

# Still 'Third World' After All These Years

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Many years ago, when I first came to Israel, along with my aliya booklet I received important advice from the old-timers. I learned to buy fruits and vegetables in season (and to wait for oranges until after the first, post-Succot rains), and to stay away from movie theaters, which were used primarily to roll bottles down ramps and spill sunflower seeds on the floor.

They also warned me to avoid contact with government bureaucracies - particularly the income tax department. Victims of that maze who were forced to prove that they were not secret millionaires told horror stories of interrogation, depravation and torture. Due process of law was unknown, procedures were arbitrary and capricious; in this respect Israel was a banana republic.

To stay sane and concentrate one's energies on the Zionist enterprise it was better to take a mundane salaried job, safe in the knowledge that the government had taken its share directly.

In time, some aspects of Israeli society have become tolerable, such as the behavior of movie-goers. And the bureaucracy has become more efficient - instead of hours waiting at the Interior Ministry to see a clerk, Israelis can get their passports renewed by mail. It is also no longer necessary for military reservists to get a stamp from the local commander before every trip abroad. In these respects, life has become easier.

IN THIS spirit, with the optimistic goal of expanding my professional activities, I started moving out from the protection provided by a safe salary. With more than one source of income, in order to get back the excess tax payments and deductions from business expenses and charitable contributions, it is necessary to file an annual report.

I checked carefully, or so I thought, with other academics and writers who had opened a file with the tax authorities, and was reassured. Along with the hi-tech industry, Israel's governmental bureaucracy was moving toward the modern era. Accountants now provide professional services and work with the tax authorities to prevent arbitrary harassment and persecution.

This turned out to be a huge mistake - hi-tech and computers have only exacerbated the problem. It did not take the bureaucracy very long to enter a mistaken form into my file claiming that we owed them a major sum, followed quickly by the dispatch of an enforcer warning that our car was about to be confiscated. We showed the enforcer a letter documenting the mistake and showing that the taxes had, in fact, been paid, but his job was not to correct mistakes.

Then my accountant took this letter to the tax offices, the bureaucrats blamed the computers, but nothing changed. A few days later, an order was sent to put a lien on our bank accounts, which would have meant that payments for food, school, phone, water, and everything else would not have been paid. The consequences were obvious.

At the last minute, the mistake was recognized, and the threats were suspended for a few weeks while the tax authorities review the rest of our file, leaving the Israeli Damocles' sword hanging over our heads. Throughout the ordeal, we did not receive a single letter or communication - the threat of confiscation had come without warning or any effort to resolve the problem without the use of force.

And I wasted dozens of otherwise productive hours digging through boxes of papers and trying to contact someone who could have resolved this obvious mistake.

AS THE PLOT thickened, I learned that there are still a large number of self-employed Israelis - particularly carpenters, plumbers, electricians, and others not on a salary - who spend their days and nights fighting off the income tax bureaucracy. As in my case, they were presumed guilty until proven innocent - a rare and difficult task.

And the process is irreversible. Once your name is in the files, it is rarely removed. In addition to being patently unjust, this aggressive approach results in lost productivity that costs billions of shekels every year.

While it would be naive to assume that there are no tax-cheats in Israel, the absence of due process, and the basic lack of rationality, is far more costly than any deterrence effect.

Justice Minister Meir Sheerit and Tax Authority Director Jackie Matza could gain votes and make a major contribution to Zionism by using their positions to end these third-world practices.

But until that time, this portion of the advice that I received decades ago remains valid: Wait to eat the oranges until after the first rain, and never open a file with the income tax authorities - or Bituah Leumi, social security, but I will save that one for another occasion.