. Official estimates place the number working in the business sector at 13 per cent of the total employed.<sup>42</sup>

The Histadrut has frequently communicated its position on this issue to the Minister of Labour and Welfare:

Israeli and Palestinian workers should enjoy preferential treatment. Only special circumstances should justify the temporary employment of a small number of wage earners from foreign countries, not to exceed 2 per cent of the labour force.

Wage earners from foreign countries permitted to work in Israel should enjoy working conditions and social rights equal to those provided for Israeli or, at least, Palestinian workers, as set out

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<sup>39</sup> Jiloni, E.: "The New Histadrut". Paper presented at the Conference on Industrial Relations and Collective Agreements in a Changing World, Eilat, February 1997.

<sup>40</sup> Ibid.

<sup>41</sup> The House of Representatives of the New Histadrut, Resolutions presented at the Session held on 21 June 1998.

<sup>42</sup> Estimates provided by the Manpower Planning Authority, Ministry of Labour and Welfare, for the last trimester of 1997 and internal document.

in the respective collective agreements. This policy would prevent unfair competition and unfair labour practices.

Responsibility for employing only legal workers should be placed directly on the employer. Severe control mechanisms and sanctions should be introduced with respect to employers who do not abide by these conditions.

The New Histadrut should be the sole representative of wage earners from foreign countries in order to ensure proper working and living conditions. The New Histadrut has drafted a collective agreement designed to protect the rights of these workers. At the time of writing, the New Histadrut has yet to be assigned representation of this segment of the labour force.

Although the government position parallels that of the New Histadrut in many respects, little legislation has been passed and few regulations issued to address the problem.

To summarize: In view of the obstacles to recruiting individual members from new target populations, the New Histadrut is concentrating its efforts on revising the terms of collective agreements and negotiating new agreements on a sectoral basis. This appears to be the only feasible method of reaching new target groups and recruiting them as paying (i.e. membership dues or organization tax) members.

### **3. The New Histadrut: Financing and structure**

#### **3.1 Financing**

Before 1995, the Histadrut could boast of a relatively stable membership base, which had been created (almost) independently of its accomplishments as a trade union organization. To repeat briefly, the Histadrut budget was rooted in a general labour tax or dues that included fees for health care insurance (membership in the General Sickness Fund). A fixed percentage of that income was allocated to Histadrut trade union activities.<sup>43</sup> This system did not provide unlimited resources but it did mean that recruiting new members was not crucial for financial survival.

However, as of 1995, the budget of the New Histadrut has depended directly on membership dues and organization tax receipts. The General Framework Agreement, concluded in January 1995, fixes the dues to be deducted in organizations and firms where the New Histadrut is party to a collective agreement. New Histadrut members pay dues of 0.9 per cent of their wages (up to a certain ceiling); co-workers who benefit from the collective agreement but who are not members of the Histadrut pay 0.7 per cent of their wages (up to a certain ceiling) as an organization tax. These payments are deducted from their wages and transferred directly to the New Histadrut.

The separation of the General Sickness Fund from the Histadrut resulted in an immense cut in funding. The number of paying members was drastically reduced and the sum paid by each member to the New Histadrut was significantly smaller because of the decline in the basic payment. In addition, the Histadrut owed significant sums to the General Sickness Fund, debts that accumulated

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<sup>43</sup> The proportion allocated for non-economic and non-health care activities was 27 per cent of the total labour tax (i.e. union dues and General Sickness Fund insurance fees) paid by each worker to the Histadrut. As the percentage of the tax paid varied by salary level, the Histadrut's share of the tax also varied, usually amounting to between 1.2 and 1.4 per cent of gross salary, up to a certain ceiling.



prior to 1995.<sup>44</sup> In order to adapt to its straitened financial circumstances, the first step taken by the New Histadrut was to try to reduce labour costs, which meant dismissing many of its employees (see Chapter 3.2).

At the end of 1997, the New Histadrut had accumulated a deficit of NIS 1.35 billion. Although its treasurer claims that the organization will achieve a balanced budget by 1999, the deficit still has to be covered.

*The 1997 budget:* The 1997 budget is very revealing with respect to the financial state of the New Histadrut. The total projected budget was NIS 640 million, of which NIS 304 million was defined as an “extraordinary budget”. The total income from membership dues and organization taxes was estimated at NIS 300 million. Thus, with regard to regular income, more than half the budget is in deficit. Sixty per cent of the regular budget is still allocated to wages. Almost half of the New Histadrut’s regular budget (45.3 per cent) is allocated to its local councils, 82 per cent of which covers wage costs.

**Table 4. The main items in the New Histadrut’s 1997 regular budget<sup>45</sup>**

	Total NIS (000s)	Percentage	Percentage of budget devoted to salaries
Total	337,200	100	60.0
Trade unions	77,000	22.8	42.5
Local councils	152,700	45.3	82.2
Administration	65,700	19.5	44.7
Other	41,800	12.4	35.4

With regard to the extraordinary budget, it is noteworthy that the dominant item (60 per cent) is the reorganization cost item, which consists of severance pay and special pensions for employees discharged after 1995. Another 16 per cent is allocated to expenses. Severance pay represents a substantial item because over a period of three years the Histadrut dismissed more than 2,500 employees, most of whom held seniority rights. Nevertheless, this represents a one-time payment. The special pensions paid to former employees, on the other hand, are an ongoing item which is discontinued only when these employees reach the official pension age.

A review of the budget in the first trimester of 1997 reveals a similar picture: a deficit of about 50 per cent. It should be noted that the wage item is over-extended: 132 per cent of the allocation was spent during the first three months of 1997. At the same time, only 54 per cent of the general expense budget was expended. It is, therefore, reasonable to assume that while wage costs have remained constant, the scope of New Histadrut activity has declined. The constraints on activities become clear from a cursory study of the original budget: if 82 per cent of the local budget is allocated to salaries, little remains for operational costs. We should recall that 1998 was an election year for the New Histadrut, which means an additional strain on the budget.

There is little doubt that in light of the built-in deficit, the New Histadrut’s finances require a fundamental adjustment before the organization can expect to cope with the challenges presented by its changing environment. Since 1994, the New Histadrut has reduced the number of employees from 4,000 in 1994 to 2,300 in December 1996, and about 1,500 in July 1999; the long-term objective is 950.

<sup>44</sup> The exact amount was subject to negotiation. The current debt is estimated at NIS 650 million.

<sup>45</sup> Abridged from data presented to the New Histadrut’s House of Representatives.

### 3.2 Structural adaptation

Given the decline in its resources and the consequent reduction in its budget, restructuring became essential; the New Histadrut had no feasible alternative. Stated differently, the drive towards restructuring came primarily from internal sources, and not from a changing external environment. Given that the most significant expenditure item, even before 1995, was wages, especially in the local councils, these became an obvious target for cutbacks. Although considerable efforts were made to reduce the number of regular line employees, there is still an urgent need to reduce the number of administrative posts. Downsizing requires the elimination of many administrative posts and the redefinition of their functions. Contrary to the trends toward union decentralization and restructuring into smaller diversified units, financial stress is driving the New Histadrut in the opposite direction.

In order to reduce redundant bodies, the New Histadrut has considered two types of internal consolidation or merger:

Merging individual trade unions that serve workers in similar occupations or related economic branches. A committee headed by Prof. A. Freedman recommended such mergers as early as 1989.<sup>46</sup>

Merging small local labour councils if the number of New Histadrut members in a district and the distance between the councils permits. This option has been examined for some time and was tested in 1989, but without success. During the original trial, internal resistance prevented the efficient operation of united councils.<sup>47</sup>

The New Histadrut leadership has preferred the merger of local councils for two reasons. First, the local council budget, especially its personnel costs, accounts for almost half of the regular budget, whereas the Trade Union Department budget accounts for only 23 per cent (see table 4). An attitude survey conducted in November 1994 showed a high level of agreement or indifference to local council mergers, even in the small localities likely to be affected (see table 5). This may be another reason for preferring to merge local councils.<sup>48</sup>

**Table 5. Public attitudes toward mergers (in percentages)**

	Agree/Neutral	Oppose
Trade union merger	60.8	39.2
Local council merger	79.3	20.7

Source: The Institute for Economic and Social Research of the Histadrut.

Before the 1994 Histadrut elections, 72 local councils were operating; another five were formally established during that year. After 1995, the New Histadrut launched a drive to form joint local councils. This process was completed by 1998, when elections for the secretaries of the local councils were carried out according to a new district map. The Convention and the Chairman of the District Council were elected at district level. No elections were held for the post of secretary in the merged local councils. There are 29 districts at present, some of which represent the union of a

<sup>46</sup> The Freedman Committee was commissioned in 1986 by the Secretary-General of the Histadrut. Its report was submitted in May 1989.

<sup>47</sup> Fisher, H.; Hendeles, Y.: (1993), *Evaluation of the merging of local councils*, The Institute for Economic and Social Research of the Histadrut, internal report.

<sup>48</sup> Public opinion survey conducted by The Institute for Economic and Social Research of the Histadrut, 1995.

number of smaller local councils (the largest number of councils consolidated is seven; generally between two and four councils were merged).

For the time being, the new districts continue to operate through the former local councils, as branches. The branches have retained some of their previous functions, mainly providing trade union services to their members. Most other former services, such as cultural activities and consumer protection, have been concentrated in newly established district offices. Some services, such as legal counselling are given regularly by district officials at the local council offices.

It is still too early to evaluate the effectiveness of the reorganization. New Histadrut personnel continue to adapt to the new structure, although further dismissals are being met with strong opposition. It appears that the reduction in local functions as well as the constant threat of dismissal may be severely affecting the services offered to members. These conditions pose additional obstacles to recruiting new members. The Histadrut has always prided itself on being in close touch with its members, but this change restricts its ability to offer services in each locality.

Regarding the unions themselves, some national-level trade unions are undergoing unification, whereas others are gaining greater autonomy. The number of national unions has been reduced from 44 to about 30 during the last decade.<sup>49</sup> At the same time, the occupational unions, which had already gained some independence from the Histadrut's central institutions, have achieved even more autonomy. For example, the agreement granting autonomy to the Union of Academics in the Social Sciences and Humanities, revised in 1995, was renewed again in 1997. The agreement provides for financial, organizational and legal assistance to be received by this union from the New Histadrut. The need for such an agreement derives from the basic character of the New Histadrut membership structure ( individuals first join the New Histadrut and only afterwards are they assigned to a specific trade union). The renewed agreement grants the union budgetary autonomy, but the number of union personnel and their terms of employment must be agreed in advance. The union may, however, appoint its own officers. In the agreement this particular union undertook to carry out a survey of people holding academic degrees, in order to recruit new members to the union and hence to the New Histadrut.

A *de facto* structural change, not initiated by the New Histadrut, is the growing influence of the large national shop committees, such as those found in the national electric company and *Bezek*, the major telephone and communications company. For the time being, these committees are using their power to influence the New Histadrut from within but it is evident that in a conflict of interest, they will have to be reckoned with. After joining forces during the 1998 elections, the new faction initiated by national shop committees received about 16 per cent of the votes for the New Histadrut Convention.

### **3.3 New Histadrut leadership and its central institutions**

In the Histadrut elections held on 10 May 1994, the Labour Party, which had maintained an absolute majority for more than 60 years, won only 32.6 per cent of the votes; a newly formed party, called *Ram*, took the lead. As so much within the Histadrut was changing at the time, the *Ram* leadership

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<sup>49</sup> Some examples are the merger of the Construction Workers and Carpenters Unions; the merger of the Textile and Leather Workers Unions; the elimination of the Union of Seamen (non-officers) is pending approval by a newly elected representative body.

almost immediately decided to rename the organization as *The New Histadrut*. The style of leadership, the centrally elected institutions, and the location of its headquarters were altered, largely because of the new controlling party's agenda. But, as stated previously, the financial constraints were sufficient to induce some of the changes as well.

### **3.3.1 Elected central institutions**

The *General Convention* is the New Histadrut's supreme elected institution. Since the 1998 elections, the number of delegates has doubled, from 1501 to 3001. Each list of candidates (according to political party or faction) has to be made up of at least 50 per cent workplace representatives, who alternate with central candidates. At least 30 per cent of the candidates must be men, and at least 30 per cent must be women.

The name of the *Executive Committee* (see Chapter 1.1) was changed to *House of Representatives* and the *Central Committee* became the *New Histadrut Leadership*. The number of delegates to the House of Representatives was reduced from 189 to 121. The *General Council*, formerly the Histadrut's central policy-making institution between Conventions, was eliminated. Many decisions previously delegated to the General Council are now made by the House of Representatives.

The *Secretary-General* is now called the *Chairman of the New Histadrut*. In 1998, the Chairman of the New Histadrut was directly elected for the first time. Previously, the candidate of the majority was elected Secretary-General by the former Executive Committee. Amir Peretz, who had formed a broad-based coalition prior to the elections, was elected by a large majority (although participation in the elections was less than 45 per cent of those eligible to vote). The composition of some of the coalitions that participated in the elections is very interesting: The Labour coalition included the *Likud* (Labour and the *Likud* are in opposition in the *Knesset*) and one of the religious parties. The opposing coalition included *Gesher*, a party that has separated from the *Likud*, which has a social rights orientation, and *Meretz*, which is left wing in matters of national security but essentially liberal with respect to economic issues. These alignments, which are rather unusual in Israel's political arena, are viewed as temporary, and expected to change by the next elections, scheduled for 2002.

## **4. Collective action**

### **4.1 Collective action and institutional benefits**

In the past, the Histadrut promoted the negotiation of general collective agreements or framework agreements that set the standard for working conditions and industrial relations throughout the economy. These agreements included the terms of general wage increases and working conditions as well as procedural matters concerning industrial relations. As collective agreements, they are sanctioned by law and appear in the legal code. Traditionally, collective agreements reflected the power of the Histadrut central institutions to obtain comprehensive, acceptable terms and benefits for its members as well as for labour in general. They were also an expression of the Histadrut's perceived responsibility regarding the interests of the economy as a whole. Many clauses (cost of living indexation and coverage of round-trip transport costs) were expanded by government order to include all the workers in the economy or in a sector. Some of these became the basis for later labour legislation.

In contrast to the past, there now seems to be a trend towards the decentralization of collective negotiations. There is a shift from general to occupational and sectoral agreements. The majority of wage increases in recent years (especially between 1993 and 1996) were negotiated at occupational or industrial level. At the same time, local firm-related agreements are becoming more prominent.<sup>50</sup>

A contradiction seems, then, to have developed between the structural changes undergone by the New Histadrut and the shift in bargaining power. A vacuum appears to have been created between the organization's internal structure and the location of bargaining power. Some individual trade unions and powerful shop committees are now filling the vacuum.

An indication of this vacuum is the fact that no framework collective agreement signed since the mid-1990s equals in scope those signed previously. Most of the recent general agreements are extensions of existing agreements, particularly with respect to cost-of-living adjustments. As Israel's annual inflation rate declines, the indexation terms negotiated in the latest agreement are less favourable than those of the earlier agreement. Compensation, at a level of 90 per cent of the increase, is forthcoming only for inflation that exceeds 4.25 per cent per annum; if the inflation rate is 4.25 per cent or less, there is no adjustment.

Two general agreements were concluded in January 1995, one with the government as the chief public sector employer, the other with the Bureau of Economic Organizations, which represents employers in the business sector. The New Histadrut was driven to reach these agreements by the need to renegotiate the arrangements for payment of its dues: the former arrangements were revoked by the separation of the General Sickness Fund. Both agreements include new provisions for collecting and transmitting union membership dues and organization taxes.

Other clauses in the agreement with the business sector concern qualitative and procedural definitions of the industrial relations to be maintained between the parties. The weakness of the New Histadrut is reflected in the concessions made regarding greater flexibility in industrial relations. This is the first general agreement ever signed that recognizes the possibility of applying different terms of employment to new employees in the same place of work. The agreement also establishes joint committees to promote cooperation on issues traditionally opposed by the Histadrut, such as worker mobility, changes in the wage structure, and individual contracts for selected employees. On the positive side, from the employees' perspective, the agreement includes a reduction in working hours with no cut in wages from 45 hours per week in 1995, to 44 hours in 1996 and 43 hours in 1997. Another benefit is paid leave during Jewish holidays and after a family bereavement. This section of the agreement was extended, by an order of the Minister of Labour, to cover non-organized employees in the majority of industries.

The general agreement signed in May 1996 concerns the notification period prior to dismissal, confirming the conditions which generally apply in Israel. This agreement was extended later to all Israeli employees. The most recent agreement, signed on 21 August 1998 between the New Histadrut and the Bureau of Economic Organizations, guarantees the indexed updating of pensions and social security allowances twice a year.

It is not clear whether the decrease of central New Histadrut influence, as revealed in the lack of negotiated framework agreements is a sign of weakness, as it appears on the surface, or an expression of its adaptation to changing circumstances. In any case, the apparent decline is not the outcome of any formal resolution to decentralize activities related to collective action or to yield to the demand for a more flexible industrial relations system. Rather, it may be attributed to immediate pressures that the New Histadrut is not strong enough to resist.

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<sup>50</sup> A gradual decline in the role of national wage policy in determining wage increases was discerned as early as 1993. National wage policy explains 78 per cent of the average increase in 1979-84 (when inflation was at its peak) whereas in 1993, it explained only 41 per cent of the average increase, which is still relatively high (*The Bank of Israel Annual Report*, 1993).

## 4.2 Collective action in the case of labour disputes

Before 1995, the Histadrut seldom resorted to “general strikes” in the public sector and when it did, the duration of such strikes was very short – usually only a few hours. The assumption was that the government would cover a budget deficit if it was pressured by labour disputes and the mere threat of a strike.

The New Histadrut, on the other hand, has called three extensive strikes since July 1997. If we consider the range of economic, political and social factors influencing strikes, the data gathered since 1995 are insufficient to determine whether the pattern has changed. Nevertheless, there are indications that the New Histadrut tends to use general strikes in the public sector more often than its predecessor, at least during 1997 and 1998 (July 1997 – government-owned corporations; December 1997 – the entire public sector; September 1998 – the entire public sector). Greater union militancy is considered a sign of weakness because the threat of strike is a sufficient weapon for a powerful union.<sup>51</sup>

Historically, strikes in Israel were always more common in the public sector than in private business, but they were usually restricted to single organizations or agencies. The public sector is relatively easier to organize, and the majority of its direct (as opposed to temporary) employees are Histadrut members. The public administration, and especially some publicly owned corporations, provide essential services, and the workers are extremely powerful in the sense that they can cause great economic and social damage if they strike. During the strike in September 1998, the threatened closure of Ben-Gurion International Airport contributed to reaching an agreement.

The employer in the public sector – usually the government – is highly centralized. The cost of any concession is high for the large number of employees covered or affected by an agreement. In the last instances, the cost of the concessions was a major reason why the government was ready to confront the New Histadrut.

The issues presented as causes for the latest strikes tend to be more general in character than they were in the past, involving basic long-term issues such as terms of employment (temporary employees, outsourcing, individual contracts), pension rights, and protection of workers’ rights in firms undergoing privatization. Agreement on these issues, as opposed to wage demands, is usually not clear-cut in terms of cost, and involves further negotiation. On the other hand, direct economic benefits are becoming less dominant as demands.

The following factors may have caused a change in the issues which have led to strikes:

A period of economic recession and high unemployment (currently 8.9 per cent) in recent years may mean that conditions are unsuitable for substantial wage demands.

For the union, expansion of non-standard employment practices (e.g. outsourcing), redundancies caused by privatization and global competition, as well as protection of the social rights of workers and pensioners may now be critical from the point of view of representing employees and recruiting new members.

The rate of inflation in Israel has declined considerably in the last decade. Before this stabilization, most negotiated wage increases were essentially cost-of-living and wage adjustment (up to 78 per cent of the increases). The nominal percentage appeared very significant but, in real terms, it was not always substantial. Still, the nominal size of the increase was obvious and important psychologically. (The annual inflation rate reached a peak of 400 per cent in 1984/5 and then gradually declined to between 10 and 20 per cent by 1994. At such rates, it was

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<sup>51</sup> See the classic works of Dubin on union militancy (for example, Dubin, R.: (1960) “A theory of power in union-management relations”, in *Industrial and Labour Relations Review*, 13).

practically impossible to assess the real value of wages). With reduced inflation and the government claim that at most the real wage would be maintained, any substantial wage demand may lead to an endless dispute, with uncertain results. From the perspective of the New Histadrut, acceptance of moderate wage adjustments and reduced cost-of-living indexation may be interpreted as another sign of weakness in the public eye.

To illustrate the type of demand currently presented by the New Histadrut, the issues that led to the three working-day general strike (3-7 September 1998) in the public sector are listed below. The strike followed the December 1997 expiration of a three-year collective agreement (1995-1997) and a stalemate in negotiations. The declared demands were:

Extension of the coverage of collective agreements signed by the New Histadrut to about 100,000 low-level public service employees. These workers are currently employed through temporary manpower agencies and earn only the minimum wage.

A limit to the expansion of new employment practices, such as temporary employment, individual contracts and outsourcing, in the public sector.

The New Histadrut claimed that 15 per cent of public service employees earn less than the minimum wage and receive income benefits from the National Insurance Institute. One of the issues raised in the dispute was the need to update the wage scale of these employees so that they earn at least the legal minimum wage.

Inclusion of the wage increases granted to senior local government employees over the years within the framework of collective agreements. The Ministry of Finance claims that some of these increases are illegal.

A wage increase of about 3.5 per cent, relative to updated wage scales.

Resolution of the extended dispute over pension schemes.<sup>52</sup> The New Histadrut demanded that the transition from budgetary pensions to pensions based on shared contributions should include employees at all levels of the wage scale.

The only actual wage demand was the 3.5 per cent increase, which is very moderate in terms of the Histadrut's history of wage demands. Thus, the weight of direct wage demands was marginal, after more than three years of only partial cost-of-living adjustments; it was evident that higher demands would be refused.

### 4.3 Collective action and social alliances

In accordance with the report delivered at the International Labour Conference in June 1996,<sup>53</sup> the three parties to industrial relations in Israel decided to establish a committee, *The Joint Committee of the Government and the Representative Bodies (Histadrut and Employers) for Dialogue and Consultation in the Industrial Relations System in Israel*. The committee, composed of 12 members, is to be convened according to need, but at least every six weeks. The objectives of the committee

<sup>52</sup> The pension issue had already caused a general strike in September 1997. The government had endeavoured to revoke parts of an agreement signed before the 1996 national elections.

<sup>53</sup> ILO: *Tripartite consultation at the national level on economic and social policy*, Report VI, International Labour Conference, 83<sup>rd</sup> Session, Geneva, 1996.

are mutual consultation, discussion, study and the exchange of ideas on subjects of common interest. It initiates seminars and conferences addressed to decision makers on labour relations and labour legislation. The agenda may include policy questions related to collective agreements and government orders, international treaties, labour legislation, the labour market, pensions, and the normative framework for workers' and employers' organizations.

The committee gathered for special meetings, seminars and workshops on ten different occasions during 1997. As a rule, the discussions focused, in one way or another, on the future of collective industrial relations and prominent scholars in the field took part. These discussions usually revealed a significant degree of consensus, especially between the Histadrut and private employers. The exchange of ideas tended to be fruitful, with the views of the New Histadrut presented by persuasive speakers. Nevertheless, the operational implications of the tripartite dialogue have yet to be realized.

More recently, in August 1998, the *Socioeconomic Joint Council* was formed by the decision of the Prime Minister. Council members include the Prime Minister, the Ministers of Finance, Labour and Welfare, Industry, Commerce and Transport, the President of the Bank of Israel, the President of the Manufacturers' Association, and the Chairman of the New Histadrut. In announcing its establishment, the Prime Minister stated that the Council would deal with all the important economic issues on the public agenda, but the true impetus was concern over increasing unemployment. The Council's aim is to advise policy makers on issues of unemployment regulation and steps leading to economic growth. Its initial recommendations include:

Transferring unemployment insurance from the individual to employers who recruit unemployed persons and who retain them for a considerable period of time.

Initiating public works and infrastructure projects financed by the government.

Public financing of vocational training programmes organized by employers and the provision of incentives for retraining.

Establishing a special subcommittee that will produce a detailed plan.

In many respects, these recommendations parallel the approach taken by the New Histadrut, which has suggested allocating a percentage of the national budget for investment in infrastructure and research and development projects. Another of its proposals, yet to be acted upon by the tripartite partners, was the guarantee of a safety net to contractors investing in the construction of rented housing. Construction is a leading industry, but contractors do not invest in housing unless there is a reasonable certainty of profit. As there is a shortage of rented housing in Israel, the New Histadrut proposed a government guaranteed safety net for contractors who initiate such projects.

The New Histadrut established an additional joint advisory body on the question of unemployment in September 1997. This forum is comprised of New Histadrut officials, mayors, and officials from local government, especially from towns where unemployment is especially severe. Joint discussions have been held on the subject but, beyond exchanging views, the forum seems to have no real influence. This impotence results partly from the fact that none of the participants have final control over development budgets.

Examples of other, smaller-scale partnerships aimed at strengthening the capacity for joint action in pursuit of common interests are:

A pact between the New Histadrut and *L.H.V.*, the organization representing the self-employed, which created a joint forum to advance common interests. Some of the issues have been the promotion of social legislation and vocational training for the benefit of the self-employed. The pact includes a proposal to devise a standard collective agreement for employees.

On the subject of public transport tariffs and government subsidy policy, the New Histadrut has formed an alliance with public transport cooperatives. Both the New Histadrut and the



cooperatives oppose the government privatization policy and the exposure of public transport to competition because they believe that this will result in lay-offs. The New Histadrut is working with the cooperatives (the employers) and employee representatives on this issue.

The New Histadrut, in common with the social lobby in the *Knesset*, opposes any step that would lead to a further deterioration in the health care system. The proposed government budget for 1999 contains proposals that threaten the viability of the system.

The New Histadrut supports the campaign inaugurated by the elderly and their representative organizations against reductions in their social rights. Amendments to the 1999 government budget threaten those rights, particularly in health care.

The New Histadrut has expressed sympathy with university students who are fighting for a reduction in tuition fees. It called for a solidarity strike lasting one hour in identification with the students.

## 5. The trade unions and public opinion

Up until 1995, the Institute for Economic and Social Research of the Histadrut carried out periodic surveys of public opinion concerning the organization. A review of these surveys indicates that the public image of the Histadrut remained very stable over the years.

### 5.1 The general public

Some of the recurring questionnaire items concern the contribution and importance of the Histadrut, its efficiency, and its representatives.<sup>54</sup> As table 6 indicates, the general public usually ranked the Histadrut slightly below average (less than 3.5 on a scale of 1 to 6). Histadrut members ranked the organization somewhat higher. The lowest grades were given to Histadrut representatives, especially as viewed by non-members. Since 1995, no (known) surveys have been conducted.

**Table 6. Public attitudes towards the Histadrut, 1994 (scale response in percentages)**

Attitude	6 High	5	4	3	2	1 Low	Average (Histadrut members)	Average (general public)
Contribution to the country	6.6	10.9	26.9	27.0	13.3	15.3	3.51	3.24
Importance to you personally	16.0	12.4	16.1	16.4	12.7	27.3	3.76	3.19
Efficiency	15.0	13.7	23.3	27.7	11.5	8.6	3.71	3.67
Representatives	5.0	2.1	7.2	22.3	18.9	44.4	3.01	2.19

Compared to survey results obtained in October 1993, the Histadrut's importance to the individual remained the same (44 per cent gave a grade of 4, 5, or 6), although there was a small

<sup>54</sup> Data obtained from internal unpublished documents reporting the results of the public opinion surveys conducted by the Institute for Economic and Social Research of the Histadrut, 1986-1994. The questionnaire included direct questions, such as: "Please rank the Histadrut on its contribution to the country". The answers were on a scale of 1 (causes damage) to 6 (very positive contribution). Other sample questions concern "the importance of the Histadrut to you personally"; "the efficiency of its functioning"; "the degree of representativeness"; and "the integrity of its current leadership".

decrease in the assessment of its contribution to the country's welfare (52 per cent in 1993 versus 44 per cent in 1994). The other items were not included in the 1993 questionnaire. To conclude, there were no significant changes between 1986 and 1994 in the attitudes investigated.<sup>55</sup>

An item that appeared regularly in these surveys concerned the credibility of central institutions in Israeli society, such as the legal system, the armed forces, the police, and the government. The surveys consistently reveal that the Histadrut was considered to have little credibility compared to the institutions considered, and was usually ranked 7 out of 8 (as a rule, only the media were ranked lower).

Despite its poor public image, the majority responded that the Histadrut cares for workers more than the government does, mainly with respect to preventing injustice and arbitrary dismissal (55 per cent), as well as insuring reasonable pensions and fair pay (over 45 per cent). Only 13 per cent stated that the government cares more.<sup>56</sup>

## **5.2 Women's attitudes towards the Histadrut and the trade unions**

The results of the general public opinion surveys indicate no significant differences by gender in attitudes to the Histadrut.

In a 1997 survey on attitudes regarding women in the world of work, conducted solely among women, about two-thirds of the respondents expressed the opinion that greater representation of women in trade unions and on shop committees may enhance the status of women at work.<sup>57</sup> It is noteworthy that only 29 per cent of the sample stated that they were members of the New Histadrut and only 9 per cent indicated that they belonged to a trade union.

## **5.3 Young workers and the trade unions**

Young people aged 15-24 constitute 17.5 per cent of Israel's population (1996). One-third of this group participates in the civilian labour force; about 22 per cent are non-Jewish.<sup>58</sup> In an extensive attitude survey conducted among young people aged 15-18 and 21-24, Jews and Arabs, during March-April 1998,<sup>59</sup> one of the items concerned the degree of credibility of eight central institutions in Israeli society, namely the legal system, the armed forces, the police, the Knesset, religious institutions, political parties, the media and the New Histadrut. The findings revealed that the Jewish portion of the sample had little confidence in the New Histadrut. As table 7 indicates, only 35 per cent of the Jewish respondents had some degree of trust in the organization. As in the general

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<sup>55</sup> The detailed reports are unavailable. Comparison of the trends from 1986 till 1994 shows that the median in most questions, except for representation, is between 3 and 4, thus half of the respondents ranked the Histadrut as below average.

<sup>56</sup> Public opinion surveys conducted by the Institute for Economic and Social Research of the Histadrut, 1993 (internal unpublished report).

<sup>57</sup> Bar-Zuri, R.; Fisher, H.: *Women in the new world of work in Israel*. Tel-Aviv. Discussion paper. The Israeli Institute for Economic and Social Research, 1997 (Hebrew). No questions on attitudes towards the New Histadrut were included.

<sup>58</sup> Central Bureau of Statistics, *Statistical Abstract of Israel*, 1997.

<sup>59</sup> Nathanson, R.; Livnat Young, R. (eds.) (1998): *Personal, social and national attitudes of Israeli youth*, Tel-Aviv, The Israeli Institute for Economic and Social Research (Hebrew).

surveys conducted before 1995, only the political parties and the media received lower scores. However, among the Arab respondents, 68 per cent of the sample felt some confidence in the New Histadrut, which is relatively high; among them, the New Histadrut is ranked third (after religious institutions and the legal system) with respect to credibility.<sup>60</sup>

**Table 7. Degree of trust in the New Histadrut (in percentages)**

Age group	Jews			Arabs		
	Full trust/ some trust	Almost no trust/ no trust at all	Do not know	Full trust/ some trust	Almost no trust/ no trust at all	Do not know
Total	34.7	54.3	11.0	68.3	22.7	8.9
15-18	38.1	49.6	12.3	71.6	20.2	8.1
21-24	30.7	59.7	9.6	64.9	25.4	9.6

Source: Nathanson and Livnat, 1998.

The favourable responses are somewhat lower, in both sample populations, among the 21-24 age group. As the older age group has acquired more working experience, it is feasible that its members have already interacted more intensely with trade unions and that this interaction has undermined their confidence in these institutions.

## 6. Summary and conclusions

The Histadrut formerly represented one of the most powerful institutions – economically, socially and politically – in Israeli society. Throughout the first 45 years of the country's history, the Histadrut's strength gradually declined, as economic and political conditions changed. But, in 1994, it still covered about half of Israel's population and exerted a substantial influence.

The situation of the Histadrut changed radically with the enactment of the *National Health Insurance Law (1995)*, which severed the link between the trade union organization and the provision of health care. With the basic motive for membership removed, the Histadrut has been compelled to begin anew in many respects, and in a different set of circumstances.

The new situation did not eliminate the organization's need to address the challenges facing the majority of trade unions throughout the world. Like its fellow trade unions, the New Histadrut is operating in a political and economic environment which has a negative impact on its position and influence. Although all Israeli governments for the past 20 years have advocated privatization and increased competition, this policy has been carried out more vigorously of late. At the same time, enhanced international competition and technological change have seriously affected employers in the business sector. In the last two years, recession and high unemployment have caused an unfavourable climate for unionization.

Attempts have been made by government and employers to reorganize labour relations under the banner of increased efficiency. Such policies have raised strong demands for reduced regulation of the labour market, a position antithetical to the Histadrut's firm stance on stability in the work

<sup>60</sup> This finding may indicate that young Arab people in Israel identify more with the New Histadrut than with national institutions.

environment. Moreover, these changes threaten to erode the solid, long-term relationships already established between employers and employees, the traditional basis of union strength.

When attempting to analyse New Histadrut functioning in this dynamic environment, we are obliged to consider its internal situation. Although it is difficult to distinguish between the organization's response to the special circumstances forced upon it since 1995 and the challenges facing trade unions in general, we may safely conclude that a significant element in the New Histadrut's conduct and policy is its battle for survival as an organization.

All the indicators examined in this paper reveal that the combination of internal and external conditions has eroded the influence of the New Histadrut. These factors include:

A drastic decline in tax-paying membership. The New Histadrut membership rests at between 30 and 35 per cent of all *salaried employees*, with an estimated 25 per cent in the business sector and 50 per cent in the public sector. Before 1995, more than 50 per cent of the *general adult population* were tax-paying members.

Financial difficulties that limit its capacity to function effectively. This situation is caused by the absolute decline in membership as well as reduced tax rates.

The growing legitimacy of non-collective employment relations, such as individual employment contracts, temporary employment, and subcontracting, despite New Histadrut opposition. Significantly, the organization's influence over the employees involved is minimal.

The increasing proportion of the labour force open only to individual recruitment. This situation has evolved from the structural factors listed above. Given the New Histadrut's present agenda, staff and budget, an appropriate recruitment programme is almost impossible to implement.

An apparent decline in the power to conduct meaningful centrally negotiated collective agreements. Practically no significant agreements have been reached at the framework level, and some earlier agreements have been abandoned.

Inadequate union representation at local level.

Increasing intervention of the courts in deciding industrial relations issues and the growing frequency of general strikes since 1995.

The tripartite bodies serve more as a forum for discussion than as a practical policy-making arena.

Consistently unfavourable public opinion. Although this attitude is not new, it has been more detrimental to the status of the New Histadrut since 1995.

A number of steps have been taken by the New Histadrut to counteract its serious predicament. They are summarized below.

### **Membership**

A general campaign to recruit new members was launched before the 1998 internal elections, with the participation of senior New Histadrut officials. Efforts were focused on recruitment in the workplace. As such recruitment potential is limited, three main groups of workers were targeted:

Women by protecting their rights and ensuring better representation.

Workers on individual contracts by increasing efforts to achieve some regulation of such contracts and by placing greater emphasis on individual legal counselling.

Employees hired through temporary employment agencies by negotiating collective agreements with the agency.

The campaign met with limited success, as the incentives for individuals to join the New Histadrut have yet to crystallize.

### ***Financing and structure***

As of 1995, the New Histadrut budget has been directly dependent on its much-reduced membership dues and organization tax receipts. This situation has forced a substantial reduction in expenditure, which was achieved by staff cutbacks and reorganization. Small local councils were merged into regional councils which are responsible for a larger geographical area, and some of the national trade unions representing similar occupations were amalgamated. The reorganization has reduced the availability of services at local level.

The operational costs of the New Histadrut are still much larger than its regular income, and further staff reductions are being considered. The New Histadrut's leadership is attempting to resolve the dilemma of providing effective services and increasing income while operating at lower personnel levels.

### ***Collective negotiation***

The pressure to sign collective agreements is partly a result of the organization's financial difficulties. Employees covered by agreements negotiated by the New Histadrut usually become full dues-paying members or at least they pay the organization tax. On the other hand, the capacity of the umbrella organization to negotiate beneficial terms for its members has declined. Consequently, working conditions are being determined more and more at local or individual union level. As the New Histadrut is being judged more on the basis of its achievements, such concessions are undermining its long-term strength and image.

### ***Collective action***

The current tendency to demonstrate union power through general strikes has not produced any serious bargaining results although a long period is required before its benefits can be felt. This policy should be considered more as an instrument to unite members around a common cause.

### ***Public opinion***

Even among its members, support for the Histadrut has been on the decline for several years despite the public's continued assessment of the organization as a powerful, major institution. It is still too early to assess public attitudes to the revamped New Histadrut, though indications are that no positive change has taken place. Favourable public opinion is significantly more important today for attracting new members than it was before 1995, when membership was necessary for medical insurance.

Future attitudes to the organization will depend to a large extent on its performance. Issues such as promoting the economic and social welfare of members and potential members, improving the scope and effectiveness of trade union and other services, availability, credibility and political integrity, are important factors in creating more favourable attitudes.

### ***Future agenda***

The main issues on the New Histadrut agenda reflect its understanding of the needs of the general public. Beyond achieving financial solvency, these issues are:

Retaining the conditions of the present social security system with respect to retirement pensions and social security benefits. Both are threatened by proposed regulations which are detrimental to the eligibility terms and the level of payments.

Protecting the health care system by combating government plans to increase the health tax or to charge for services previously covered by the medical insurance system.

Participating in the struggle against growing unemployment and recession.

Protecting workers' rights in cases of privatization and transfers of ownership, as well as in those cases where efficiency moves jeopardize workers' rights.

Struggling for the extension of equal rights to women in the workplace, as well as promoting female participation.

Extending trade union protection to workers in the informal sector who earn less than the minimum wage and have no job security.

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