

# ISRAEL: A SOCIAL REPORT 2021

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Corona: Epidemic of Inequality



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# Introduction

During the past year public attention has been rightly focused on the economic damage wrought by the Corona epidemic to women and men at the bottom of the economic pyramid: unemployed persons, workers laid off or furloughed, and owners of small businesses who forfeited their life's work.

This diverted attention from the fact that the damage brought about by the Corona epidemic was far from uniform. At the top of the economic pyramid, many were barely or not at all adversely affected, and some continued to profit,<sup>1</sup> while at the bottom of the pyramid millions had to make do with inadequate unemployment compensation, occasional allowances or dipping into family savings representing years of effort; at the upper part of the pyramid many continued to receive their full salaries, which were high to begin with and in many cases continued to increase, and at the very top of the pyramid, the wealthy benefited from revenues from capital invested both in Israel and abroad. While numerous small businesses closed and many of their employees found themselves shunted out of the labor market, hi-tech and start up workers continued to benefit from large investments in their sector of the economy.

What transpired was a shake-up with inter-generational implications. The advantages accumulated by the better off will be reflected not only in the size of their income but also in the quality and location of their housing, their education, their standard of living and the size of inheritance they are able to pass on to their progeny. In contrast, many self-employed persons saw the gates of the middle class closing in their very faces.

In ordinary times, **Israel: A Social Report** presents a general picture of inequality in Israeli society, based on data of the *Survey of Household Expenditures* of the Israel Central Bureau of Statistics. This data usually refers to the situation prevailing the year prior to publication. This year (2021), the data for 2019 and 2020 have not yet been published. Not only that, had they been available, their relevance would be limited, due to the havoc wreaked by the Corona epidemic.

The following report presents data concerning selected features of inequality in Israel during the Corona epidemic. Firstly, we focus on three population groups: the top economic one percent, hi-tech workers, and owners of small businesses. Afterwards, the report points to food insecurity and factors affecting exposure to the Covid virus and the contraction of illness from it, alongside the government response to mental health problems arising from the epidemic. Finally, we review how the Corona epidemic has affected the area of housing, focusing on households that expend a large part of their income on rent or mortgage payments.

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<sup>1</sup> It should also be noted that many persons employed in the public sector were not adversely affected; however, they did not profit from the epidemic. For further reading on the subject: "The Public Sector during the Corona Crisis," in Ministry of Finance, Department of Salaries and Wage Agreements (June 2021), *Account of the Salary Payments of Public Bodies 2018*. Jerusalem (Hebrew).

# The Top Economic One Percent Was Not Adversely Affected

## In Fact the State Helped It Grow

In Israel, the top economic one percent (1%) and even more so the top one-tenth of one percent (0.1) are recent social phenomena. The economic crisis born of attempts to cope with the Corona epidemic might have had an adverse effect on them, as it did on other sectors of the Israeli economy and society. But this is not what happened: Like many of its older likenesses in Europe and America, the top economic one percent not only did not suffer much damage, it often profited.

Who are we talking about? Very wealthy Israelis: millionaires (the top one percent) and among them, billionaires (the top one-tenth of one percent). This sector came into being during the last generation, with the growth of large family business groups, with the increase in the phenomena of hi-tech exits and with the Americanization of the salaries of senior corporate officials.

What happened is not unique to Israel. The difference between Israel and most affluent countries is that in Israel we are talking about a new sector lacking in family legacy ("new money"). Thus, the class implications of the differential effects of the Corona epidemic are significant.

How many Israelis are we talking about? Most of the data about wealth that appear from time to time in the Israeli media are the estimates of international financial agencies, which began operating in Israel during the last two decades – by and of itself evidence of the increase in wealth in Israel, as financial agencies make their money from handling the assets of the wealthy. Thus, for example, the Wealth Report of Bank Credit Suisse notes that in 2020 there were 157,286 millionaires in Israel – a negligible decrease of 0.1% over the previous year. The average wealth of those millionaires remained the same – 3.33 million dollars (net capital after loans and obligations). Bank Credit Suisse also noted that ten Israelis were billionaires, that is, owners of assets worth a billion dollars or more.

What happened to these millionaires during the Corona epidemic? Here are the few facts that are known to us.

Firstly, the top economic one percent was also at the top vis-à-vis the beneficiaries of government protection and aid. The state, through the Bank of Israel, hastened to offer the big corporations support by purchasing corporate bonds in the amount of NIS 15 billion. This step was taken in order to make certain that the big corporations would continue to receive credit and loans from the public and the banks, even if the economic crisis worsened.

The Bank of Israel was not alone in its assistance to the big corporations. The central banks of other countries took similar steps. Israel exempted its wealthy – for the time being at least

– from the burden of helping to finance the outcomes of the economic crisis. It is well known that the Corona epidemic forced the state to spend large sums on assistance to businesses and individual citizens, especially those of the latter laid off or furloughed. These sums, estimated at NIS 137.3 billion, were not budgeted and thus increased both the budget deficit and the national debt. In such an emergency, it would have made sense to impose a wealth tax, even if on a one-time basis. Such a wealth tax was proposed in Great Britain by a committee composed of academicians, tax experts, and decision makers. A wealth tax would have helped to reduce the budget deficit and would prevent the future imposition of higher income or value-added taxes on the general population. In Israel, Meretz was the only political party running for election to the 24<sup>th</sup> Knesset (March 2021) that published an economic plan which, among others, called for imposition of a wealth tax of 2.5% on the capital assets of the 120 wealthiest families in Israel.

The Netanyahu-Gantz government did not raise taxes, despite declarations on the part of the Bank of Israel that tax hikes were inevitable, thus postponing efforts to deal with the large debt incurred – to 2022 and beyond. Not only that: senior politicians and not a few economists came out again and again against tax hikes and especially the imposition of a wealth tax. The practical significance of that opposition is a significant state benefit that strengthens the position of persons in the economic top one percent. This raises the specter of reducing the budget deficit and the national debt by raising taxes on the middle class in the next year or two. Alternatively, the government may cut back or privatize the social services it provides – a step that will not harm the wealthy, who can easily pay for private services.

Thirdly, the government acted to maintain the confidence of the world's financial markets in Israel and its corporations. This was reflected in the decision of the large international credit-rating agencies, Moody's, Standard & Poors, and Fitch to preserve Israel's credit rating and not lower it following increases in the budget deficit and the national debt. A high credit rating lessens the cost of credit that the Israeli government raises abroad, and at the same time reduces the cost of credit for Israeli corporations.

Finally, the economic top one percent also benefited from the fact that the capital market did not suffer much adverse effect from the Corona epidemic. This advantage occurred at the same time that most activity in the Israeli economy was halted. According to an estimate of financial newspaper *The Marker*, in 2020 the value of the capital of the 500 wealthiest persons in Israel amounted to 246 billion dollars – 7% more than it was in 2019, when that value was estimated at 230 billion dollars.

The capital market does not always act in parallel with the real economy. Thus, for example, Tel Aviv-90, the flagship companies registered on the Tel Aviv Stock Exchange, rose in value during the first year of the epidemic by about 18%, while the economy shrunk (even if the shrinkage was less than originally anticipated).<sup>2</sup> During 2020, 28 new companies were

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<sup>2</sup> The Bank of Israel anticipated that in 2020 the economy would shrink by 3.7%; in the end it shrunk by 2.4%. Tel Aviv Stock Exchange. **Annual Survey 2020** (Hebrew).

registered on the Stock Exchange, totaling NIS 12 billion in value, an increase of 43% over additions in 2019. Of this sum, 26 companies were in hi-tech, the highest number of hi-tech companies joining the Stock Exchange since 2007.

## Hi-Tech: Not Only Was Hi-Tech Not Adversely Affected by the Corona Epidemic; It Benefited from Generous State Aid

The top income decile did not suffer much from the economic crisis brought on by the Corona epidemic; it continued to develop throughout.<sup>3</sup>

In the absence of data from the Israel Central Bureau of Statistics on household income and expenditures for 2020, we will use the hi-tech sector as a proxy for employed persons whose incomes place them in the top income decile. The basis for this usage is the fact that the average monthly salary in the hi-tech sector, which in 2020 was NIS 24,974 – places its employees in the top two income deciles.

Hi-tech is known by the public due to frequent reports about start-up "exits," which make their entrepreneurs very rich. Clearly, we are speaking of a minority of persons working in hi-tech: most start-ups do not manage to realize their dreams. Still, this is not a marginal phenomenon.

In January 2021, the financial newspaper *The Marker* reported that "about 13,500 hi-tech workers employed in the ten largest technological companies registered on the Stock Exchange became wealthier (on paper) by no less than 2.5 million dollars. This increase in wealth accrued because the stock of these companies rose in value in the wake of expectations that they would profit from the Corona crisis and the increase in digitalization that accompanied it, which led to a rise in the value of options and stock shares in possession of the workers."

Israel is extremely interested in the well-being of its hi-tech sector. Thus, it is not surprising that the government did not consider the favorable market conditions sufficient to tide the sector over, but provided additional assistance. For example, a press release put out by the Israel Innovation Authority stated that "Following the crisis, the Authority received a budget of NIS 600 million for the purpose of providing general grants and another NIS 50 million for the purpose of making grants to hi-tech companies whose innovations contribute to the fight

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<sup>3</sup> The damage to the intake of hi-tech services was greater than that to hi-tech production. See Roasch, D. February 16, 2021. "The Situation of Businesses in 2020. Insights and Estimates from Fast Survey Rounds." Powerpoint Presentation.

against Corona. In addition, the Authority provided guarantees in the amount of half a million NIS for setting up local investment funds."

Additional benefits for the hi-tech sector were provided by the Bank of Israel, which in the course of 2020 purchased 15 billion dollars, in order to halt appreciation of the Israeli shekel to the dollar. Appreciation threatens the profitability of the hi-tech sector – whose main export destination is the United States – and is liable to cause foreign hi-tech companies in Israel to transfer their firms to other countries, thereby affecting the employment of thousands of Israelis. In January 2021, the Bank of Israel announced that it would purchase an additional 30 million dollars during 2021.

The Bank of Israel found that the damage done to the hi-tech sector was moderate and that the sector continued to develop despite the crisis: ". . . because of the high capability of workers in these companies to work from home . . ." Up to May 2020, the average rate of damage to the intake of companies in the hi-tech sector was 14%, (compared with the average rate of 20% for all Israeli companies). The percentage of active workers in the hi-tech sector did not go below 80% (compared with 60% for all companies in March and April [of 2020])."

Investments in Israeli hi-tech companies were not adversely affected either. Figures published by the non-profit organizations "Start-up Nation" and "Meitar" showed that investments in start-ups, which in 2019 amounted to 7.8 million dollars, totaled more than 10 million dollars in 2020. A significant portion of this investment came from European funds, which increased their investments in Israeli hi-tech companies by 63% in 2020.



## Is What is Good for Hi-Tech Good for Israel?

It is perhaps time to reconsider the increasing identification between what is good for the country and what is good for the hi-tech sector in Israel. This is especially relevant because most of the investments in hi-tech come from foreign sources, about a fourth of hi-tech investments go to the R&D centers of foreign corporations, and most of the profits from the hi-tech sector end up in the hands of these same corporations.

Many consider the hi-tech sector "the engine that drives the Israeli economy." It is doubtful that this is a fitting description. The hi-tech sector employs 9% of Israel's workforce – a high percentage compared to the proportion of the workforce employed in hi-tech in other countries, but not as impressive if compared with other historical "engines."

For example, the auto industry in the United States at its high point, during the three decades following the Second World War. In the 1960s, one out of six employed Americans worked in the auto and related industries. During those years, the auto industry was indeed the engine that pulled the rest of the American economy after it. The dissemination of private cars was followed by a massive investment in the development of a national network of highways. At the same time, it was the catalyst for the development of suburbs characterized by two-storey houses with two parking places as the typical pattern of residence of the large non-urban middle class. It also led to the development of strip malls with huge parking lots, which absorbed the consumption of the middle class. This consumption, in turn, was so significant that it stimulated economic growth for the entire economy. Finally, the auto industry also led to the strengthening of the largest trade unions in the history of the United States, which pulled the other trade unions up after it.

Charles Wilson, director-general of the then largest auto company, General Motors, famously expressed the status of the American auto industry during a hearing in Congress, on the occasion of his appointment as Secretary of Defense. In answer to the question, how would he behave in the case of a clash of interests between the country and General Motors, he replied, "What's good for General Motors is good for America."

In Israel, identification of the hi-tech industry with the good of the country is reflected in the expression "start-up nation." However, while General Motors and the other auto corporations facilitated the flowering of a broad middle class in the United States, the hi-tech industry in Israel facilitates the flowering of mainly the top income decile.

It should be noted that in the end, the statement of the US Secretary of Defense was revealed as spurious: from the moment that whole assembly lines were transferred overseas, General Motors began looking after its own interests and "relocated" to countries with cheaper labor and less defense of workers on the part of trade unions, leaving many American workers unemployed.

## Small Businesses<sup>4</sup>

### Consumerism and Leisure Culture – The Story of Small Businesses in Israel

In Israel, consumerism and the culture of leisure, based on the purchase of products and/or services beyond those that satisfy basic needs, and on consumption in the form of leisure activities – began to develop in the middle of the 1990s, in the wake of trade with the countries of South Asia. The items of consumption characteristic of that time were cheap clothing and furniture imports that were affordable for numerous Israelis.

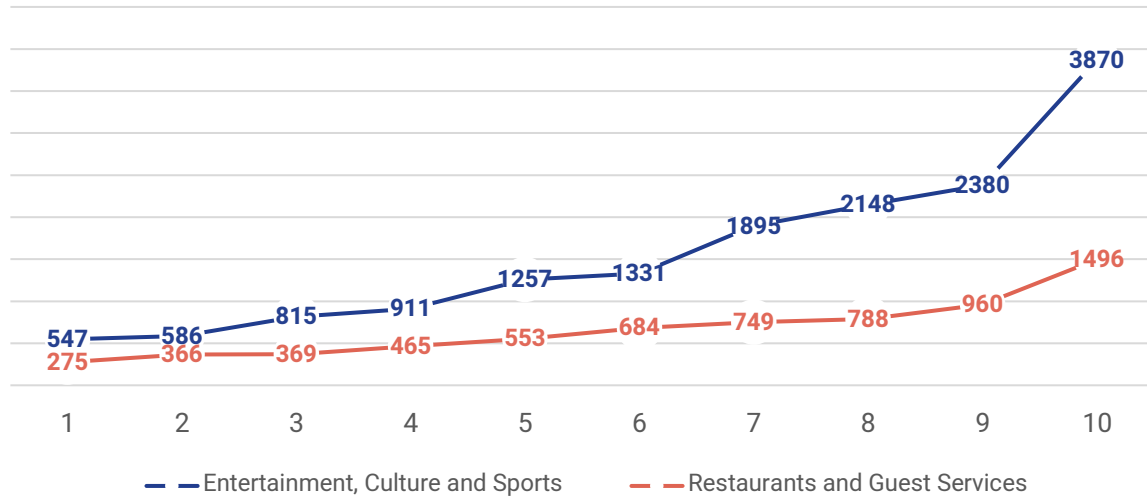
As the second intifada ended and economic growth resumed, a new consumerism began to develop, reflecting the leisure culture characteristic of the well-off – restaurants, coffee shops, bars, beauty salons, hairdressers, gyms and personal trainers, boutique bakeries, guest houses, boutique hotels, tourist services, halls for special occasions and the like. These developments were reflected in figures on private consumption per capita, which increased considerably after the second intifada. Their growth was especially significant in the second half of the last decade, between 2015 and 2019.

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<sup>4</sup> An **employer** is defined as one who employs persons for pay, a share of the profits or other remuneration, or is a partner in a business that employs persons. In Israel, the legislative process of defining small and medium sized businesses is still incomplete; thus our definition comes from various usages. The Agency for Small and Medium Sized Businesses in the Ministry of Industry and the Economy defines **small businesses** as those with up to 100 employees or a sales turnover smaller than NIS 100 million per annum. Another breakdown comes from a survey of businesses conducted in 2011, according to which a **small business** is one with up to 20 employees or whose sales turnover is up to NIS 10 million per annum. A **micro business** is defined as having up to five employees or a sales turnover of up to one million shekels per annum. A **self-employed person** is one whose business is registered in his or her name and does not employ other persons. Ministry of Industry and the Economy, Agency for Small and Medium Sized Businesses. 2020. *The State of Small and Medium Sized Businesses 2020*. Jerusalem (Hebrew).

## Average Monthly Expenditure on Entertainment, Sports, Amusement, Restaurants and Guest Services

By Income Decile, 2018, In NIS

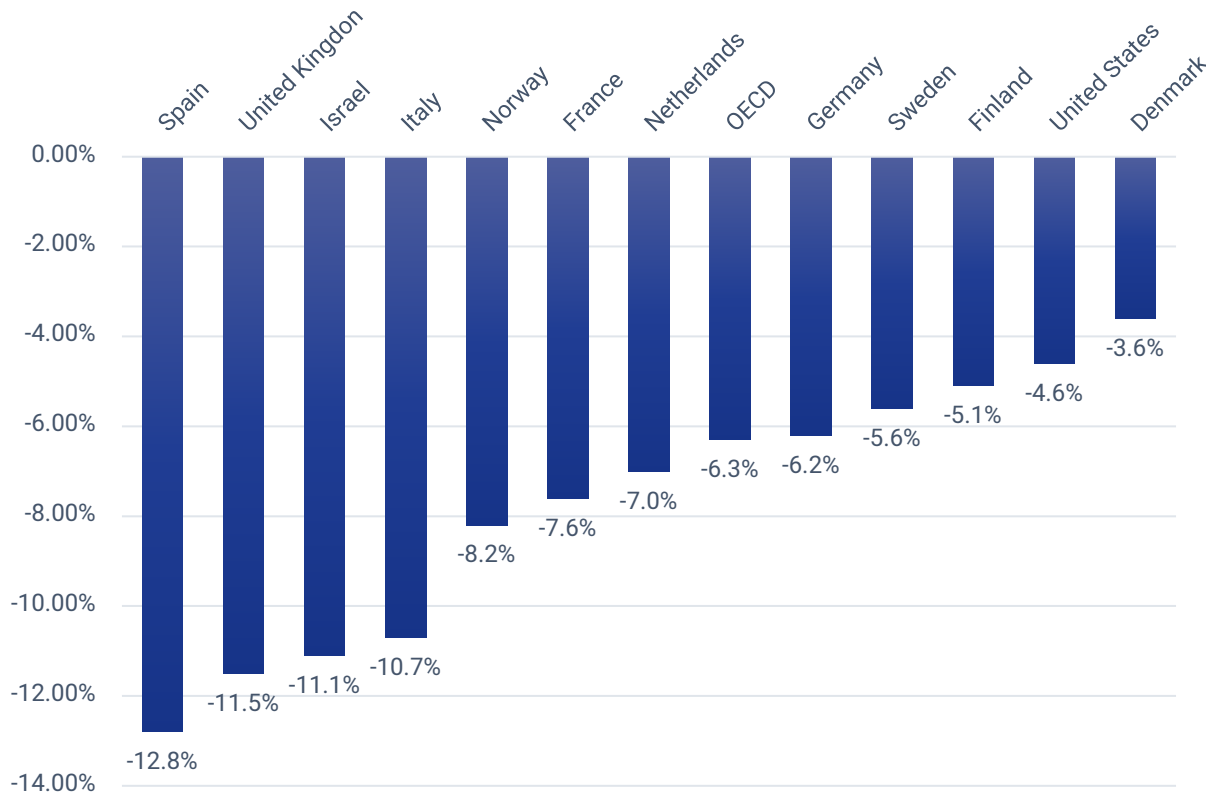


**Source:** Data received courtesy of the Department of Consumption at the Israel Central Bureau of Statistics, March 7, 2012

In 2020, the first year of the Corona pandemic, per capita private consumption in Israel decreased by 11.1% – a decrease greater than the average decrease in OECD countries, which was 6.3%. Only in Spain and Great Britain was there a higher decrease: 12.8% and 11.5%, respectively.

## Decrease in Per Capita Private Consumption, Israel and Selected OECD Countries, 2020

In percentages



**Sources:** Schechter, N. (February 16, 2021). Summary of the Economic Year 2020. Israel Central Bureau of Statistics. Powerpoint Presentation (Hebrew); Israel Central Bureau of Statistics (March 10, 2021). National Accounts for the Year 2020: Second Estimate. Press Release (Hebrew).

The Corona crisis was harmful to consumers and persons seeking entertainment – but the major damage it did was to service providers. This is a stratum many of whose constituents were undergoing a process of socio-economic mobility dependent on increasing consumption, especially among the affluent, who patronized specialized small businesses.

The phenomenon of growth of small businesses is reflected in the figures of the State Revenues Authority on self-employed persons. These figures show that the proportion of the self-employed grew significantly during the past two decades, from 12.6% in 2000 to 14.9% in 2017, an increase of about 18%. The largest increase was among the lower income deciles: in the bottom income decile, the proportion of self-employed persons grew by 141%, in the second decile by 72%, in the third decile by 61% and in the fourth income decile by 44%.

Additional data was supplied by the Israel Agency for Small and Medium Sized Businesses, according to which, “. . . recent years saw growth in the number of businesses (small and medium-sized) . . . between 2012 and 2018 the sector grew from some 92,000 businesses,

to 483,000 businesses to 576,000 businesses, by an average of 15,000 businesses per year.” The number of persons employed in small and medium-sized businesses grew during those years from 2.75 million to 3.2 million, an average growth of 70,000 positions a year. The number of small businesses – those with between 20 and 99 employee positions – grew more than the number of larger businesses.

In 2018, slightly more than half of businesses – 297,700 – were self-employed persons who did not employ additional persons. One-third – 32.9% – had between one and four employee positions, 11.5% had between 5 and 19 employee positions, and 3.3% had between 20 and 99 employee positions. That year, there were 3,149 large businesses – those with over 100 employee positions.

Small businesses constituted the main factor responsible for the growth in businesses during the past two decades, for increased employment opportunities in the Israeli economy and for the reduction in unemployment.

Small businesses, even though each is quite small, together constitute the largest employer in the Israeli economy. In 2018, small and medium-sized businesses employed 1.92 million positions, which amounted to 60% of the 3.17 positions in the private sector.

It should be noted that “owners of small businesses” constitute a socio-economic stratum that defies definition, whether because it is so varied, containing lawyers and hairdressers, auto mechanics and musicians, farmers and taxi drivers. In addition, there are large differences in the numbers of employees among them, and a great diversity in incomes: for example, the difference between the incomes of law firms that service large corporations and those of the owners of neighbourhood kiosks.

It should be noted that many “small businesses” represent many-generational family endeavours, the result of many years of savings, loans and hard work. And there is a gender aspect to the story: Many “small businesses” reflect the aspiration for independence on the part of women. The closing down of a small business is generally a story of social mobility and economic independence snapped in the bud. Overall, the phenomenon has debilitated the Israeli middle class – especially its lower rungs – which was small to begin with in international comparison.

## **The Damage Done by the Corona Epidemic to Small Businesses**

The Corona epidemic hit self-employed persons and small businesses hard. Many small businesses closed down; others accrued losses and large debts that made it more difficult for them to resume business activity once the economy reopened.

This occurred mainly because of the lockdowns, which prevented visits to restaurants, theaters, guest houses, beauty salons and the like. Many business owners did not manage to tide over the lockdowns.

The economic damage of the Corona epidemic to small businesses was shown in interviews in all of the communications media: owners of stalls in open markets, barbers and hairdressers, trainers, tour guides and the like. At the same time, in the absence of accepted definitions of small businesses and against the background of the numerous state authorities responsible for them, it is impossible to present figures on the damage done by the epidemic to those businesses. The following data are taken from research bodies and government agencies that deal with small businesses.

## Closedowns

**The Israel Center for Democracy** found in a survey conducted in December 2020 that the situation of self-employed persons and owners of small and medium sized businesses in Israel was worse than that of employed persons. This survey was the continuation of a previous survey conducted in June 2020 among the same representative sample. The difference between the findings in June and December are indicative of the depth of the crisis. For example, in December, 8% of self-employed persons stated that they had closed their business for good due to the Corona crisis – compared with 5.4% in June. On the eve of the Corona crisis there were in Israel some half a million businesses – and 40,000 of them closed down for good. The decrease in the income of self-employed persons also worsened – in December, a 47% decrease was reported in the income of self-employed persons, compared with 44% in June.

**Dun & Bradstreet** estimated that in the first half of 2020, 37,600 businesses closed down – among them 1,550 restaurants, bars and coffee shops, more than 1,000 building contractors, about 600 transport companies, and 450 clothing and fashion businesses. The company estimated that in 2020, 80,000-85,000 business would close down – an increase of 85% compared with 2019.

## Product Decreases

**The Israel Central Bureau of Statistics** reported that in 2020, the business product decreased by 2.7%. The sector with the sharpest decrease was transport: storage, post and goods transport, which decreased by 20.5%. Additional decreases were registered in the sectors of commerce and guest and food services (-5.1%), construction (-4.2%), and financial and commercial services (-3.2%)

**The Agency for Small and Medium-Sized Businesses** of the Ministry of Industry and the Economy conducted a survey which showed that in the month of September 2020, 61% of owners of small and medium-sized businesses reported damage to their businesses, in comparison with the period prior to the Corona epidemic. Among businesses experiencing damage, 45% reported that the decrease in business activity was up to 40%.

**The Department for Planning and the Economy** at the Tax Authority at the Ministry of Finance found that the smaller the business, the greater the damage caused by the economic crisis

brought on by the Corona epidemic. To date they have not published figures estimating the annual loss caused by the crisis.

## Intake

The economic sectors experiencing the largest decrease in intake were those with a high proportion of self-employed persons: food services (62%), construction (65%), professional and technical services (67%), and commerce (78%). The least damage was registered in the hi-tech sector.<sup>5</sup>

## Employment

**The Chief Economist in the Ministry of Finance** estimated in May 2020 that 54% of the workers furloughed were employed in micro and small businesses. The percentage is higher in micro businesses, those with a turnover of less than NIS 5 million, where 27% of employees were furloughed. The proportion of employees furloughed in small businesses was 22% and in medium-sized businesses, 17%. It was also found that the proportion of employees furloughed decreased as the size of the business increased; thus the proportion of employees furloughed in big companies with a turnover of over NIS 100 million was 11%.

**The Israel Employment Service** estimated that over one-third of employees adversely affected by the three lockdowns in 2020 were sales and service persons, including assistant salespersons in shops, waiters and barpersons.

## Poverty

Data from the **National Insurance Institute** reveal that the situation of the general population worsened in 2020 in terms of standard of living. Among self-employed persons, the poverty rate rose to 14.5% in 2020, compared with 12.8 in 2019.

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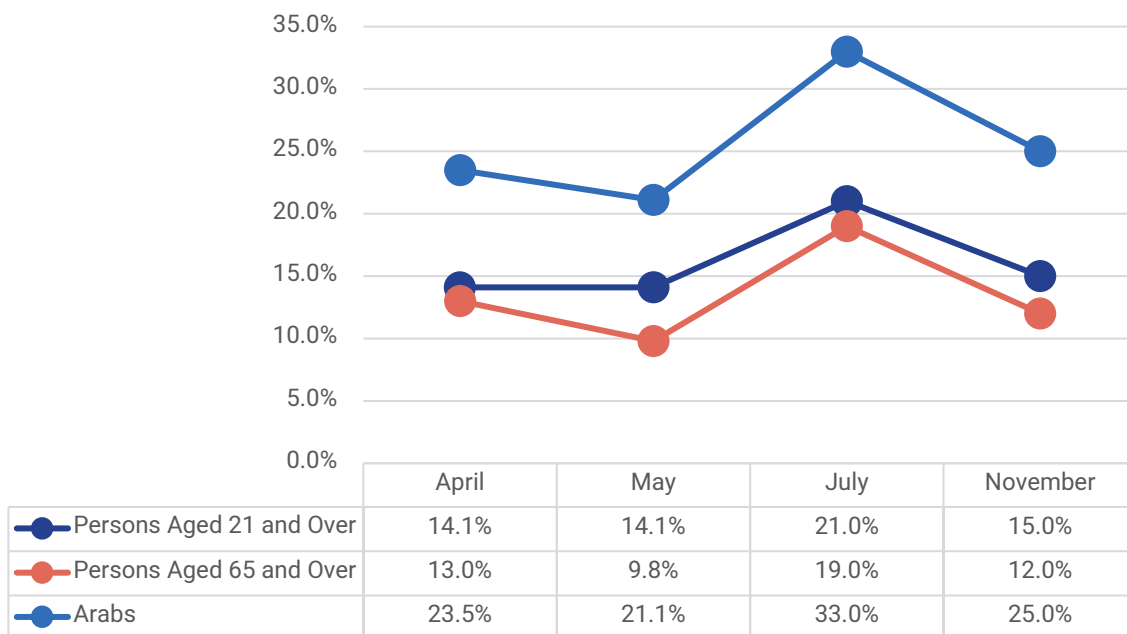
<sup>5</sup> A high proportion of self-employed persons are in the categories of professional, scientific and technical services (For example, lawyers, accountants, book-keepers and photographers – 18%); trade and food services (14%); construction (13%) and transportation (10%). Adva Center analysis of Central Bureau of Statistics. July 21, 2020. "Demographics of Businesses – Survival and Movements of "Businesses 2017-2019." Press Release. The industrial sector suffered less damage than the service sector. Central Bureau of Statistics. Roasch, D. Op. cit. (Hebrew)

## Food Insecurity

In the wake of the Corona epidemic, the Israel Bureau of Statistics conducted a quick survey whose purpose was to provide a picture of the situation and vital figures for decision makers regarding the resilience of Israeli citizens. The questions covered a large variety of subjects: general health, mental health, food consumption, assistance received, finances, confidence in the government and the local authority, and more. The data was collected beginning in April 2020 and included three additional rounds, in May, July and November, covering the population aged 21 and over.

The highest proportion of persons responding that they suffered from food insecurity was found among Arab citizens of Israel. In April 2020, 23.5% reported that they or members of their family had reduced their intake of food or the number of meals they ate during the previous week, in comparison with 14.1% among the general population. These proportions were similar in November 2020, when they were 25% among Arab citizens and 15% in the general population. It should be noted that in July 2020, with the tightening of the lockdown, 33% of Arab citizens reported food insecurity.

### The proportion of persons in the general population reporting food insecurity in April-November 2020



**Sources:** Israel Central Bureau of Statistics, "Civilian Resilience during the Corona Crisis, Among Persons Aged 21 and Older. Four Rounds: April, May, July, and November 2020" (Hebrew).



The surveys of the Israel Central Bureau of Statistics are conducted only among residents found in the Population Register, and thus they do not include asylum seekers. Asylum seekers are not eligible for either income guarantees or unemployment compensation; thus when many of them were laid off during the Corona lockdowns, they had no alternative source of income. A study published by the Ministry of Health and the Municipality of Tel Aviv-Jaffa among asylum seekers found that 32% reported experiencing moderate food insecurity and 54% serious food insecurity – that is, hunger .

# Corona: Epidemic of Inequality

Four of the five main factors affecting contagion from the Covid-19 virus are socio-economic and thus connected with inequality: the presence of background diseases, socio-economic status, living conditions, and the extent to which the social group believes in the government and its agencies. The fifth factor is age.

## Age

The World Health Organization states that the Corona virus is more dangerous for persons aged 60 and over. This is connected, among others, with the probability of such persons having developed a background disease.

The Central Bureau of Statistics published data on deaths in Israel from the Corona epidemic for the months of January through October 2020. These figures reveal surplus deaths of 17.3% among persons aged 70-79, in comparison with the same period in 2019. Among persons aged 80 and above, surplus deaths were found to be 11%, and among persons aged 60-69, 4%. In contrast, the death rate of persons up to the age of 19 and of those aged 20-59 during the same period was lower than the rate in 2019.

## Background Diseases

The main background diseases that increase the danger of death or serious illness from the Covid-19 virus are high blood pressure, heart and lung diseases, diabetes, obesity and cancer. Data published by the newspaper *Haaretz* reveal that up to December 15, 2020, most of the persons who died as a result of the virus were suffering from one or more of the following diseases: high blood pressure (34%), diabetes (25%) and heart diseases (21%). Moreover, there is an association between socio-economic status and state of health. In Israel as elsewhere, persons with low socio-economic status have higher rates of illness and death than persons with high socio-economic status.

Data published by the Israel Central Bureau of Statistics show that the higher the socio-economic status of the locality, the lower the proportion of persons suffering from diabetes. In 2017, the localities with the highest proportion of persons with diabetes were Arab localities, all of which belong to the three lowest socio-economic clusters of the Central Bureau of Statistics. Among them are Lakiya and Tel Sheva (cluster 1, the lowest), Jisar A-Zarqa and Umm el Fahm (cluster 2) and Kafar Qasem and Tayibe (cluster 3).

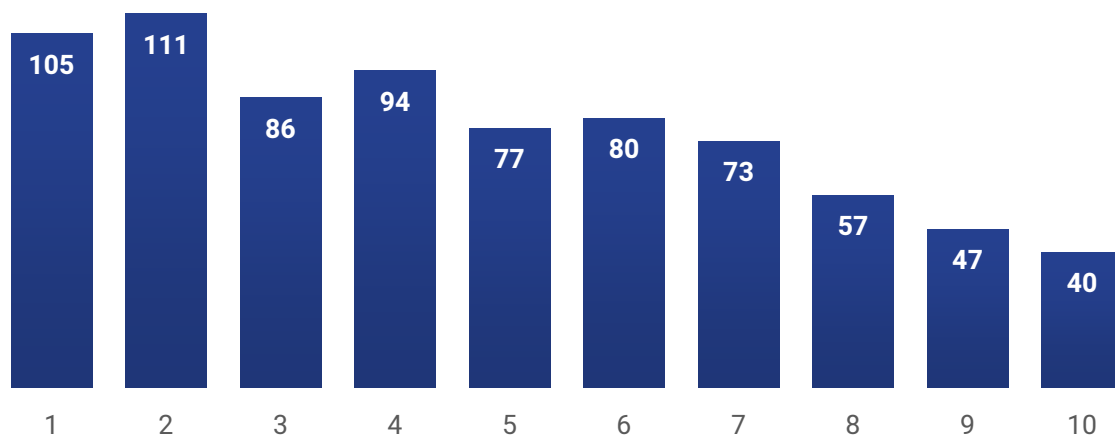
## Socio-Economic Status

The Ministry of Health published from time to time the number of persons ill with Corona by locality, thus making it possible to calculate rate of illness by socio-economic status. The

highest number of persons ill with Corona per 10,000 residents was found in localities in the lowest socio-economic clusters: 105 in cluster one and 111 in cluster 2, in contrast with 47 in cluster 9 and 40 in cluster 10. It should be noted that Bedouin towns in the Negev and Ultra-Orthodox settlements in the Occupied Territories were among the localities with the highest rate of contagion.

### Number of Persons Ill with Corona, by Socio-Economic Cluster, January 13, 2021

Per 10,000 persons, all ages

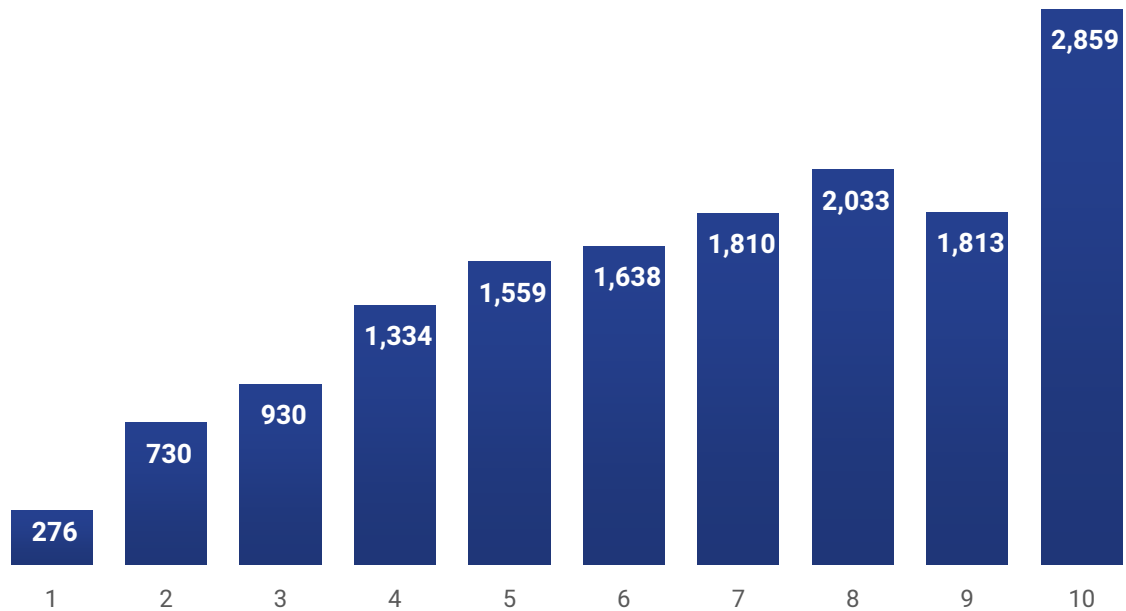


**Source:** Adva Center analysis of Ministry of Health – Daily Picture, January 1, 2021.

A similar trend was found by the Taskforce of Experts on the Corona Crisis, which saw a significant association between the socio-economic cluster of the locality and the amount of contagion within it.

In contrast, the opposite trend was found when examining the number of persons aged 60 and over vaccinated (the first age group to be vaccinated), by the socio-economic cluster of their locality of residence. The highest vaccination rate was found in secular Jewish localities in the four highest socio-economic clusters.

## Number of Persons Vaccinated Aged 60 and over per 10,000 Persons, by Socio-Economic Cluster, January 13, 2021

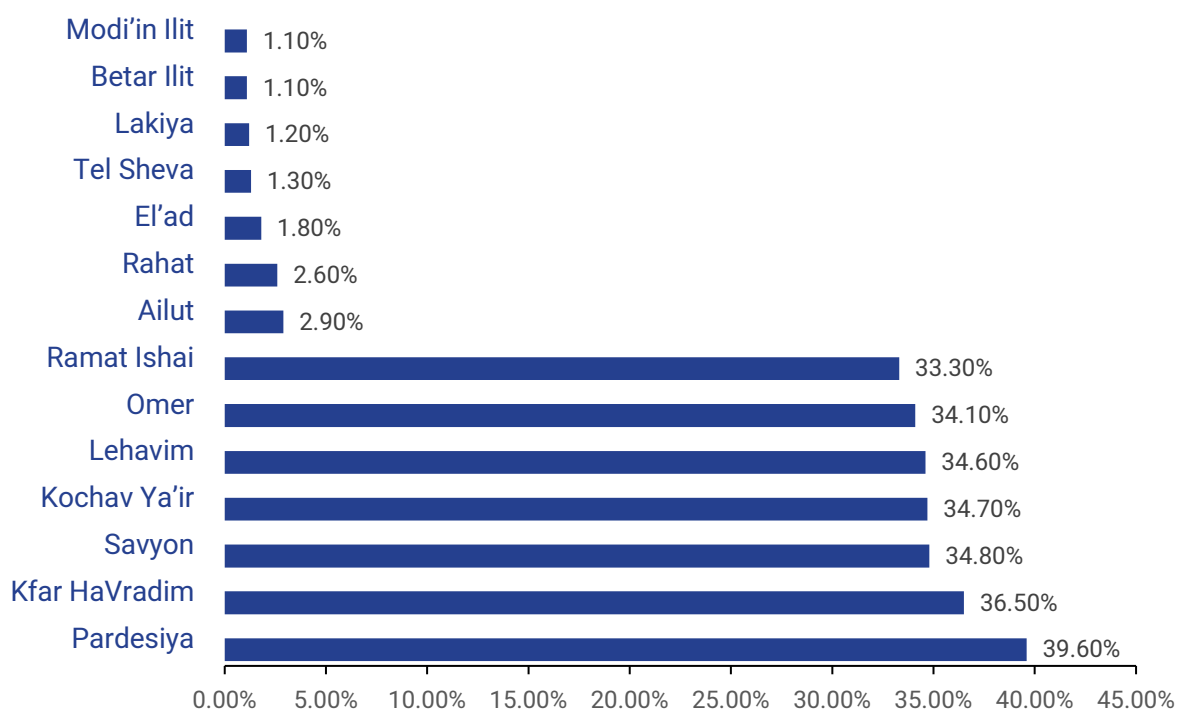


**Source:** Adva analysis of Ministry of Health – Daily Picture, January 13, 2021.

The Taskforce of Experts on the Corona Crisis found the same trend when they looked at the population as a whole: a positive and consistent correlation between the socio-economic cluster of the locality and the proportion of vaccinated residents. In localities in the lowest clusters, the percentage of vaccinated persons was low; the percentage rose with the rise in socio-economic status.

## Percentage of Vaccinated Persons Aged 60 and Over, January 13, 2021

## Localities with the highest percentage of vaccinated persons and localities with the lowest percentage of vaccinated persons



### Notes:

- (1) In some cases, there were fewer than 15 vaccinated persons for various age groups. In such cases, the number used was 15.
- (2) The localities with fewer than 1% vaccinated were not included in the graph. These localities include the Negev Bedouin towns of Hura, Kuseife, Arara in the Negev and Segev Shalom.

### Sources:

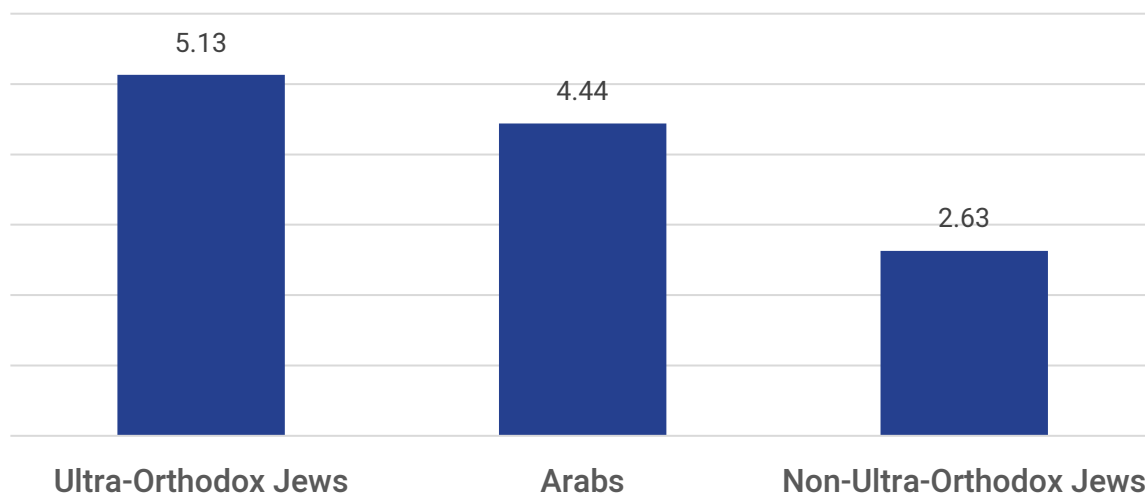
- (1) Vaccination data: Ministry of Health – Daily Picture, January 13, 2021;
- (2) Population of Locality by Age: Israel Central Bureau of Statistics (2019). File of Local Authorities in Israel – 2018 (population data for the end of 2018).

## Living Conditions

The coronavirus is a respiratory-borne infection; thus, the danger of contagion differs in accordance with living conditions, first and foremost among them housing density: the higher the density, the greater the chances of contagion. Families with low income live in

more crowded homes and therefore the chances of their family members catching the virus are higher. In 2017, the highest housing density (number of persons per room) was for Ultra-Orthodox Jews (average of 1.42 persons per room) and for Arab citizens (1.38 persons per room). The lowest density was for non-Ultra-Orthodox Jews (0.78 persons per room). Housing density is also connected with the size of the household. In 2019, the largest households were those of Ultra-Orthodox Jews (5.13 persons per household) and Arabs (4.44 persons per household), compared with secular Jews (2.63 persons per household).

### Average Number of Persons in Household by Ethnicity and Religiosity



**Note:** According to self-reporting of the household head.

**Source:** Israel Central Bureau of Statistics (March 7, 2021). *Households – Economic Characteristics and Housing Density, According to Manpower Survey 2019*.

## Distrust of the Government

An additional reason for the differences in the incidence of sickness from the coronavirus is the low degree of trust that certain social groups evinced towards the explanations and instructions of state agencies in connection with the dangers of the Corona epidemic. This is relevant for two social groups: Ultra-Orthodox Jews and Arab citizens of Israel. Their low level of trust is the product of, among others, historic alienation that members of the two groups feel towards the state.

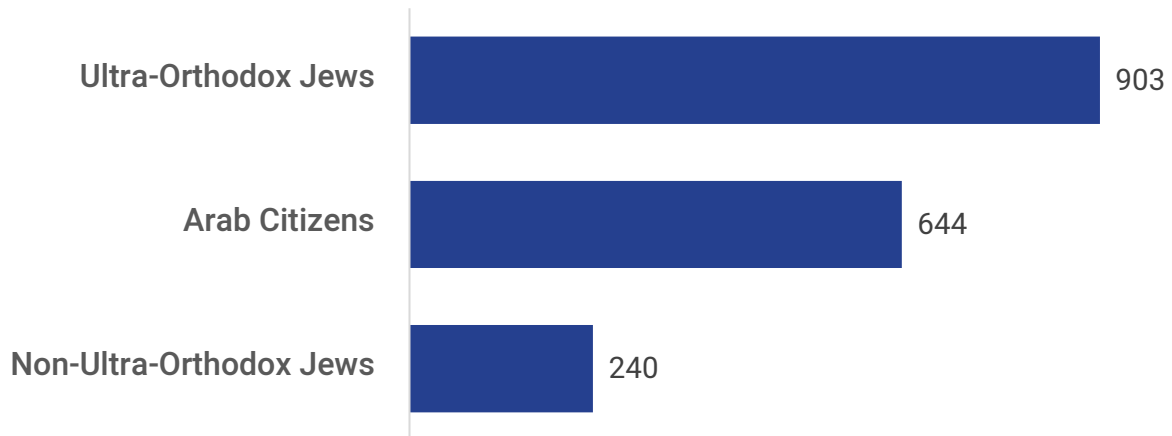
In light of this alienation, when it comes to warning members of these two groups about the dangers of contagion or to recommending vaccination, it is incumbent upon the government to take this alienation into account and to find appropriate ways of neutralizing it. Unfortunately, this was not done.

In the end, the lack of trust led to behavior in opposition to official policy and to high percentages of contagion, illness and death.

## The Result: High Death Rates among Arabs and Ultra-Orthodox Jews

The accumulation of factors contributing to the "selectiveness" of the coronavirus were reflected in death rates. The following figures, of death rates of persons over the age of 60, were calculated by Eldad Sitbon on the basis of data collected by the Civilian Defense and published in the newspaper *Haaretz*.

### Death Rate per 100,000 Persons over the Age of 60, up to January 25, 2021.



**Source:** Sitbon, Elad. January 27, 2021. "The Lockdown is not Routing the British Variant and the Incidence of Illness is Raging." *Haaretz*.

The coronavirus threatens all social groups, but especially those whose living conditions make it difficult to prevent contagion. These living conditions are characteristic of low-income groups, whose members reside in high-density housing. In Israel such conditions are especially prevalent among Ultra-Orthodox Jews and Arab citizens. Similarly, the coronavirus has a higher impact on social groups that lack trust in the government and its agencies

## Mental Health

The public health system was the first line of defense against the Corona epidemic. However, while most attention was focused on prevention, on the Corona departments set up in hospitals to contend with the epidemic, and on vaccinations, one aspect of the epidemic remained at the margins of public attention: its impact on mental health.

The phenomena that are on an upward trend – depression, tension and anxiety, the increased use of medications (tranquillizers, anti-depressants and sleeping pills), and the recourse to drugs and alcohol, are expected to increase further still. Up to the time of writing, Israel allocated the negligible sum of NIS 10 million to the mental health needs caused by the epidemic. The lack of attention to the issue of mental health, when added to the inadequate mental health services in Israel prior to the epidemic, are expected to have an especially negative affect on low-income persons who lack the resources to pay out of pocket for treatment and medications.

As mentioned above, public mental health services were inadequate even before the Corona epidemic. Thus, for example, understaffing of mental health professionals at all endpoints led to long waiting times for treatment. To cope with this situation, a large proportion of persons requesting mental health services were referred by HMOs to external (private) professionals, with whom they have service contracts that involve direct out of pocket payments. Now, with the epidemic on the wane in Israel, that same under-funded and understaffed system needs to cope with a sharp increase in mental health needs caused by the epidemic.

The main persons suffering from this state of affairs are those with low incomes. Studies have shown that persons living in poverty are more in need of mental health services than persons with higher incomes.<sup>6</sup> One can describe the situation as having a snowball effect: poverty leads to mental distress, which leads to additional poverty. The Corona epidemic, and the unemployment in its wake, had significant adverse effects on persons living in poverty or near poverty, effects that are likely to harm their mental health, and they are now being joined by "the new poor" created by the epidemic.

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<sup>6</sup> See, for example, Siegel, A.W. 2008. "Inequality, privacy and mental health." *International Journal of Law and Psychiatry*. 31. 150-157; Lund, C. et al. 2010, "Poverty and common mental disorders in low and middle income countries. A systematic review." *Social Science & Medicine*. 71 (3). 517-528.

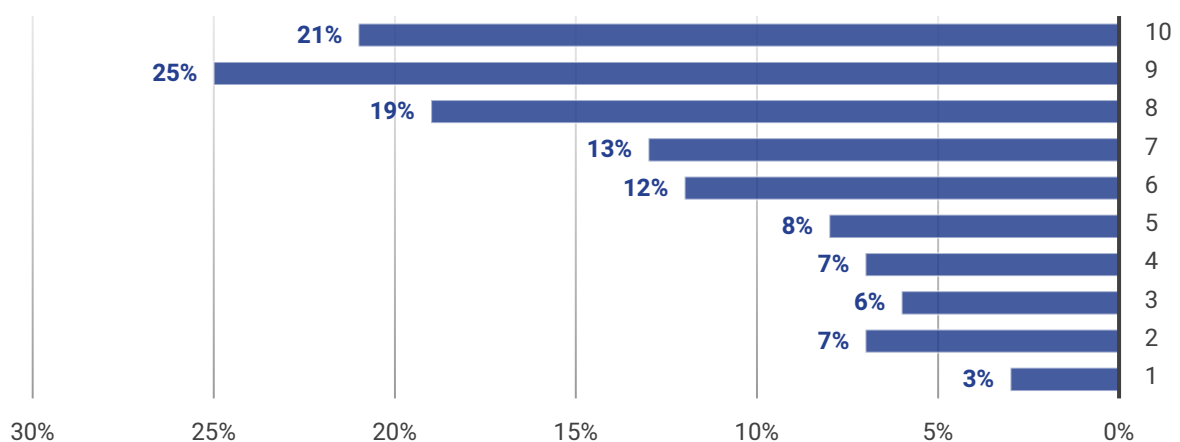


## The 2015 Reform and its Outcome: HMOs are not Fulfilling the Goals Set for Them

In 2015, responsibility for mental health care was transferred from the Ministry of Health to the HMOs, accompanied by a budget of millions of shekels and a commitment on the part of the HMOs to adhere to certain benchmarks. However, a report published on the eve of the outbreak of the Corona epidemic by the State Comptroller found that while the budget allotted for mental health services was based on the assumption that 4% of insured adults and 2% of insured minors would be receiving mental health services, only 3.1% of adults and 1.6% of minors in the two largest HMOs actually received such services (2017). The rates were especially low among Arab citizens and Ultra-Orthodox Jews. One of the obstacles to accessibility to mental health services for Arab citizens, Ultra-Orthodox Jews and residents of Israel's geographic periphery, according to the Comptroller, is the unequal distribution of mental health clinics: "Thus, for example, in the towns of Yeruham, Netivot and Mitzpeh Ramon there are no psychotherapy services, and patients need to travel dozens of kilometers, often accompanied by family members, to receive treatment in another locality. In contrast, most of the localities in Gush Dan [central area of the country] benefit from many clinics."

Another assumption of the reform was that 1.5% of the budget for mental health services would come from user fees. In fact, user fees covered 5% in one HMO and 6% in another. It turned out that the HMOs referred a high percentage of patients to external professionals, whose user charges are higher than those of professionals working directly for the HMOs. Not surprisingly, 65% of patients referred to external professionals came from localities in socio-economic clusters 8-10 (the most affluent).

### Percentage of Patients Referred to External Professionals, among Total Patients in the Locality, by Socio-Economic Cluster, 2018



Source: State Comptroller, *Annual Report 2020*.

## Long Queues in the Public Health System

The transfer agreement did not include benchmarks vis-a-vis waiting times for initial diagnosis (intake) and for the beginning of treatment. In 2018, the waiting time was on average 150 days, and in certain cases as long as a whole year. This is a matter of concern, as studies have clearly shown a reverse association between the length of the waiting time for mental health treatment and the effectivity of the treatment. Ultimately, early treatment is less costly than late treatment, not only for patients but also for the public health system.

One of the factors causing a long waiting time is the shortage of psychiatrists and psychotherapists employed in the public health services. The shortage – especially of child psychiatrists – is so serious that there are 80 unfilled positions. The situation is particularly onerous in Arab localities, due to the absence of mental health clinics and the dearth of Arabic-speaking psychiatrists.

While when it comes to psychiatrists, the problem consists of a shortage of personnel in both public and private mental health services, when it comes to psychotherapists (clinical psychologists and clinical social workers), the situation differs. While the positions in public clinics are filled, the needs are far greater than the number of hours of treatment offered by experts in the public mental health services. In response to the recommendation of the State Comptroller that standards be set for waiting times for mental health treatment, the Budgets Department at the Ministry of Finance cited the reservation in the National Health Insurance Law that states that waiting times needed to be reasonable, *taking into account the finances of the HMOs* [emphasis of authors]. In other words, the Ministry of Finance refuses to increase the budget needed to add positions to the public mental health services.

## Increase in Mental Distress in the Wake of the Corona Crisis

Data from Israel (and from other countries as well<sup>7</sup>) demonstrate clearly that the Corona epidemic (including the lockdowns, social distancing, and the economic difficulties of many citizens) has already led to a deterioration in the mental health of a considerable proportion of residents of Israel. Surveys of "Civilian Resilience" conducted by the Israel Central Bureau of Statistics since April 2020 reveal high percentages of persons reporting depression, loneliness, tension and anxiety. Women and Arabs reported more distress, as well as persons aged 65 and over, in connection with certain parameters (like feelings of loneliness and depression). The expectation on the part of mental health professionals is that the trend of

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<sup>7</sup> US: American Psychiatric Association. 2020. "New Poll: COVID-19 Impacting Mental Well-Being"; China: Wang, C. et al. 2020. "Immediate psychological responses and associated factors during the initial stage of the 2019 coronavirus disease (COVID-19) epidemic among the general population in China." *International Journal of Environmental Research and Public Health*. 17(5). Pii E1729; Denmark: Sonderskov, KM et al. 2020. "The depressive state of Denmark during the COVID-19 pandemic." *Acta Neuropsychiatry*. 32 (4). 226-228; WHO (World Health Organization). October 2020. *COVID-19 disrupting mental health services in most countries. WHO survey*.

increase in mental health problems will continue in the future, even after vaccinations or medications overcome the illness. What we are talking about is "an epidemic after the epidemic."

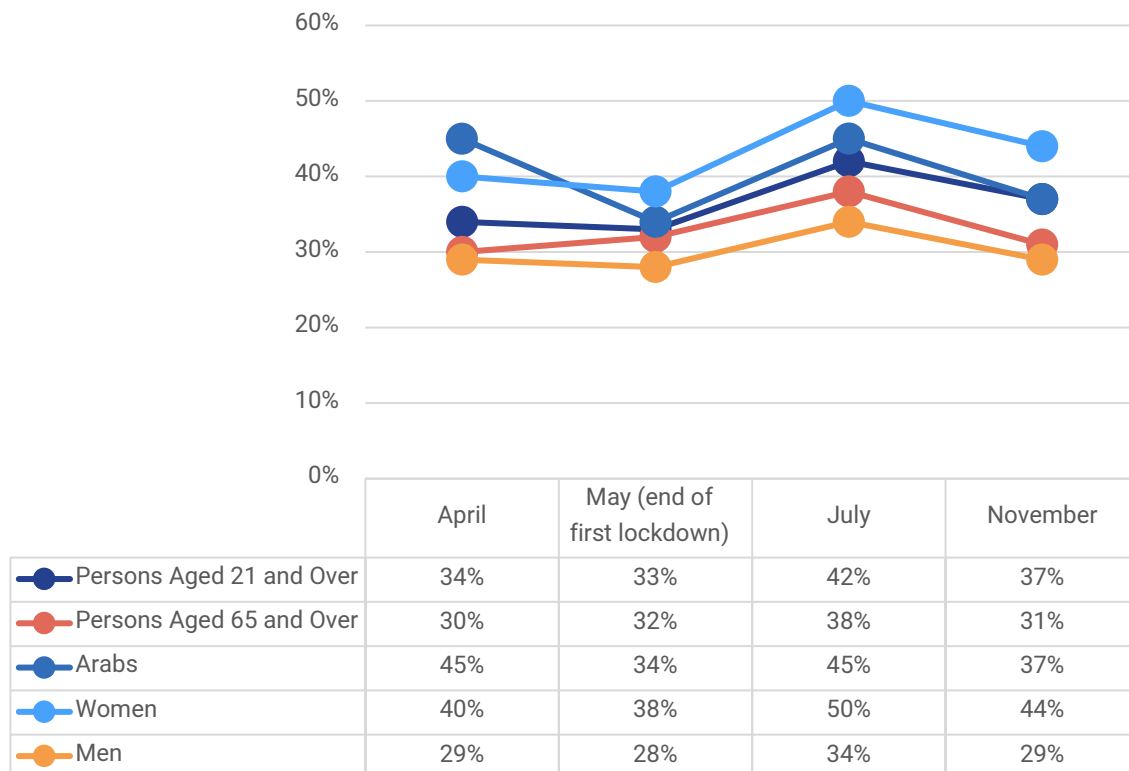
## Tension and Anxiety

During the first lockdown (March 2020), about one-third (34%) of respondents (aged 21 and over) reported suffering from tension and anxiety. This proportion continued to increase when the lockdown ended and was 42% in July 2020. In November, the proportion decreased but was still high – at 37%.

Women and Arab citizens reported the most tension and anxiety. Women suffered more than men at all points of the survey. In November 2020, 44% of women and 37% of Arab citizens reported feelings of tension and anxiety, compared with 29% of men.

Thirty percent of persons aged 65 and over reported tension and anxiety at all points of the survey, except July 2020, when 38% reported such feelings. The percentage of persons aged 65 and over reporting tension and anxiety was lower than that of other social groups, perhaps due to the fact that tension and anxiety are more characteristic of persons of working age, whose employment outlooks may be unclear.

### Percentage of Persons Reporting Tension and Anxiety by Ethnic Group, Age, and Gender, April-November 2020



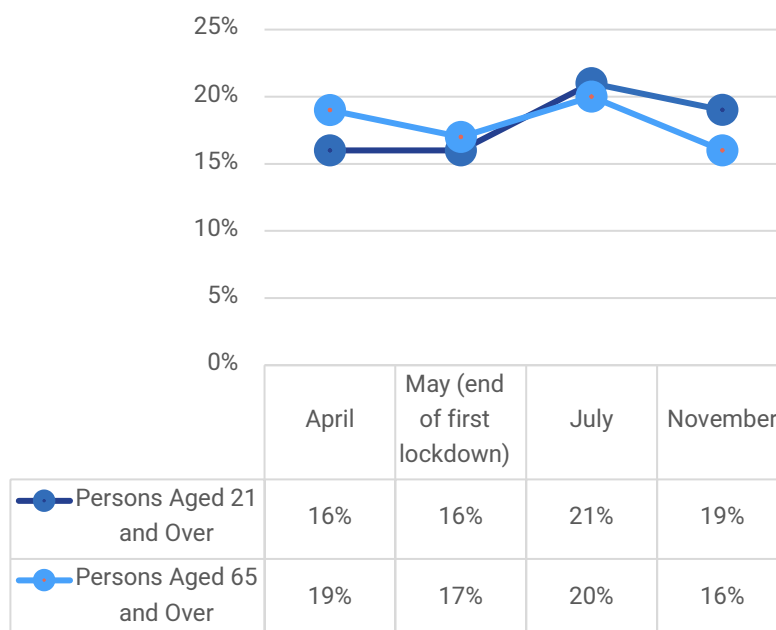
## Loneliness and Depression

The elderly population was the most vulnerable to the Covid-19 virus and thus had to cope throughout 2020 with severe limitations, including social distancing from family and friends.

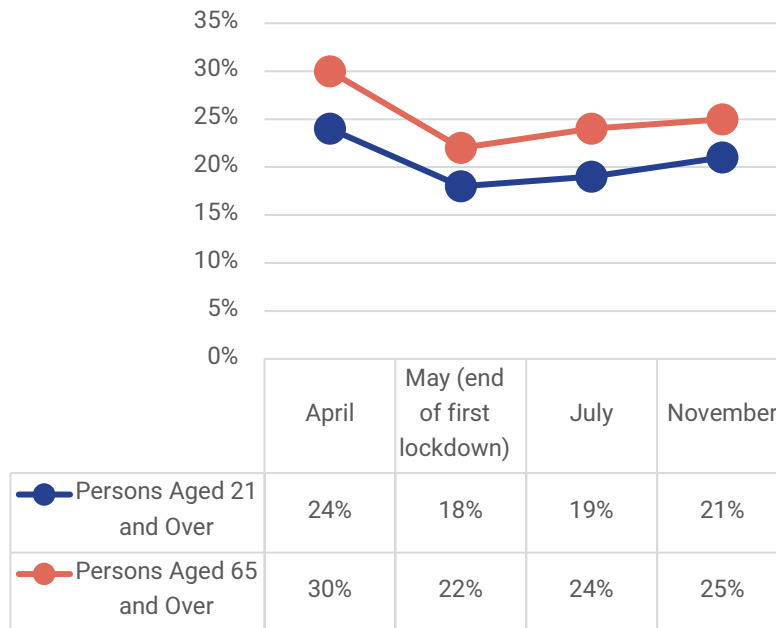
The figures on loneliness and depression, as measured by the Civilian Resilience Survey of the Israel Central Bureau of Statistics, reveal the implications of the limitations imposed on mental health. Persons aged 65 and over in Israel suffered more from loneliness and depression than other sectors of the population: In April 2020, 30% reported feelings of loneliness and 19% reported depression, compared with the general population of 21 and over, in which 24% reported loneliness and 16% depression. In November 2020, there was a slight decrease in the percentage of persons aged 65 and over reporting loneliness (25%) and depression (16%), compared with 19% and 16%, respectively, in the general adult population.

### Percentage of Persons Reporting Feelings of Depression And Loneliness by Age, April-November 2020

#### Depression



## Loneliness



**Source:** Israel Central Bureau of Statistics, *Four Rounds of Civilian Resilience*.

## Government Response

The response of the Israeli government to the increase in mental illness has been negligible and in certain cases – regressive. Against the background of the unsatisfactory condition of public mental health services already outlined, the almost complete absence of organizing for the future is disturbing. As mentioned above, those most affected are low-income persons in need of mental health services.

The regression was reflected in the fact that at the beginning of the epidemic, social workers and educational psychologists were furloughed rather than defined as essential workers. The local authorities took the initiative quite early and reinstated social workers, while it took longer to reinstate educational psychologists, only 69% of whose budgeted positions were filled. Thus, it happened that despite data on the phenomenon of increasing mental distress among young people during the time that schools were closed, not a few local authorities continued to receive budgets for educational psychologists while these employees were out on furlough.

Just about the only thing that the government did to reinforce mental health services was to transfer a budget of NIS 10 million to finance a project under which, beginning in July 2020, the HMOs were to offer each member up to three treatment sessions either by telephone or in person, without the need for referral by a general practitioner and without user fees. The project is supposed to continue through July 2021 or until the allocation is used up, whichever happens first. In Australia, in comparison, the government financed 10

psychotherapeutic sessions a year for each insured person (beyond the usual number of treatments), until June 30, 2022.

A more significant step taken of late is the publication of the draft of a Ministry of Health circular on the subject of "the maximum waiting time for intake and for the beginning of psychotherapeutic treatment in the community." The draft states that the HMOs are obliged to do intake within 14 days of the request for treatment, and to provide treatment for just a quarterly user's fee, within six weeks at most. This is a significant improvement in waiting times. However, the circular – which has not yet taken effect – does not explain what is to be done in order to shorten waiting times, or what sanctions are to be applied against HMOs that do not act in accordance with the new rules, or what incentives are to be apportioned to those that do. One should remember the reservation of the Budget Department of the Ministry of Finance to the State Comptroller, cited above, regarding budget restraints. Thus, what we have just described may be no more than a declarative statement.

## Housing

Even before the outbreak of the Corona epidemic, the burden of housing expenditures<sup>8</sup> for Israeli families was too heavy.

In many countries, including Israel, the prevailing assumption is that for a household to maintain a reasonable standard of living, to have enough for education, health and leisure time expenses, it should not spend more than 30% of its dispensable income on housing. In fact, many households in Israel spent much more. In 2018, 29.5% of Israeli households spent on housing 30% or more of their total disposable income.

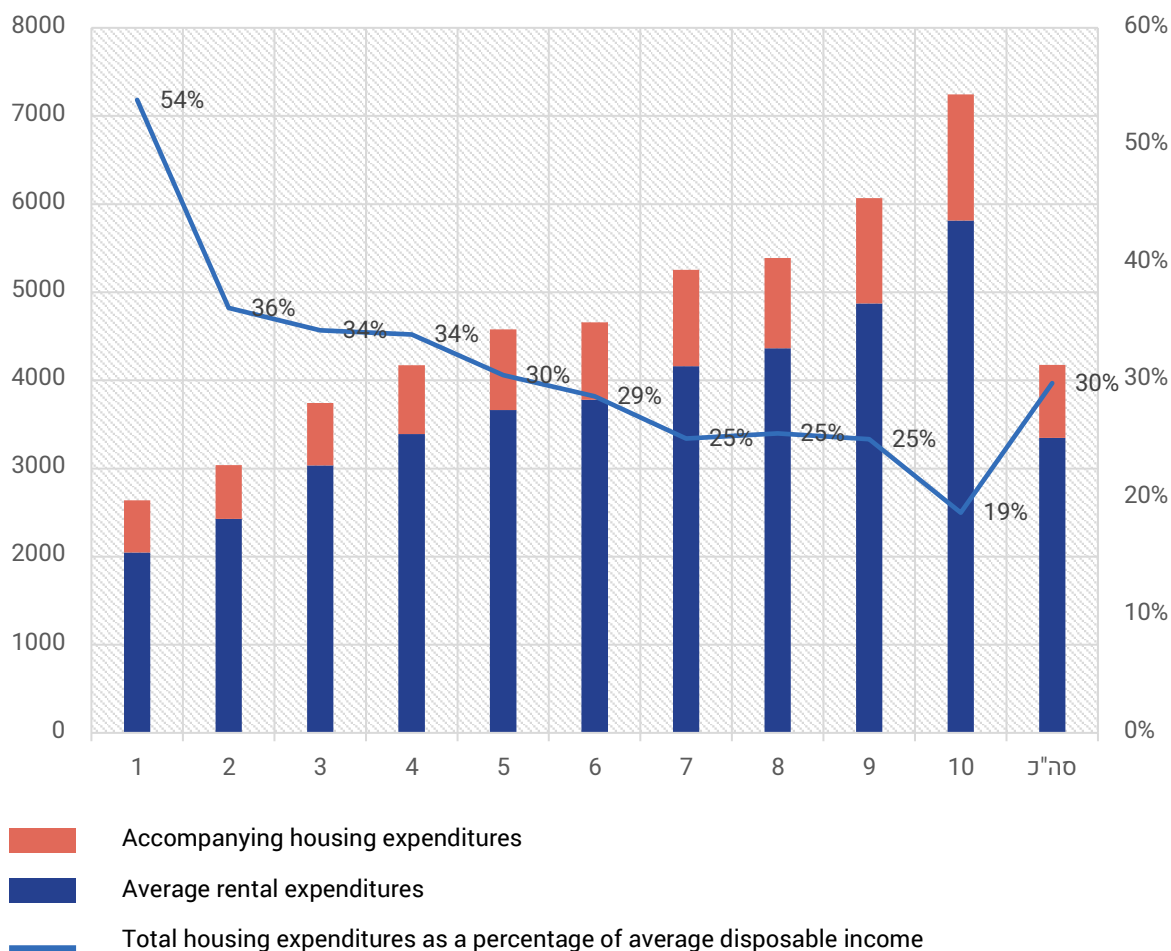
The burden of housing expenses is greater for low-income households, and greater still for households paying rent instead of living in their own homes and paying off mortgages. In 2018, the average expenditure on housing of persons renting was 30% of disposable income, compared with households living in their own homes and paying off mortgages, which was 23%. Renting households in the bottom income decile expended 54% of their disposable income on housing. Households in the second to the bottom income decile expended 36%, and those in the third and fourth income deciles – 34%, an expenditure higher than the accepted threshold. In the bottom and second from the bottom income deciles, households living in their own homes and paying off mortgages also expended more than the accepted norm -- 34% and 31% respectively.

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<sup>8</sup> Expenditures on housing include rent or mortgage payments and accompanying expenditures: water, electricity, gas, local taxes, home maintenance and improvement, insurance, real estate agent fees, legal fees and assessment fees.

## Average Monthly Rent and Accompanying Expenditures for Housing, out of Average Disposable Monthly Income for Households, 2018

In NIS, for renting households, by income decile

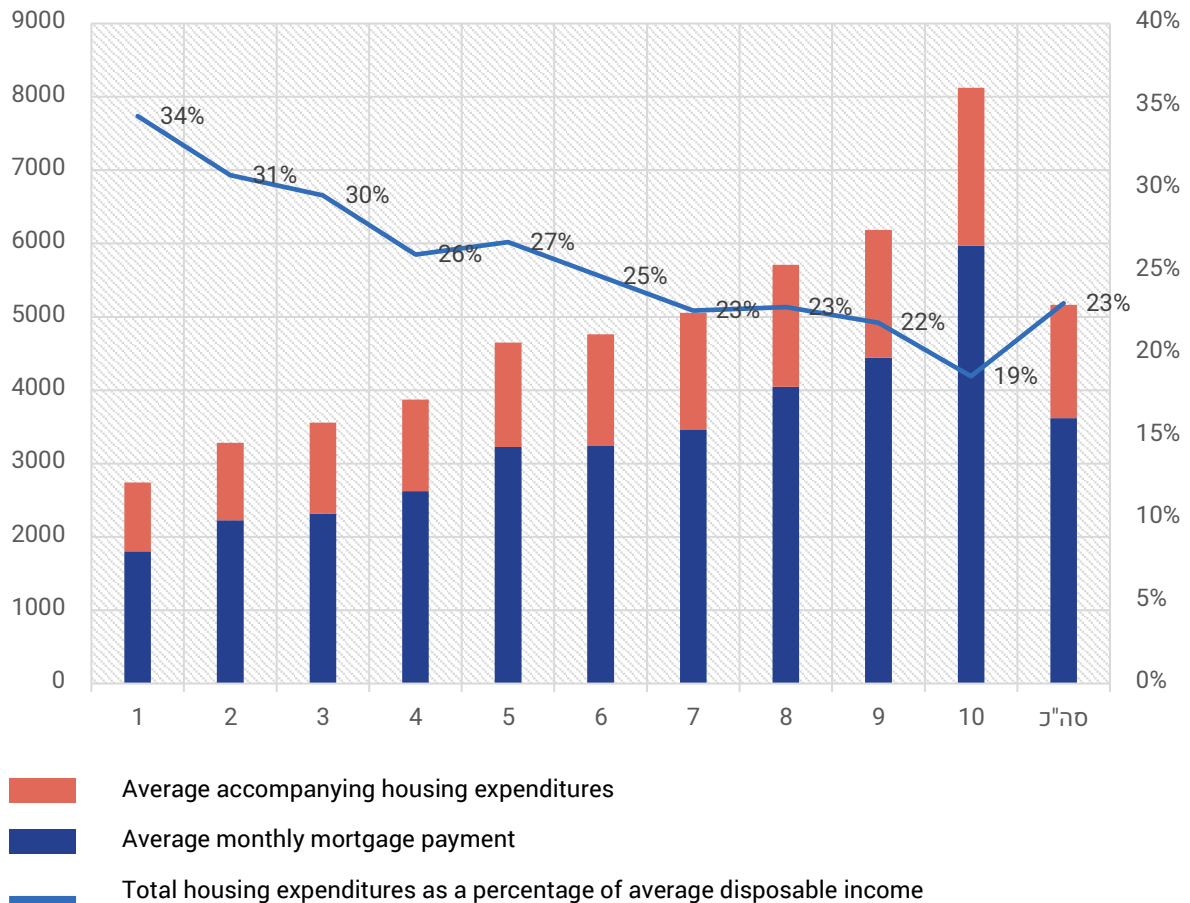


**Note:** Accompanying expenses include water, electricity, gas, local taxes, home maintenance and improvement and expenditures on insurance, real estate agents, lawyers and assessment.

**Source:** Adva Center analysis of Israel Central Bureau of Statistics, Income and Expenditures of Households file, 2018.

## Monthly Mortgage Payments and Accompanying Payments for Housing and Their Percentage of Household Disposable Income, 2018

In NIS, for households living in their own homes and paying off mortgages, by decile of disposable income, 2018



**Source:** Adva Center analysis of Israel Central Bureau of Statistics, Income and Expenditures of Households file, 2018.

The Corona crisis, which had an adverse effect on the income of many households, exacerbated the situation.



## The Corona Crisis and Households Living in Their Own Homes

Figures published by the Department of the Chief Economist of the Ministry of Finance reveal that in some 25% of households that purchased a home in the five years prior to the Corona crisis, one of the spouses was furloughed or laid off during the first wave of the crisis, in April-May 2020. Upon examination, it was found that the income of such households, 57,000 in number, decreased by 19.6% on average. This fact indicates that those households might have had trouble making their mortgage payments.

However, it appears that the Ministry of Finance and the Bank of Israel were more concerned about the anticipated macro-economic implications of mortgage holders not meeting their payments than about the situation of households. The abovementioned survey of the Department of the Chief Economist stated, "It is clear that knowing the ability of households to meet their mortgage payments holds decisive importance from a macro-economic standpoint, for the phenomenon of widespread default is liable to lead to a sharp lowering of prices and to recession." The Bank of Israel, in its report on financial stability for July 2020, stated, "The harm to the earning power of so many households is liable to endanger their resilience and challenge the financial system. The main financial danger is in housing credit, due to its volume. The decrease in the income of households is expected to increase the percentage of household income that the payments constitute and to make it difficult for some of the mortgage holders to service the debt."

The banks themselves, which foresaw the danger that the crisis augured, began to enable mortgage holders to defer payments. In the beginning of May 2020, the Supervisor of Banks announced the development of a single arrangement for all banks regarding the deferment of payments for loans in general and mortgages in particular. According to this arrangement, every mortgage holder who was not behind in payments, could receive a deferment, and the sum deferred was to be divided over the period remaining to service the debt. At the same time, according to the same arrangement, the deferred payments carried the same interest rate; thus, the deferment became in effect a new loan. This arrangement was extended to the end of 2020.

At the end of November 2020, the Bank of Israel published figures on the extent of deferments from the beginning of March until the middle of November. It found that some 185,000 mortgage loans had been deferred, in an amount totaling NIS 3.3 billion. The total amount of credit whose payments were deferred amounted to NIS 107 billion, which was about 25% of the total mortgages given out by the banks. In the Bank of Israel financial resilience report from December 2020, it was stated, "The possibility the banks had of deferring loan payments for the private sector and households in a simple and speedy manner prevented the loaners from having to seek debt default procedures, against the background of the high unemployment rate and the cessation of business activity in many sectors, especially during lockdowns . . . the official deferment arrangement prevented many

loan takers from lagging behind in payments, and the banks – from categorizing the loans as problematic or in arrears.”

According to a new arrangement published at the end of November 2020, beginning from the end of March 2021, the banks would be able to defer payments only for focal populations, defined as target groups which were sorely affected by the crisis.

Indeed, at the beginning of 2021, many households resumed meeting mortgage payments. According to Bank of Israel figures, the amount of mortgages deferred decreased in January 2021 to the amount of NIS 32 billion, or about 8% of the total amount of bank mortgages (compared with 25% during the peak of the crisis).

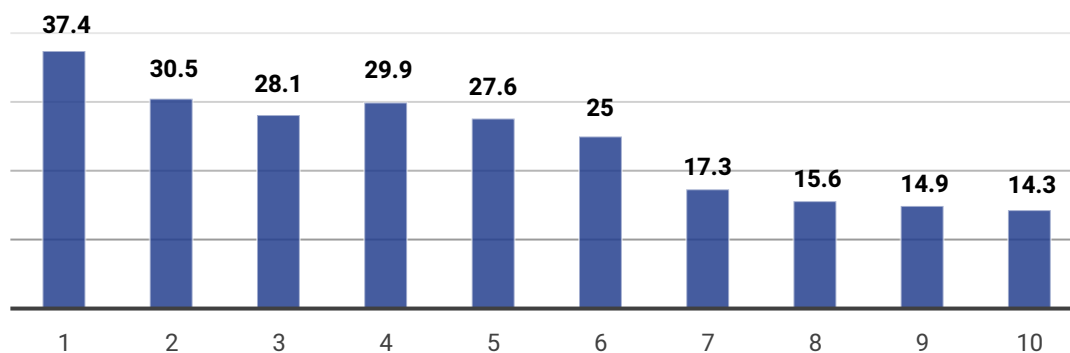
## The Corona Crisis and Households Renting on the Private Market

In 2018, 24% of Israeli households rented their housing on the private market. Unlike home purchasers with mortgages, who were given the option of deferring mortgage payments, renters did not receive any options to assist them.

Rented housing is more common among households in the lower and middle income deciles. In 2018, 37.4% of households in the bottom income decile lived in rented housing, 30.5% of households in the second income decile, 28.1% in the third income decile, 29.9% in the fourth, 27.6% in the fifth and 25% in the sixth. Among households in the higher income deciles, the percentage of renters was lower: 17.3% in the seventh income decile, 15.6% in the eighth, 14.9% in the ninth, and 14.3% in the top income decile.

## Households Renting Their Housing on the Private Market

Percentage among each income decile



**Source:** Adva Center analysis of Israel Central Bureau of Statistics, Income and Expenditures of Households file, 2018.

A survey conducted by the Ministry of Justice during the month of August 2020 among 1,082 renters found that 66% of respondents reported that their income was adversely affected by the Corona epidemic. Only 31% reported asking landlords for a discount because of the Corona crisis, and only 7% reported that the landlord actually agreed to give them a discount.<sup>9</sup>

The deputy attorney general made the following statement regarding the survey results: "We thought we might find mass evictions, but that did not occur. Only a small percentage of renters asked to shorten their rental period, and only 31% asked for a discount. Therefore, we decided that intervention in rental contracts . . . would be unwarranted."<sup>10</sup>

Indeed, the survey revealed that only a negligible minority of landlords reported going to court due to non-payment of rent. Still, 7% of renters reported leaving the apartments they were renting for a less expensive one or finding another solution (like going back to live with their parents). Others reported that they continued to pay the rent with the help of family members.

In the almost complete absence of investment in the construction of new apartments in public housing, the main budget item that assists low-income families is rent subsidies. This assistance is given to households renting on the private market in accordance with defined criteria, the main one being recipients of income transfers from the government, like income maintenance payments or disability pensions.

The damage to the income of households living in rented abodes led to an increase in the number of persons requesting and receiving rent subsidies, as well as to an increase in the number of persons eligible for public housing. Figures from the Ministry of Construction and Housing published in the newspaper *Yediot Aharonot* revealed that in January 2021, there were 178,000 families eligible for rent subsidies, compared with 172,000 in January 2020. The number of families eligible for public housing, whose criteria are strict to the extreme, was 4,208 in January 2021, compared with 3,722 in January 2020.

## The Corona Crisis and Real Estate Investors

An apartment is not only a roof over one's head – it can also serve as a financial asset. In 2018, 10.1% of Israeli households owned two or more apartments, where in most cases the additional apartments produced income from rent or from increases in the value of the property. "Financial apartments" belong mainly to affluent households. In 2018, 35.2% of households in the top income decile owned two or more apartments, compared with 14% in the eighth income decile, 5.3% in the fifth income decile, and 2.7% in the second and third income deciles.<sup>11</sup>

<sup>9</sup> The data in this paragraph are based on an Adva Center analysis of the survey data.

<sup>10</sup> The data in this paragraph are based on data from the survey of the Ministry of Justice. 2020

<sup>11</sup> For more complete figures, see Adva Center. 2020. *Israel: A Social Report 2020*. Tel Aviv.

In July 2020, the government decreased the purchase tax on apartments for real estate investors by 2-3 percentage points, thus obviating the increase of 2015, made to discourage investors. The purpose of the decrease was to incentivize investors to purchase apartments, so as to reactivate the real estate activity that had decreased during the Corona crisis.

This step led to a new wave of real estate dealings. In January 2021, investment apartments constituted 21% of all purchases, an increase of 7 percentage points in comparison with January 2020 – and the highest percentage since March 2016. The purchase of apartments as investments led to a general increase in real estate activity.

The bottom line: while the economic crisis caused by the Corona epidemic spelled distress for renters and mortgage holders, real estate investors, mainly from high-income households, reaped benefits from government assistance in the area of housing.

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As most of the footnotes are sources in Hebrew, rather than including footnotes in the text proper, we list below the sources of the report in the order of their appearance and refer the reader who can access Hebrew sources to [the original report, in Hebrew](#).

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