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ISRAELIS DEMONSTRATE in Tel Aviv in September 2011 calling for social justice and lower living costs. (Photo by: REUTERS)

## Still feeling the pinch

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Five years after the ‘cost of living’ protests and despite some gains, Israelis are still struggling to make ends meet.

Five years ago, in June 2011, Itzik Alrov, an Orthodox resident of Bnei Brak, opened a Facebook group calling on the public to stop buying cottage cheese.

Alrov’s protest came after the price of a nine-ounce tub of cottage cheese soared 45 percent to NIS 7.90 in the three years that had passed since the government decided to lift price regulations on dairy products.

Within days, more than 100,000 people had joined his Facebook group and supermarkets reported a precipitous drop in sales. Dairy products monopoly Tnuva, which at the time held a 70 percent share of the market, first announced a price freeze, but by the end of the month caved in and slashed prices back down to NIS 5.90. Other manufacturers quickly followed suit.

But the Israeli public wasn’t just going to have its cottage cheese and eat it. In mid July, Daphne Leaf, a video editor, pitched a tent in Tel Aviv’s Habimah Square and launched a Facebook page protesting the high cost of housing. Dozens and then hundreds joined the protest, pitching their tents along Tel Aviv’s iconic Rothschild Boulevard.

The protests struck a chord in an Israeli society struggling with the high cost of living and eventually ballooned into mass demonstrations throughout the country, culminating in a September rally, when an estimated half a million people took to the streets calling for “social justice.”

In August, fearing a political backlash, Prime Minister Benjamin Netanyahu appointed economist Prof. Manuel Trajtenberg to head a committee tasked with finding solutions to Israel’s socioeconomic problems and a month later it submitted its recommendations.

So five years on, what has changed? If you ask the man on the street, not much. For the vast majority of people, making ends meet remains an almost impossible struggle, lack of competition and concentration still plague the economy, food prices remain much higher than in other developed economies and the price of housing just keeps going up and up and up.

But that doesn’t tell the whole picture.

A lot of things have changed; the cost of living, inequality and social justice have become part of the Israeli political discourse; the price of certain food products has dropped where the market has been opened to imports; the average wage has gone up and consumers have become more prudent.

“Quite a few things have been done; things that would not have been done without the cost-of-living protests,” says Prof. Claude Berrebi, director of research at the Taub Center for Social Policy Studies and a professor at the Hebrew University’s School of Public Policy.

“A lot of things have been done in education and employment,” Berrebi tells me, citing for example free education for three-year-olds and subsidized day care centers to enable mothers of small children to go out to work.

Berrebi says a lot of the Trajtenberg recommendations have been implemented: the weight of civil spending over defense spending has increased and tax policy has been reversed. Before the protests, direct taxation was on the way down, including for the upper deciles, but following the protests taxation on high earners went up. He also notes the recent cap on high earners, which he says would never have happened without the social protests, even though it wasn’t one of the demands raised at the time.

On the flip side, says Berrebi, we are still one of the most expensive countries in the world in relation to our GDP. “Prices have gone up and we are still more expensive in the fields that led to the protest in the first place, such as food and housing, where the situation is worse than it was back in 2011.

“So as far as that goes,” he says, “we haven’t achieved the aims the protests set.”

But on the positive, he says, “We’ve come a long way. We need to realize things have been done, to be patient and to continue to exert pressure.”

Alrov disagrees. Ask him what he feels five years on: “The regulators still haven’t tackled the problem head on. The public still feels the pinch.”



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