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THE RISE AND FALLOF THE ISRAELI FEDERATION OF LABOR (THE HISTADRUT)

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In its heyday, the Histadrut, the General Federation of Labor in Israel, organized most of the labor force in Israel. Today (in 1999) it represents about 20% of the Israeli workforce, mostly public-sector employees. Not only has the Histadrut constituency been shrinking; its economic enterprises (under the Hevrat Ovdim holding company) have almost completely been privatized. Moreover, as part of the massive restructuring of the country's health services, the Histadrut's health insurance service, Kupat Holim Kelalit, the largest in the country, has been removed from its control, resulting in a drastic reduction in Histadrut membership and status. How can one explain this dramatic fall in the power of organized labor in Israel?

To explain the process of the weakening of the Histadrut, we may break down its history into

three periods. In the first period, from the 1920s through the 1950s, the Histadrut was a powerful political force. The second period,

from the 1950s through the 1980s, was characterized by continual reduction in the political power of the Histadrut. The third period,



History teacher lecturing factory workers during lunch break on the history of Eretz Israel, under the Histadrut's popular education scheme (1946).



Immigrants outside the Histadrut registration office at the Shaar Ha'aliya transit camp near Haifa (1949).

from the 1980s through the present, was one of pluralism and neo-liberalism, in which Israel's economy was deeply affected by processes of privatization and flexibilization.

The first period (1920s–1950s): When the Histadrut was established in the 1920s, under the British Mandate regime, it was intended not only to be a trade union in the usual sense of the term, but also to serve as a means of coping with serious problems confronting Israel's Jewish community, the Yishuv. Despite the difficult circumstances of the time, the Histadrut flourished. Until the establishment of the State of Israel, it represented not only the interests of the workers, but also those of the Jewish community as a

whole, providing medical care, education, employment, military protection, culture and numerous other services for its constituents. Most importantly, it was a political voice for all. In those days, the Histadrut enjoyed a very high level of support from various sectors of the community, becoming one of the its strongest institutions, if not the strongest. It was so powerful and provided so many services that it was viewed by many as the "state in the making." With the establishment of the State of Israel in 1948, the General Secretary of the Histadrut became the prime minister, and other Histadrut leaders became key figures in the new government.

The second period (1950s–1980s): It was in the second period, after the

establishment of the State of Israel, that the weakening of the Histadrut began. Some of the important services that had been provided by the Histadrut in the pre-state period, such as education, employment and military protection, were taken over by the state. Apart from representing the interests of the workers, the only major functions that were left under the Histadrut's auspices were the Hevrat Ovdim economic enterprises and the medical care provided by Kupat Holim. Moreover, immediately after the establishment of the state, a tremendous wave of immigrants began to flow into the country. These new immigrants, with their many varied interests, introduced a large measure of heterogeneity into the Histadrut's membership. In a sense, this was the beginning of the Histadrut's problem with pluralism, though still in a mild form. From then on, the Histadrut had to deal with the demands of various internal interest groups.

Its opposition to the interests of specific groups led to an increase in wildcat strikes against the Histadrut. Support for and approval of the Histadrut's activities among various sectors in the community was clearly beginning to diminish. This was also a period of diminishing orientation toward ideology and increasing segregation of the political elites in Israel. The old solidarity of many Israeli frameworks, including the Histadrut, suffered serious erosion. The Histadrut's policy and actions came to be influenced less by ideological considerations than by interest groups. Rivalry among the groups became more clearly oriented toward safeguarding power enclaves. Power conflicts and

rivalry between Hevrat Ovdim enterprises and the trade unions became a common phenomenon, as did conflicts among the various trade unions.

In this period, another phenomenon of Israeli political life began penetrating the Histadrut: the political appointments that had previously determined the Histadrut's leadership were edged out by a growing emphasis on personal elections and personal status, and rivalry among Histadrut leaders intensified. At the same time, the new Israeli generation was becoming less supportive of trade unions in general and less interested in the Histadrut in particular, leading to an ongoing fall in the Histadrut's membership.

Further erosion in the Histadrut's status came about with Israel's change of government in May 1977, when, for the first time, the Labor coalition lost the national elections. With the reins of power now in the hands of a right-wing coalition, while the Histadrut remained in the control of the left-wing Labor parties, the Histadrut lost whatever standing it still had in government decision-making. It never regained this standing, even when the Labor party returned to power.

In this second period, the Histadrut was still a very important institution in Israel, but not the most important one. It had lost many of its controlling resources to the government; it had lost its consensual power in the community and within its own organization; and it had become just one of the country's many powerful institutions.

The third period (1980s–present):
Processes such as flexibilization



A Mapam party rally on May Day, 1950, in Tel Aviv's Allenby Street.



Labor Minister Golda Meir, who was chief of the Histadrut's political section in the pre-state years, watching the 1955 May Day parade in Tel Aviv with Histadrut Secretary General Mordechai Namir.

and privatization are all part of the development of the neo-liberal values that have characterized Israeli society in the 1980s and 1990s. Gradually, the private employer organizations in Israel have strengthened, narrowing the Histadrut's achievements in vari-

ous private sectors. In addition, many of Israel's rapidly developing hi-tech enterprises have excluded union activities as a matter of principle.

The privatization process, which has been taking place in both the Histadrut and the public



The Black Panthers, a protest group of Mizrahi Jews, demonstrating against the Histadrut in Tel Aviv's Dizengoff Street, May Day 1973.



A Histadrut-sponsored demonstration against the New Economic Policy following the Labor Party's fall from power in 1977.

sectors, has meant that major parts of the Histadrut economy have been sold or are in the process of being sold. The grip of the Histadrut on the employees in its own economic enterprises has been reduced dramatically. Moreover, the Histadrut is about to lose con-

trol over the many thousands of employees in the public sector enterprises and organizations that are due to be privatized.

Also, the trend towards flexibilization, which has been gaining ground recently in both the private and the public sectors, appears to

be fundamentally individualistic in orientation. It promotes individual bargaining and an individual-firm linkage in preference to an organized labor system. This new trend in the Israeli economy has led to a rise in the percentage of non-organized labor in the workforce, thereby diminishing still further the potential and actual membership of the Histadrut. As a result, the number of employees covered by collective agreements has fallen dramatically. Statistics show that Israel now stands among the countries in which coverage by collective agreements is relatively low.

The legislation of the new Health Insurance Law (1994) instantly reduced the Histadrut's power by terminating the engagement of the Histadrut in supplying health services to its members. Immediately after the change, Histadrut membership dropped by three quarters (from 1,850,000 to 450,000), endangering its very existence as a competent trade union. The Histadrut elections, which, though voters chose a party ticket, were essentially personal elections, brought a new party into power for the first time. However, in its new manifestation, the process of the Histadrut's internal disintegration became even more severe. Furthermore, under the right-wing Likud government that came into power with the 1996 elections, the Histadrut was pushed to the margins of the political arena. With no part to play in government decision-making, its political power now derived only from its radically reduced membership.

Thus, at the turn of the century, the Histadrut is a seriously weakened institution. It plays little or no part in the country's decision-mak-

ing process; the ideological orientation upon which it was founded is no longer relevant; and its function as the General Federation of Labor is seriously impaired by power conflicts within and among the various unions.

To conclude, the Israeli example indicates that even very strong unions may lose their political voice, suffer internal and external conflicts, lose control over key sectors of the economy, and, most importantly, lose their constituencies. This is not to say that strong unions are undesirable in Israel. The lesson to be learned, rather, is that unions should be aware of influences that may weaken them and be prepared to take actions designed to revitalize themselves.



Histadrut Secretary General MK Amir Peretz being carried on the shoulders of protestors demonstrating against unemployment in front of the Prime Minister's Jerusalem Office (1997).