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# The Economic Benefits of Socio-Economic Inclusion and Arab-Jewish Equality in Israel

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Integration of Arab-Israelis in the socio-economic life of the State is not only moral, it is also an *urgent economic imperative*.

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- Arab-Israelis make up 20% of the population but only:
    - 12.3% of the general workforce (2007)
    - 8% of the GDP
  
  - Arab-Israeli households have an average gross income of only 7,590 NIS (43% less than that of Jewish households)
  
  - Only 41.4% of Arab-Israelis are part of the workforce compared to 59% of Jewish-Israelis
  
  - Only 22% of Arab-Israeli women (ages 18-65) are part of the workforce compared to 76% of Jewish women
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## Lack of inclusion of Arab-Israelis is costly:

- Estimated annual loss due to low rate of Arab-Israeli employment = **25 billion NIS**
- Estimated annual loss due to high unemployment rates of Arab-Israeli women = **6 billion NIS**

**It is estimated that “incomplete integration of the Arab population generates a continued loss to the economy of NIS 40 billion or more each year.”**

*--Aiman Saif, Director of the Economic Development Authority of Minority Sectors in the Prime Minister's Office*

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**Lack of education and upward occupational mobility is a key challenge to filling vacancies in high-skilled sectors like the hi-tech industry:**

	At least 13 years of schooling (2004)	BA or higher (2004)
Jewish-Israelis	44.5%	20%
Arab-Israelis	18.5%	8%

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# Primary Factors Preventing Economic Development

- Discrimination
- Insufficient allocation of resources to the Arab sector:
  - Insufficient investment in education and vocational training
  - Lack of land for development of industrial zones
  - Insufficient public services and economic infrastructure
  - Lack of financial investment in the Arab sector

**“Under-investment in human capital is one of the basic factors underlying [Arab-Israeli] mobility problems on an occupational axis”**

*--Commission of the European Communities--  
-Israel Progress Report 2009*

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## **Recommendations for Israeli Economic Development:**

- 1. Locate responsibility for social cohesion and socio-economic inclusion clearly within government structures** in line with the Club de Madrid Shared Societies Project recommendations and "take steps to deal with economic disadvantages faced by sections of society who are discriminated against and ensure equal access to opportunities and resources"
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## **Recommendations for Israeli Economic Development:**

- 2. Review and improve implementation of current and past government actions** including providing employment incentives in areas outside major cities and inclusion of Arab towns in the list of National Priority towns
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## **Recommendations for Israeli Economic Development:**

3. **Enact and implement policies that increase Arab representation** in governance and all employment sectors
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## **Recommendations for Israeli Economic Development:**

- 4. Focus on training and employment programs to integrate Arab women into the Israeli labor force**
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## Recommendations for Israeli Economic Development:

5. Of utmost importance, **develop industrial zones in Arab municipalities** to create employment opportunities and strengthen the governance capacities of Arab municipal authorities
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“The attempt to economically develop the Arab sector separately from the broader Israeli Economy is not bearing fruit. Any new policy must be founded on a change to the existing order—a policy of integration and equality. A policy that will allow equal opportunities, and will transform the Arab sub-economy into part of the broader Israeli economy, and will accelerate the inclusion of Arabs as an integral part of the economy of the entire state. One state, one economy.”

--Former PM Ehud Olmert, Speech to the Prime Minister’s Convention for the Arab Sector in July 2008

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