

Sixty Years of National Insurance in Israel

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Sixty years have passed since the National Insurance Institute(NII) began operating in Israel. The radical changes that have taken place in Israeli society over this period have left their imprint on the Institute. These changes have inevitably affected the special status of the NII, its functions, the policies it has pursued, the organisational and managerial manner of its functioning and other aspects of its activities. All these have had an immense impact on the wellbeing of the population as a whole and especially on the welfare of the weaker population groups.

This paper attempts to examine some major features of these changes including the position of the NII within the governmental structure, the changing nature of public control over it, the shift in public attitudes towards its functioning, protection of the value-levels of benefits in times of changing economic circumstances, the extent of the NII's universal approach and its relationship with the insured population. All these issues point to the challenges the NII has had to deal with over the years.

Although the NII was established as part of the government structure, it was initially granted a large degree of autonomy in running its affairs. The main actors involved at the time in planning the national insurance schemes, envisaged the NII as a joint program of the insured population and the government. The special legal status of the NII reflected this understanding. Gradually however, the government limited the NII's freedom of action and finally put its budget entirely under the control of the Treasury. Similarly, the NII was moved from under the auspices of the Ministry of Labour to the Ministry of Welfare, thus changing the distinct status of the NII as running the national insurance programs on a universal basis to becoming mainly responsible for the welfare of poor population groups.

One of the more important tasks of the NII was to protect the insured population from erosion of its benefits in times of rapidly changing economic circumstances. This was of particular importance to the elderly in receipt of their NII old age pensions. Over the years the policies of the NII fluctuated in this matter, leaving elderly pensioners with declining incomes in many instances. Moreover, the policy

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introduced in recent years in effect severed the link of NII benefits to the average national wage, thus disassociating beneficiaries from participating in increasing future national prosperity.

The critical problem of the NII remained however, in its relationship with the wider public. Public attitudes toward the NII that were in the past mostly positive, have become in recent years increasingly divergent. The unsatisfactory encounters experienced by parts of the public with NII bureaucracy, turned public opinion sharply against it. In order to ensure continuing public support for the national insurance program it seems that there is an urgent need for the NII to improve its relationship with the population.