

## Poverty in Israel decreased by as much as 29%, think tank reports

**Report argues that National Insurance Institute figures aren't accurate, because they measure how poor people are compared to others, and not how well off poor people are in general.**

By Moti Bassok

Israel's poor became significantly better off by all measures during the last decade's economic growth, the Jerusalem Institute for Market Studies said in a report it released yesterday.

"In every measure related to quality of life - purchasing power of necessities, real income, ownership of durable goods and life expectancy - Israel's poor have become significantly better off," stated the report, written by Yarden Gazit.

In terms of real income, poverty decreased by 18.8% between 2004 and 2008, and in terms of purchasing power, poverty decreased by 29%, the report stated.

The Jerusalem Institute calls itself an independent think tank that promotes "social progress in Israel through economic freedom and individual liberty."

The report argues that the annual poverty report put out by the National Insurance Institute doesn't paint a fully accurate picture, since it measures relative poverty and not objective poverty - it measures how poor people are compared to others, and not how well off poor people are in general.

The NII report measures the poverty line as half the median net income, a figure that changes as incomes change. In real terms, the poverty line increased by 10.5% between 2002 and 2008, the Jerusalem Institute says.

"When you measure poverty in absolute terms and not relative terms, there has been a significant decrease," the report states. "Social mobility in Israel is higher than reported, and many people defined as poor are on their way to a good life."

For example, 30% of people who were in the 20th percentile or lower in 2005 were in a higher percentile by 2007, it notes. Plus, the NII methods automatically group young people among the poor; as they gain experience, they earn more, it notes.

"Demographic changes affect poverty levels and income gaps no less than, and often more than, government policy," the report states.

The report notes that 600,000 people - 38% of all poor people, and 9% of the country's population as a whole - were not considered poor in 1997. These people are considered poor only because NII's poverty line has increased from 1997 to 2008, it stated.

By all measures, "the real income of Israeli society's weakest has increased, and the absolute poverty level is decreasing," stated the report. However, since poverty is usually measured only by income, these studies do not show the real improvement in the poorest citizens' quality of life, it said.