

CHAPTER VIII

MANPOWER AND EMPLOYMENT

THE AVERAGE POPULATION of Israel reached 2,288,000 in 1962—an increase of 98,000, or 4.5 per cent, as compared with 1961. This is the highest rate of increase since 1957, and one of the highest in the last decade.

The civilian labor force¹ grew by 40,000, reaching an average of 808,000, as against 768,000 in 1961. The number of gainfully employed expanded by 42,000, while the number of unemployed declined by 2,000. The rate of increase in the civilian labor force—5.3 per cent—was somewhat greater than that in the working-age population.²

The average number of gainfully employed rose at a higher rate—5.7 per cent—reaching 777,000 as against 735,000 in 1961. The growth of employment was particularly marked in industry, construction, commerce, and services. In other economic sectors changes were slight. The average number of working hours per gainfully employed person did not show any significant change.

The proportion of persons engaged in part-time work within the total of gainfully employed remained relatively stable. However, the percentage of part-time employed who sought additional work (and therefore may be regarded as partially unemployed) declined appreciably—from 24 per cent in 1959 to 9 per cent in 1962.

The manpower shortage continued to be felt during the year under review. The demand for labor—especially trained and skilled labor—in industry, construction, and services was not fully met.

Persons seeking employment constituted 3.8 per cent of the civilian labor force in 1962, as compared with 4.3 per cent in 1961. Only in the Northern District, which received a considerable proportion of the new immigrants who arrived during the year, did the employment situation worsen. In that district the daily average of unemployed and persons employed on relief projects rose by 13 per cent. The North thus accounted for 43 per cent of the total number of registered unemployed—as compared with 36 per cent the year before.

¹ All civilians gainfully employed or seeking work; does not include persons serving in the armed forces (on compulsory or regular service).

² Aged 14 and over.

I. POPULATION AND LABOR FORCE

The population of Israel reached 2,332,000 at the end of 1962—an increase of 4.4 per cent as compared with the previous year. The birth rate, which had been gradually declining in recent years, was 25.5 per 1,000 inhabitants in 1962, or almost the same as in 1961. The number of live births was 57,850—2,600 more than in 1961 (see Table VIII-1).

Table VIII-1

POPULATION AND POPULATION GROWTH, 1955-62

Year	Population at end of year (thousands)	Per cent increase during year	Natural increase as per cent of total increase
1955	1,789.1	4.2	56.4
1956	1,872.4	4.7	48.4
1957	1,976.0	5.5	40.1
1958	2,031.7	2.8	73.6
1959	2,088.7	2.8	74.6
1960	2,150.4	3.0	72.1
1961	2,232.3	3.8	50.3
1962	2,331.8	4.4	45.1

SOURCE: Central Bureau of Statistics.

Table VIII-2

AVERAGE POPULATION AND LABOR FORCE CHARACTERISTICS, 1958-62

(thousands)

	1958	1959	1960	1961	1962	Increase during year	
						Thousands	%
Average population	2,000	2,062	2,117	2,187	2,288	98	4.5
Working-age population ^a	1,314	1,354	1,392	1,448	1,514	65	4.5
Civilian labor force ^b	698	720	740	768	808	40	5.3
As a per cent of total population	34.9	34.9	35.0	35.1	35.3	—	—
As a per cent of working-age population	53.1	53.2	53.2	53.0	53.4	—	—
Gainfully employed	655	680	702	735	777	42	5.7
As a per cent of civilian labor force	93.8	94.4	94.9	95.7	96.2	—	—

^a Persons aged 14 and over.

^b Gainfully employed and unemployed.

SOURCE: Central Bureau of Statistics and Bank of Israel.

Table VIII-3

WORKING-AGE POPULATION AND LABOR FORCE CHARACTERISTICS, BY RELIGION AND SEX, 1961

	Jews			Non-Jews			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
	Thousands								
Working-age population	654.8	646.1	1,300.9	69.6	67.7	137.3	724.4	713.8	1,438.1
Belonging to labor force	504.0	188.4	692.4	51.7	8.1	59.8	555.7	196.5	752.2
Not belonging to labor force	150.8	457.7	608.5	17.9	59.5	77.4	168.7	517.2	685.9
Civilian labor force									
Gainfully employed	483.3	173.0	656.3	45.8	7.7	54.0	529.1	180.7	709.8
Unemployed ^a	20.7	15.4	36.1	5.9	0.4	6.3	26.5	15.9	42.4
	Percentages								
Working-age population	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Belonging to labor force	77.0	29.2	53.2	74.3	12.0	43.6	76.7	27.5	52.3
Not belonging to labor force	23.0	70.8	46.8	25.7	88.0	56.4	23.3	72.5	47.7
Civilian labor force									
Gainfully employed	95.9	91.8	94.8	88.7	94.6	89.5	95.2	91.9	94.4
Unemployed ^a	4.1	8.2	5.2	11.3	5.4	10.5	4.8	8.1	5.6
Total civilian labor force	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

^a Unemployed actively seeking work.

SOURCE: Central Bureau of Statistics, Population Census, 1961.

The average population rose by 4.5 per cent, reaching 2,288,000 in 1962 as compared with 2,187,000 in 1961. The population of working age grew at the same rate—from 1,448,000 to 1,514,000—while the civilian labor force expanded faster (by 5.3 per cent), reaching 808,000 (see Table VIII-2). It is still impossible to establish the extent to which the increase in the labor force participation rate was due to changes in the population's demographic structure, economic factors (such as the level of economic activity in the country and the wage level), or social factors.

Despite the increase in the labor force participation rate, it is still relatively low in Israel as compared with many other countries: Israel—35.3 per hundred inhabitants, Austria—47.7, Italy—42.1, U.K.—46.2, Denmark—48.0, France—44.4, and Switzerland—44.3.

As regards the percentage of the population belonging to the civilian labor force, there is a considerable difference between Jews and non-Jews,¹ chiefly because of the relatively low participation rate of non-Jewish women. There is no significant difference, however, between the proportions of male Jews and male non-Jews—77 and 74 per cent respectively (see Table VIII-3). During the last three or four years there has been a trend toward an intensification of economic activity among the non-Jewish population and its absorption in employment in agriculture and other economic sectors, both within and outside their communities.

Table VIII-4
JEWISH POPULATION AND LABOR FORCE CHARACTERISTICS,
BY CONTINENT OF BIRTH, 1961

(thousands)

	Place of birth			Total
	Israel	Asia and Africa	Europe and America	
Working-age population	220.0	438.4	642.5	1,300.9
Population belonging to labor force	110.4	212.3	369.7	692.4
Gainfully employed	104.7	195.6	356.0	656.3
Labor force as a per cent of working-age population	50.2	48.4	57.5	53.2
Gainfully employed as a per cent of labor force	94.8	92.1	96.3	94.8

SOURCE: Central Bureau of Statistics, Population Census, 1961.

¹ The data are based on the results of the second stage of the population census, carried out in May 1961. The census covered 20 per cent of the total population.

There are also considerable variances in the labor force participation rates of Jews from different countries of origin (see Table VIII-4). These variances are caused by differences in the age structure, social traditions, and the level of general and vocational education. A certain influence can also be attributed to the fact that new immigrants from Afro-Asian countries are largely concentrated in development areas, where the supply of labor still exceeds demand.

2. EMPLOYMENT, BY ECONOMIC SECTOR

Between 1958 and 1962, the average number of gainfully employed rose by 122,000, or 18.6 per cent. Over the same period, there was a 15 per cent increase in the population of working age, while the number of persons belonging to the civilian labor force went up by some 14 per cent. The number of unemployed in 1962 was 28 per cent smaller than in 1958—31,000 as against 43,000.

Table VIII-5
GAINFULLY EMPLOYED, BY ECONOMIC SECTOR AND LABOR FORCE
CHARACTERISTICS, 1958 AND 1962

	1958	1962	Increase or decrease (-) from 1958 to 1962		Percentage distribution of total increment
	Thousands	Thousands	Thousands	%	
Agriculture	115.1	120.1	5.0	4.3	4.1
Industry	146.7	194.7	48.0	32.7	39.3
Construction	64.3	75.2	10.9	17.0	8.9
Electricity and water	14.7	16.2	1.5	10.2	1.2
Commerce and finance	80.8	95.3	14.5	17.9	11.9
Communications and transportation	40.4	47.6	7.2	17.8	5.9
Public services	143.4	168.7	25.3	17.6	20.7
Personal services	49.7	59.4	9.7	19.5	7.9
All gainfully employed	655.1	777.2	122.1	18.6	100.0
Persons seeking work	43.2	31.0	-12.2	-28.2	
Civilian labor force	698.3	808.2	109.9	13.6	
Working-age population	1,313.7	1,513.6	199.9	15.2	
Average total population	2,000.1	2,288.2	288.1	14.4	

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

Some 40 per cent of the additional gainfully employed during the 1958-62 period were absorbed in industry (see Table VIII-5), a further 40 per cent in the various services and commerce, 9 per cent in the construction sector, 6 per cent in transportation, and only 4 per cent in agriculture.

Over the same period, the number of persons gainfully employed in industry increased by one-third, in construction, commerce, services and transportation—by 17 to 20 per cent, and in agriculture—by only 4 per cent.

Some 70 per cent of the total number of gainfully employed in 1962 had full-time jobs (35 hours per week or more) and worked continuously throughout the year. A further 10 per cent worked throughout the year in part-time jobs. More than one-third of the total number of gainfully employed women were working in part-time jobs (see Table VIII-6).

Table VIII-6
GAINFULLY EMPLOYED, BY DEGREE OF EMPLOYMENT
AND SEX, 1962*
(percentages)

	Male	Female	Total
Persons working throughout the year			
Mainly full-time work	75.6	48.7	68.1
Mainly part-time work	7.0	23.9	11.7
Total	82.6	72.6	79.8
Persons working 6 to 11 months			
Mainly full-time work	9.1	6.0	8.2
Mainly part-time work	1.1	3.5	1.8
Total	10.2	9.5	10.0
Persons working less than 6 months			
Mainly full-time work	5.7	10.9	7.1
Mainly part-time work	1.5	7.0	3.1
Total	7.2	17.9	10.2
All gainfully employed	100.0	100.0	100.0

* The figures refer to the year ending June 30, 1962.

SOURCE: Central Bureau of Statistics.

The average number of gainfully employed rose by 5.7 per cent in 1962, reaching 777,000 as compared with 735,000 in 1961. The rate of increase was fastest in the industrial and construction sectors. A relatively large increase was also registered in the commerce and finance sector (see Table VIII-7).

Table VIII-7
GAINFULLY EMPLOYED, BY ECONOMIC SECTOR, 1958-62

Sector	1958	1959	1960	1961	1962	Increase or decrease (-) from 1961 to 1962	
						Thousands	%
Thousands							
Agriculture	115.1	119.7	120.0	121.6	120.1	-1.5	-1.2
Industry	146.7	153.7	162.9	177.8	194.7	16.9	9.5
Construction	64.3	65.3	65.3	68.4	75.2	6.8	9.9
Electricity, water and sanitary services	14.7	16.2	16.1	16.2	16.2	—	—
Commerce, finance, and insurance	80.8	83.0	85.6	89.2	95.3	6.1	6.8
Communications and transpor- tation	40.4	42.2	44.2	45.5	47.6	2.1	4.6
Public services	143.4	148.2	153.7	160.8	168.7	7.9	4.9
Personal services	49.7	51.7	54.1	55.8	59.4	3.6	6.5
Total	655.1	680.0	701.9	735.3	777.2	41.9	5.7
Percentages							
							Average 1958-62
Agriculture	17.6	17.6	17.1	16.5	15.5		16.8
Industry	22.4	22.6	23.2	24.2	25.0		23.5
Construction	9.8	9.6	9.3	9.3	9.7		9.5
Electricity, water and sanitary services	2.2	2.4	2.3	2.2	2.1		2.2
Commerce, finance, and insurance	12.3	12.2	12.2	12.1	12.3		12.2
Communications and transpor- tation	6.2	6.2	6.3	6.2	6.1		6.2
Public services	21.9	21.8	21.9	21.9	21.7		21.8
Personal services	7.6	7.6	7.7	7.6	7.6		7.6
Total	100.0	100.0	100.0	100.0	100.0		100.0

SOURCE: Bank of Israel estimates.

In industry, where output increased by 13 to 14 per cent, the number of gainfully employed rose by 17,000, or 9.5 per cent, reaching 195,000 as compared with 178,000 in 1961. Approximately one-third of the increment took place in the metal branch, the expansion of which was in no small measure connected with the intensification of activity in the construction sector. Approximately another third of the additional gainfully employed went equally into the food industry and the textile and clothing branch.

Despite the grave shortage of skilled manpower, there was a marked expansion in construction activity. Real investment in this sector went up by 14.6 per cent, and the average number of gainfully employed by 7,000, or approximately 10 per cent. In 1961 a 12 per cent increase in investment was accompanied by a 5 per cent rise in the number of employed, as well as by an increase in the average number of hours worked per person. The wage level is high compared with other sectors, and expectations that the building boom will continue have attracted additional manpower, as is reflected by the considerable increase in the number of employed.

The average number of gainfully employed in the commerce and finance sector rose by 7 per cent, from 89,000 to 95,000, mainly owing to the expansion of commercial activities.

In public and personal services, the average number of employed rose by 11,000. Some 7,000 of these joined the public services sector, which employed 168,000 persons in 1962 as against 161,000 in 1961. The rate of increase in this sector—4.9 per cent—approximates the growth of the country's population.

The average number of employed in the personal services sector was up 6.5 per cent, owing to the greater demand for its services, both by tourists (whose numbers expanded by 15 per cent in 1962) and by the resident population.

In agriculture, the average number of employed declined somewhat in 1962. This decrease affected both agricultural laborers and the self-employed. The number of gainfully employed fell by 1.2 per cent, to approximately 120,000 as against 121,600 in 1961. The relative share of this sector in the total number of employed continued to decline, as in previous years. It accounted for only 15.5 per cent of the country's gainfully employed population in 1962, as compared with 16.5 per cent in 1961 (see Tables VIII-6 and VIII-7). Since 1958 the increase in the number of gainfully employed in the agricultural sector has amounted to only 5,000, while the total number of gainfully employed in the economy rose by 122,000.

Agricultural output rose to a relatively modest extent in 1962, by 6 per cent, which was the slowest rate of expansion of any economic sector. The introduction of production quotas in some branches, expectations of a decline in profitability, and the increasing mechanization of labor-intensive branches were the main factors in the decline in employment in this sector.

3. GAINFULLY EMPLOYED, BY OCCUPATION

There is considerable variance in the occupational structure of different ethnic groups (see Table VIII-8). Over 42 per cent of gainfully employed non-Jews are in agriculture, as compared with only 12 per cent in the case of Jews. The combined percentage of gainfully employed in industry, construction, and transportation together is almost the same for Jews and non-Jews: 35.1 per cent for the former and 35.9 per cent for the latter. Among Jews, these occupations account for some 43 per cent of gainfully employed born in Asia or Africa, but for only 32 per cent of those born in Europe and America, and 30 per cent of those born in Israel.

Only about 15 per cent of gainfully employed non-Jews are professional, ad-

Table VIII-8

GAINFULLY EMPLOYED, BY MAIN OCCUPATION, RELIGION, AND CONTINENT OF BIRTH, 1961

(percentages)

Occupation	Jews born in:				Non-Jews	Total gainfully employed population
	Israel	Asia and Africa	Europe and America	Total		
1. Free professions	21.3	5.8	14.9	13.3	6.6	12.8
2. Administrators, managers, and clerks	23.5	10.2	22.9	19.3	3.2	18.1
3. Sales workers	4.5	6.7	10.9	8.7	5.3	8.4
Total (1) to (3)	49.3	22.7	48.7	41.3	15.1	39.3
4. Agricultural workers	12.9	18.4	8.4	12.1	42.4	14.3
5. Transport and communication workers	7.3	3.8	4.6	4.8	3.7	4.7
6. Construction workers	3.6	11.9	5.7	7.2	16.3	7.8
7. Craftsmen	19.0	27.7	21.8	23.1	15.9	22.6
8. Service workers	7.8	15.4	10.7	11.6	6.5	11.3
Total (4) to (8)	50.7	77.3	51.3	58.8	84.9	60.7
Grand total	100.0	100.0	100.0	100.0	100.0	100.0
Number of gainfully employed*	104,700	195,600	356,000	656,300	53,500	709,800

NOTE: The estimates based on the census differ somewhat from those based on manpower surveys, especially as regards administrative, managerial, executive, and clerical workers and agriculturists. In the opinion of the Central Bureau of Statistics, the differences are due to variations in definitions and methods of investigation, and do not prevent comparisons between gainfully employed persons of differing religions and continents of birth.

* Including employed persons whose occupation was unknown and who were not taken into consideration in the percentage breakdown.

SOURCE: Central Bureau of Statistics, Population Census, 1961.

ministrative, executive, managerial, clerical, or sales workers; among Jews the corresponding figure is 41 per cent. As regards these occupations too, there are significant variances in respect of origin. Approximately half the gainfully employed born in Israel, Europe, or America belong to the free professions, or work in clerical or commercial positions, as compared with only 23 per cent for those of Afro-Asian origin.

4. UNEMPLOYMENT

The decline in unemployment continued in 1962, although at a somewhat slower rate than in preceding years. This decline took place despite the considerable increase in the number of immigrants, about half of whom were moved to development areas—where for some years the supply of manpower has exceeded demand.

The average number of persons seeking work dropped from 33,000 in 1961 to approximately 31,000 in 1962. Thus the proportion of job seekers within the total civilian labor force fell from 4.3 to 3.8 per cent.

The daily average of unemployed registered at labor exchanges¹ was down 10.5 per cent, from 5,100 in 1961 to 4,600 in 1962. On the other hand, there was an increase of 8 per cent in the daily average of persons employed on relief projects.² This was mainly due to the arrangements whereby full employment for a period of three months is assured to new immigrants who are not immediately absorbed by the normal labor market (see Table VIII-9).

Increased immigration—which has meant expanded investment and greater current expenditure—increased the demand for labor, particularly in urban areas where most of the country's industrial productive capacity is concentrated. In these areas, unemployment has disappeared almost completely. Of the monthly average of 2,500 job vacancies for which no candidates could be found by the labor exchanges, 1,850 were in the Tel Aviv, Haifa, and Central districts.

The transfer of approximately half the new immigrants to development areas, chiefly in the North, aggravated the employment position there. In 1961 about 36 per cent of all the unemployed and persons employed on relief projects were concentrated in the Northern District, and in 1962 as many as 43 per cent. In that district, the daily average of unemployed registered at labor exchanges reached 151 per 10,000 inhabitants of working age, as against some 50 for the country as a whole (see Table VIII-9).

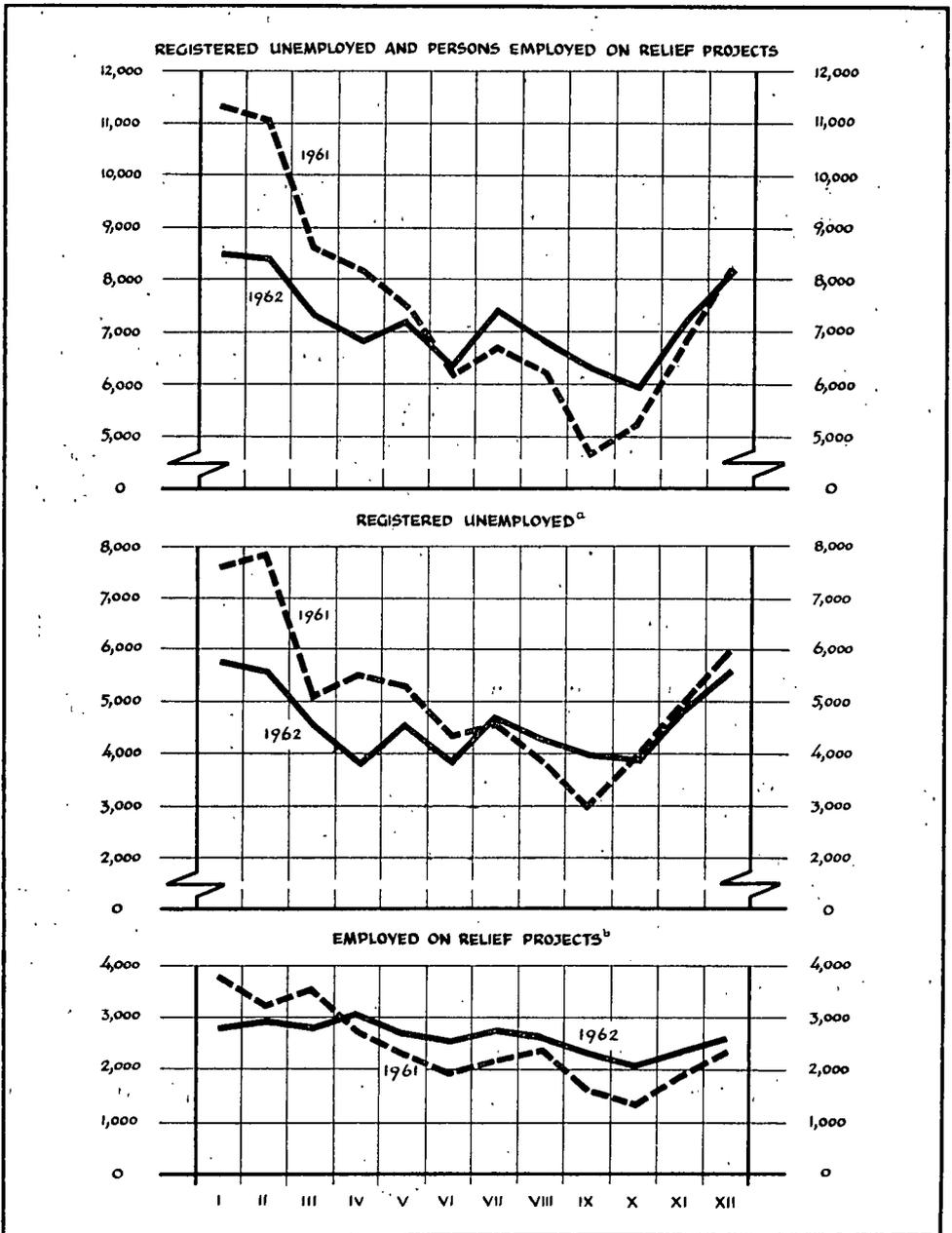
The increase in the number of unemployed and of persons employed on relief projects which occurred during the second half of 1962 as compared with the corresponding half of 1961, was a direct result of the intensified stream of immigration and its channelling to development areas.

¹ Excluding labor exchanges for youth.

² Able-bodied persons.

Diagram VIII-1

REGISTERED UNEMPLOYMENT AND RELIEF PROJECTS EMPLOYMENT,
PER MONTH, 1961-62



^a Daily average of unemployed aged 18 or over.

^b Daily average of able-bodied persons employed on relief projects.

Table VIII-9

REGISTERED UNEMPLOYMENT AND RELIEF PROJECTS EMPLOYMENT, BY DISTRICT AND MONTH, 1961-62

	Unemployed ^a			Persons working on relief projects ^b			Total			Per 10,000 inhabitants of working age	
	1961	1962	Per cent increase or decrease (-)	1961	1962	Per cent increase or decrease (-)	1961	1962	Per cent increase or decrease (-)	1961	1962
By district											
Northern	1,053	1,065	1.1	1,690	2,035	20.4	2,743	3,100	13.0	138	151
Haifa	781	848	8.6	188	160	-14.9	969	1,008	4.0	38	39
Central	1,012	765	-24.4	78	17	-78.2	1,090	782	-28.3	42	29
Tel Aviv	1,472	1,057	-28.2	6	0	—	1,478	1,058	-28.4	29	21
Jerusalem	455	464	2.0	201	167	-16.9	655	595	-9.2	52	46
Southern	370	430	16.2	238	217	-8.8	610	647	6.1	61	63
Total	5,143	4,602	-10.5	2,401	2,596	8.1	7,544	7,198	-4.6	52	49
By month											
January to March	6,824	5,267	-22.8	3,496	2,816	-19.5	10,320	8,083	-21.7		
April to June	5,019	4,059	-19.1	2,265	2,735	20.7	7,284	6,794	-6.7		
July to September	5,800	4,324	-13.8	2,029	2,500	23.7	5,829	6,833	17.2		
October to December	4,929	4,758	-3.5	1,815	2,323	28.0	6,744	7,082	5.0		
Total	5,143	4,602	-10.5	2,401	2,596	8.1	7,544	7,198	-4.6		

^a Daily average of unemployed aged 18 and over.

^b Daily average of able-bodied persons employed on relief projects.

SOURCE: National Employment Service and Central Bureau of Statistics.