

## MANPOWER AND EMPLOYMENT

### I. POPULATION

Israel differs demographically from other countries in that the growth of her population is not, in the main, due to natural increase. During the first years of Statehood, immigration was the primary factor in the population increase and natural increase was then of secondary importance. In 1952 a turning point was reached: immigration dwindled and, during each of the three years 1952, 1953 and 1954, natural increase was the main cause of the growth in the number of Israel's inhabitants. In 1955, however, the immigration figures of the preceding year were trebled.

In contrast to other states receiving immigrants, Israel has not allowed her economic potential to determine her immigration policy. The main motives for immigration are national and political, rather than economic.

Immigration policy has necessarily affected economic policy, especially in the budgetary, monetary and employment spheres, where considerable adjustments were made to meet the needs of absorption.

#### *Population Changes*

At the end of 1955, the population of Israel was 1,789,000, of whom 1,590,600 were Jews. During this year, the population increased by 71,300, 64,600 of whom were Jews. Some 33,400 people, or 52 per cent of the growth in the Jewish population, were added by natural increase, while the remaining 31,200 represent the excess of immigration over emigration.

Changes occurring in the ratio of immigration to natural increase as factors in the growth of Israel's Jewish population are shown in Table 53.

#### *Composition of the Population by Age Groups*

A relatively high birth rate and large scale immigration have led to the low average age of Israel's population, as shown in Table 54.

The high percentage of young people improves the possibilities of changing the vocational structure of the population; for the higher the proportion of those locally-born and of those who receive their basic education in this country, the better the chance of directing them to those economic branches, the expansion of which is in the national interest.

Some 127,000 young people, now in the 10 to 14 age group, will be added to the potential labour force of the country between 1956 and 1960, and their number will steadily increase from year to year.

TABLE 53

## FACTORS IN THE GROWTH OF THE JEWISH POPULATION, 1948 TO 1955

| Year                               | In Thousands                          |                     |                      | In Per Cent                           |                     |                      |
|------------------------------------|---------------------------------------|---------------------|----------------------|---------------------------------------|---------------------|----------------------|
|                                    | Total Growth of the Jewish Population | By Natural Increase | By Immigration (net) | Total Growth of the Jewish Population | By Natural Increase | By Immigration (net) |
| 1949                               | 255.1                                 | 20.2                | 234.9                | 35                                    | 8.0                 | 92.0                 |
| 1950                               | 189.1                                 | 29.0                | 160.1                | 21                                    | 15.3                | 84.7                 |
| 1951                               | 201.4                                 | 34.5                | 166.9                | 18                                    | 17.1                | 82.9                 |
| 1952                               | 45.8                                  | 35.1                | 10.7                 | 3.5                                   | 76.6                | 23.4                 |
| 1953                               | 33.4                                  | 35.0                | -1.6                 | 2.3                                   | 104.8               | -4.8                 |
| 1954                               | 42.3                                  | 31.3                | 11.0                 | 2.9                                   | 74.0                | 26.0                 |
| 1955                               | 64.6                                  | 33.4                | 31.2                 | 4.3                                   | 51.7                | 48.3                 |
| Total from 15.5.1948 to 12.12.1955 | 876.4                                 | 189.7               | 686.6                | —                                     | 21.7                | 78.3                 |

SOURCE: *Annual Statistical Abstracts of the Central Bureau of Statistics.*

TABLE 54

## THE POPULATION BY AGE GROUPS, 1955

| Age Group | Percentage of Total Population |
|-----------|--------------------------------|
| 0—14      | 33.5                           |
| 15—24     | 15.4                           |
| 25—44     | 28.1                           |
| 45—54     | 11.6                           |
| 55—65     | 6.7                            |
| Above 65  | 4.7                            |

SOURCE: *Central Bureau of Statistics.*

*Distribution of the Population by Type of Settlement*

The population of Israel is mainly concentrated in urban and semi-urban areas. Less than one-third of the country's inhabitants live in rural settlements. At the end of 1955, the urban population numbered 1,267,600 distributed over 51 urban settlements, while 517,750 people lived in 835 rural settlements.

TABLE 55

## PERCENTAGE DISTRIBUTION OF POPULATION, ACCORDING TO SIZE OF SETTLEMENT, 1953 TO 1955

| Size of Settlement, according to Number of Inhabitants | December 1953 | December 1954 | December 1955 |
|--|---------------|---------------|---------------|
| Up to 1,999  | 17.7          | 17.6          | 17.1          |
| 2,000 to 4,999   | 10.8          | 9.3           | 8.3           |
| 5,000 to 9,999   | 8.3           | 7.7           | 8.4           |
| 10,000 to 19,999                                       | 8.1           | 10.9          | 9.3           |
| 20,000 to 49,999                                       | 16.1          | 13.3          | 15.9          |
| 50,000 and above                                       | 39.0          | 41.2          | 41.0          |

SOURCE: 1953 and 1954: *Economic Advisory Staff*;  
1955: *Central Bureau of Statistics.*

Table 55 shows that 1955 brought a certain shift in the distribution of the population between settlements of various sizes, in comparison with previous years. The table indicates that the percentage of the population living in the smallest settlements has remained stable over the past two years, while the proportion in medium-sized settlements, numbering between 2,000 and 20,000 inhabitants, was slightly reduced, the larger towns receiving the shift.

### *Labour Force*

The most exhaustive sources of information on the extent and character of Israel's manpower are the surveys carried out by the Central Bureau of Statistics in June 1954 and November 1955. The most serious drawback of surveys of this kind is that they give a static picture of the situation on a given date and do not reflect seasonal or cyclical changes taking place over a period of time. Nonetheless, the results of these surveys constitute the most reliable approximation to the facts available in the present circumstances.

The definition of manpower used in these surveys includes all wage earners, whether fully or partly occupied, as well as members of the family working a minimum of 15 hours per week, and unemployed actively engaged in seeking work during the week of the survey.

**TABLE 56**  
THE LABOUR FORCE, 1954 AND 1955

|   | 1954      | 1955      |
|---|-----------|-----------|
| Population above the age of 14                                    | 1,178,500 | 1,145,300 |
| Labour Force  | 631,200   | 596,400   |
| Labour Force as a Percentage of<br>Population above the age of 14 | 53.6      | 52.0      |

SOURCE: *Manpower Survey, November 1955, the Central Bureau of Statistics. Figures for 1954 are based on a corrected estimate of the Central Bureau of Statistics.*

As shown in Table 57, a greater percentage of Jews than Arabs belong to the labour force. The large majority of women does not belong to the labour force, participation being particularly low among Arab women.

**TABLE 57**

THE LABOUR FORCE AS A PERCENTAGE OF TOTAL POPULATION OF WORKING AGE, BY COMMUNITY AND SEX, 1955

|              | Jews | Arabs and<br>Others |
|--------------|------|---------------------|
| <i>Total</i> | 54.4 | 45.4                |
| Men          | 80.3 | 78.1                |
| Women        | 28.0 | 11.8 *              |

\* *The percentage of Arab women belonging to the labour force is low, inter alia, owing to incorrect replies to the questionnaires sent out during the survey.*

SOURCE: *Manpower Survey, November 1955.*

An examination of the Jewish labour force according to age groups showed that it includes almost the entire male population of the country, except for the

very young and the very old. On the other hand, the proportion of women belonging to the labour force declines steadily after the age of 35.

Table 58 demonstrates the fact that almost all males in the 35 to 54 age groups belong to the labour force. The relatively low participation of 80 per cent in the 18 to 34 age group is due to the inclusion in this group of most members of the armed forces, both in national service and in the Regular Army, as well as of students in institutions of higher learning.

**TABLE 58**

THE JEWISH LABOUR FORCE AS A PERCENTAGE OF THE TOTAL POPULATION, ACCORDING TO AGE GROUPS AND SEX, 1955

| <i>Age Group</i> | <i>Total</i> | <i>Men</i> | <i>Women</i> |
|------------------|--------------|------------|--------------|
| 14 to 17         | 37.0         | 39.4       | 34.3         |
| 18 to 34         | 57.0         | 79.7       | 34.1         |
| 35 to 54         | 62.6         | 96.8       | 27.4         |
| 55 to 64         | 51.6         | 83.6       | 17.9         |
| 65 and above     | 20.9         | 39.2       | 5.3          |

SOURCE: *Manpower Survey, November 1955.*

The lower participation of young people is caused by the tendency (widespread among the old-established section of the Jewish community, workers included) to provide secondary or vocational education for their children, as well as by the shortage of jobs for young people in areas inhabited by new immigrants. In all places where the job supply is largely determined by the volume of employment created by the Ministry of Labour, young people have little chance of obtaining work.

The low proportion of women in the labour force may be due to three factors:

- (a) Apart from educated women and women in certain vocational jobs (such as teachers, kindergarten staff, clerks, nurses, dressmakers, etc), few employment opportunities are available for women. Women without vocational training are mainly employed in domestic service. There are limited possibilities of work in industry.
- (b) Even women able to obtain suitable jobs find that the financial advantages of working outside the home become smaller as their families increase in size. The expense of services replacing the housewife's work in her own home is so great that outside work is often not a paying proposition.
- (c) In many sections of the population, there is a traditional opposition to the married woman working outside her home.

#### *Structure of the Labour Force*

The labour force increased from 548,000 in June 1954 \* to 585,000 in November 1955, showing a rise of 37,000, or 6.8 per cent. The gainfully employed thus constituted 32 per cent of the total population in 1954, and 33 per cent in 1955.

\* This figure is a correction of the original findings published in the survey of June 1954, which were amended by the Central Bureau of Statistics on the basis of the second survey made in November 1955.

TABLE 59

LABOUR FORCE BY ECONOMIC SECTOR, 1954 AND 1955

| Sector                                 | June 1954   | November 1955 |         |
|--|-------------|---------------|---------|
|  | in per cent | in per cent   | Number  |
| Agriculture, Afforestation and Fishing | 17.8        | 18.0          | 104,700 |
| Mining and Minerals                    | 0.5         | 0.3           | 1,700   |
| Industry                               | 21.9        | 21.6          | 125,700 |
| Building and Public Works              | 9.0         | 9.0           | 52,600  |
| Electricity and Water                  | 1.9         | 1.2           | 7,300   |
| Trade and Banking                      | 12.8        | 13.9          | 81,300  |
| Transport and Storage                  | 6.4         | 6.6           | 38,700  |
| Services                               | 29.4        | 29.4          | 172,400 |
| Various                                | —           | —             | 1,300   |
| <i>Total</i>                           | 100.0       | 100.0         | 585,700 |

SOURCE: *Manpower Survey, November 1955.*

The distribution of the gainfully employed between the various economic sectors in 1955 did not show any significant changes from the preceding year, as Table 59 shows.

The proportion of gainfully employed in primary production i.e. agriculture, mining and industry, continued to be low, especially as regards the Jewish population.

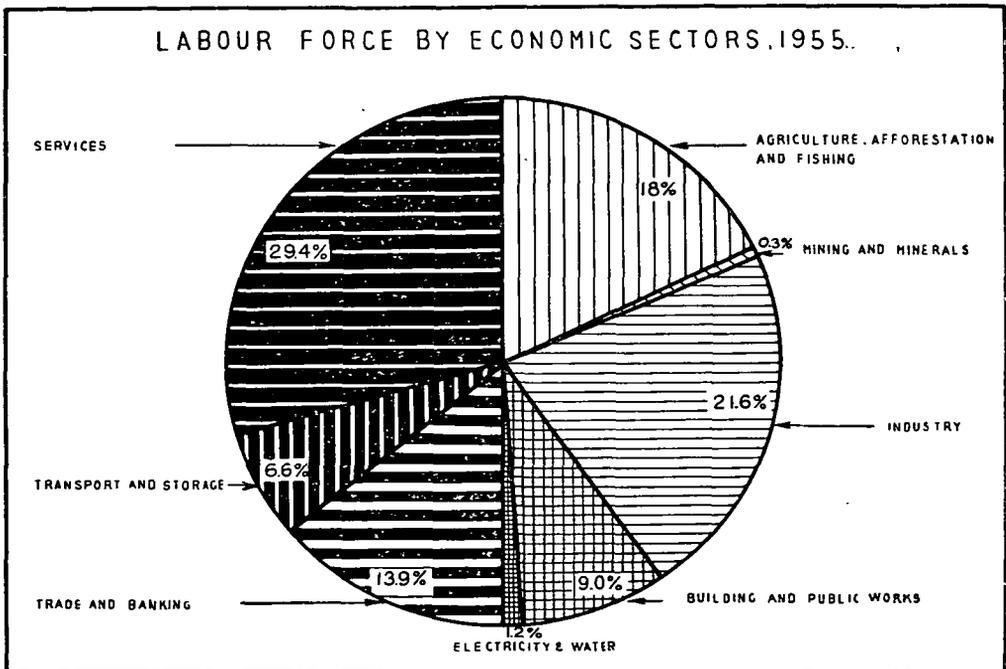


TABLE 60

GAINFULLY EMPLOYED IN AGRICULTURE AND INDUSTRY, NOVEMBER 1955  
(as a percentage of the total of gainfully employed)

|   | Jews   | Non-Jews |
|---|--------|----------|
| Agriculture, Afforestation and<br>Fishing | 15.3   | 50.5     |
| Mining and Minerals                       | 0.2    | 1.4      |
| Industry                                  | 22.3   | 11.9     |
| <i>Total</i>                              | 37.8 * | 63.8     |

\* This number includes those gainfully employed in services (such as clerical and administrative work, cleaning and marketing) maintained by industrial or agricultural undertakings.

SOURCE: *Manpower Survey, November 1955.*

The percentage of gainfully employed in agriculture, industry and mining in the Jewish community of Israel, is amongst the lowest in the world, as shown by Table 61.

TABLE 61

GAINFULLY EMPLOYED IN AGRICULTURE, INDUSTRY AND MINING AS A PERCENTAGE OF THE LABOUR FORCE.

| Country       | Year | Percentage of<br>Gainfully Employed<br>in Agriculture,<br>Industry and Mining |
|---------------|------|---|
| Thailand      | 1947 | 87  |
| Egypt         | 1947 | 76  |
| Japan         | 1950 | 65  |
| France        | 1946 | 60  |
| Belgium       | 1947 | 55  |
| Argentina     | 1947 | 48  |
| United States | 1950 | 41  |
| Israel        | 1954 | 40.2  |
| Israel        | 1955 | 39.9  |

SOURCE: *For Israel: Manpower Survey, November 1955;*

*For Other Countries: Yearbook of Labour Statistics, 1954, International Labour Office.*

In Israel, the small percentage of gainfully employed in agriculture and industry is not due to high productivity, as is the case in economically developed countries, where high productivity has caused a reduction in the number of workers in these branches, and particularly so in agriculture, the products of which are subject to an elastic demand. The number of gainfully employed in trade and services is high in Israel, despite the relatively low output per worker in agriculture and industry, which does not satisfy the total demand for the produce of these sectors.

A number of inter-related factors gave rise to this phenomenon. Many of the immigrants were traders, middlemen or employed in services in their countries of origin. Quite naturally, most of these, and particularly the older immigrants, tended to continue in their previous occupations after arrival in Israel. It may well have been possible to overcome this tendency had the demand for labour been strongest in the industrial and agricultural sectors; but, in point of fact, these sectors

absorbed only a small proportion of the additional labour force. Though agricultural settlement was considerably expanded after the establishment of the State, it absorbed but a small part of the working population added during this period; while the expansion of industry was on an insufficient scale to absorb much of the remainder.

On the other hand, the pressure caused by the possession of excess purchasing power by consumers during the years of inflation (1949 to 1951) enabled the number of merchants, middlemen and small traders to be considerably increased. The Government and other public bodies also absorbed a large number of additional employees.

It may well have been expected that the weakening of inflationary pressures during the last two years, and the gradual transition to a buyers' market, would lead to an exodus from trade and commercial negotiation. However, for as long as no alternative employment possibilities exist ensuring a higher level of income \* than at present reached by these people, no such development can be anticipated. This factor, i.e. the lack of alternative employment at similar or higher wage rates, is one of the main obstacles preventing reductions in the staffs of the Government and the public institutions, in spite of the fact that the need for such a policy is almost universally acknowledged.

## 2. UNEMPLOYMENT

The level of unemployment reflects the size of that part of the manpower reserve which can be activated by increasing the demand for labour, without significant changes in the existing wage rates. The unemployment figures, with the addition of concealed unemployment may also serve as a general criterion of the extent to which the State has succeeded in absorbing the additional labour force created by immigration and the natural increase.

### *Causes of Unemployment*

The volume of unemployment is affected by two kinds of factors. On the one hand, certain general factors existing in most countries are also operative in Israel; on the other, the factor of immigration, special to Israel, at least as regards its scale, is of considerable weight.

Seasonal fluctuations in employment are linked, in Israel as elsewhere, with seasonal work in agriculture, especially at harvest time, with changes in the volume of building occasioned by climatic factors and, to a lesser extent, with changes in the demand for industrial products due to the same reasons. Fluctuations in employment may also be caused by recurring factors, such as changes in the volume of private and public building, development budget expenditure, the success or failure of agricultural crops, etc.

One of the most important factors affecting unemployment, especially in Israel, is the extent of immigration. Immigration has led to a deterioration in the vocational structure of the labour force; due to an increase in the number of unskilled workers,

\* Non-monetary advantages should also be taken into account. 1

while the demand for this type of labour has not risen correspondingly. Moreover, the expansion of the labour supply in the economy may itself bring about unemployment, if unaccompanied by a parallel increase in the complementary factors of production.

### *Unemployment and the Labour Force*

Table 62 shows the extent of unemployment during 1955 and the changes which have occurred in this sphere in relation to 1954.

**TABLE 62**  
THE UNEMPLOYED AS A PERCENTAGE OF THE LABOUR FORCE, 1954 AND 1955

|   | June 1954 | November 1955 |
|---|-----------|---------------|
| Number of Unemployed                              | 47,800    | 45,500        |
| Unemployed as a Percentage<br>of the Labour Force | 8.0       | 7.2           |

SOURCE: *Manpower Survey of June 1954 (corrected) and November 1955.*

The Survey of Manpower in November 1955, defined as unemployed all those not working and actively seeking work during the week 30.10.1955 to 5.11.1955, though not necessarily through the labour exchanges. Table 62 shows a slight fall in the number of unemployed as well as in their proportion within the labour force. No great significance should be attached to this fall, since it is impossible to claim with complete confidence that it may not have been due to a sampling error. On the other hand, if it is assumed that the seasonal fluctuations in unemployment registered by the labour exchanges \* represent a general seasonal trend, the very fact that the number of unemployed at the time of the 1955 survey was no greater than in June 1954, would seem to indicate that the employment situation had improved during 1955 \*\*. However, no data are available to bear out the supposition that the seasonal fluctuations in the number of unemployed registered at labour exchanges are a true indicator of the general fluctuations in unemployment. Hence, it can be said at most that, in comparison with 1954, there seems during 1955 to have been some improvement in the employment situation.

### *Depth of Unemployment*

Twenty per cent of the unemployed replied to the survey of November 1955 that they had been unemployed for more than six months, 16 per cent from four to six months, 15 per cent for about three months and 17 per cent for about two months. Nearly 70 per cent of the unemployed thus declared that they had been out of work for a period exceeding two consecutive months. Even if it is assumed, as it might well be, that these answers deliberately left some temporary employment

\* See section, Fluctuations in Unemployment, below.

\*\* The seasonal index of unemployment for June (average for the years 1949 to 1954) is 88 per cent of the annual average; for November, this index averages 106 per cent. In November 1955, when there was a certain weakening in the economy, especially as regards employment, the November index of unemployment stood at 134 per cent. In other words, seasonal factors would indicate a considerable rise in unemployment between June and November, yet the survey shows a fall in the number of unemployed in November as against June of the preceding year.

unmentioned, the above data indicate that the depth of unemployment in this country is considerable.

### *Fluctuations in Unemployment*

Every year sees monthly changes in the extent of unemployment. These changes are mainly caused by seasonal factors, similar from year to year. But there are also other structural factors. Seasonal fluctuations differ in the various branches of the economy and types of settlement.

No data are available with regard to seasonal changes in unemployment, except for unemployed registered at labour exchanges. To measure seasonality, we have used the definition of the Ministry of Labour's Research Department, which describes as unemployed any person seeking work who has been registered at the labour exchange for more than six consecutive days. Seasonality has been measured by calculating the ratio between the number of unemployed in each month and the annual average.

**TABLE 63**  
MONTHLY FLUCTUATIONS IN UNEMPLOYMENT, BY MAIN ECONOMIC SECTORS, 1955

| <i>Month</i>   | <i>Building</i> | <i>Industry &amp; Crafts</i> | <i>Unskilled Workers *</i> | <i>Total (Corrected) **</i> | <i>Average Seasonal Index for 1949 to 1954</i> |
|----------------|-----------------|------------------------------|----------------------------|-----------------------------|--|
| (1)            | (2)             | (3)                          | (4)                        | (5)                         | (6)  |
| January        | 134             | 130                          | 135                        | 122                         | 121  |
| February       | 121             | 117                          | 114                        | 115                         | 117  |
| March          | 109             | 93                           | 80                         | 80                          | 93   |
| April **       | 81              | 83                           | 61                         | 80                          | 85   |
| May            | 82              | 102                          | 72                         | 80                          | 91   |
| June           | 75              | 101                          | 76                         | 76                          | 88   |
| July           | 75              | 95                           | 87                         | 81                          | 96   |
| August         | 86              | 107                          | 115                        | 104                         | 97   |
| September **   | 56              | 77                           | 70                         | 84                          | 76   |
| October **     | 65              | 73                           | 65                         | 93                          | 90   |
| November       | 138             | 110                          | 154                        | 134                         | 106  |
| December       | 180             | 113                          | 172                        | 149                         | 138  |
| Annual Average | 100             | 100                          | 100                        | 100                         | 100  |

\* *The item Unskilled Workers includes potential workers in public works, unskilled building labourers and seasonal labour in agriculture.*

\*\* *Some of the labour exchanges were closed during April, September and October as a reaction to the refusal of the unemployed to accept certain kinds of work. Hence, there is a downward bias in the number of unemployed registered at labour exchanges during these months. The figures for the total number of unemployed have been corrected by the Research Department of the Ministry of Labour in accordance with an estimate of the bias involved. The data for the different sectors have not been corrected.*

SOURCE: Columns (2), (3) and (4): *Monthly Summaries of the Labour Exchange Centre and calculations of the Bank of Israel;*  
Columns (5) and (6): *"Tendencies in Employment and Unemployment", published by the Economic Research Unit of the Ministry of Labour, No. 4, November 1955.*

The comparison between columns (5) and (6) in Table 63 shows that fluctuations in the volume of unemployment were greater in 1955 than in the years 1949 to 1954. The average figures for this latter period show a range between 76 and 138, i.e. of 62 points, while, in 1955, this range was extended to 73 points, from 76 to 149.

The difference in seasonal fluctuations between 1955 and the years 1949 to 1954 may be due to two main causes:

- (a) The planned additional employment in 1955 during the months March to July inclusive.
- (b) The retardation in the expansion of building and industrial production towards the end of 1955.

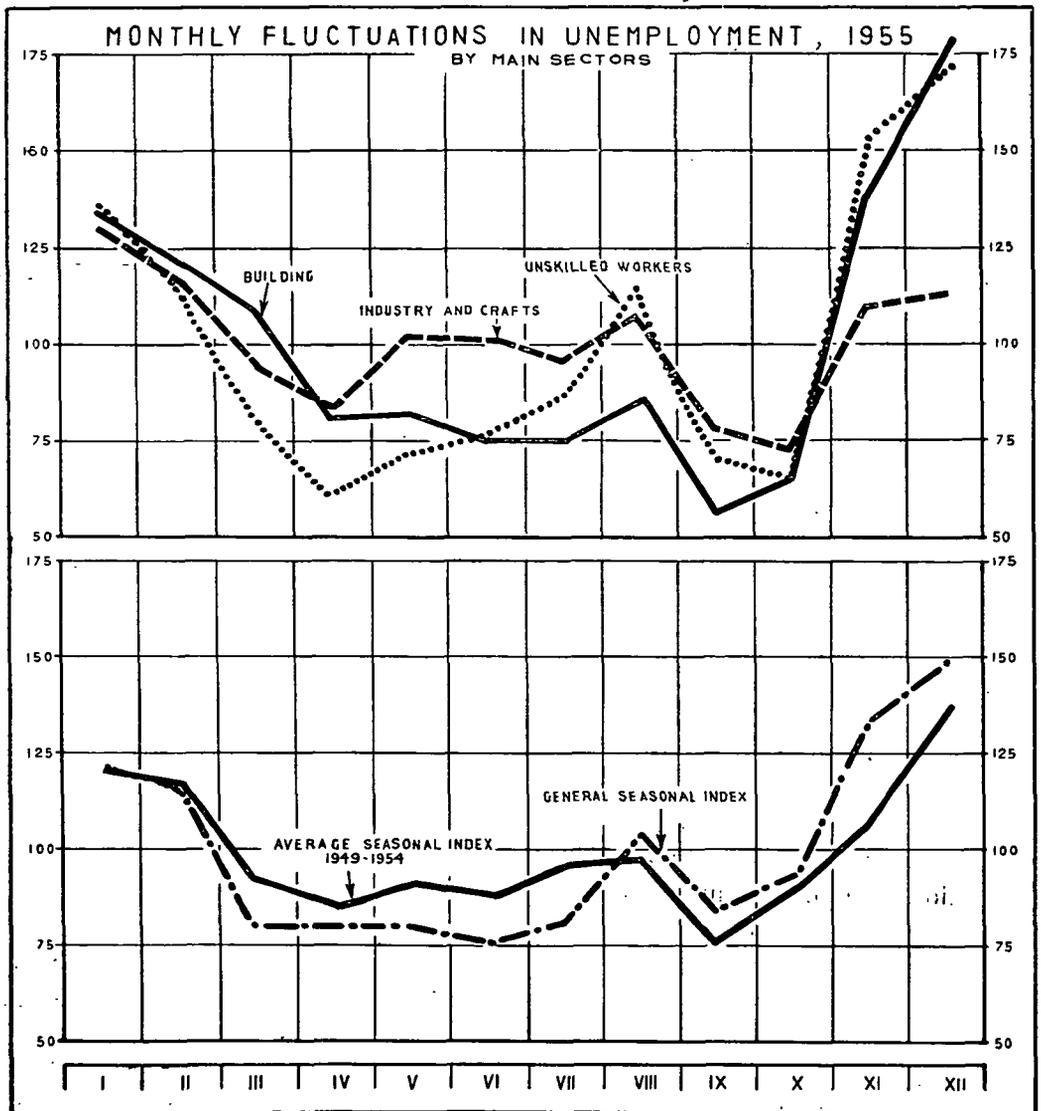


Table 63 shows clearly that unemployment was lower in the months March to July 1955, than during the corresponding months of the 1949 to 1954 period. Table 64 establishes one of the main causes of this phenomenon.

On the other hand, there was a striking rise in unemployment during November and December 1955 — far greater than in previous years. This was due partly to the decision to restrict public building and partly to new fiscal imposts on building materials, which had an adverse effect on private construction.

Signs of saturation in the market for flats also became apparent, since many flat-seekers had already satisfied their requirements.

**TABLE 64**

PLANNED EMPLOYMENT BY THE MINISTRY OF LABOUR DURING THE MONTHS APRIL TO JULY, 1954 AND 1955  
(in thousands)

| Month | Daily Number of Employed in 1955 | Daily Number of Employed in 1954 |
|-------|----------------------------------|----------------------------------|
| April | 18.8                             | 13.4                             |
| May   | 16.7                             | 12.7                             |
| June  | 17.8                             | 12.3                             |
| July  | 17.3                             | 12.1                             |

SOURCE: "Trends in Employment and Unemployment", published by the Economic Research Unit of the Ministry of Labour, Appendix A to No. 4, November 1955.

To compare the importance of seasonal factors in various sectors, the range of the unemployment index between the average of the two months when unemployment is greatest and the average of the two months when it is lowest, may be measured. The results are shown in Table 65.

**TABLE 65**

RANGE OF SEASONAL CHANGES IN THE INDEX OF UNEMPLOYMENT, BY SECTORS, 1955  
(Annual Average = 100)

| Sector            | Zenith of Unemployment | Nadir of Unemployment | Range |
|-------------------|------------------------|-----------------------|-------|
| Building          | 159                    | 61                    | 98    |
| Unskilled Workers | 163                    | 67                    | 96    |
| Industry          | 123                    | 75                    | 48    |

SOURCE: Monthly Summaries of the Labour Exchange Centre and calculations of the Bank of Israel.

Apart from changes caused by the influence of seasonal factors on various economic branches, there are changes in the seasonal effects on employment in various types of settlement, as shown in Table 66.

Tables 65 and 66 demonstrate phenomena, the existence of which may be proved without resort to statistical data. In sectors such as industry, trade and public service, employment is stable. On the other hand, agriculture, building and public works are subject to seasonal fluctuations influenced by climatic and cyclical factors. Hence employment is much more stable in the larger towns, where it is provided mainly by industry, trade and services while the inhabitants of smaller towns and

villages must expect considerable seasonal fluctuations in the number of jobs available.

TABLE 66

RANGE OF SEASONAL CHANGES IN THE INDEX OF UNEMPLOYMENT, BY PLACE OF RESIDENCE, 1955  
(Annual Average = 100)

| Sector                   | Zenith of<br>Unemployment | Nadir of<br>Unemployment | Range |
|--------------------------|---------------------------|--------------------------|-------|
| In the Three Main Cities | 124                       | 85                       | 39    |
| Elsewhere                | 160                       | 72                       | 88    |

SOURCE: *Monthly Summaries of the Labour Exchange Centre and calculations of the Bank of Israel.*

Fluctuations in the volume of unemployment among agricultural labourers are likely to become sharper as the area under industrial crops, such as cotton, ground-nuts, and sugar-beet is extended. Production processes for these crops are largely mechanised, but harvesting is done by hand. On the other hand, the cultivation of industrial crops in citrus areas will reduce fluctuations in unemployment, since it will create a demand for labour in the citrus dead seasons. The policy of planned employment by the Ministry of Labour is partly designed to restrict the influence of slack periods.

#### *Concealed Unemployment*

The formal number of unemployed covers such inhabitants of the country as have failed to obtain paid work. However, in practice, there is a not insignificant number of workers receiving wages who, from the economic viewpoint, may be regarded as hidden unemployed. The excessive concentration of earners in public and commercial services is in itself a pointer to the existence of concealed unemployment in these spheres. However, it must suffice to define concealed unemployment and to show in which sectors it is most widespread.

It may be assumed that workers whose dismissal will not affect output in the branches employing them are, in fact, hidden unemployed. Their work adds nothing to the national income and, if they could only be identified with certainty, their wages might well be described as a transfer payment. This category includes surplus employees of public and private institutions, earners in the excessive number of shops and commercial undertakings in certain branches, and even some industrial workers.

Another type of work involving concealed unemployment is the relief works carried out by the Ministry of Labour and the local authorities. Here, concealed unemployment may be defined as all work primarily intended to provide jobs. There is no intention to write off all such work as unproductive, but it may be assumed that, if such workers were able to obtain other jobs, many of the relief works would not be carried out.

As already stated, it is impossible to estimate the extent of this kind of unemployment, but there are indications that it is far from negligible.