

CHAPTER VIII

MANPOWER AND EMPLOYMENT

IN 1961 the population of Israel increased by 82,000, reaching 2,232,300 at the end of the year, as compared with 2,150,400 at the end of 1960.

The year under review was noteworthy for a marked increase in the number of gainfully employed, a sharp drop in unemployment, and a growing shortage of manpower.

The number of gainfully employed expanded at a faster rate in 1961 than during the previous three years, by 4.7 per cent, reaching 735,000 as against 702,000 in 1960. In both relative and absolute terms, the expansion was most rapid in the industrial sector, where the number of employed went up by 15,000, or 9 per cent. In the building,¹ transportation, and services sectors, the rate of increase varied from 3 to 5 per cent, while in other sectors changes were negligible.

Only in one sector—building— was the degree of employment intensified, both in terms of the number of days worked per gainfully employed person and in terms of the average number of hours worked per day.

Owing to the greater demand for labor, manpower shortages, which in previous years had been confined mainly to skilled or highly-trained workers, increased. In contrast to former years, even the demand for unskilled labor exceeded the supply in 1961. This applied to all parts of the country with the single exception of the Northern district.

Unemployment, which has been steadily declining since 1958, continued to decrease in 1961—both as regards the percentage of unemployed within the civilian labor force, and as regards the depth of unemployment. The number of persons working on unemployment relief projects likewise declined.

The simultaneous occurrence of the three above-mentioned phenomena—the increase in the number of gainfully employed, the smaller volume of unemployment, and intensified labor shortages—during a year of considerable immigration was due chiefly to the following factors:

1. The Israel economy has been experiencing a boom for several years, and internal demand for consumer and investment goods has been growing.

2. The present policy of immigrant absorption, entailing as it does a larger average current outlay per immigrant family than during the early years of the State and relatively faster construction of permanent housing, also increases local demand for consumer and investment goods.

¹ Construction and earthworks.

3. The investment policy followed in recent years has resulted in investment anticipating the growth of the population and in the creation of a reserve of production capacity enabling additional labor to be absorbed when the demand for goods and services rises.

1. POPULATION AND LABOR FORCE

In 1961 there was no change in the mortality rate, but the birth rate declined sharply—from 26.9 to 24.8 births per 1,000 inhabitants. The actual number of births¹ decreased from 56,600 in 1960 to 53,900 in 1961. This reduced the contribution of natural increase² to the growth of the population during the year reviewed.

TABLE VIII-1
Population and Population Growth, 1955-61

Year	Total population at end of year (thousands)	Increase during the year ^a	
		in thousands	%
1955	1,789.1	71.3	4.2
1956	1,872.4	83.3	4.7
1957	1,976.0	103.6	5.5
1958	2,031.7	55.7	2.8
1959	2,088.7	57.0	2.8
1960	2,150.4	61.7	3.0
1961	2,232.3	81.9	3.8

^a The net figure is arrived at by adding immigration to the natural increase and subtracting emigration.

SOURCE: Central Bureau of Statistics.

The average population in 1961 was 2,187,400, some 70,000 (or 3.3 per cent) more than in 1960. The average population of working age and the civilian labor force, however, increased by about 4 per cent (see Table VIII-2). The fact that the working-age³ population and the civilian labor force increased faster than the average population was mainly due to the relatively high percentage of immigrants between the ages of 15 and 49.

¹ Live births.

² Live births minus deaths.

³ Persons aged 14 and over.

TABLE VIII-2

Average Population and Labor Force Characteristics, 1958-61
(thousands)

	1958	1959	1960	1961	Increase in 1961	
					thousands	%
Average population	2,000	2,062	2,117	2,187	70	3.3
Working-age population ^a	1,314	1,354	1,392	1,448	56	4.0
Civilian labor force ^b	698	720	740	768	28	3.8
Civilian labor force as percentage of total population	34.9	34.9	35.0	35.1	—	—
Civilian labor force as percentage of working-age population	53.1	53.2	53.2	53.0	—	—
Number of gainfully employed	655	690	702	735	33	4.7
Gainfully employed as percentage of civilian labor force	93.8	94.4	94.9	95.7	—	—

^a Persons aged 14 and over.

^b Gainfully employed and unemployed.

SOURCE: Central Bureau of Statistics and Bank of Israel.

The percentage of new immigrants who had been economically active prior to their arrival in Israel was higher in 1961 than during the 1958-60 period. Under existing economic conditions, this undoubtedly contributed to their relatively rapid absorption into the labor market. As regards their vocational background abroad, the new immigrants may be divided into four main categories: industry—44 per cent; services and commerce—32 per cent; academically trained professions—18 per cent; agriculture, building, and transportation—6 per cent.

Precise data as to the composition of the addition to the labor force during the year under review are unavailable; however, estimates divide them into four groups: new immigrants—approximately 35 per cent; young persons previously outside the labor force (mainly pupils)—about 30 per cent; persons previously unemployed—about 25 per cent; adults of the Arab and other minorities not previously members of the civilian labor force—10 per cent.

TABLE VIII-3
Gainfully Employed, by Economic Sectors, 1958-61
(thousands)

<i>Sector</i>	<i>1958</i>	<i>1959</i>	<i>1960</i>	<i>1961</i>	<i>Change from 1960 to 1961</i>	
					<i>thousands</i>	<i>%</i>
Agriculture	115	120	120	122	2	1.7
Industry	147	154	163	178	15	9.2
Building and public works	64	65	65	68	3	4.6
Electricity, water, and sanitary services	15	16	16	16	—	—
Commerce, finance, and insurance	81	83	86	88	2	2.3
Transportation, haulage, and storage	40	42	44	46	2	4.5
Public services	143	148	154	161	7	4.6
Personal services	50	52	54	56	2	3.7
<i>Total</i>	655	680	702	735	33	4.7

SOURCE: Central Bureau of Statistics.

2. EMPLOYMENT, BY ECONOMIC SECTORS

The number of gainfully employed in agriculture remained relatively stable, only 1-2,000 being added during 1961 to the 120,000 already in this sector. There was a slight decline in the average number of hours worked per person. That agricultural output rose by 7 per cent during 1961 without any significant increase in labor input was possible primarily because of two factors: a greater degree of mechanization (especially in the cotton branch), and smaller harvests in labor-intensive branches such as citrus and vegetables.

In the building sector, the number of gainfully employed rose by 4.5 per cent, to 68,000, as compared with 65,000 in 1960. The average number of hours worked per person likewise increased—by approximately 9 per cent.

The largest expansion of employment, as regards both the number of gainfully employed and the rate of increase, occurred in the industrial sector, where the growth amounted to 9 per cent, from 163,000 persons to 178,000. Approximately one-third of the additional labor in this sector was employed in the metal and wood products industries, the growth of which was directly affected by the greater volume of building and other investments. The remaining third was absorbed in the textile and clothing branches.

TABLE VIII-4

*Gainfully Employed, by Economic Sectors, 1958-61**(in percentages)*

<i>Sector</i>	<i>1958</i>	<i>1959</i>	<i>1960</i>	<i>1961</i>
Agriculture	17.6	17.6	17.1	16.6
Industry	22.4	22.6	23.2	24.2
Building and public works	9.8	9.6	9.3	9.3
Commerce, finance, and sanitary services	2.3	2.4	2.3	2.2
Commerce, finance, and insurance	12.4	12.2	12.2	12.0
Transportation, haulage, and storage	6.1	6.2	6.3	6.2
Public services	21.8	21.8	21.9	21.9
Personal services	7.6	7.6	7.7	7.6
<i>Total</i>	100.0	100.0	100.0	100.0

SOURCE: Central Bureau of Statistics.

In the public services sector, the number of gainfully employed increased by 4.6 per cent—from 154,000 in 1960 to 161,000. As in former years, employment in this sector expanded faster than the total population. A large part of the increase was due to the growth of health and educational services.

In the commerce, transportation, and personal services sectors, the number of gainfully employed increased by some 2,000 each. In the electricity, water, and sanitary services sector, it remained unchanged.

As already stated, the total number of gainfully employed was 4.7 per cent larger in 1961 than in 1960, reaching 735,000 (see Table VIII-3). Three significant changes occurred in the distribution of the labor force over the various economic sectors: the share of agriculture continued to decrease, the decline in the share of the building sector was arrested, and the relative weights of the other economic sectors remained virtually unchanged, except that of industry which increased appreciably for the third year running (see Table VIII-4).

3. UNEMPLOYMENT

The volume of unemployment contracted in 1961, continuing a downward trend that has existed ever since 1958. This was reflected in the smaller percentage of unemployed in the labor force, the diminished depth of unemployment, and a considerable decrease in the number of days worked on unemployment relief projects (see Table VIII-5 and Diagram VIII-1). More-

over, the proportion of able-bodied persons among those employed on relief projects declined to 20 per cent. This improvement in the employment situation affected most parts of the country, although not in equal measure.

TABLE VIII-5

*Distribution of Unemployed,^a by Depth of Unemployment,
per Month, 1958-61*
(in percentages)

<i>Idle days per month</i>	1958	1959	1960	1961
1 to 6	59.2	64.7	68.1	69.9
7 to 12	21.2	19.5	17.9	17.2
13 to 18	10.7	8.8	8.0	7.6
19 or more	8.9	7.0	6.0	5.3
<i>Total</i>	100.0	100.0	100.0	100.0

^a Registered at labor exchanges.

SOURCE: The National Employment Service.

TABLE VIII-6

*Daily Average of Unemployed and Persons Employed on Relief Projects,^a
by Districts, 1961*

<i>District</i>	<i>Daily average</i>			<i>Daily average per 10,000 adults^b</i>		
	<i>Unemployed</i>	<i>Employed on relief projects</i>	<i>Total</i>	<i>Unemployed</i>	<i>Employed on relief projects</i>	<i>Total</i>
North	1,054	1,532	2,586	100	146	246
Haifa	787	26	813	29	1	30
Center	1,008	80	1,088	47	4	51
Tel Aviv	1,472	6	1,478	33	—	33
Jerusalem	455	201	656	42	19	61
South	367	242	609	52	34	86
<i>Total</i>	5,143	2,087	7,230	44	18	62

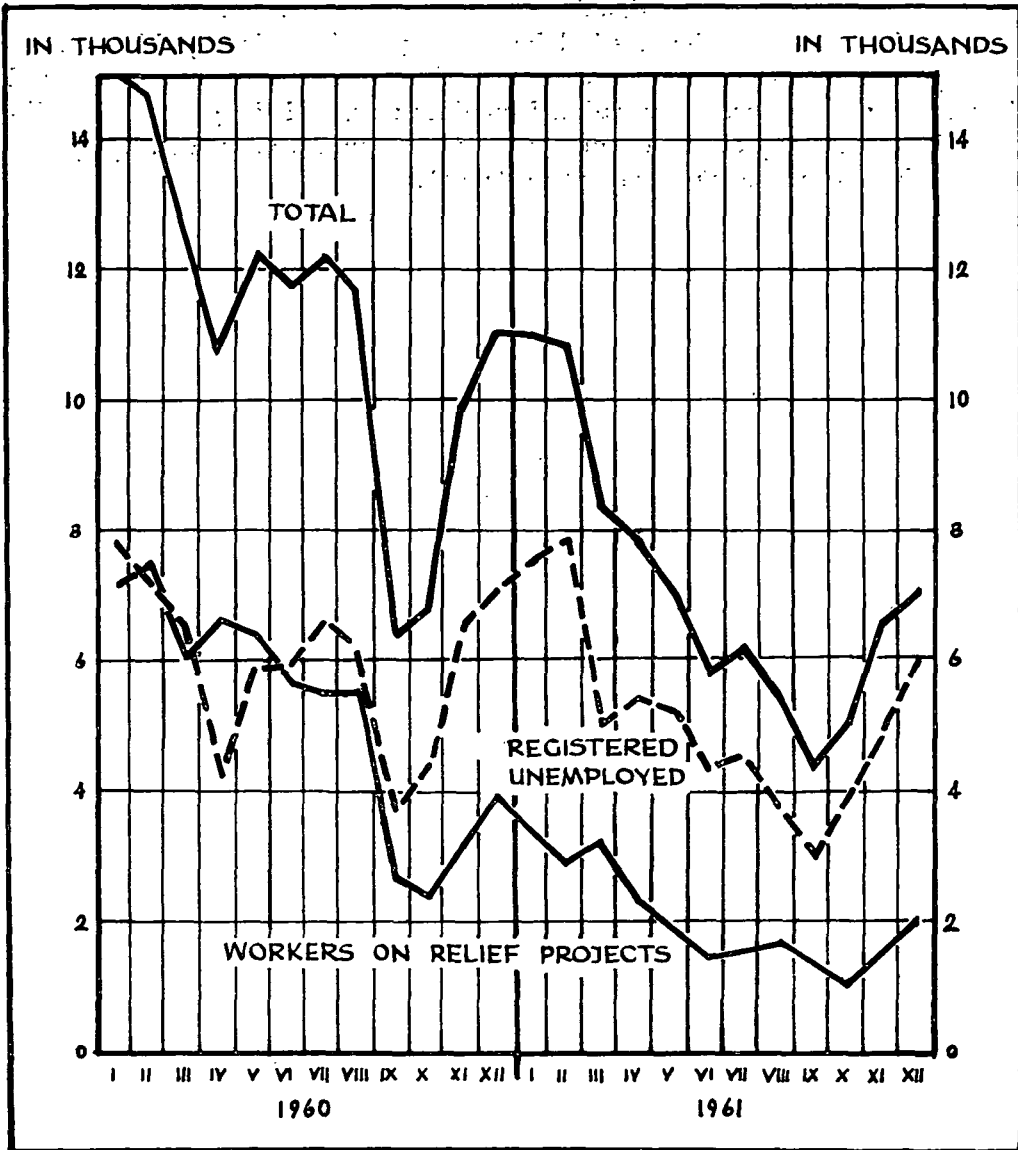
^a The number of unemployment days registered at labor exchanges per annum (including days of employment on relief projects for able-bodied persons), divided by the number of possible working days per year.

^b Jews over the age of 18 only.

SOURCE: Central Bureau of Statistics and the National Employment Service.

DIAGRAM VIII—1

Registered Unemployment and Employment on Relief Projects, 1960-61



Even after the sizeable decrease in unemployment in the North, this district remained the focus of unemployment, accounting for more than a third of all the unemployed and some 75 per cent of those employed on relief projects.¹

¹ For able-bodied persons.

An analysis of unemployment ratios in various districts highlights the special problem of the North. As compared with a country-wide average of 62 unemployed per day¹ for every 10,000 adult persons,² the North had 246 unemployed per day for every 10,000 adults (see Table VIII-6).

In all districts except the North, labor shortages existed side by side with unemployment. This was due to two factors: the imbalance between supply and demand from the aspect of vocational qualifications, and the geographical distance between many of the unemployed and the main centers of employment (where there was a surplus demand for labor).

¹ Unemployed registered at labor exchanges and able-bodied persons employed on relief projects.

² Jews over the age of 18 only.