

CHAPTER IV

PRIVATE CONSUMPTION

THE VOLUME of private consumption in 1956 is estimated at approximately IL.1,700 million¹. In comparison with 1955, this represents an increase of 12.5 per cent at current prices, and of 5.5 per cent at constant prices. The population increase during the same period was about 4.5 per cent. Average private consumption *per capita* has therefore remained virtually unchanged, or has at most risen only slightly.

The above figures are the result of a first attempt to trace the changes in retail sales of goods for current consumption, as representative of consumption trends. As this attempt is still in its early stages, its results do not constitute a reliable index of fluctuations in consumption² and they are presented merely as indicators of general trends.

1. CHANGES IN THE MAIN INDICATORS

Table IV-1 summarizes the changes in certain indicators of fluctuations in consumption:

An examination of the trends in quarterly fluctuations as compared with the corresponding quarter of 1955, reveals that, generally speaking, there was a slight rise in the first quarter, a small decline in the second quarter, and a considerable rise during the third and fourth quarters. These tendencies are clearly brought out by table IV-2.

The comparison of corresponding quarters is likely to suffer from some distortion, since the High Holidays fell on different dates in 1955 and 1956, and the usual holiday-eve peak purchases therefore fell in different quarters. In addition, there was a reduction of supply and some hoarding during the Sinai Campaign, in the last quarter of 1956. In table IV-3 consumption trends are therefore examined on a half-year basis.

¹ This estimate is based on an extrapolation from the calculations for 1954 by Dr. H. Lubell, of the Falk Foundation for Economic Research in Israel, and on calculations of the Bank of Israel for 1955. It does not include rent (actual and imputed), which is estimated to have totalled IL.145 million in 1956. Hence, the figure and the rates of increase quoted here do not correspond with those cited in chapter II above.

² In this chapter, the term "consumption" relates in most cases to measurement of retail sales, or of stages as close as possible to the retailer, and not to an actual investigation of consumption by households. It should be noted that, in general, total consumption is defined to include stocks kept by the consumers.

During the first half of 1956 consumption only slightly exceeded the levels of the corresponding period in 1955, and as regards clothing and footwear it declined both in absolute volume and—even more pronouncedly—*per capita*. During the second half of the year there was a general rise in both total and *per capita* consumption.

TABLE IV-1
Changes in Certain Consumption Indicators in 1956 as against 1955
(in per cent)

	<i>At current prices</i>	<i>At constant prices</i>
Foodstuffs	+14.2	+6.2
Cigarettes	+26.5	+9.7
Clothing	+ 4.9	+3.7
Footwear	+13.1	+7.6
Cinema Attendance	+13.7 ^a	-0.3 ^b
Books	+13.8	- °
Travel ^d	+ 4.3	-5.8 ^o

^a Change in average daily receipts.

^b Change in average daily attendance.

^c Receipts—booksales cannot be stated in constant prices.

^d Income—at current and constant prices—of Israel Railways, "Egged" (Eshed), and four inter-urban taxi companies.

^o The decline was caused mainly by strikes in the road transport sector, and even more by the Sinai campaign.

SOURCE: Calculations of the Bank of Israel.

TABLE IV-2
Quarterly Fluctuations of Consumption Indicators in 1956 as against 1955
(in per cent, at constant prices)

	<i>First quarter</i>	<i>Second quarter</i>	<i>Third quarter</i>	<i>Fourth quarter</i>
Foodstuffs	+ 4.9	- 1.0	+ 9.8	+10.8
Cigarettes	+ 3.5	- 0.9	+11.2	+25.8 ^a
Clothing	- 1.8	- 5.7	+ 8.2	+13.6
Footwear	+ 3.2	-11.3	+22.1	+17.3
Cinema Attendance	+ 1.4	- 0.1	+ 3.0	- 5.1
Books	+ 2.4	+ 1.6	+23.1	+28.4
Travel	+11.6	- 3.0	- 4.8	-22.4
Population	+ 4.2	+ 4.4	+ 4.6	+ 4.7

^a This unusual rise is possibly linked with an increase in retailers' and consumers' stocks during the Sinai campaign, as well as with expectations of additional excise duties. (Data are from the Customs and Excise Department, Ministry of Finance).

SOURCE: Calculations of the Bank of Israel.

TABLE IV-3

*Half-yearly Fluctuations of Consumption Indicators
in 1956 as against 1955
(in per cent, at constant prices)*

	<i>First six months</i>	<i>Last six months</i>
Foodstuffs	+2.0	+10.3
Cigarettes	+1.1	+18.2
Clothing	-3.9	+11.1
Footwear	-4.7	+19.3
Cinema Attendance	-0.7	- 1.3
Books ^a	+2.0	+26.2
Travel	+3.7	-14.2
Population	+4.3	+ 4.6

^a Receipts—booksales cannot be stated at constant prices.

Source: Calculations of the Bank of Israel.

2. THE INDEX OF CONSUMPTION

In order to trace the trends in consumption more comprehensively, an attempt has been made to combine the various indicators in one series. Table IV-3 and Diagram IV-1, which is derived from the table, show the fluctuations in this index, which was prepared on the basis of data on current consumption listed above as well as data from the furniture branch for 1955 and 1956. The index shows the changes in average *per capita* consumption. Diagrams IV-2 and IV-8 show the fluctuations in the various components of the index.

DIAGRAM IV-1

*Nominal and Real Per Capita Consumption Levels in 1955 and 1956—Total
(1st quarter 1955=100)*

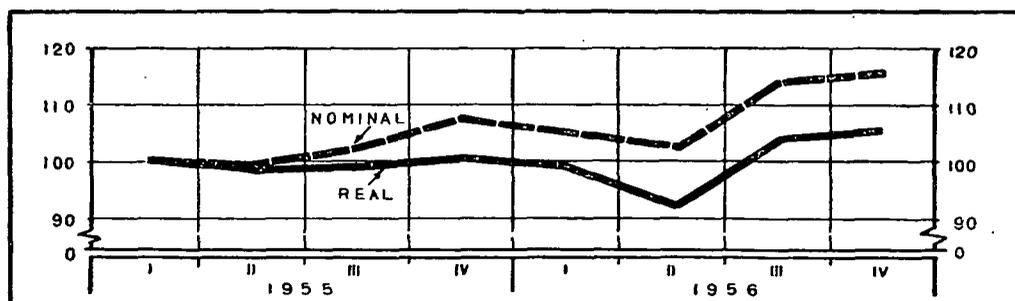


DIAGRAM IV-2

*Nominal and Real Per Capita Consumption Levels in 1955 and 1956—Food
(1st quarter 1955=100)*

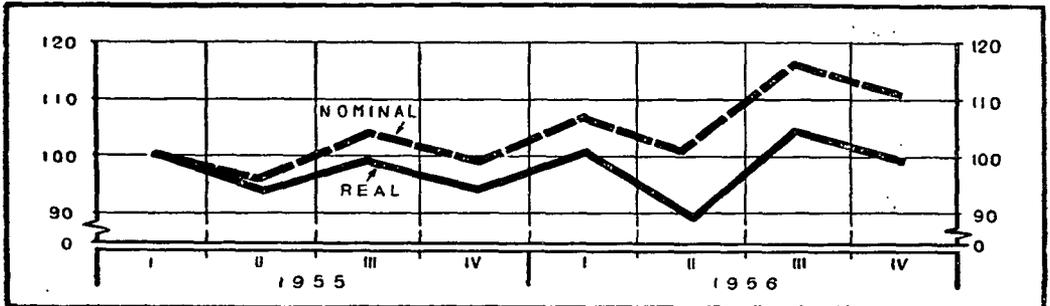


DIAGRAM IV-3

*Nominal and Real Per Capita Consumption Levels in 1955 and 1956—Cigarettes
(1st quarter 1955=100)*

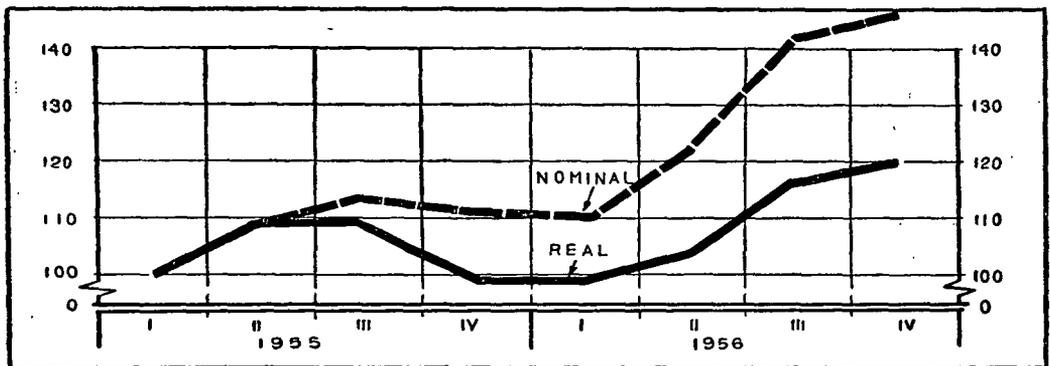


DIAGRAM IV-4

*Nominal and Real Per Capita Consumption Levels in 1955 and 1956—Clothing
(1st quarter 1955=100)*

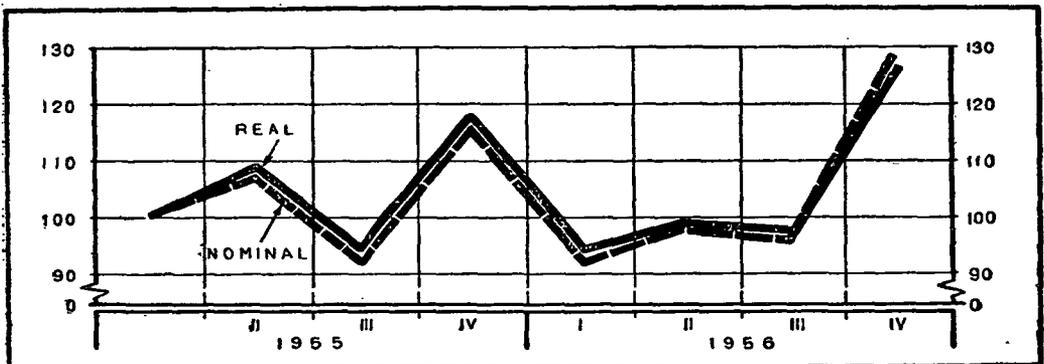


DIAGRAM IV-5
Nominal and Real Per Capita Consumption Levels in 1955 and 1956—Footwear
 (1st quarter 1955=100)

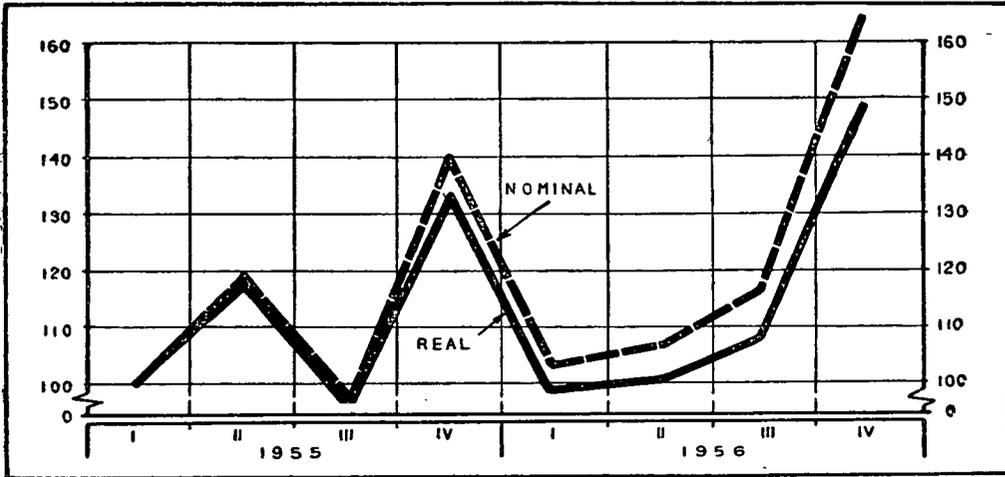


DIAGRAM IV-6
Nominal and Real Per Capita Consumption Levels in 1955 and 1956—Furniture
 (1st quarter 1955=100)

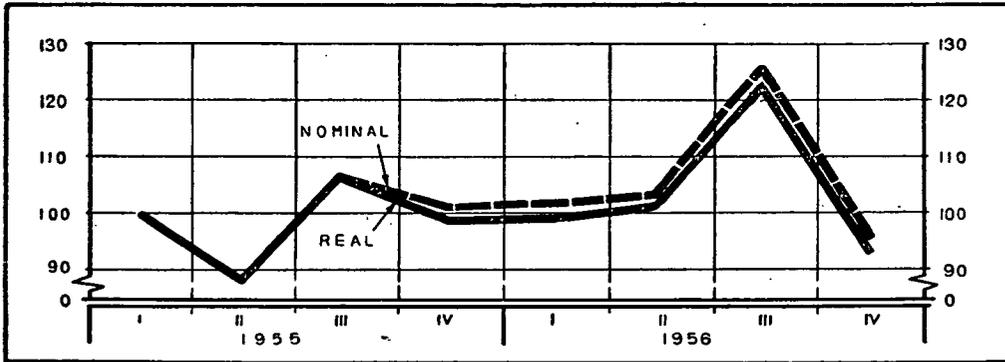


DIAGRAM IV-7
Nominal and Real Per Capita Consumption Levels in 1955 and 1956—Cinema
 (1st quarter 1955=100)

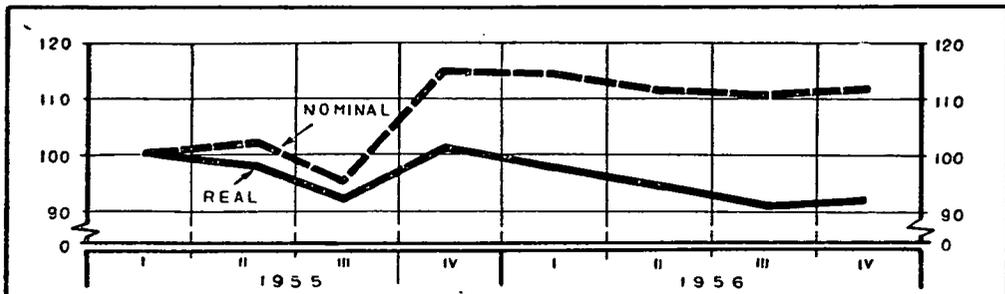
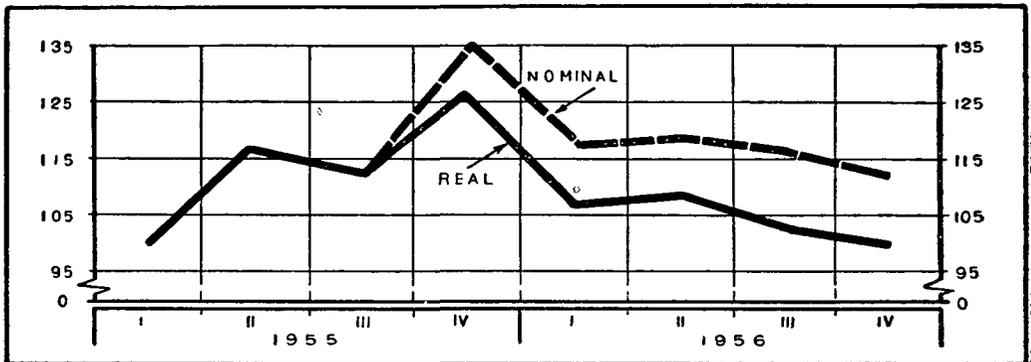


DIAGRAM IV-8

Nominal and Real Per Capita Consumption Levels in 1955 and 1956—Travelling
(1st quarter 1955=100)



The weights adopted for this index are based on a consumption expenditure survey carried out among wage-earning families in June, September and December 1956.

The data collected cover about 60 per cent of the total expenditure of wage earners³ according to the above study, the remaining expenditure being on durable goods and various personal services, taxes and savings.

During 1955 and the first quarter of 1956, the level of *per capita* consumption remained relatively stable, while during the second quarter there was a considerable decline, and during the last six months a fairly steep rise, becoming more pronounced towards the end of the year. In general, the index presents a similar picture to that outlined by the individual indicators.

3. CHANGES IN CONSUMPTION IN RELATION TO CHANGES IN INCOMES

In 1956, private disposable income⁴ increased by about 9 per cent and average *per capita* disposable income at constant prices by approximately 4.5 per cent. As already stated, current consumption expanded by some 5.5 per cent, and average *per capita* consumption by about 1 per cent. It is possible that ex-

³ This term is more comprehensive than "consumption" which does not include direct taxes and savings.

⁴ Private disposable income includes, in addition to national income, transfer payments received by private persons from the Government and from abroad. But even if we compute the change in disposable income disregarding transfer payments, on the assumption that this change has a more immediate effect on current consumption, it will be found that the extent of this change in 1956 is very similar to that of private disposable income.

penditure on durables expanded to a greater extent than current consumption, but adequate data are not available to establish this.

In order to examine the degree of correspondence between changes in income and changes in current consumption, an attempt has been made to trace the variations in consumption trends and income, not only over the year as a whole, but also over shorter periods. As data relating to fluctuations in total disposable income during the specific short periods are not available, changes in take-home pay are given below. The extent of the annual change in take-home pay and disposable income was nearly the same. It has, therefore, been assumed that over periods of less than one year there were also no appreciable differences between the changes in take-home pay⁵ and the changes in disposable income.

TABLE IV-4
*Indices of Per Capita Consumption and Real Take-home Pay
per Employed Person, 1955 and 1956 (First Quarter of 1955=100)*

	<i>First quarter</i>	<i>Second quarter</i>	<i>Third quarter</i>	<i>Fourth quarter</i>
		<i>1955</i>		
Consumption	100.0	98.8	99.5	101.1
Take-home pay ^a	100.0	100.6	100.0	98.6
		<i>1956</i>		
Consumption	99.8	92.6	104.2	106.0
Take-home pay ^a	100.2	102.3	105.1	104.2

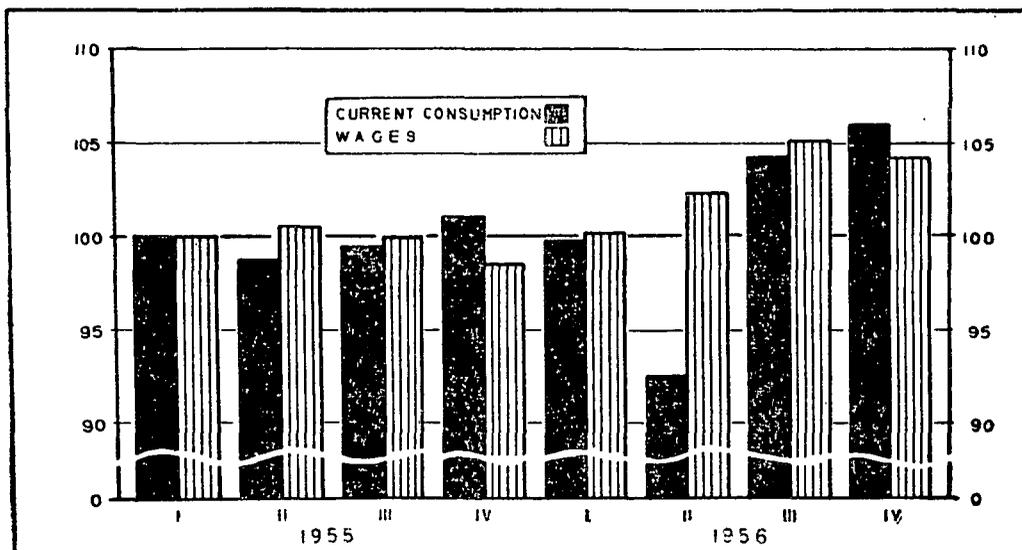
^a Wage receipts have been "advanced" by one month, since in most cases wages are received at the end of the month and spent during the following month.

Table IV-4 and diagram IV-9 which is based on it show that, at least during six quarters of 1955 and 1956, there were only small differences between the fluctuations in take-home pay and the changes in the level of consumption. During the first half of 1956 current consumption declined considerably, though disposable wage income had begun to rise. It follows that the share of income spent on consumption declined, although this conclusion is not supported by available data of saving in its organized forms, such as time deposits or securities. The additional saving may possibly have found expression in a higher liquidity preference. The data presented in chapter XV on the turnover of demand deposits at banking institutions do not contradict this assumption. Inasmuch as such a tendency existed, it seems to have been influenced by the tense security situation of that period, which may have caused the public to restrict its expenditure. At the time, the tension did not provoke purchases for hoarding, in contrast to the actual period of the Sinai campaign when there was evidence of

⁵ Take-home pay is here defined as money-wages after the usual deductions deflated by the consumers' price index. This definition does not entirely correspond with the one generally accepted. See chapter VII, paragraph 3.

some buying for hoarding rather than current consumption, especially as regards food⁶.

DIAGRAM IV-9
Current Consumption and Wages (Take-home pay) in 1955 and 1956
(1st quarter 1955=100)



4. FLUCTUATIONS IN CONSUMPTION BY MAIN COMMODITY GROUPS AND THEIR CAUSES

(a) *Foodstuffs*

In contrast to the fluctuations in total consumption, which are affected mainly by real income, fluctuations in the demand for specific commodities or services must be examined not only in relation to changes in income but also in connection with changes in the relative prices of these commodities and services, since these may cause substitution in consumption.

A series illustrating the trends in the consumption of foodstuffs against the background of fluctuations in wages and food prices is given in diagram IV-10, which is based on table IV-10.

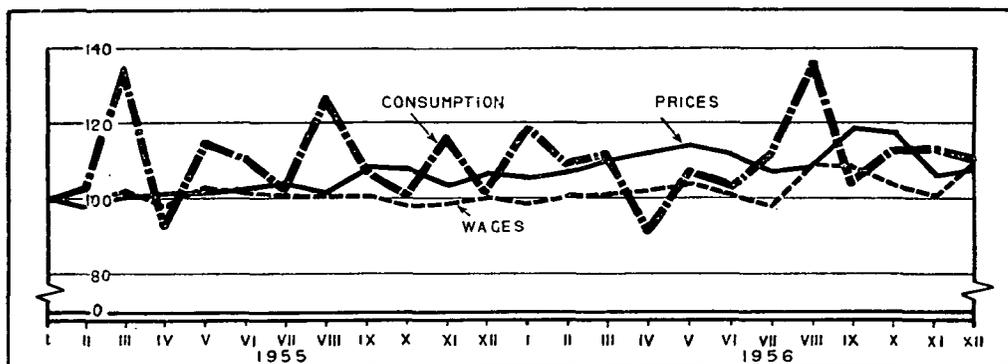
The expenditure on food, as a percentage of total expenditure, remained fairly constant, despite fluctuations in the sales volume of agricultural produce, which

⁶ It must be recalled that restraint in expenditure is reflected by declining sales (on which the data cited in this chapter are based), while hoarding causes sales to increase. The fluctuations in the volume of sales do not, however, necessarily reflect the trends of actual current consumption prevalent among consumers.

seem to have been balanced by changes in the consumption of other foodstuffs. This conclusion is supported by investigations now being made by the Central Bureau of Statistics, which show that the percentage of total expenditure spent on food was virtually constant.

As stated above, the total consumption of food increased in 1956 by more than 6 per cent over 1955, so that *per capita* consumption probably did not rise by more than 1 or 2 per cent. The increased consumption was partly due to larger supplies of agricultural consumer goods⁷, which rose by more than 8 per cent, at constant prices, while supplies of other foodstuffs—whether produced by local industry or directly imported—declined somewhat.

DIAGRAM IV-10
*Food—Consumption Levels and Retail Prices,
 Wages (Take-home pay) in 1955 and 1956
 (January 1955 = 100)*



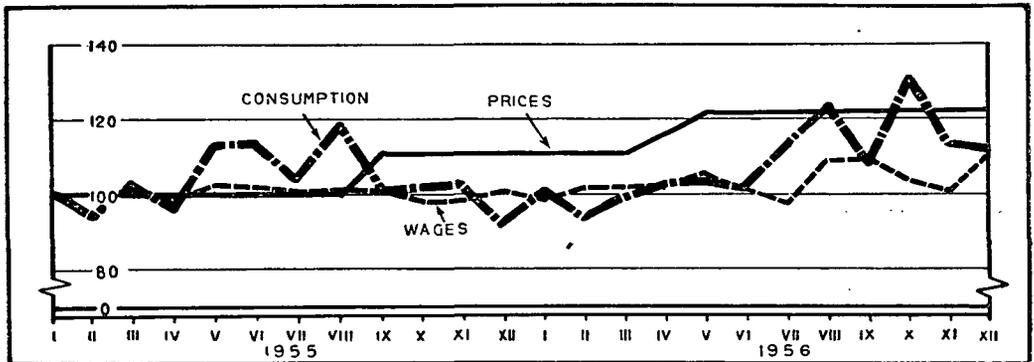
(b) *Cigarettes*

As cigarette prices were raised considerably with the imposition of higher excise duties, while incomes remained relatively stable during the same period, the task of tracing the effects of price increases on consumption is comparatively easy in the case of this commodity. Diagram IV-II shows that in the period September 1955 to March 1956, when prices reached a higher level while incomes remained unchanged, the consumption of cigarettes fell considerably. Only when real incomes rose again was there a rise in the *per capita* consumption of cigarettes. The drop in consumption means not that people stopped smoking, but that in periods when cigarette prices rose while incomes remained stable, cheaper brands were substituted for more expensive ones. Table IV-11

⁷ Commodities sold by organizations marketing agricultural produce, including both manufactured and unmanufactured goods. This term is not, therefore, used here in the same sense as in Chapter IX (Agriculture.)

and diagram IV-11 show that the consumption of cigarettes also fluctuated in response to changes in real earnings.

DIAGRAM IV-11
*Cigarettes—Consumption Levels and Retail Prices,
 Wages (Take-home pay) in 1955 and 1956
 (January 1955=100)*



(c) *Clothing and Footwear*

Changes in the consumption of clothing are affected by large-scale seasonal purchases, making it more difficult to establish trends. These seasonal fluctuations make it harder to discover whether relative increases in consumption were caused by changes in real earnings, or by changes in the relative prices of the goods concerned.

Data on clothing purchases show a generally stable level of total consumption in 1956, as compared with 1955, and a slight decline in per capita consumption. (As shown in table IV-13 and diagram IV-12).

The prices of clothing and footwear rose to a more moderate extent than those of other goods. The decline in the volume of consumption seems, therefore, to have been due to a contraction of demand rather than to higher relative prices. Nevertheless, the data of consumption for each half of the year separately show that, despite a tendency towards a relative restriction of demand for clothing, the extent of the decline was affected by changes in personal income. During the first half of the year *per capita* consumption contracted to the considerable extent of about 8 per cent, but it increased by 6 per cent during the second half (though no significant price changes occurred in either of the two periods).

The trends in footwear consumption were very similar to those affecting clothing, though the variations were more extreme. In comparison with the corresponding periods of 1955, *per capita* sales at constant prices declined by 8.6 per cent during the first half of 1956, while they increased by 13.9 per cent

during the last six months of the year. (See table IV-13 and diagram IV-13 which is derived from it).

DIAGRAM IV-12

Clothing—Sales and Retail Prices, Wages (Take-home pay) in 1956 (Corresponding quarter 1955=100)

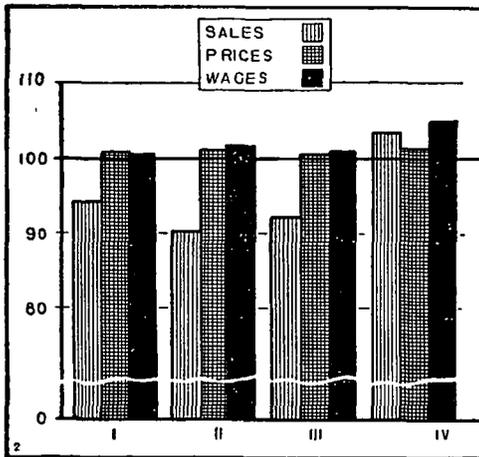
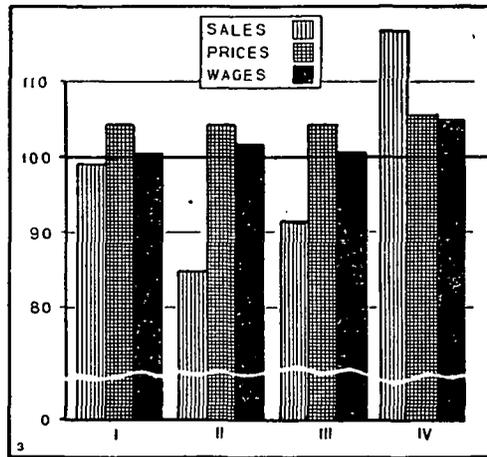


DIAGRAM IV-13

Footwear—Sales and Retail Prices, Wages (Take-home pay) in 1956 (Corresponding quarter 1955=100)



(d) *Cinema Attendance*

The number of cinema attendances per head of population is apparently affected by seasonal factors and by changes in the relative prices of admission tickets (compared with the general price level) rather than by fluctuations in real take-home pay.

As in the case of cigarettes (see section (b) above) here also price increases were chiefly determined by governmental and municipal taxes, but cinema owners could to some extent make adjustments to changes in the quantities of tickets demanded for the different performances (determined largely by take-home pay and the quality of the films) by altering the distribution of seats in the cinema according to the different price groups. This is also why it is not possible to construct a price-index for cinema tickets on a constant basis. For diagram IV-14 and table IV-12, the average price of tickets was taken as a measure of their price level, and it is easy to see that, whenever this price level rose, the number of *per capita* attendances declined, despite increases in earnings.

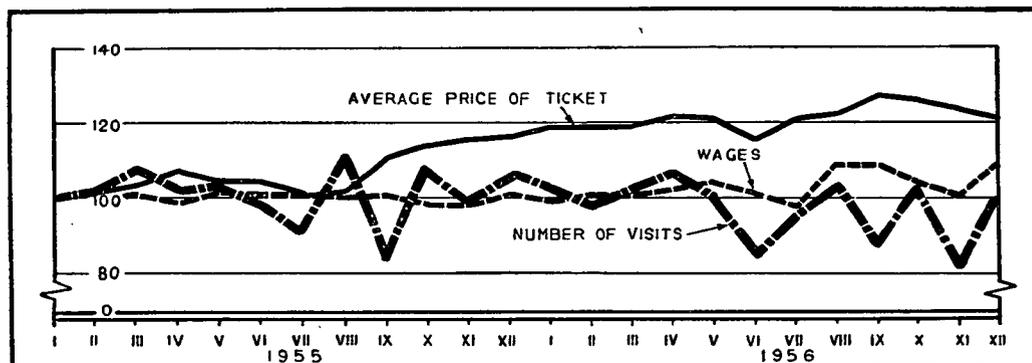
During the first half of 1956, attendances fell off by 3.4 per cent in comparison with the corresponding period of 1955, and during the second half of the year by 5.6 per cent. The greater decline during the last six months of 1956, which contrasts with the trend of most other indicators, was due not only to the dis-

ruptions directly connected with the Sinai campaign but also to fluctuations in real wages and the relatively large increase in the average price of cinema tickets.

The higher average price is also reflected by the comparison between the percentages of cinemagoers who purchased tickets in the highest price group (IL.1.250 and upwards) during the various periods.

During the first quarter of 1955 the proportion of persons purchasing these expensive tickets varied between 1 and 1.4 per cent, and during the last quarter of the same year from 4 to 4.4 per cent, while during the corresponding periods of 1956 buyers of such tickets accounted for 4.8 to 6.3 per cent of cinemagoers in the first quarter, and 16.8 to 17.5 per cent in the last quarter.

DIAGRAM IV-14
*Number of Visits to and Average Prices of Cinema Tickets,
 Wages (Take-home pay) in 1955 and 1956
 (January 1955 = 100)*



(e) *Travel*

Various extraneous factors operating in 1956 make it difficult to establish parallels between inter-urban travel and the prices of fares or the level of earnings. The most important of these factors were the bus strike and the Sinai campaign.

Data relating to inter-urban transport services show that the volume of travel calculated at constant prices declined by 5.8 per cent in 1956 as compared with 1955. These data cannot, however, be regarded as representative of the whole volume of passenger transport, as they are based only on inter-urban travel by "Egged" (Eshed), Israel Railways and four taxi companies, and the weight of "Egged" (Eshed) in the total is decisive. For example, during the bus strike in the third quarter of 1956, passengers used other means of transport, and no data concerning these means are available. Data relating to the last quarter reflect the dislocations in the availability of civilian traffic resulting from the Sinai campaign.

(f) *Alcoholic Beverages*

The total consumption of alcoholic beverages increased very slightly during 1956 as a whole, but table IV-13 and diagram IV-15, which detail the semi-annual and quarterly fluctuations, show that developments with regard to this item virtually corresponded to the general trend of consumption during the year: there was a decline during the first half of 1956, followed by a considerable rise during the last six months in the wake of increases in real disposable earnings.

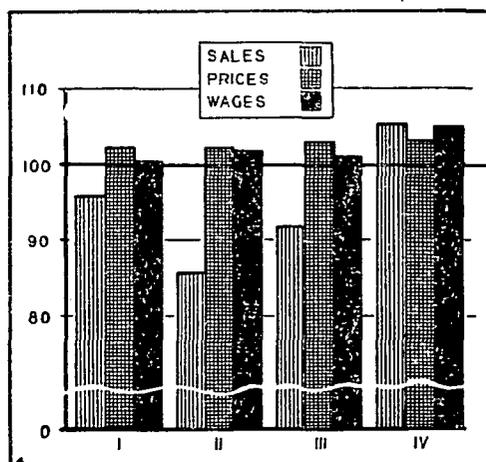
TABLE IV-5
Changes in per Capita Consumption of Alcoholic Beverages, in Comparison with their Price
(1956 as compared with 1955—in per cent)

	<i>Beer^a</i>	<i>Wine</i>	<i>Spirits</i>	<i>Total</i>
Quantities	- 1.9	- 3.5	- 5.7	- 2.8
Price	+18.6	+4.6	+1.8	+4.9

^a Excluding sales of beer in "Shekem" (Army) canteens and stores. If these sales are added, it appears that the decline in *per capita* beer consumption due to the higher price of beer was even greater than shown in this chapter.

SOURCE: Calculations of the Bank of Israel based on data from the Customs and Excise Division, Ministry of Finance.

DIAGRAM IV-15
Alcoholic Beverages—Sales and Retail Prices, Wages (Take-home pay) in 1956
(Corresponding quarter 1955=100)



5. CHANGES IN THE CONSUMPTION OF DURABLES

The collection of current data relating to sales of durables has not yet been completed, and it is doubtful whether conclusions concerning the volume of such purchases by the consuming public can justifiably be drawn at this stage. The data cited below are intended to give only a general indication of changes in consumption.

The number of new *radio licences* issued increased by 18 per cent in 1956. The rate of increase was about the same during the first and second half of the year.

These data should be treated with reserve, for new licences do not necessarily represent purchases of wireless sets. It is possible that some of these licences were issued to owners of old sets, or that some buyers of new sets did not acquire licences. It must further be assumed that the number of new sets in use depends not only upon changes in their prices or in total earnings, but also on the rate of immigration and other factors such as connections to the electricity network and changes in residential areas.

Local sales⁸ of *electric refrigerators*, calculated at constant prices, increased by 7.5 per cent during 1956 as compared with 1955. There was a decline of 7.2 per cent in the first half of the year and a rise of 24.3 per cent during the last six months as compared with the corresponding periods of 1955. It is probable that these changes were very largely the result of temporary fluctuations in supplies. The local supply of refrigerators depends *inter alia* upon the quantities of refrigerators ordered for export. Purchasers receive their refrigerators some time after having registered for them.

There is no possibility of measuring sales of handicraft articles at constant prices. But even at current prices, the volume of sales in 1956 contracted by 5.7 per cent as compared with 1955. It seems that this decline was mainly caused by the smaller tourist traffic in 1956 that occurred even before travel to the Middle East was restricted upon the outbreak of hostilities in the Sinai. During the first half of 1956 sales of souvenirs fell by 4.8 per cent as compared with the corresponding period in 1955, while during the second half of the year the decrease was 6.7 per cent.

⁸ Including sales against Israel Pounds and dollar sales for local use. The latter form of marketing was customary until September 1955, prior to which a special licence was required to enable a purchaser to buy a refrigerator for Israel Pounds. On the other hand, it was permissible to receive a refrigerator as a gift from abroad, on condition that the requisite foreign currency was transferred to Israel and put at the disposal of the Treasury by the beneficiary. It seems justified to include such gifts with refrigerators sold against Israel Pounds in order to ascertain the volume of local marketing.

6. SALES IN CERTAIN TYPES OF BUSINESSES

(a) Department Stores

Available data include department stores in the three large cities and in provincial towns. When calculated at constant prices, total sales in 1956 were 1.4 per cent smaller than in 1955.

The quarterly fluctuations in the sales volume of these stores during the year, as compared with 1955, is shown in table IV-6, and diagram IV-16.

TABLE IV-6

Fluctuations in Department Store Sales, at Constant Prices, in Comparison with Prices during 1956, as compared with 1955

	<i>First quarter</i>	<i>Second quarter</i>	<i>First six months</i>	<i>Third quarter</i>	<i>Last quarter</i>	<i>Last six months</i>
Sales	+7.6	-13.5	-3.5	+1.7	-1.0 ^a	+0.3
Prices ^b	+3.2	+3.7	+3.4	+5.1	+5.9	+5.5

^a The decline in this quarter is largely due to the fact that a considerable number of purchasers transferred their custom to "Shekem" stores during the Sinai campaign.

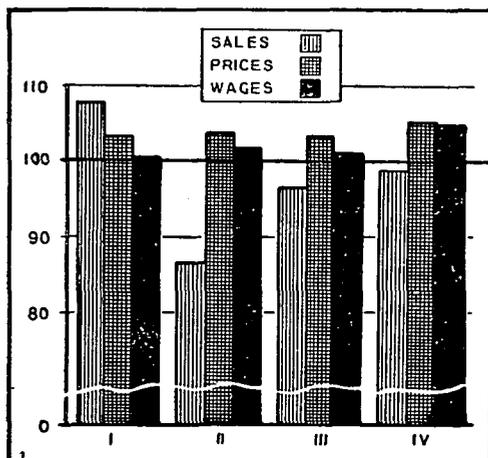
^b See the Appendix to this chapter, paragraph 11.

SOURCE: Calculations of the Bank of Israel.

It seems that sales in this type of shop were relatively smaller than total sales in the various branches. A reasonable explanation would be that purchases of goods sold in department stores are being shifted to an increasing extent to

DIAGRAM IV-16

*Department Stores—Sales and Retail Prices, Wages (Take-home pay) in 1956
(Corresponding quarter 1955=100)*



other kinds of retailers. Nevertheless, here also the general trend asserted itself: a relative recession during the first half of the year being followed by a revival during the last six months.

(b) *Co-operative Stores*

The rise in the sales of the co-operative societies during 1956 reached 20 per cent, at constant prices⁹. The turnover of urban co-operative stores declined by 1.4 per cent, but gross receipts of rural co-operatives increased by 21.0 per cent¹⁰. Part of the increased turnover in rural co-operative stores appears to have been due to the growth of the rural population, and the rest to higher *per capita* consumption in the villages.

TABLE IV-7
*Changes in the Sales of Co-operative Societies at Constant Prices
as compared with 1955
(in per cent)*

	<i>First quarter</i>	<i>Second quarter</i>	<i>First six months</i>	<i>Third quarter</i>	<i>Last quarter</i>	<i>Last six months</i>
Urban Societies	+ 3.2	- 12.4	- 4.7	- 1.0	+ 5.2	+ 2.0
Rural Societies	+11.9	+10.2	+11.0	+30.6	+23.1	+26.2

SOURCE: Calculations of the Bank of Israel based on data from the Audit Union of Consumer Co-operatives.

(c) *Hamashbir Hamercazi*

The consumer goods sales of "Hamashbir Hamercazi" (the Co-operative Wholesale Society) reached approximately IL.39 million in 1956. This company is mainly a wholesale supplier, but changes in its volume of business tend to reflect general consumption trends, even though fluctuations in its turnover are influenced not only by consumer demand but also by the expectations of retailers and other purchasing bodies. Thus, for example, the turnover of "Hamashbir Hamercazi" contracted during the third quarter of 1956, as shown in table V-8, while in the retail trade this decline occurred during the second quarter.

The sales of "Hamashbir Hamercazi", calculated at constant prices, increased by about 7 per cent in 1956.

⁹ This figure does not include new societies established during the period under review.

¹⁰ The decline in the turnover of urban co-operatives was probably caused by the transfer of custom to other kinds of shops.

TABLE IV-8
*Changes in the Sales of "Hamashbir Hamercazi" during 1956,
as compared with 1955
(in per cent—at fixed prices)*

	<i>First quarter</i>	<i>Second quarter</i>	<i>First six months</i>	<i>Third quarter</i>	<i>Last $\frac{3}{4}$ quarter</i>	<i>Last six months</i>	<i>Whole year</i>
Foodstuffs	+15.5	+11.6	+13.6	-6.7	+23.8	+8.6	+10.9
Other Consumer Goods	- 2.3	-12.7	- 7.8	-6.5	+ 8.0	+1.7	- 2.6

SOURCE: Calculations of the Bank of Israel based on data from "Hamashbir Hamercazi".

APPENDIX

This appendix includes estimates and notes relating to the coverage and sources of data cited in this chapter. Additional tables, on which most of the diagrams are based, as well as the price indices used for the deflation of nominal data have been added.

1. FOODSTUFFS

Data concerning the consumption of foodstuffs in 1956 cover a turnover of some IL.260 million. Possibly, there is some duplication in data received from various sources, but it is unlikely that this exceeds IL.10 million.

The data cover some 45 to 50 per cent of the total expenditure on food in the country during 1956. They are received once a month from producers and marketing organizations, who supply figures reflecting the nearest possible stage to retail sales. In this branch it is impossible to obtain data directly from the retailers.

2. CIGARETTES

Data relating to cigarette consumption are almost complete, except for very small quantities of imported cigarettes on which no information is available. The data are provided by the Customs and Excise Division of the Treasury in physical quantities (cartons). The nominal value is computed in accordance with the current prices of the various kinds of cigarettes, while the index of cigarette prices has been calculated by weighting each type of cigarette according to its share in total turnover during January 1955.

3. CLOTHING

Data relating to clothing consumption are obtained from statements of turnover in retail stores in the three cities, as well as from data of retail sales received from the branches of "Hamashbir La'Zarkhan", "Hamashbir La'Oleh", "Ata" Ltd., "Kitan", Ltd., and such department stores as sell clothing.

TABLE IV-9

Index of Per Capita Consumption at Constant and Current Prices in 1955 and 1956^a
(Quarterly Averages—First Quarter of 1955=100)

Item	1955				1956			
	First quarter	Second quarter	Third quarter	Last quarter	First quarter	Second quarter	Third quarter	Last quarter
1. <i>Foodstuffs</i>								
At Constant Prices	100.0	94.0	99.7	94.0	100.6	89.1	104.6	99.5
At Current Prices	100.0	95.8	104.4	99.4	108.7	100.4	116.5	110.1
2. <i>Cigarettes</i>								
At Constant Prices	100.0	109.2	109.5	99.7	99.2	103.7	116.3	120.0
At Current Prices	100.0	109.2	113.2	110.5	110.2	121.5	141.7	146.1
3. <i>Clothing</i>								
At Constant Prices	100.0	109.6	94.3	116.9	94.3	99.0	97.5	126.9
At Current Prices	100.0	107.7	92.4	116.4	92.8	98.2	96.7	128.0
4. <i>Footwear</i>								
At Constant Prices	100.0	118.6	92.8	133.5	99.0	100.7	108.3	149.4
At Current Prices	100.0	119.7	94.7	140.0	103.5	106.2	116.4	165.6
5. <i>Furniture</i>								
At Constant Prices	100.0	88.1	106.1	98.7	99.2	100.8	123.0	92.9
At Current Prices	100.0	88.0	106.2	100.8	101.2	103.0	125.5	94.6
6. <i>Cinema Attendance</i>								
At Constant Prices	100.0	98.2	92.6	101.2	97.4	94.0	91.1	91.8
At Current Prices	100.0	101.9	94.9	114.9	114.3	110.9	110.4	111.8
7. <i>Travel</i>								
At Constant Prices	100.0	116.5 ^b	112.6	126.9	107.0	108.3	102.5	94.1
At Current Prices	100.0	116.5	112.6	135.5	117.5	118.9	116.2	111.3
<i>Total</i>								
At Constant Prices	100.0	98.8	99.5	101.1	99.8	92.6	104.3	106.1
At Current Prices	100.0	99.8	102.2	107.8	105.6	102.0	114.4	116.3

^a *Foodstuffs, clothing, footwear and furniture*—index at current prices computed from data of suppliers; index at constant prices obtained by deflation according to appropriate paragraphs of the consumer price index.

Cigarettes—index at current prices based on income from cigarette sales (data from Customs and Excise Division, Ministry of Finance); index at constant prices calculated by deflation according to index of cigarette prices prepared by the Bank of Israel.

SOURCE: Calculations of the Bank of Israel.

Cinema—index at current prices based on income from sales of cinema tickets (data from the Stamp Tax Controller, Ministry of Finance); index at constant prices based on the average daily number of attendances.

Travel—index at current prices based on receipts of inter-urban passenger carriers (see note d to table IV-1); index at constant prices computed by deflation according to an index of travel fares, prepared by the Bank of Israel.

TABLE IV-10

*Index of Real Per Capita Consumption of Foodstuffs, Food Prices, and Real Disposable Wages
per Employed Person in 1955 and 1956*

(January 1955 = 100)

	Jan.	Feb. ^a	March	April	May ^a	June	July	August ^a	Sept.	Oct.	Nov. ^a	Dec.
<i>1955</i>												
Consumption	100.0	103.6	135.1	91.9	115.1	111.2	102.2	127.7	107.8	100.4	116.5	101.3
Prices ^b	100.0	99.8	100.7	101.6	101.7	103.1	103.9	101.9	109.4	107.8	104.0	106.7
Wages ^c	—	100.0	101.0	99.0	102.9	101.7	100.4	101.0	100.3	98.3	98.7	100.7
<i>1956</i>												
Consumption	119.4	109.3	112.0	91.0	107.2	103.7	112.4	138.1	103.9	113.1	113.7	110.1
Prices ^b	105.9	107.4	111.9	112.5	114.1	112.2	107.2	109.2	119.6	118.2	106.6	107.9
Wages ^c	99.2	101.4	101.8	102.5	104.7	101.4	97.6	109.7	109.6	104.1	100.5	109.7

^a Key months for the purpose of calculating the cost of living allowance.

^b According to the "Food" item in the consumer price index.

^c See note to table IV-4.

SOURCE: The Central Bureau of Statistics and calculations of the Bank of Israel.

TABLE IV-11

*Index of Real Consumption of Cigarettes, Cigarette Prices, and Real Disposable Wages
per Employed Person in 1955 and 1956*

(January 1955 = 100)

	Jan.	Feb. ^a	March ^b	April	May	June	July	August ^b	Sept.	Oct.	Nov.	Dec.
<i>1955</i>												
Consumption	100.0	94.2	103.3	96.9	113.9	114.2	104.5	120.0	101.3	101.7	102.7	92.4
Prices ^c	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	110.9	110.9	110.9	110.9
Wages ^d	—	100.0	101.0	99.0	102.9	101.7	100.4	101.0	100.3	98.3	98.7	100.7
<i>1956</i>												
Consumption	101.2	94.4	99.7	102.5	104.0	102.2	114.5	123.6	108.2	131.5	113.4	112.0
Prices ^c	110.9	110.9	110.9	116.3	121.8	121.8	121.8	121.8	121.8	121.8	121.8	121.8
Wages ^d	99.2	101.4	101.8	102.5	104.7	101.4	97.6	109.7	109.6	104.1	100.5	109.7

^a February is, of course, a short month.

^b See above for the influence of holidays on consumption. This influence is also felt in this case.

^c Weighted index, according to data from the Customs and Excise Division, Ministry of Finance, based on the turnover of January 1955.

^d See Note to table IV-4.

SOURCE: Calculations of the Bank of Israel based on data from the Customs and Excise Division, Ministry of Finance.

TABLE IV-12

Number of Cinema Attendances, per Capita, Average Price of Cinema Tickets, and Real Disposable Wages per Employed Person in 1955 and 1956

(January 1955 = 100)

	Jan.	Feb.	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.
1955												
Number												
of Attendances ^a	100.0	102.3	108.8	102.8	103.8	98.8	91.2	112.0	84.9	109.1	99.0	106.6
Average Price												
of Tickets ^b	100.0	100.6	104.2	107.7	104.1	105.0	101.2	101.5	111.3	114.3	115.9	116.4
Wages ^c	—	100.0	101.0	99.0	102.9	101.7	100.4	101.0	100.3	98.3	98.7	100.7
1956												
Number of												
Attendances ^a	102.2	98.5	102.2	107.4	100.4	84.8	95.7	100.4	87.4	103.7	82.0	99.8
Average Price												
of Tickets ^b	119.7	119.1	119.4	122.5	121.2	115.2	120.2	122.5	127.6	126.5	123.8	121.5
Wages ^c	99.2	101.4	101.8	102.5	104.7	101.4	97.6	109.7	109.6	104.1	100.5	109.7

^a In the three large cities only.

^b The average expenditure per ticket each month. For difficulties of computing an index of prices see paragraph 5 of this appendix.

^c See Note to table IV-1.

SOURCE: Calculations of the Bank of Israel, based on data supplied by the Stamp Tax Controller, Ministry of Finance.

TABLE IV-13

Changes in Per Capita Purchases of Clothing, Footwear and Alcoholic Drinks, at Constant Prices, and in the Real Disposable Wages Per Employed Person (1956 as compared with 1955—in Per Cent)

	<i>First quarter</i>	<i>Second quarter</i>	<i>First six months</i>	<i>Third quarter</i>	<i>Last quarter</i>	<i>Last six months</i>
<i>Clothing</i>						
Purchases	- 5.7	- 9.7	- 7.9	+ 3.4	+ 8.5	+ 6.2
Prices	+0.7	+ 1.0	+0.8	+ 1.1	+ 1.4	+ 1.3
<i>Footwear</i>						
Purchases	- 1.0	-15.1	- 8.6	+16.7	+12.0	+13.9
Prices	+4.5	+ 4.4	+4.4	+ 5.5	+ 5.6	+ 5.5
<i>Alcoholic Drinks</i>						
Purchases	- 4.3	-14.3	- 8.3	+ 5.3	+ 8.0	+ 6.4
Prices	+2.6	+ 2.6	+2.6	+ 4.1	+ 4.1	+ 4.1
<i>Earnings^a</i>	+0.2	+ 1.7	+0.9	+ 5.1	+ 5.7	+ 5.4

^a See note to table IV-4.

SOURCE: Calculations of the Bank of Israel.

The data at our disposal cover approximately 15 to 20 per cent of total clothing consumption in Israel. They show similar trends in all types of retail business, and it may therefore be assumed that they reflect the general trend.

4. FOOTWEAR

Data based on statements of turnover in retail stores and in such department stores as sell footwear. We cannot estimate the percentage of total consumption covered by them.

5. CINEMA ATTENDANCE

The data at our disposal include the number of tickets sold each month in the three cities, classified according to price. They cover approximately two-thirds of all cinema attendances in the country. There are no major differences between conditions prevailing in the three cities and those elsewhere in the country. This is confirmed by the findings of a committee appointed to investigate the prices of cinema admission by the Commissioner of State Revenue. This fact justifies the exclusive use for our purpose of data from the three cities.

It is not possible to construct a price index of cinema attendances on a constant basis for the period reviewed, as the seat classification has been changing almost from one performance to the next, as explained in section 4(D) above.

6. BOOKS

The figures cited in this chapter are based on the turnover of booksellers dealing in both Hebrew and foreign-language publications. There is no way of computing a price index, and therefore fluctuations are quoted at current prices only.

7. TRAVEL

The data include the current monthly receipts of "Egged", Israel Railways, and four inter-urban taxi companies. They are almost fully representative of inter-urban passenger transport.

To compute the turnover at constant prices we have made separate deflations for each of the carriers: The receipts of "Egged" have been divided by the index of prices charged by this company (calculated by the Controller of Road Transport in the Ministry of Communications), and the receipts of the other carriers by indices prepared by the Bank of Israel according to data provided by Israel Railways and the Ministry of Communications.

8. ALCOHOLIC BEVERAGES

The data as measured in physical quantities (litres), are received from the Customs and Excise Division of the Ministry of Finance. The value at current prices has been calculated according to the average current price of each type of drink (beer, wine, brandy, arak, and liqueurs) provided by the Customs and Excise Division, while the price index has been computed on the basis of the respective weights of various types of drinks in total turnover during 1955.

These data are almost complete, except for the "Shekem" data during part of the period, and for a very small quantity of imported beverages, and alcoholic beverages manufactured illegally on which excise duties are not collected.

For sales of beer by "Shekem" canteens and stores, see note to Table IV-5.

9. RADIO LICENCES

Data from the Director of Postal Services, Ministry of Posts.

10. HANDICRAFTS AND SOUVENIRS

The figures cited in this chapter are based on the sales of retailers. Between 10 and 30 per cent of the sales are to tourists who pay in foreign currency (it must be assumed that a further proportion of sales against Israel Pounds are likewise to tourists).

It is not possible to calculate turnover at constant prices, as a price index for this branch is lacking because of the rapid variations in the products characteristic of the branch.

11. DEPARTMENT STORES

The data include the overwhelming majority of department stores. The index in this branch has been computed by weighting the appropriate items of the consumer price index.

12. CO-OPERATIVE SOCIETY

The turnover of these societies in 1956 totalled IL.100 million. The data are from the Audit Union of Consumers' Co-operative Ltd. The calculation at constant prices was made by deflation in accordance with a weighted index composed of the appropriate item in the consumer price index.