

CHAPTER VIII

MANPOWER AND EMPLOYMENT

1. POPULATION

AT THE END of 1956 the population of Israel was 1,873,000, as compared with 1,789,000 in 1955, an increase of 84,000, or 4.5 per cent. In contrast to the years 1952-55, net immigration exceeded the natural increase in 1956, representing 52 per cent of the total increase in population.

TABLE VIII-1  
*Factors Contributing to Population Growth, 1954-1956*

	1954		1955		1956	
	<i>Increase</i>	<i>Per cent</i>	<i>Increase</i>	<i>Per cent</i>	<i>Increase</i>	<i>Per cent</i>
Natural Increase	37,500	77	40,000	56	40,000	48
Immigration:						
Gross immigration	17,500	—	37,500	—	55,000	—
Emigration	6,500	—	6,500	—	11,000	—
Net Immigration	11,000	23	31,000	44	44,000	52
<i>Total Growth of Population</i>	48,500	100	71,000	100	84,000	100

SOURCE: The Central Bureau of Statistics.

The adult population (above the age of 14) increased by 41,300 during the year under review; it rose from 1,166,000 at the end of 1955 to 1,207,000 at the end of 1956.

DIAGRAM VIII-1  
*Factors in Population Growth, 1954-1956*

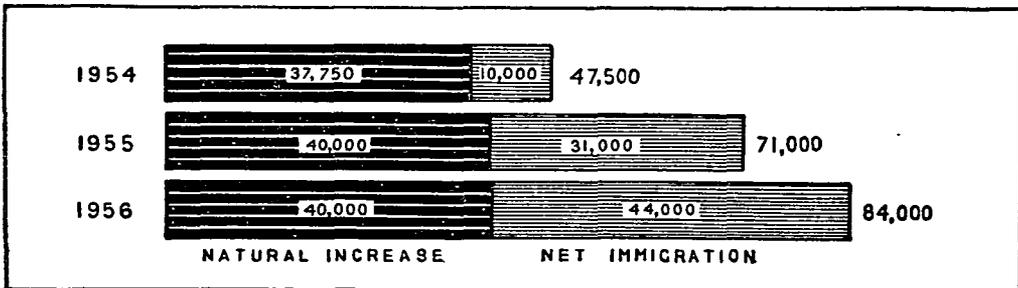


TABLE VIII-2  
*Population by Type of Settlement<sup>a</sup>, 1955 and 1956*  
*(in thousands)*

	31.12.1955	31.12.1956	Change	
			in thousands	in per cent
Towns and Urban Settlements	1,250.7	1,319.2	+68.5	+5.5
Rural Smallholders Settlements and Smallholders Co-operatives	97.4	105.9	+ 8.5	+8.7
Kibbutzim	77.8	79.7	+ 1.9	+2.4
Other Rural Settlements	204.9	213.1	+ 8.2	+4.0
<i>Total Rural Population</i>	380.1	398.7	+18.6	+4.9
Immigrant Settlements (e.g. Kiryat Shmoneh and Mishmar Hashiva)	70.1	69.9	- 0.2	-0.3
Transit Camps, Immigrant Hostels, etc.	66.9	63.2	- 3.7	-5.5
	1,767.8	1,851.0	+83.7	+4.7

<sup>a</sup> Excluding the Bedouin population.

SOURCE: The Central Bureau of Statistics.

The rate of increase was about the same in urban and rural areas, and amounted to 5 per cent. There was a decrease in the transit camp population, as immigrants were leaving them for permanent settlement. A movement from immigrant settlements to the towns was also noticeable. These settlements include transit camps converted into permanent settlements, and particular new immigrant villages, such as Kiryat Shmoneh and Mishmar Hashiva. The rapid growth of the population in smallholders settlements compared with other types of rural settlements is due to the agricultural settlement of immigrants.

## 2. AGE STRUCTURE OF THE POPULATION

The age structure of the population remained practically unchanged as compared with 1955. The age distribution of the Jewish population shows a greater proportion of children, not included in the labour force, than that existing before the establishment of the State. The 15-55 age group, which includes the majority of wage-earners, has become relatively smaller.

The relatively low average age is due to the high birth rate, and to the immigration during previous years of families from Asia and Africa with many children.

This trend, characteristic of recent years, indicates that there will be an increasing number of people whose occupational choice will be affected by prevailing economic and trade conditions, whereas the proportion of people who

TABLE VIII-3

*The Jewish Population by Age Groups, 1948, 1955 and 1956*  
(in percentages)

<i>Age group</i>	<i>End of 1948</i>	<i>End of 1955</i>	<i>End of 1956</i>
0 to 14	28.7	33.5	34.3
15 to 24	17.6	15.4	15.1
25 to 44	35.0	28.1	27.5
45 to 54	9.9	11.6	11.8
55 to 64	5.0	6.7	6.7
65 and above	3.8	4.7	4.6
<i>Total</i>	100.0	100.0	100.0

SOURCE: The Central Bureau of Statistics.

arrived in the country with a well-defined occupation and established working traditions is likely to decline.

The rising average number of people depending on potential wage-earners will therefore necessitate an increase in the output per worker if former consumption levels are to be maintained.

### 3. THE LABOUR FORCE

The manpower surveys carried out by the Central Bureau of Statistics are the only source of information about the size of the labour force. These surveys are based on the sampling method; conclusions relating to the total labour force are based on answers to a series of questions put to a group, whose structure is presumed to be representative of the entire population.

TABLE VIII-4

*The Labour Force<sup>a</sup> 1954 to 1956*

	<i>June 1954<sup>b</sup></i>	<i>November 1955</i>	<i>June 1956</i>
Population above the Age of 14	1,145,000	1,178,600	1,204,000
Civilian Labour Force	596,000	631,000	620,000
Labour Force as a Percentage of Population above the Age of 14	52.0	53.6	51.5
Persons Gainfully Employed as a Percentage of the Labour Force	91.4	92.8	92.7

<sup>a</sup> Allowance should be made for a margin of error existing in all calculations based on samples. There is a 2:3 probability, with regard to the civilian labour force and persons gainfully employed, that the margin of error does not exceed 4,000 in either direction.

<sup>b</sup> Revised figures.

SOURCE: The Central Bureau of Statistics—Manpower Surveys.

The manpower surveys made in June 1954, November 1955 and June 1956, do not permit the drawing of conclusions as to changes that have occurred in the intervening periods. Each survey furnishes comprehensive information for a given week, and it is not possible to say whether the changes recorded are characteristic of the particular week, or are the result of a specific trend, as data to this effect are not included. Furthermore, these surveys cover different periods of the year and consequently do not reveal to what extent the labour force has been influenced by seasonal variations. These reservations should be borne in mind when interpreting the apparent decline emerging from a comparison of these surveys, because the information they provide refers essentially to the order of magnitude of the labour force and its relation to the total population.

For the purpose of these surveys, the civilian labour force includes all gainfully employed persons above the age of 14, whether fully or partly occupied, members of families employed by a family business for 15 hours a week or more, and those actively seeking work. Persons on active service with the Israel Defence Forces are excluded.

This definition excludes unemployed persons not actively seeking work, i.e. those who would have been prepared to work had a sufficient number of vacancies been available, but believing there was no chance of finding it, did not actively seek employment.

The three surveys show that during recent years Israel's labour force included just over half the population aged 14 or over.

A comparison of the three surveys indicates that there is a more or less fixed ratio between the number of persons gainfully employed and those belonging to the labour force<sup>1</sup>. The constancy of this ratio may be attributed to the fact that participation in the labour force is influenced by the prospects of finding employment.

#### 4. EMPLOYMENT

During 1956 no uniform trend could be discerned in the general level of employment. The number of persons gainfully employed increased in some economic sectors and decreased in others, while the average level of employment did not change considerably.

The level of employment in agriculture was higher in 1956 than in the preceding year, the estimated input of work-days rising by 10 per cent. This is attributable to the expansion of existing agricultural settlements and the establishment of new ones as well as to better harvests resulting from favourable weather conditions. According to the manpower surveys, the number of people employed in agriculture decreased by 2,500 between November 1955 and June 1956; this figure is the balance of the number of partly occupied workers,

<sup>1</sup> It should be noted that the labour force includes unemployed actively seeking work.

which decreased by 7,000, and that of independently occupied persons which rose by about 4,500. Seasonal workers, who were occupied in November by the opening citrus and the closing cotton harvests, were mainly affected by the contraction of employment, whereas the number of agricultural settlers increased.

The average level of employment in industry was only 2-3 per cent higher in 1956 than in 1955. The level of employment fluctuated throughout the year, as there were periods of boom and depression caused by seasonal and conjunctural trends. During 1956, the level of employment in the metal, electric appliances, machinery and motor vehicle industries rose by 5 per cent, whereas it declined in the majority of other branches. The number of persons employed by the building material industries fell during the year, because of the reduced volume of building. In May and July employment in the clothing and footwear industries fell, perhaps because expectations of greater demand did not materialize, leading to the accumulation of stocks and to a decrease in the number of orders.

Employment in building showed a definite declining trend throughout 1956, as this sector was passing through a period of depression. The lowest level of activity was recorded towards the end of the year, when the call-up of workers and motor vehicles for the Sinai campaign caused a partial stand-still in building. Consequently employment during the last quarter of 1956 was about one-third lower than the 1955 average.

TABLE VIII-5  
*Indices of Numbers Employed in Building, 1956*  
(1955 average=100)

<i>1956</i>	<i>Index</i>
First Quarter	90
Second Quarter	82
Third Quarter	79
Fourth Quarter	67
Annual Average	79

SOURCE: The Central Bureau of Statistics.

The building sector provides employment for a considerable proportion of unskilled workers and the contraction of employment therefore caused a decline in the number of unskilled workers employed.

Employment in the Civil Service rose by 6 per cent<sup>2</sup> because of additional recruitment by the Government and by local authorities. There was somewhat of a decline in the number of persons gainfully employed in trade and the ser-

<sup>2</sup> According to data furnished by the Civil Service Commission and the Local Authorities.

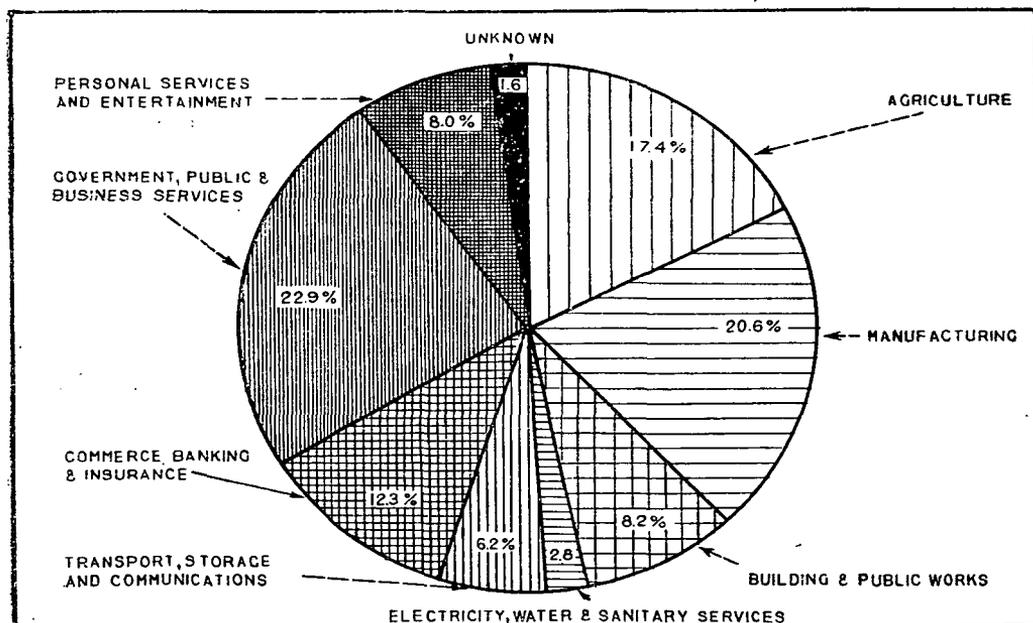
vices—a fact confirmed by the reduced number of holders of retail trade licences, as well as by other data. The decline was caused by the growing competition in these branches, where independent earners had been concentrating during previous years.

TABLE VIII-6  
Employment in Major Divisions of Economic Activity, June 1956

Division	Number employed	Per cent
Agriculture, Afforestation and Fishing	99,700	17.7
Industry, Crafts, Mining and Minerals	118,000	20.9
Building and Public Works	47,300	8.3
Electricity, Water and Sanitary Services	16,200	2.9
Commerce, Banking and Insurance	70,900	12.5
Transport and Storage	35,900	6.4
Public, Governmental and Business Services	131,200	23.2
Personal Services and Entertainment	46,000	8.1
Unspecified	9,200	—
<b>Total</b>	<b>574,400</b>	<b>100.0</b>

SOURCE: The Central Bureau of Statistics—Manpower Survey.

DIAGRAM VIII-2  
The Labour Force by Economic Sectors, June 1956  
(in percentages)



## 5. STRUCTURE AND CAUSES OF UNEMPLOYMENT

The number of unemployed actively seeking work as quoted by the manpower surveys, does not represent only such unemployment as can be eliminated with the help of additional jobs without causing significant changes in existing wage rates.

More than 80 per cent of the unemployed registered at the labour exchanges are unskilled workers. This fact is confirmed by the data included in the manpower surveys. During 1956, renewed large-scale immigration contributed to an increase in the number of people with no skills or with skills for which there was no demand. At the same time, the continued expansion of the economy created an excessive demand for certain occupations, in particular for technicians.

The causes of unemployment are revealed by its structure. The vocational structure of the population is not adapted to the country's economic conditions; it is the result of the immigration of earlier years, which included a considerable percentage of people either without any trade or else having one no longer in demand; such people are therefore considered as unskilled upon their arrival on the labour market. Of the total numbers of unemployed during June 1956, about 77 per cent had not been working for two months or more. The considerable percentage of those unemployed over lengthy periods confirms the fact that the underlying reason of such unemployment resides in the structure of the labour force.

There are several categories of unemployment in the Israel economy:

TABLE VIII-7

*Unemployment by Period of Duration, June 1956*

<i>Duration of unemployment</i>	<i>Males</i>	<i>Females</i>
1 to 2 weeks	9.5	8.0
3 to 4 weeks	15.9	8.2
5 to 6 weeks	3.2	2.4
7 to 11 weeks	16.2	17.8
3 to 5 months	26.5	31.7
6 months or longer	28.7	31.9
<i>Total</i>	100.0	100.0

SOURCE: The Central Bureau of Statistics—Manpower Survey, June 1956.

*Structural Unemployment:* Owing to the special character of the Israel labour force, there is a type of unemployment which may best be defined as "integrational unemployment." It includes all those prepared to work in a given field or profession which is not open to them because they are neither familiar with the particular conditions of the country, nor do they possess a knowledge

of its language. The extent of such unemployment is essentially determined by the volume and vocational structure of the immigration. Another category, "social cases," refers to people with limited or no working ability. In so far as such people are actively seeking work, they are considered as unemployed both by the labour exchange, and by the manpower surveys. They represent, in fact, the hard core of unemployment.

A certain amount of structural unemployment is an inevitable phenomenon in every economy, as there are separate labour markets for the various occupations, economic sectors and regions, and unemployment can prevail in one occupation, while a shortage of workers may exist in others. Such unemployment is due to the limited mobility of manpower, both occupational and regional.

*Frictional Unemployment:* Large-scale immigration inevitably causes unemployment, even when its occupational structure fits the economic requirements of the country. This is frictional unemployment, caused by the time interval between the immigrant's arrival and the date on which he finds permanent employment in the place where he chooses to settle. During periods of expanding immigration, such as 1956, this type of unemployment is likely to increase.

*Seasonal Unemployment:* Intensive, seasonal recruitment of labour is necessary for most harvests, in particular citrus and industrial crops. Such seasonal fluctuations in the level of employment lead to unemployment after the height of the season.

*Conjunctural Unemployment:* Apart from the seasonal factor, the effect of which can to a great extent be assessed in advance, there are temporary phenomena which cause unemployment. Thus, for example, exaggerated expectations of large-scale clothing and footwear purchases in the year under review led to the accumulation of stocks and, when these prospects did not materialize, the relevant industries reduced their activities in June and July, dismissing a large number of workers.

It may well be that dearer labour, as compared with the cost of other production factors, entailed a reduction in the number of workers employed in various economic sectors. The building of trenches, shelters and other security installations, which started at the beginning of 1956, absorbed available labour released by the building sector.

No significant changes in registered unemployment took place during the Sinai campaign, because of two contradictory tendencies: the general mobilization of all persons of military age, including the unemployed, brought about a decline in unemployment, while the transport dislocations, together with the call-up of key workers, caused labour to be discharged. In December, the effects of the fuel shortage and consequent electricity restrictions began to be felt, and workers were dismissed by undertakings producing electrical appliances and by such economic branches as consumed especially large quantities of fuel.

## 6. FLUCTUATIONS IN THE LEVEL OF UNEMPLOYMENT

During 1956, fluctuations in the level of unemployment were, as already stated, determined mainly by the volume of immigration, the seasonal character of agricultural employment, and the depression in the building sector. However, the intensity of such fluctuations varied throughout the year. During the first six months, variations in the number of unemployed were due mainly to the usual seasonal influences that arise every year, and were similar to the fluctuations which took place during the first half of 1955. The usual seasonal factors were also discernible in the second half of 1956, but they were supplemented by a definite trend towards an increase in the number of unemployed. This increase was in the main the result of large-scale immigration—its influence having been particularly felt during this period—and of contracted employment in the building sector.

Current data from laour exchanges relating to the number of registered unemployed provide information about fluctuations in unemployment.

People employed by the Ministry of Labour on planned relief works should be added to the number of registered unemployed, as they were not absorbed by regular occupations. In 1956, the level of registered unemployment was 8 per cent higher than in 1955. Table VIII-8 brings out the increase of unemployment during the second half of the year, and particularly during the last quarter. Between August and December 1956, unemployment was 19 per cent higher than during the corresponding period of 1955, whereas during the last quarter of 1956, the rise exceeded 23 per cent.

Unemployment is measured not only according to the number of unemployed, but also according to its depth, i.e. according to the number of days during which each unemployed person was out of work. The comparative data are given in table VIII-9.

Statistics of persons unemployed for 7, 13 and 19 days or more respectively during each month are used to measure the depth of registered unemployment. The last two indicators, and especially the number of persons unemployed for "19 days or more" exclude persons on relief works, since the Ministry of Labour usually provides 12 work-days per person per month. People so employed will therefore be excluded from the third indicator, and will be included only under unemployed for 13 days or more as the number of working days in the month exceeds 25.

According to data shown in tables VIII-8 and VIII-9, changes in the number of registered unemployed and the depth of unemployment do not seem to be related. Indicators of the depth of unemployment are affected by the volume and distribution of relief works. Expanding relief work during the second half of 1956, and its equitable allocation prevented a further deepening of registered unemployment. It cannot be said to what extent registered unemployment would have deepened without the extension of such relief schemes.

TABLE VIII-8

*Numbers of Unemployed Registered at Labour Exchanges and Persons Employed on Relief Work organized by the Ministry of Labour, 1956*

(in thousands)

	1955			1956		
	Daily average			Daily average		
	Registered unemployed	Persons employed on relief works	Registered unemployed and persons employed on relief works	Registered unemployed	Persons employed on relief works	Registered unemployed and persons employed on relief works
January	13.5	9.3	22.8	14.2	8.7	22.9
February	12.9	10.2	22.1	13.1	9.8	22.9
March	8.9	11.1	20.0	8.6	13.7	22.3
April	7.8	15.8	23.6	12.9	11.9	24.8
May	9.5	14.5	24.0	11.5	11.3	22.8
June	8.9	13.5	22.4	10.8	10.3	21.1
July	9.6	13.4	23.0	12.4	10.8	23.2
August	11.4	10.7	22.1	11.4	13.4	24.8
September	9.9	9.4	19.3	10.4	11.5	21.9
October	11.0	5.2	16.2	12.0	7.8	19.8
November	14.5	7.8	22.3	13.8	13.5	27.3
December	16.2	9.1	25.3	18.5	13.0	31.5
Annual Average	11.2	10.8	22.0	12.5	11.3	23.8

SOURCE: Ministry of Labour, Research Unit.

TABLE VIII-9

*The Depth of Unemployment, 1955 and 1956*

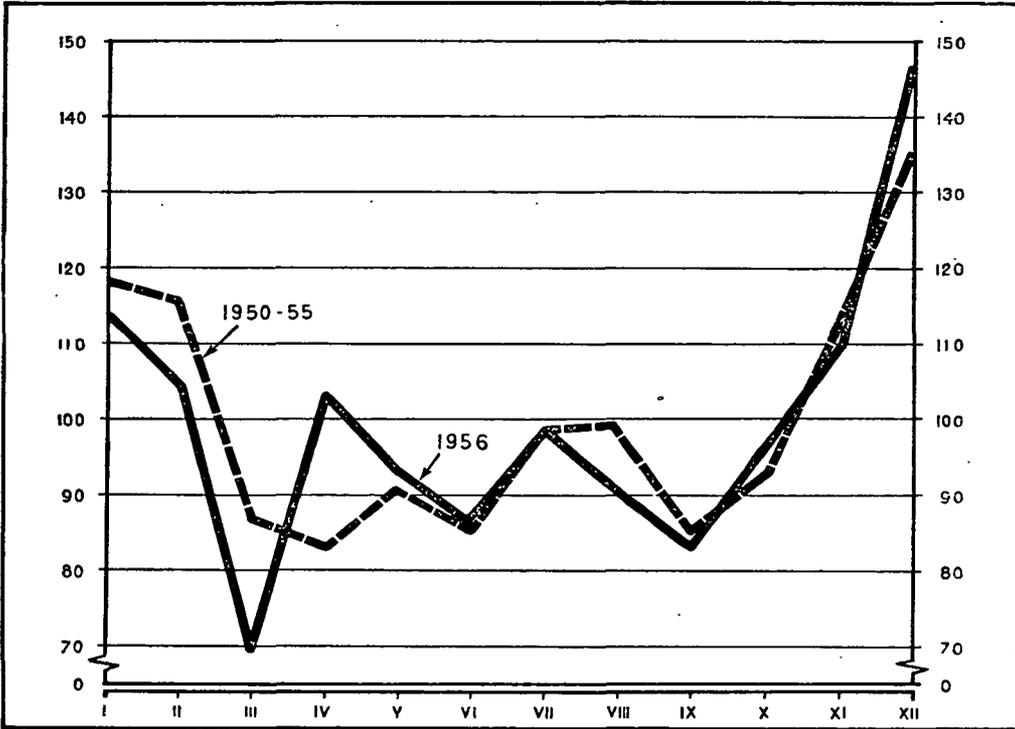
	1955			1956		
	Number of unemployed			Number of unemployed		
	for more than 7 days	for more than 13 days	for more than 19 days	for more than 7 days	for more than 13 days	for more than 19 days
First Quarter	18,300	9,700	4,600	18,300	9,400	4,000
Second Quarter	12,800	5,900	2,700	17,300	8,400	3,500
Third Quarter	17,600	8,300	3,800	16,900	8,900	3,300
Fourth Quarter	22,000	12,100	5,400	23,000	12,600	4,900
Annual Average	17,100	9,000	4,200	18,900	9,800	3,900

SOURCE: Ministry of Labour, Research Unit.

DIAGRAM VIII-3

*Monthly Fluctuations in Registered Unemployment and in Unemployment Relief,  
Average 1950-1955 and 1956*

(Monthly averages 1950-1955; 1956 yearly average=100)



The volume of relief work is determined by the extent of unemployment on the one hand, and by the available budgetary resources on the other hand. The Ministry of Labour attempts to direct employment to various works according to the order of priority dictated by the needs of the economy.

TABLE VIII-10

*Employment Relief Work by Categories, 1956  
(in per cent)*

Agriculture	32
Building and Defence (including Shelters)	19
Local Authorities	25
Various (including vocational training)	24
	100

SOURCE: Ministry of Labour Research Unit.

Eighty per cent of persons unemployed are unskilled workers. Hence the daily average of total registered unemployed is determined by the fluctuations in the daily average of such unskilled workers.

DIAGRAM VIII-4  
*Monthly Fluctuations in the Daily Average of Registered Unemployment,  
1955-1956*

