

CHAPTER IX

POPULATION, LABOR FORCE, AND EMPLOYMENT

THE POPULATION of Israel increased during 1963 by 98,300, or 4.2 per cent, totalling 2,430,100 at the end of the year.

The civilian labor force—gainfully employed and persons seeking work—reached an average of 844,000, an advance of 4.5 per cent over 1962. The labor force participation rate¹ declined slightly from 53.4 to 53.0 per cent, chiefly because of agricultural crop damage.

The pressure of excess demand in the labor market continued in 1963. The imbalance between supply and demand led to labor shortages in the urban centers, together with a high rate of unemployment in most development areas.

The number of gainfully employed rose by 38,000, or 4.9 per cent, as compared with 5.7 per cent in 1962. The growth was highest in industry, where it reached 8 per cent. In agriculture there was a decrease of 2,700, or 2.2 per cent, while other sectors showed increases of 4 to 6 per cent.

In 1963 there was a moderate rise in the number of man-hours worked per gainfully employed, which reached an average of 40.5 per week.

Unemployment declined in 1963, continuing the trend of the five preceding years. Job-seekers constituted only 3.5 per cent of the civilian labor force, as against 3.8 per cent in 1962. The decline occurred in all districts except the South.

1. POPULATION AND LABOR FORCE

(a) *Population*

The rapid growth of the population, which began with the resumption of large-scale immigration in 1961, continued in 1963. The average population rose by 91,500, or 4.0 per cent, reaching 2,379,700 as compared with 2,288,200 in 1962.

The rate of population increase in Israel is among the highest in the world. In most European countries the growth rate does not exceed 1 per cent per annum, and even in Asiatic and South American countries, where birth rates are relatively high, it ranges between 2 and 3 per cent.

At the end of 1963 the population of Israel reached 2,430,100, after increasing by 98,300, or 4.2 per cent, during the year (see Table IX-1). Owing

¹ The civilian labor force as a per cent of the total population over 14 years of age.

to the influx of immigrants, there was little difference between the growth rates for the Jewish and the non-Jewish population. As in 1962, the natural increase¹ accounted for 45 per cent of the total expansion, though its share in the growth of the Jewish population was lower—40 per cent.

The downtrend in the rate of natural increase, which began as far back as 1950, continued during the year reviewed. During these 13 years the rate of natural increase for the entire population fell from 27.42 to 18.44 per 1,000 inhabitants; in respect of the Jewish population, the decline was from 26.48 to 15.44. This trend was due to a sharp drop in the birth rate among Jews—from 32.96 in 1950 to 21.61 in 1963. The steady decline in the net fertility rate² affected all groups, whether classified by continent of origin or by the age of the mother, but it was most strongly marked among immigrants of all ages from Asia and Africa.

Table IX-1
POPULATION AND POPULATION GROWTH, 1955-63

Year	Population at end of year (thousands)	Increase during the year		Natural increase as a per cent of total increase
		Thousands	%	
1955	1,789.1	71.3	4.2	56.4
1956	1,872.4	83.3	4.7	48.4
1957	1,976.0	103.6	5.5	40.1
1958	2,031.7	55.7	2.8	73.6
1959	2,088.7	57.0	2.8	74.6
1960	2,150.4	61.7	3.0	72.1
1961	2,232.3	81.9	3.8	50.3
1961 ^a	2,234.2			
1962	2,331.8	97.6	4.4	45.1
1963	2,430.1	98.3	4.2	

^a New series based on population census of 1961.

SOURCE: Central Bureau of Statistics.

(b) *Labor force*

The civilian labor force—gainfully employed and persons seeking work—increased by 4.5 per cent during 1963, reaching 844,000 (see Table IX-2). This growth rate was somewhat slower than that for the working-age population (5.2 per cent), and consequently the labor force participation rate declined from 53.4 per cent of the population aged 14 or over to 53.0 per cent.

¹ The number of births less the number of deaths.

² The number of births per 1,000 women.

This decrease in the labor force participation rate may be partly explained by the increased weight of the extreme age groups—youths (aged 14 to 17) and the elderly (aged 65 and over)—where the rate is particularly low. Moreover, an appreciable number of women and youths among the non-Jewish population, normally employed in tobacco cultivation on family farms, left the labor force owing to the blight of most of the tobacco crop in the early part of the year, and to the fact that virtually no other job opportunities were open to them.

The overall labor force participation rate in 1963 was 36 per cent. This is lower than in the developed countries, one of the reasons apparently being the relatively young age structure of the Israeli population.¹

But even among the working-age population, the participation rate is lower here than in other countries. In the case of men in the principal working-age groups, the rate is similar to that in the developed countries, but the rate among women of all ages and among youths (aged 14 to 19) is particularly low. Only 31 per cent of women aged 20 to 64 belong to the labor force, as compared with 38 per cent in Great Britain, Denmark, and Sweden, and over 40 per cent in France, the United States, Austria, and Finland.²

During the last five years the participation rate among women moved upward from 26 to 29 per cent. This trend was most pronounced in the 18–34 age group, where there was a rise from 32 to 36 per cent between 1959 and 1962, and among women born in Asia and Africa, where the rate went up from 21 to 24 per cent over the same period. This development is presumably connected both with the socio-economic integration of Jewish women of Afro-Asian origin and with the rapid expansion of branches employing a high percentage of female labor, such as textiles, commerce, and personal services. The fact that during periods of labor shortages employers are more ready to engage part-time staff has helped married women to enter the labor force.

The participation rate among non-Jewish women apparently also increased appreciably in recent years.

2. EMPLOYMENT

The marked decline in unemployment, which has been going on since 1959, reflects the steady growth of aggregate domestic demand. The devaluation contributed to the increased demand for labor by doing away with the artificially low price of imported equipment, which previously had stimulated the substitution of imported equipment for local labor. The expansion of aggregate

¹ In Israel 44 per cent of the total population is aged 19 or under, as compared with 38 per cent in Holland, the United States, and Finland; 32 per cent in France; and less than 30 per cent in West Germany, Great Britain, and Italy.

² See *Yearbook of Labor Statistics*, ILO.

Table IX-2

AVERAGE POPULATION AND LABOR FORCE CHARACTERISTICS, 1961-63

(thousands)

	1961	1962	1963	Increase or decrease (-) in 1963 as against 1962	
				'000	%
Average population	2,187	2,288	2,380	92	4.0
Working-age population	1,448	1,514	1,591	78	5.2
Civilian labor force	768	808	844	36	4.5
Per cent of total population	35.1	35.3	35.5	—	—
Per cent of working-age population	53.0	53.4	53.0	—	—
Gainfully employed	735	777	815	38	4.9
Persons seeking work	33	31	29	-2	-6.0
Per cent of labor force	4.3	3.8	3.5	—	—

demand has been reflected in the labor market by a growing shortage of labor, at first affecting certain types of skilled workers, but later spreading to unskilled labor as well. As a result, in recent years wages have considerably exceeded the scales fixed by collective labor agreements.¹

The surplus demand for labor has not been of equal intensity in each of the labor markets.² The reason for this lies in the imbalance between the demand for labor and the occupational structure of the country's manpower. The short-run occupational immobility—partly due to the training and experience requirements in certain occupations—creates an inelastic supply of some categories of labor. When the demand for types of labor requiring experience, training, and a certain degree of specialization rises, it is therefore not possible to meet this surplus demand in the short run. The excess demand causes wages to rise, and this in turn helps bring an end to the labor shortage.

In view of the excess demand, the wage-freeze policy, which was effective chiefly in unionized and institutionalized labor markets, caused a still greater demand for labor, and thereby aggregated the shortage. The restraining of

¹ During this period of labor shortage—and lack of unemployed manpower reserves—the growing demand for labor pushed up wages and consequently cancelled out the change in the relative prices of labor and equipment caused by the devaluation (see Chapter X, "Wages").

² In this discussion we must refer not to a single labor market but to several markets, classified according to region and vocation. The line of demarcation between the markets is largely determined by the extent to which workers can cross from one category into another, and by the degree of their vocational and geographical mobility.

certain prices in the economy apparently did not ease the demand for labor, owing to the expectations concerning future price and demand trends.

Table IX-3
BREADWINNERS AMONG IMMIGRANTS AND GAINFULLY
EMPLOYED, BY VOCATION, 1961-63
(percentages)

Vocation	Immigrants ^a 1961-63	Incremental gainfully employed, 1960-62	Total gainfully employed, 1962
Free professions	15	11	11
Administrators, managers, and clerks	16	14	15
Sales workers	10	9	9
Agricultural workers	1	-2	16
Transportation and com- munication workers	3	4	5
Construction and quarry workers	3	9	9
Industrial workers	46	43	24
Clothing	15	3	2
Other branches	31	40	22
Service workers	6	12	11
Total	100	100	100

^a Excluding immigrants for whom no vocational data were available.
SOURCE: Central Bureau of Statistics and the Jewish Agency.

Under conditions of full employment and intensified economic activity, large-scale immigration does not provide a solution to the labor shortage problem in most sectors and occupations, but on the contrary, it accentuates the shortage. The demand for additional workers stemming from the growth of consumption expenditure on the one hand, and the expansion of housing and productive investments as well as of public services in order to meet the immigrants' requirements on the other, exceeds their contribution to the labor force during their first years in the country.¹

There is a striking imbalance between the occupational structure of the immigrants and that of the labor force required to meet the demand which they generate during their first year in the country. Immigration results in a considerable excess demand for workers in the construction, transportation, and

¹ See "Some Consequences of a Large-Scale Renewal of Immigration", Bank of Israel Bulletin, No. 17.

industrial sectors (except for the clothing branch). It also causes excess demand for personnel in the public services, especially teachers and nurses. On the other hand, the number of doctors arriving in the present immigration wave more than meets the additional demand.

However, the impact on the manpower balance of a steady influx of newcomers over a period of several years differs from that of a one-time increase of new immigrants during their first year in the country. Hence it is necessary to compare the occupational structure of the immigrants arriving during the last few years with that of the total increment of gainfully employed during this period. Here too we find an imbalance, which generates further demand pressure for relatively scarce categories of labor (see Table IX-3).

Another interesting comparison is that between the occupational structure of the new immigrants and the structure of Israel's labor force. Some 30 per cent of all gainfully employed persons in this country work in transportation, construction, and agriculture, whereas only 7 per cent of the immigrants engaged in these occupations in their countries of origin. As regards the free professions, particularly medicine, the opposite is true: the percentage of doctors among new immigrants is double that for the population as a whole. Of the total gainfully employed in 1961, 11 per cent were in the free professions and skilled trades, as compared with 15 per cent in the case of new immigrants.

In conformity with the population disposal policy, approximately half the immigrants arriving in the last two years were sent to development areas. However, the sources of employment in these localities have been insufficient, and the unemployment rate is high. Thus the immigrants generate a demand for labor which is reflected by labor shortages in the urban centers, while at the same time they increase the rate of unemployment in the development areas because of the distance from the sources of employment.¹

3. EMPLOYMENT, BY ECONOMIC SECTOR

Owing to the buoyant state of the economy, the number of gainfully employed continued to rise more rapidly than the population.

The number of gainfully employed reached 815,000 in 1963 as compared with 777,200 in 1962—an increase of 37,800 or 5 per cent. This is higher than the population growth rate but lower than that for the number of gainfully employed in 1962 (5.7 per cent).

The number of persons employed in agriculture declined by 2.2 per cent. In all other sectors of the economy there were increases ranging between 4.1 and 8.1 per cent. Of the total increment, 15,700—or 42 per cent—were absorbed by industry, while some 14,000—or one-third—were employed in

¹ See sections 6 and 7 below.

Table IX-4
GAINFULLY EMPLOYED, BY ECONOMIC SECTOR, 1959-63
 (thousands)

Sector ^a	1959	1960	1961	1962	1963	Per cent increase or decrease (-) as against preceding year				
						1959	1960	1961	1962	1963
Agriculture	119.7	120.0	121.6	120.1	117.4	4.0	0.3	1.3	-1.2	-2.2
Industry and crafts	153.7	162.9	177.8	194.7	210.4	4.8	6.0	9.1	9.5	8.1
Construction	65.3	65.3	68.4	75.2	79.7	1.6	—	4.7	9.9	6.1
Electricity and water	16.2	16.1	16.2	16.2	16.2	10.2	-0.6	0.6	—	—
Commerce and finance	83.0	85.6	89.2	95.3	99.2	2.7	3.1	4.2	6.8	4.1
Transportation, communications, storage	42.2	44.2	45.5	47.6	50.3	4.5	4.7	2.9	4.5	5.7
Public services	148.2	153.7	160.8	168.7	178.9	3.3	3.7	4.6	4.9	6.0
Personal services	51.7	54.1	55.8	59.4	62.9	4.0	4.6	3.1	6.5	5.8
Total	680.0	701.9	735.3	777.2	815.0	3.8	3.2	4.8	5.7	4.9

^a In this chapter the economic sectors have been defined according to the International Standard Industrial Classification of the ILO; this differs from the classification used in Chapter II, "Resources, Uses, and Incomes", in that all health, educational, and social welfare services—regardless of whether they are privately or publicly supplied—are here included with the public services sector.

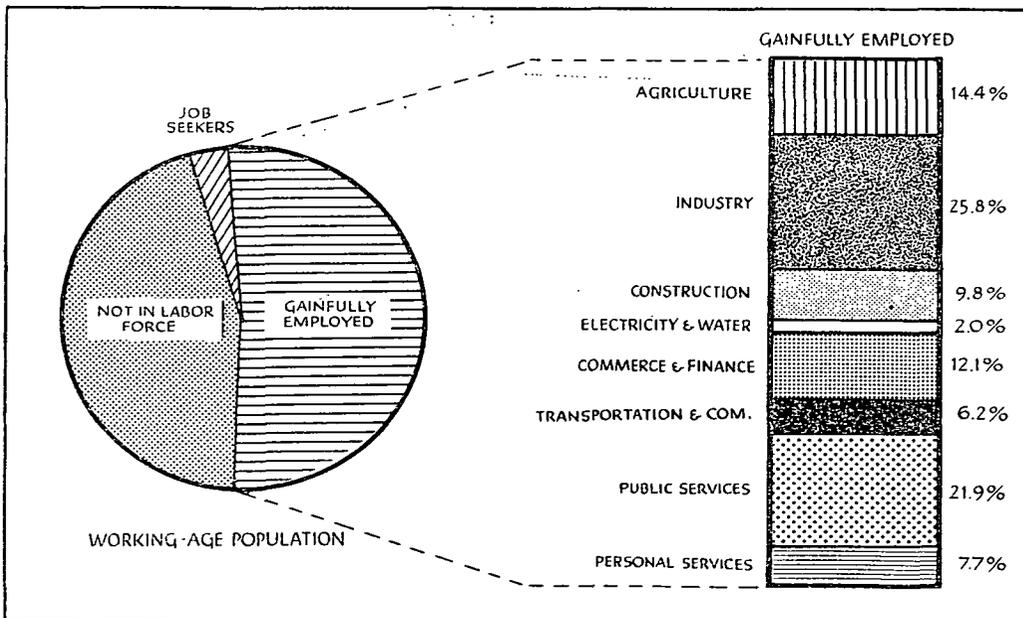
public and personal services, representing a rise of 6 per cent. The construction sector showed an increase of 4,500, and the commerce and finance sector one of 4,000.

(a) *Agriculture*

During the year reviewed 117,400 persons were employed in agriculture, as compared with 120,100 in 1962—a decrease of 2,700 or 2.2 per cent. This was chiefly due to the reduced employment of unpaid family members in the Arab communities.¹ The declining weight of agriculture within total employment thus became more pronounced: in 1958, 17.6 per cent of all gainful workers were in agriculture, in 1961—16.5 per cent, and in 1963—only 14.4 per cent.

Approximately 35 per cent of all gainfully employed in agriculture work on mixed farms or in the cultivation of field crops and vegetables, about a quarter in the growing of citrus and other fruit, and less than a quarter in the livestock branches. In recent years the number engaged in the cultivation of citrus and other fruit has risen markedly, while that in the livestock branches has contracted. In 1963 employment in the field crop branch declined.

Diagram IX-1
GAINFULLY EMPLOYED, BY ECONOMIC SECTOR AND LABOR FORCE CHARACTERISTIC, 1963



¹ Owing to the loss of most of the tobacco crop as a result of pests.

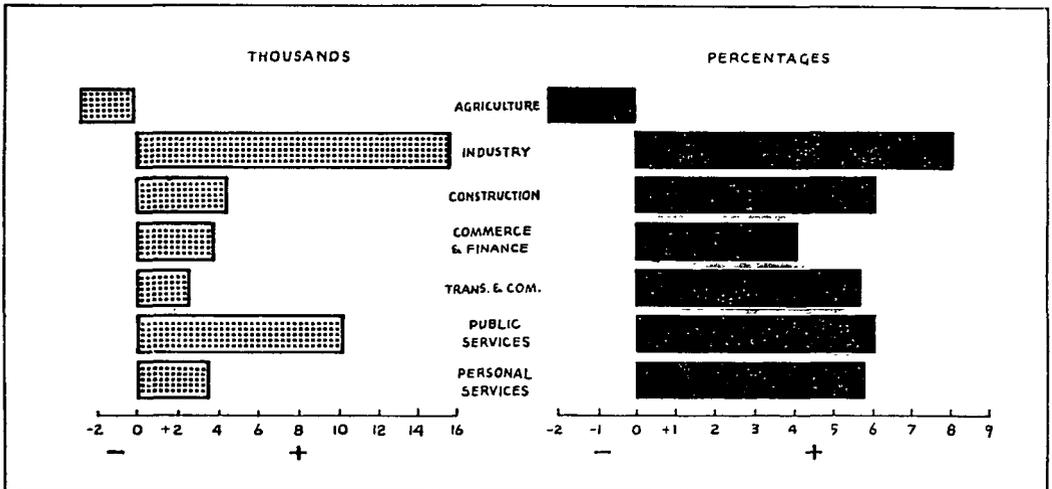
The number of hired workers, who constituted 38 per cent of all gainfully employed in agriculture, declined by 2 per cent, but there was a considerable increase in the number of man-days worked per hired hand. The proportion of hired workers is particularly high in the citrus branch (over 80 per cent), and lowest in the livestock branches (about 10 per cent).

(b) *Industry*

The number of gainfully employed in industry reached 210,000 in 1963, as compared with 195,000 in 1962—a rise of 8.1 per cent. The growth rate in this sector in 1963 was more rapid than in any other. Since 1958 the number of persons employed in industry has been increasing at an average rate of 7.5 per cent per annum. The sector has absorbed some 40 per cent of the total increment of gainfully employed since 1958. In 1963 it accounted for 26 per cent of all gainfully employed workers in the country, as against 22 per cent in 1959.

Diagram IX-2

CHANGE IN GAINFULLY EMPLOYED, BY ECONOMIC SECTOR, 1963



(c) *Construction*

The resumption of large-scale immigration in 1961 and the inflow of personal restitution funds from West Germany intensified the demand for housing and public buildings. The volume of public works also expanded considerably, and these two factors created a boom in the construction sector which was accompanied by a rapid increase in the number of gainfully employed.

Between 1960 and 1963, the number of persons employed in construction

grew by 22 per cent, as compared with an increase of 16 per cent in total gainfully employed.

The expansion of the construction sector slowed down somewhat in 1963. The number of gainfully employed went up by 6.5 per cent, to 80,000, whereas in 1962 there was a growth of 9.9 per cent. Nevertheless, the number of additional employees absorbed during the year reviewed came to some 5,000; this represents approximately 12 per cent of the total increment of gainfully employed, a rate exceeding the sector's contribution to total employment.

(d) *Public services*

The public and business services sector accounts for over 20 per cent of the country's gainfully employed and nearly 30 per cent of its wage earners.¹ In 1963 the increment of gainfully employed in this sector totalled some 10,200, of whom about 9,300 were wage earners. This brought the total figure for the sector up to 178,900. Almost 40 per cent of the increase during the year occurred in educational and health services. The growth rate in this sector—6 per cent—was higher than that for both total gainfully employed and the population as a whole. This represents a continuation of the trend of recent years: since 1959 the population has expanded by 16 per cent, and the number of gainfully employed in public services by 21 per cent.

The number of administrative workers in Government service has gone up more slowly than the population during this period, but in educational and health services the number of gainfully employed has risen by 35 and 45 per cent respectively.

During the year reviewed the highest rate of increase took place in business services.² The number of persons employed here more than doubled between 1959 and 1963, and their weight in the total number employed in the public services sector went up from 5 to 8 per cent. In 1963 there was a rise of approximately 20 per cent as compared with 1962, owing to the greatly increased demand for these services.

(e) *Commerce and finance*

The number of gainfully employed in the commerce, finance, and insurance sector advanced by 4 per cent, reaching 99,200 as compared with 95,300 in 1962. The relatively rapid expansion in the finance and insurance branches, which employ some 20 per cent of all gainful workers in this sector, continued during the year reviewed; these two branches reported a rise of 9 per cent, as against only 2 per cent in commerce.

¹ Wage earners as here defined include salary earners.

² This branch includes *inter alia* accounting, auditing, engineering, technical, economic, and legal services, advertising and public relations, and other business services.

(f) *Personal services*

The number of gainfully employed in the personal services sector increased by 6 per cent, reaching 62,900 as against 59,400 in 1962. This was a slower rise than in 1962, but faster than that in the years 1959–61. The expansion during the year reviewed occurred mainly in household, catering, and guest accommodation services, which employ over two-thirds of all persons in this sector.

(g) *Transportation and communications*

In this sector there was an increase of 5.7 per cent in 1963, bringing the total figure up from 47,600 to 50,300. The trucking industry experienced a comparatively big growth, which was at least partly due to the much larger citrus crop and the bigger output of the mining and quarrying sector.

4. LABOR INPUT

The total number of gainfully employed in the economy increased from 777,000 in 1962 to 815,000 in 1963. The average number of man-hours worked per employed person was 40.5 per week (264 man-days¹ per annum), as compared with 40.0 (261) in 1962. The total number of man-days worked in the economy thus reached 215 million in 1963—an increase of 6 per cent as against 1962.

The number of man-hours per gainfully employed was lower in the services than in other economic sectors, totalling 37.2 hours per week in public services and 37.5 in personal services. In the case of public services, this reflects the shorter working week in force for a large part of the administrative and professional personnel,² as well as for educational staff, while in personal services the factor was the high proportion of female workers, most of whom work part-time.

In agriculture too the number of man-days per gainfully employed (257) fell below the national average. About 20 per cent of the employed in this sector are members of farm-operator families working without pay and usually only part-time. The average number of man-days worked by hired farm help, on the other hand, came to 270—10 per cent more than in 1962. This caused a slight increase in the total number of man-days in the sector. The labor input of other gainfully employed in agriculture declined in 1963.

In other sectors the number of man-days worked in 1963 was above average: in industry and construction—272, in transportation—283, and in commerce—287. In commerce, particularly the retail trade, the labor input of the self-employed is high; that of wage earners is lower, the average number of hours

¹ An 8-hour working day.

² From 41 to 44 hours per week for a full-time position, as compared with 45 to 47 hours per week in other sectors.

worked per week in 1963 coming to 41.5 and the average number of man-days to 270.

The contribution of the service sectors to the total labor input reached 27.2 per cent; this was a little lower than their share of all gainfully employed, which came to 29.6 per cent. On the other hand, the weight of the industrial, commerce, and transportation sectors in the total labor input was greater than their weight in the total number of employed (see Table IX-5).

Table IX-5
GAINFULLY EMPLOYED, BY SECTOR AND NO. OF MAN-HOURS
WORKED, 1963

Sector	No. of gainfully employed (thousands)	Man-hours per employed per week	Man-days per employed per annum	Per cent of all gainfully employed	Per cent of total man-hours worked
Agriculture	117.4	39.4	256.8	14.4	14.0
Industry	210.4	41.8	272.4	25.8	26.7
Construction	79.7	41.7	271.8	9.8	10.1
Electricity	16.2	41.6	271.1	2.0	2.0
Commerce and finance	99.2	44.0	286.7	12.1	13.2
Transportation	50.3	43.5	283.5	6.2	6.7
Public services	178.9	37.2	242.4	21.9	20.1
Personal services	62.9	37.5	244.4	7.7	7.1
Total	815.0	40.5	263.9	100.0	100.0

5. UNEMPLOYMENT

There was a further, though moderate, drop in the volume and rate of unemployment in 1963. The average number of persons seeking work¹ declined by 6 per cent, totalling 29,000 in 1963 as compared with approximately 31,000 in 1962. The proportion of job-seekers fell from 3.8 per cent of the civilian labor force to 3.5 per cent.

The number of job-seekers does not include, by definition, persons employed on relief projects, and consequently does not reflect the actual number of persons not absorbed into economic employment. Relief projects are primarily intended to assure a minimum level of income for persons unable to find normal employment; from the standpoint of the economy, however, those employed on relief projects must be regarded as unemployed.

The number of persons employed on relief work averaged 13,700 in 1963. Of

¹ As defined by the manpower surveys carried out by the Central Bureau of Statistics. Includes only persons who during the week of the survey did not work for even a single hour and actively sought work.

these, about 4,400 were able-bodied, and about 7,300 elderly or handicapped. In addition, some 7,000 elderly persons were employed by Hameshakem.¹ The total number of persons on relief work thus came to 21,000 (see Table IX-6).

Table IX-6
UNEMPLOYMENT IN ISRAEL, 1963

	No. of unemployed (thousands)	Per cent of civilian labor force
Persons seeking work	29.2	3.5
Able-bodied persons employed on relief projects	4.5	0.5
Elderly and handicapped persons employed on relief projects	16.5	2.0
Through Ministry of Labor	9.2	1.1
Through Hameshakem	7.3	0.9
Persons seeking work and able-bodied persons employed on relief projects	33.7	4.0
Persons seeking work and all persons employed on relief projects	50.2	6.0
Persons seeking work and 50 per cent of no. employed on relief projects	39.7	4.7

The total number of persons either seeking work or employed on relief projects (i.e. the volume of both overt and disguised unemployment) represents the estimated upper limit of those in the labor force who have not been absorbed into economic employment.²

With the abolition of relief projects some of the persons thus employed would almost certainly leave the labor force—particularly the elderly and handicapped. At the same time, certain relief work, such as afforestation and land reclamation, presumably would still be carried out. Assuming that only half the persons working on relief projects (10,000) would remain in the labor force and continue to seek work, the estimated number of unemployed in 1963 reached 40,000, and the rate of unemployment 4.8 per cent.

¹ The organization set up to find casual employment for the elderly.

² Employment motivated not by the need to furnish work but to derive the output of the workers' services.

(a) *Registered unemployment*¹

The daily average of registered unemployment,² including relief projects employment (full-time only), was 7.8 per cent lower in 1963 than in 1962—8,200 as against 8,900. The daily average of unemployed fell by 13 per cent, from 6,260 to 5,400, but the daily average of persons employed on relief work went up by 6 per cent—from 2,600 to 2,750.

The daily average of unemployed was lower in each quarter of 1963 than in the corresponding quarter of the previous year. This was partly due to the larger number of man-days worked on relief projects, which showed a particularly striking rise in the last quarter of 1963 when the figure exceeded that for the last quarter of 1962 by 32 per cent (see Diagram IX-3).

The decline in unemployment in 1963 was more pronounced among men than among women—16 per cent as against 8 per cent. The proportion of women within the total number of unemployed rose from 30 per cent in 1962 to 33 per cent in 1963.

The monthly average of unfilled requests for labor declined somewhat in 1963, from 2,600 to 2,400. However, this was apparently due to the fact that some employers no longer applied to the labor exchanges, knowing that their requests could not be met.

As in 1962, the surplus demand for labor was concentrated in the coastal area. The Haifa, Central, and Tel Aviv Districts accounted for 80 per cent of all unfilled requests for labor placed with the labor exchanges.³

6. EMPLOYMENT, BY DISTRICT

(a) *North*

The Northern District remained the main focus of unemployment in the country. The establishment of development towns under the population dispersal policy has brought thousands of immigrants to the North, without this being ac-

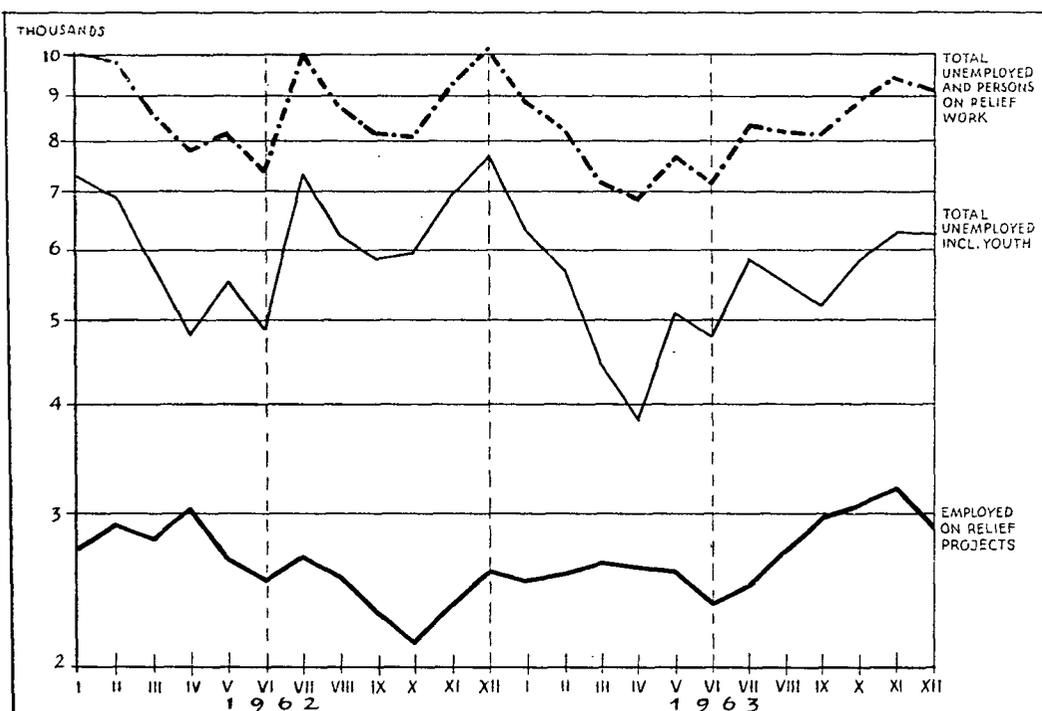
¹ This section is based on data of the National Employment Service, which serve only as indicators of trends and do not show the absolute level of unemployment. The following indicators are used here: (a) the daily average of registered unemployment, which comprises the daily averages of unemployed—both adults and youths—as well as of able-bodied persons employed on relief work; (b) the daily average of registered unemployment per thousand inhabitants of working age; (c) the unemployment rate: persons seeking work and persons employed full-time on relief projects as a percentage of the labor force. Serving as a partial indicator of the excess demand for labor is the number of job vacancies, i.e. requests for workers which the labor exchanges were unable to meet.

² The number of days of unemployment divided by the number of possible working days during the period concerned. This figure does not reflect the absolute level of unemployment, but, as stated above, serves only as an indicator of the trend.

³ It should be noted that the number of unfilled requests for labor placed with the labor exchanges does not reflect the entire unsatisfied demand for labor, and is to be regarded as an indicator only.

Diagram IX-3

DAILY AVERAGE OF REGISTERED UNEMPLOYED AND PERSONS ON RELIEF WORK, BY MONTHS, 1962-63



accompanied by the creation of sufficient employment opportunities.¹ This district comprised only 15 per cent of Israel's population and labor force in 1963, but accounted for approximately 43 per cent of total registered days of unemployment, including relief projects employment.² The daily average of unemployed, including adults, youths, and able-bodied persons employed on relief projects, remained at the 1962 level of some 3,500—i.e. 15.3 per thousand inhabitants of working age, as compared with a national average of 5.1 per thousand (see Table IX-7).

(b) South

The Southern District, which comprised some 7 per cent of the working-age population, accounted for 15 per cent of all registered days of unemployment in 1963, as compared with 9 per cent in 1962.

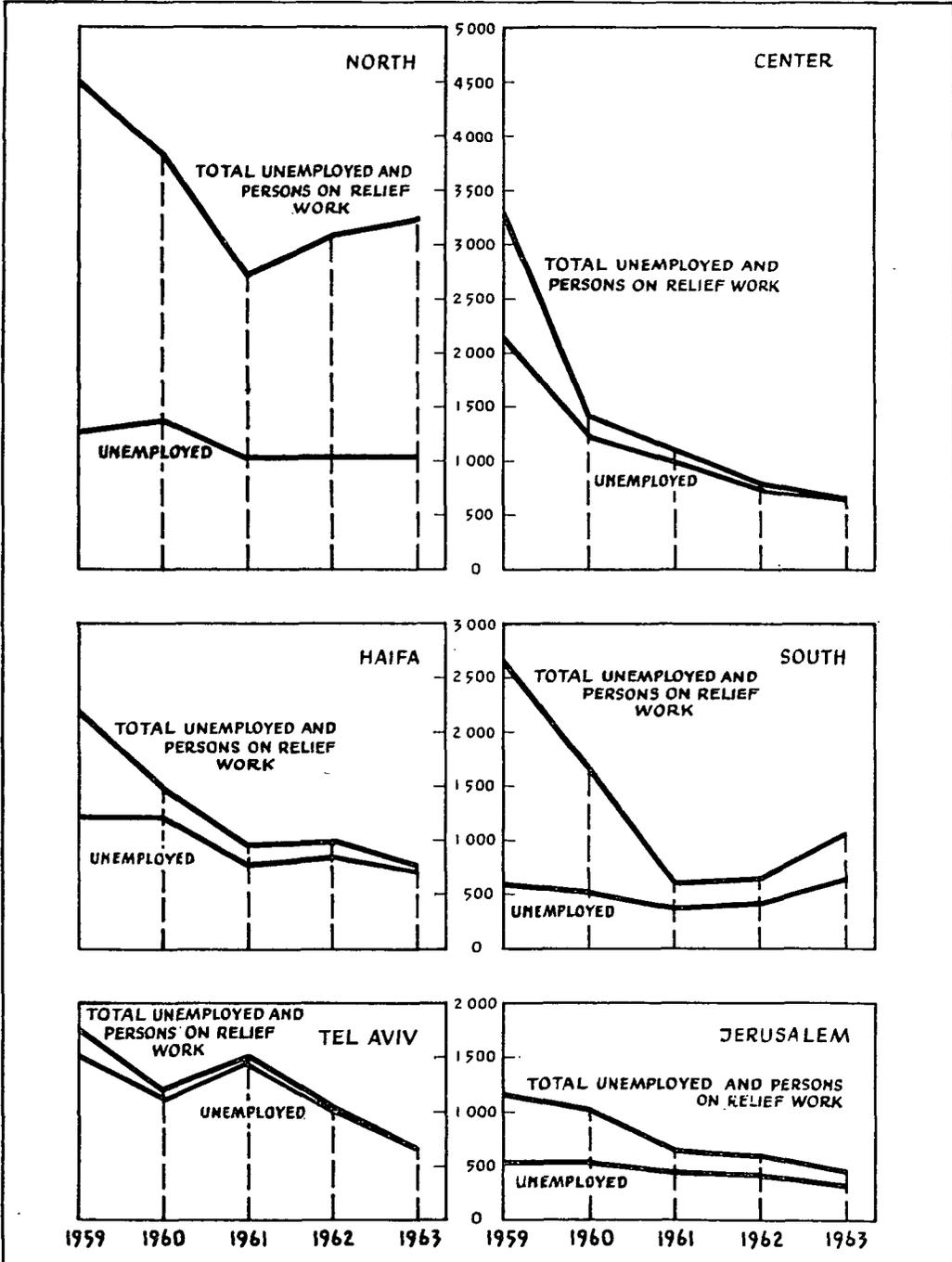
This district is the only one showing a considerable increase in registered

¹ Development towns are discussed in section 7.

² Able-bodied persons employed on relief projects.

Diagram IX-4

REGISTERED UNEMPLOYMENT, BY DISTRICT, 1963



unemployment: the daily average of unemployed (including persons employed on relief projects) rose by 50 per cent, from 800 to 1,200. There was a particularly big increase in the number of days worked on relief projects, which doubled as compared with 1962. At the same time, a mild shortage of skilled manpower was felt—especially as regards electricians and skilled metal workers.

During the years 1958–61 the unemployment rate dropped steadily (see Diagram IX-4), owing to the implementation of large-scale construction projects and the establishment of industrial plants. The daily average of unemployed, including persons employed on relief projects, declined during this period from 2,600 to 600. Following the reduction of construction activities and the transfer of thousands of new immigrants to the district, a slow increase in unemployment began to be felt in 1962, and the trend accelerated in 1963.

(c) *Tel Aviv*

The steep downtrend in unemployment in the Tel Aviv District continued in 1963. The daily average of adult unemployed decreased by 40 per cent, after having declined by 90 per cent in 1962. Between 1958 and 1963 the number of unemployed fell by two-thirds—from 2,600 to 900. It should be noted that 40 per cent of the unemployed in this district are youths.

Table IX-7

INDICATORS OF REGIONAL UNEMPLOYMENT LEVELS, 1962-63

District	Persons seeking work or employed on relief projects ^a as a per cent of total labor force		Daily average of registered unemployed per 1,000 working-age inhabitants			
			Including persons employed full-time on relief projects		Including all persons employed on relief projects	
	1962	1963	1962	1963	1962	1963
Northern	8.1	8.1	15.8	15.3	21.9	21.0
Haifa	4.0	3.3	4.4	3.2	8.4	6.3
Central	3.8	2.5	4.1	3.6	12.9	11.1
Tel Aviv	2.5	1.9	2.7	1.8	4.2	3.0
Jerusalem	5.5	4.0	7.2	4.8	9.8	6.8
Southern	6.2	8.5	8.2	11.2	18.4	20.2
Total	4.3	4.0	5.8	5.1	10.4	9.0

^a Full-time.

The unemployment rate¹ declined from 2.5 per cent in 1962 to 1.9 per cent in 1963.

¹ The percentage of persons seeking work and persons employed full-time on relief projects in the total labor force.

This district, where most of the country's industrial enterprises are concentrated, is experiencing a shortage of both skilled and unskilled labor, which is especially acute as regards skilled workers in the metal industries and in the electricity, construction, and service sectors.

(d) *Haifa and Central Districts*

The employment situation in these two districts is very similar. Each of them comprised some 18 per cent of the working-age population in 1963 and accounted for about 12 per cent of total registered days of unemployment. The unemployment rate reached 3 per cent—i.e. less than the national average. The daily average of registered unemployment declined by 15 per cent—from 1,200 to 1,000 in the Haifa District and from 1,100 to 900 in the Central District.

The Central District accounted for 30 per cent of all unfilled requests for labor in 1963, and the Haifa District for about 8 per cent. The main labor shortage in the Haifa District was for skilled industrial workers, and in the Central District for unskilled labor.

Table IX-8
REGISTERED UNEMPLOYMENT, BY DISTRICT, 1962-63
(percentages)

District	Working-age population		Daily average of unemployed ^a		Daily average of persons employed on relief projects ^b		Daily average of unemployed and persons employed on relief projects	
	1962	1963	1962	1963	1962	1963	1962	1963
Northern	14.5	14.3	21.5	24.6	81.9	78.8	39.2	42.9
Haifa	17.5	20.0	17.8	17.6	2.3	1.9	13.3	12.3
Central	17.8	18.7	17.4	16.9	0.7	1.0	12.5	11.4
Tel Aviv	36.3	32.3	23.7	16.9	—	—	16.7	11.2
Jerusalem	7.4	7.8	10.0	0.1	6.7	3.9	9.1	7.4
Southern	6.5	6.8	9.4	14.8	8.4	15.3	9.1	14.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Absolute figures	1,514,000	1,591,000	6,258	5,421	2,596	2,745	8,584	8,166

^a Including youths.

^b Able-bodied persons only.

SOURCE: Central Bureau of Statistics.

(e) *Jerusalem*

Approximately 7.5 per cent of Israel's labor force is located in the Jerusalem District, while the proportion of registered unemployment here is about the same. The daily average of unemployed declined by 25 per cent in 1963, from 800 to 600, bringing down the share of this district in total unemployment from 9 to 7 per cent (see Table IX-8).

7. EMPLOYMENT IN DEVELOPMENT TOWNS¹

In contrast to the improved employment situation in most parts of the country, especially in the coastal urban areas, there was a substantial increase in unemployment in development towns during 1963. The daily average of registered unemployment went up by 19 per cent, from 2,200 in 1962 to 2,600, raising the share of the development towns in total unemployment from 25 to 32 per cent (see Table IX-9).

Table IX-9
REGISTERED UNEMPLOYMENT IN DEVELOPMENT TOWNS, 1962-63

	1962	1963	Per cent increase or decrease (-)	Per cent of total unemployment	
				1962	1963
Average population	134,000	158,000	18.4	5.7	6.5
Daily average of unemployed— adults and youths	964	1,238	28.4	15.4	22.8
Daily average of persons employed on relief projects ^a	1,230	1,374	11.7	47.4	50.1
Total number of unemployed and persons employed on relief projects ^a	2,194	2,612	19.1	24.8	32.0
Daily average of persons employed on relief projects ^b	1,275	1,210	-5.1	18.6	19.9
Total unemployed and persons employed on relief projects	3,469	3,822	10.2	22.1	26.8

^a Able-bodied persons only.

^b Elderly and handicapped persons.

SOURCE: Central Bureau of Statistics.

¹ This section covers the following development towns: Beit Shemesh, Shlomi, Ma'alot, Kiryat Shmona, Hatsor, Beit She'an, Afula, Upper Nazareth, Migdal Ha'emek, Ashdod, Yavne, Kiryat Gat, Kiryat Malachi, Dimona, Yeruham, Ofakim, Netivot, Shderot, Eilat, Or Akiva, and Mizpe Ramon.

The number of unemployed and persons employed on relief projects stood at 103 per thousand persons of working age, as compared with 22 in the country as a whole. The unemployment rate reached 22 per cent, as against a national average of 4 per cent. The development areas accounted for approximately 50 per cent of all man-days worked on relief projects.

By the end of 1963, the population of the development towns reached 170,000—about 6 per cent of the total population and some 7 per cent of the Jewish population—as compared with 147,000 at the end of 1962 and 120,000 at the end of 1961. The growth rate in 1962 reached 22 per cent and in 1963, 15 per cent—approximately four times the rate for the country as a whole.

A partial explanation of the widespread unemployment in development towns is afforded by their demographic structure,¹ which differs considerably from that of other parts of the country, in particular the three big cities.² The development towns have a very high percentage of new immigrants, as well as persons of Afro-Asian origin and children below the age of 14. In fact, 72 per cent of their population arrived in Israel after 1948, as compared with 45 per cent of the total Jewish population and 39 per cent of the population of the three big cities (see Table IX-10). About 70 per cent of the immigrants in development

Table IX-10
**JEWISH POPULATION AND IMMIGRANTS, BY LOCALITY,
 DURATION OF RESIDENCE IN COUNTRY, AND CONTINENT
 OF ORIGIN, 1963**
 (percentages)

	Development towns	The big cities ^a	Whole country
Total Jewish population			
Israel-born	26	39	38
Immigrants			
Immigrated before 1948	2	22	17
Immigrated in 1948 and after	72	39	45
Total	100	100	100
Immigrants			
From Asia and Africa	71	30	40
From Europe and America	29	70	60
Total	100	100	100

^a Jerusalem, Haifa, and Greater Tel Aviv.

¹ According to data from the population census of 1961. To the extent that changes have occurred since then, they probably accentuate the trends described here.

² Jerusalem, Haifa, and Greater Tel Aviv.

towns were born in Asia or Africa, as compared with 30 per cent in the three big cities and 40 per cent for the total immigrant population of the country.

Among the working-age inhabitants of development towns, 19 per cent of the men and 37 per cent of the women have had no formal education whatsoever. For the total Jewish population, the rates are 8 and 18 per cent respectively (see Table IX-11).

Table IX-11
JEWISH POPULATION,^a BY YEARS OF SCHOOL COMPLETED, 1961

	Males		Females	
	No schooling at all (%)	Median year of school completed	No schooling at all (%)	Median year of school completed
Born in Israel	1.0	10.7	3.3	10.4
Born in Africa and Asia				
Immigrated before 1948	16.9	7.2	44.2	3.6
Immigrated 1948-54	19.4	6.9	44.3	3.3
Immigrated after 1954	22.4	6.8	40.9	5.0
All persons born in Africa and Asia	19.7	6.9	43.6	3.7
Born in Europe and America				
Immigrated before 1948	1.0	10.4	3.7	9.6
Immigrated 1948-54	2.4	8.6	5.7	8.0
Immigrated after 1954	2.3	8.9	4.5	8.6
All persons born in Europe and America	1.8	9.5	4.7	8.8
Total Jewish population	7.7	8.9	17.5	7.9
Jewish population of development towns	18.9	6.4	36.7	4.3

^a Aged 14 and over.

SOURCE: Central Bureau of Statistics—data from the population census of 1961.

The establishment of development towns is carried out in accordance with the population dispersal policy. This policy is intended to prevent an overconcentration of the population in the coastal area on the one hand, and to assure the populating of sparsely inhabited areas on the other. From both aspects, its achievements have been considerable. Since the establishment of the State, the population of the Southern District has grown from 1 per cent of the total population to 7 per cent. And were it not for the efforts made to carry out this policy, the proportion of Israel's inhabitants living in the coastal plain would be higher than the 75 per cent of today.

However, the creation of new sources of economic employment has not kept pace with the rate of population growth in the development towns. Consequently, the unemployment rate here has gone up and many inhabitants have moved to the coastal urban centers.

The Government has taken various steps (mainly the granting of development budget loans on convenient terms and income tax concessions) in order to attract enterprises to the development areas. However, these apparently have not constituted sufficient incentive, in view of the difficulties encountered in setting up plants in development towns because of the small size of the towns and the structure of their labor force.

Some 30 towns have been established and peopled under the population dispersal policy. At the end of 1963 these included 16 with a population of less than 10,000 each, and seven with less than 5,000. A small number of inhabitants greatly increases the cost of municipal services per capita, and does not permit the provision of services of a proper standard and at a reasonable cost.

In small development towns external economies, such as the supply of productive services and a reasonably large labor market, have not been created to a sufficient degree for the individual enterprise. These towns have insufficient drawing power for skilled workers long resident in the country, chiefly because they lack health, educational, cultural, and entertainment services of a fair standard. In many of these communities the labor force as it now exists, without reinforcements from the established population, cannot meet the requirements of modern industry from the aspect of its structure and vocational level. The relative scarcity of skilled and semi-skilled labor in development areas has reduced the effectiveness of the economic incentives offered by the Government to attract industry there.

In some development towns the unemployment rate has reached 30 or even 40 per cent of the labor force, while the average for all development towns is 22 per cent. One of the consequences of this depressed employment situation has been a high rate of migration from these areas, which exceeds 30 per cent, and in some development towns even 60 per cent. The existence of unemployment on such a scale, side by side with a shortage of skilled and unskilled manpower in the urban centers, is part of the price paid by the economy for the population dispersal policy.