

## CHAPTER VIII

### MANPOWER, EMPLOYMENT AND UNEMPLOYMENT

THE CIVILIAN LABOUR FORCE rose in 1957 by about 9 per cent. Most of the additional manpower found employment and the number of registered unemployed consequently did not rise above the 1956 level.

The main increase in the supply of labour was largely the result of a rate of immigration exceeding that of former years. Moreover, in 1957, the composition of immigration was different from that of former years in two respects. First, there was a higher percentage of immigrants gainfully employed in their country of origin as compared with those who arrived in the first years after the establishment of the State. Secondly, there was a relatively high percentage of people engaged in the liberal and manufacturing professions.

Moreover, the change in the age structure of the existing population and the rise in the number of adults also made for an increase in the supply of labour.

The demand for workers and the increase in vacancies were the result of changes in the different economic sectors and their greater activity, in particular in agriculture, building and services. Owing to the good harvests, demand for farm hands rose, while the extension of the cultivated and irrigated areas further enhanced this trend. The harvesting of crops, such as cotton, calling for larger numbers of hired labour, also expanded.

Building, where employment is temporary, offered a greater number of vacancies owing to the increased activity in this sector in 1957. This was followed by a boom in the building materials industry.

#### 1. POPULATION AND THE LABOUR FORCE

At the end of 1957, the population of Israel was 1,976,000, an increase of 103,600. The main population increase—about 62,000—came from net immigration. In 1957, the average population was 1,930,500 thus rising by 102,200 over the 1956 average.

The economically active population (above the age of 14, according to the definition used by international demographic statistics) was estimated at about 1,291,000 at the end of 1957—an increase of 84,000 as compared with the same period in 1956. It represents a rise of 7 per cent, exceeding the 5.5 per cent increase in total population brought about by changes in its age structure. Entries into the working age group—14 years and over—exceeded exits due to

mortality. Furthermore, the percentage of the 14 years and over age group was higher in net immigration than in the resident population.

TABLE VIII-1  
*Population Growth, 1954-1957*  
(thousands)

	1954	1955	1956	1957
Natural increase	37.5	40.0	40.0	41.4
Net immigration*	11.0	31.0	44.0	62.2
<i>Total population growth</i>	48.5	71.0	84.0	103.6

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

\* Immigration less emigration.

In Israel, the civilian labour force is defined as the population above the age of 14 gainfully employed or actively seeking employment, excluding military personnel on regular and on active service. In addition to the changes in the labour force which occurred in 1957 as a result of immigration and changes in the age structure, allowance should be made for partially employed women, for unpaid family workers etc. These generally join the labour force when economic activity is stepped-up, and chances to find employment are good. The following table shows data on the population and its age structure, as well as on the civilian labour force.

TABLE VIII-2  
*Population and the Labour Force, 1957*  
(thousands)

	1957
Average population	1,930.5
Average population above 14 years of age	1,267.7
Civilian labour force*	694.6
Percentage of labour force within total population	36.0
Percentage of labour force within population above 14 years of age	54.8

SOURCE: Central Bureau of Statistics.

\* Population above 14 years of age reported in the Manpower Surveys as gainfully "employed" or as "unemployed".

In spite of the difficulties inherent in international comparisons, mainly due to differences in definitions, it may be said that, in Israel, the percentage of part-

icipation in the labour force is among the lowest in the world. The reasons therefor may be summarized as follows:

(i) Many immigrants arrived in Israel from countries where the percentage participation in the labour force is low. This affects in turn their rate of participation in Israel until they become familiar with new conditions.

(ii) During the initial period after their arrival, participation in the labour force is generally low, pending adjustment to the general social conditions in the new country. In many cases, ill health and a complete absence of vocational training have also to be taken into account.

(iii) The low participation in the civilian labour force of men and women in the higher age groups.

(iv) Deficient statistical data tend to underestimate the labour force. This is particularly true for partially employed women: they do not declare themselves as employed or seeking work—an outstanding feature of the non-Jewish population.

## 2. EMPLOYMENT

By definition, the civilian labour force is composed of two groups—the gainfully employed and the unemployed.<sup>1</sup> Every increase in the labour force is reflected in one or other of these two groups. According to the available data, it may be said that, in 1957, the increase in the number of the gainfully employed was equal to the increase in the labour force.

In 1957, the average number of gainfully employed was 645,000 as against 592,000 in 1956. The addition of nearly 60,000 in employment was the result of immigration and of the increase in the labour force and the entry of certain age groups into it.

The estimated number of unemployed in 1956 and 1957 remained almost unchanged—at about 46–48,000. It would, however, seem that these data show a certain upward bias, because partially employed workers and those engaged on employment relief declared themselves as unemployed, and owing to other statistical errors in the manpower surveys.

No notable changes have occurred between 1956 and 1957 in the occupational structure of the gainfully employed, particularly if allowance is made for possible statistical errors in the reported data. There was, however, a relative increase in the numbers employed in building and public works and services (see Table VIII-3).

## 3. FACTORS WHICH INFLUENCED EMPLOYMENT IN 1957

In 1957, the rise in employment was an indirect result of the general increase in demand, rendered possible by larger imports of raw materials and invest-

<sup>1</sup> "Unemployed" means persons in the relevant age groups who are actively seeking work.

TABLE VIII-3

*Annual Average of Gainfully Employed by Economic Sectors, 1956-1957*  
(thousands)

<i>Economic sector</i>	1956	1957
Agriculture	105.7	111.7
Industry and crafts	130.0	137.6
Building and public works	49.8	61.8
Utilities	14.2	15.5
Commerce, finance and insurance	78.0	83.5
Road transport, communications	40.6	43.8
Services	174.3	190.9
<i>Total</i>	592.6	644.8

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

ment goods and by an increase in domestic investment. The outstanding factors which influenced employment were the larger share of building expenditure within the overall expenditure from the Development Budget, and the occupational structure of the immigrants who were easier to employ than in the past.

(a) *Increased Building Expenditure*

Development Budget expenditure is an important factor in determining the level of employment. Every expenditure item of the Development Budget contains an employment component representing wages or salaries, and it is evident that it is higher in some items than in others. In other words, more employment possibilities are provided by a given sum spent on building, than by the same sum directed to investment in transport, which is mainly the purchase of transport equipment from abroad. In general, expenditure from the Development Budget may be divided into three groups—low, medium and high—according to the size of the employment component. Expenditure items with a low employment component mainly include the acquisition and installation of equipment imported from abroad. Expenditure on investments with a medium employment component cover agriculture, the postal services, etc. The third group, having a high employment component, includes building and public works, which create much employment, even if temporary, during the investment period. About 50 per cent of the Development Budget's expenditure for the fiscal year 1956/57 were diverted to investments with a high employment component.

(b) *The Occupational Structure of the Immigrants*

In 1950-1956, the percentage of immigrants gainfully employed in their country of origin was lower than that of the Israel population. Moreover, their occupational structure differed considerably from that of the local population.

TABLE VIII-4

*Implementation of the Development Budgets, by Expenditure per Working Day, 1956/57-1957/58*

(Percentages)

<i>Expenditure per working day</i>	<i>1956/57</i>	<i>1957/58<sup>a</sup></i>
Up to IL. 30 <sup>b</sup>	16.9	31.6
IL. 30—IL. 70 <sup>c</sup>	36.3	39.8
Over IL. 70 <sup>d</sup>	46.8	28.6
<i>Total</i>	100.0	100.0
Volume of expenditure in millions of IL.	237.3	261.4

SOURCE: Reports of the Accountant General, Ministry of Finance.

<sup>a</sup> 9 months only.

<sup>b</sup> Housing, local authorities, funds and other projects, public works and intensified employment.

<sup>c</sup> Agriculture, national water project, pipelines, electricity, postal services, public and Government buildings.

<sup>d</sup> Development of the Arava, crafts, mining, quarrying and transport.

The position improved in 1957. First, the percentage of immigrants gainfully employed in their country of origin was 35.3 per cent, while previously the highest annual rate represented 33.6 per cent, and more often than not about 30 per cent. Secondly, the percentage of immigrants gainfully employed abroad who declared that they had been employed in agriculture or in manufacturing was higher in 1957 than in 1950-1956. In 1957, there was also a greater number of people previously engaged in the technical and liberal professions.

TABLE VIII-5

*Immigrants by Skills in their Country of Origin, 1950-1956, 1957*

(Percentages)

	<i>1950-1956</i>	<i>1957</i>
Gainfully employed	30.7 <sup>a</sup>	35.3
Unemployed	69.3	64.7
<i>Total</i>	100.0	100.0
<i>Gainfully employed</i>		
Agriculture, industry, crafts and transport	49.4	53.2
Liberal and technical professions	8.3	16.8
Services, business, administration and clerks	33.8	26.1
Others and not specified	8.5	3.9
<i>Total</i>	100.0	100.0

SOURCE: Central Bureau of Statistics.

<sup>a</sup> Percentages ranging from 28.1-33.6 per cent over the different years.

While it is true that there is no necessary continuity between the employment of immigrants abroad and in Israel and that it is by no means certain that the economic sector in which the immigrant claimed to have been employed was, in fact, his real former employment, available data do point to a certain improvement over the previous years.

An additional factor which facilitated the integration of immigrants was their geographical distribution upon arrival in Israel. Table VIII-6 shows the geographical dispersion of immigrants as effected by the Jewish Agency.

TABLE VIII-6  
*Immigrants by Area and Type of Settlement, 1956-1957*  
(Percentages)

	1956	1957
Development areas (including urban development villages)	31	44
Agricultural settlement	19	9
Urban areas	50	47
<i>Total</i>	100	100

SOURCE: Department for the Absorption of Immigrants, the Jewish Agency.

Employment possibilities were one of the criteria determining the dispersion of immigrants. Furthermore, the direction of immigrants to development areas ensured, at least during the initial period, employment in housing. The relatively small percentage directed to agricultural settlements reflects a considerable fall in the number of immigrants directed to smallholders' settlements. Notwithstanding the considerable increase in the percentage of immigrants directed to development areas, the percentage of those who went to urban areas remained relatively high. This may be attributed to the fact that a larger number of immigrants this year had family connections with the older residents of the country, who helped in their integration in urban areas. It was also due to the greater number of people in the liberal and technical professions for whom employment was found more easily in urban areas, where most of the country's population and industry is concentrated. No data are available on the movement of immigrants after their initial distribution, and it is, therefore, difficult to discuss their final integration.

#### 4. EMPLOYMENT BY ECONOMIC BRANCHES

*Agriculture.* Employment in agriculture was about 6 per cent higher in 1957 than in 1956. Both years were bumper years and harvests were good.

The main increase in the number of working days occurred for crops under

irrigation, the area of which was expanded during the year. The same was true for field crops and livestock.

The average numbers employed were about 112,000 in 1957 against 106,000 in 1956.

*Crafts and Industry.* The estimated rise in numbers employed in crafts and industry was about 6 per cent.<sup>1</sup>

The rise in employment started in the early part of 1957 and was considerably intensified during the latter part of the year. It was the result of intensified economic activity which, after having begun in the building sector, spread to the other sectors as a result of the increase in private income. There was also a certain rise in industrial exports.

Another factor making for the increase in employment in this sector was the large number of craftsmen among the immigrants from Eastern Europe, who arrived towards the end of 1956 and during 1957. Their initial installation was provided for by the national institutions which granted loans out of the different funds designed for this purpose.

*Construction.* The intensified activity in public and private building called for 10,000 more employed than in 1956; employment in non-building construction also increased. The increased demand for labour caused a shortage of skilled building workers in some areas; it was felt mainly during certain periods in the more distant areas. As a result, in some areas wages rose above the level fixed by the trade unions. It should be noted that, following the accelerated building activity, vocational training was given to over 3,000 building workers.

Employment in building construction was below the annual average during the first quarter of the year, before activity in this sector was stepped up, and also towards the end of the year, when the rainy season began.

*Transport.* The rise in the number of employed was estimated at 8 per cent in 1957 as against 1956. The main increase occurred in employment in road transport as a result of the larger number of commercial vehicles in use and the expansion of the railway services. A smaller increase was noted among civil aviation employees, while employment in shipping remained virtually unchanged, in spite of its expansion.

<sup>1</sup> This figure, which is subject to certain reservations, is based on data supplied by the following sources: (a) the index of employment in industry, showing an increase of 4 per cent; (b) data collected by the Bank of Israel, covering 300 enterprises responsible for most of the country's industrial output, showing an increase of 7 per cent in the number of working days; and (c) the manpower surveys for 1956 and 1957 reflecting an even greater increase. These data do not, however, represent the annual averages.

## 5. THE LEVEL OF UNEMPLOYMENT AND ITS FLUCTUATIONS

In the absence of current data on overall unemployment, the monthly fluctuations of registered unemployment are shown. Workers engaged on employment relief should be added to the number of registered unemployed. The former are either workers who were not absorbed by the labour market and for whom employment was provided after they had been out of work for more than twelve days during the month, or new immigrants after arrival.

Table VIII-7 shows the monthly fluctuations in these two series.

TABLE VIII-7

*Registered Unemployment and Employment Relief, 1956-1957*  
(thousands)

<i>Period</i>	<i>Registered unemployment</i>	<i>Employment relief</i>	<i>Total</i>
Average 1956	12.3	11.3	23.6
Average 1957	12.5	15.5	28.0
1957 January	17.7	12.4	30.1
February	17.1	15.3	32.4
March	15.0	15.2	30.2
April	10.8	20.3	31.1
May	13.2	16.2	29.4
June	11.3	16.9	28.2
July	12.9	15.2	28.1
August	12.0	17.0	29.0
September	8.9	17.5	26.4
October	6.2	10.4	16.6
November	11.7	12.8	24.5
December	13.4	16.3	29.7

SOURCE: Central Bureau of Statistics.

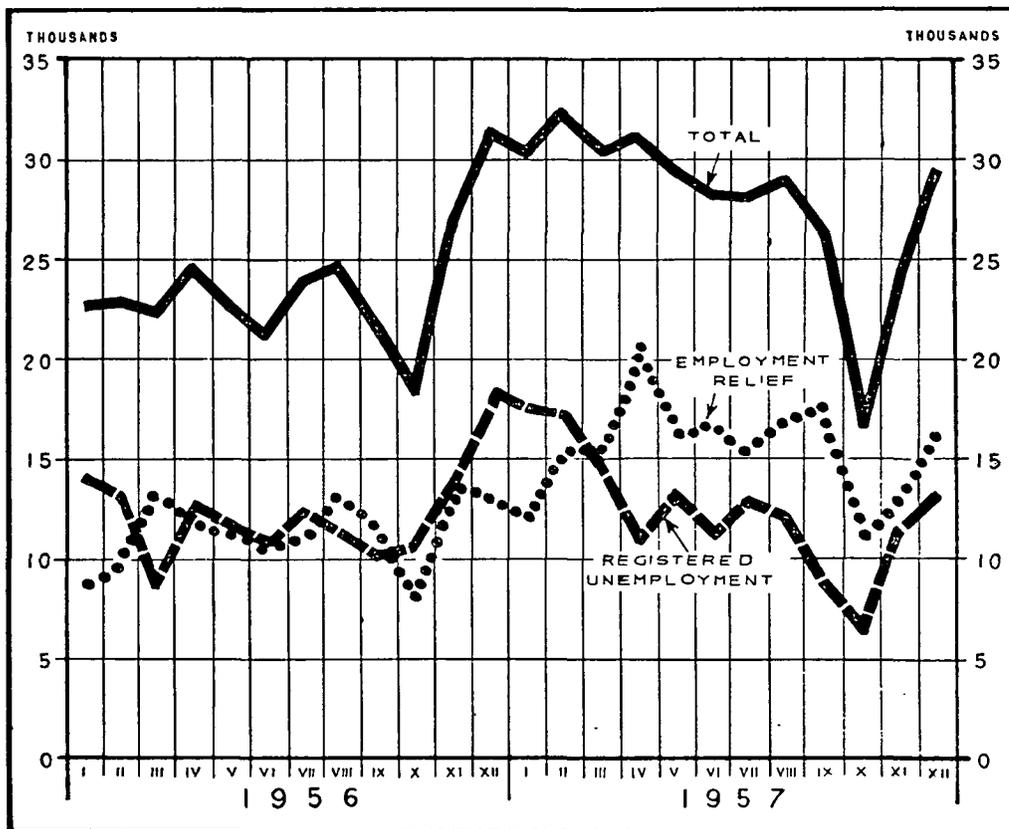
Unemployment was relatively high during the first quarter of 1957. It fell progressively to a very low level in September–November, to rise to its annual average towards the end of the year. One of the reasons for the relatively high unemployment in the early months of the year was the influence of the Sinai campaign.

At the beginning of the year, unemployment was largely the result of a contraction in building, and of the financial difficulties arising directly or indirectly from defence considerations.

In spite of the relatively large number of unemployed at the beginning of the year, no additional sums were allotted to employment relief which would have led to a fall in registered unemployment.

It will be seen from Table VIII-7 that unemployment<sup>1</sup> remained more or less at a level of 30,000, in spite of about 55,000 additional applicants for work over the year. Furthermore, in 1957 registered unemployment remained at the same level as in the previous year owing to additional employment relief whose daily average exceeded in 1957 that of 1956 by 4,500.

DIAGRAM VIII-1  
*Registered Unemployment and Employment Relief*



The large increase in the numbers engaged on employment relief was conspicuous at the beginning of the fiscal year (in April during which the Passover holidays fall). Thereafter, the intensified economic activity in building construction, agriculture and in transport was already in evidence, and it caused a gradual decline in the volume of both registered unemployment and in employment

<sup>1</sup> Including both registered unemployment and workers on employment relief.

relief. Towards the second holiday season an increase in employment relief was noticeable again. At the same time, the cotton and groundnut harvests increased the demand for labour—mainly for unskilled workers. These harvests provided seasonal employment concentrated over a relatively short period—mainly September and October—and supplied 450,000 working days to some 15,000 people. It should be noted that, during September and October, when workers were engaged in cotton harvesting and there was a shortage of farm hands, some of the unemployed refused to accept field work. These workers were not registered at the labour exchange as unemployed during that period and the average number of unemployed thus includes a downward bias for these months. In November and December, there was a notable fall in seasonal employment both in agriculture, prior to the beginning of the citrus harvest, and in building—a normal phenomenon when the rains begin.