

CHAPTER IX

POPULATION, LABOR FORCE, AND EMPLOYMENT

THE AVERAGE POPULATION of Israel increased by 4 percent during 1964, reaching 2,476,000 at the end of the year. This was roughly the same growth rate as in the three preceding years.

The working-age population¹ also increased by 4 percent in 1964. The civilian labor force² expanded by 4.5 percent, so that the labor force participation rate advanced slightly.

There were 855,000 gainfully employed in 1964, as against 817,000 the previous year—a rise of 38,000. In industry, transportation and communications, commerce and finance, and personal and public services the increase in gainful employment was of the order of 5–7 percent. The number of gainfully employed in agriculture, which had dropped during the previous two years, went up about 1 percent.

As in the three preceding years, the prevailing prosperity made it possible to absorb the incremental civilian labor force without any special difficulties. This prosperity has created a rising demand for labor everywhere except in the Northern and Southern Districts, where most of the unemployment is concentrated. In these two regions the daily average of unemployed—adults and youth alike—fell by only 2 percent in 1964, as against 23 percent in the rest of the country.

1. POPULATION AND LABOR FORCE

(a) *Population*

The country's population rose by 93,000, or 3.8 percent, in 1964. Immigration accounted for a very substantial part of this increment.

The growth rates for the Jewish and non-Jewish population were very similar—3.8 and 4.0 percent respectively. Among non-Jews, however, the entire rise was due to natural increase, while among Jews this accounted for only 39 percent of the increment.

The net fertility rate³ of the Jewish population has been falling steadily since 1950, when it stood at 32.96 as against 21.61 in 1964.

¹ Persons 14 years of age and over.

² Gainfully employed and persons seeking work.

³ The number of births per 1,000 women.

Table IX-1

AVERAGE POPULATION AND LABOR FORCE CHARACTERISTICS, 1962-64
(thousands)

	1962	1963	1964	Increase or decrease (-)	
				'000	%
Average population	2,288	2,380	2,476	96	4.0
Working-age population	1,514	1,591	1,654	63	4.0
Civilian labor force	808	846	884	38	4.5
Percent of total population	35.3	35.5	35.7	—	—
Percent of working-age population	53.4	53.2	53.4	—	—
Gainfully employed	777	817	855	38	4.6
Persons seeking work	31	29	29	—	—
Percent of labor force	3.8	3.4	3.3		

SOURCE: Bank of Israel—based on the manpower surveys of the Central Bureau of Statistics.

Table IX-2

POPULATION AND POPULATION GROWTH, 1961-64

Year	Population at end of year ('000)	Increase during the year		Natural increase as a percent of total increment
		'000	%	
1961	2,234	82	3.8	50
1962	2,332	98	4.4	45
1963	2,430	98	4.2	45
1964	2,523	93	3.8	39

SOURCE: Central Bureau of Statistics.

(b) *Labor force*

The civilian labor force grew by 38,000 during the year reviewed, from 846,000 to 884,000. Since the rise here was more rapid than that in the working-age population—4.5 as against 4.0 percent—the labor force participation rate went up slightly, from 53.2 to 53.4 percent.

Drastic changes in the overall labor force participation rate occur only in the long run, as a result of structural changes in the population such as in its age distribution. But relatively short-term changes may occur in the rate for the different population subgroups as a result of social or economic changes. During the past six or seven years there has been no indication of any such changes, except for a moderate rise in the participation rate of women.

The labor force participation rate of Israel's working-age population is affected by differences in participation between Jews and non-Jews, as well as between various groups within the Jewish population.

Among Jews, the disparity is greatest between immigrants from Asian and African countries and the rest of the population. Among the former, the participation rate is relatively high in the 14-17 age group (male and female alike), owing to its low school attendance rate. On the other hand, the participation rate is lower among such immigrants in the case of women in all other age groups and of men over the age of 55 (see Table IX-3).

Table IX-3

**LABOR FORCE PARTICIPATION RATE OF THE WORKING-AGE POPULATION,
BY ORIGIN, SEX, AND AGE, 1961**
(percentages)

Age	Males					Females				
	Non-Jewish	Jewish			Total	Non-Jewish	Jewish			Total
		Israeli born	European-American born	Afro-Asian born			Israeli born	European-American born	Afro-Asian born	
14-17	57	30	26	40	33	13	26	21	34	28
18-34	88	71	83	80	78	13	48	38	28	37
35-54	83	93	95	92	94	12	31	36	16	30
55-65	56	84	90	74	86	12	12	24	7	19
65+	21	36	44	22	37	7	5	9	4	7

SOURCE: 1961 Population Census.

As to non-Jews, the participation rate is on the whole lower than for Jews, particularly as regards women. There are two exceptions: the 14-17 and 18-34 age groups among males, where non-Jews show a higher rate, presumably because of the lower school attendance rate and the fact that military service is not compulsory for them.

One of the factors accounting for differences in the labor force participation rate is the educational level. This applies particularly to women, whose participation rate rises in direct proportion to the extent of their schooling. As regards men, this relationship can be detected only among those of the lowest educational level and persons over retirement age (65+).

Table IX-4

**LABOR FORCE PARTICIPATION RATE AMONG JEWS IN 1961,
BY SEX, AGE, AND YEARS OF SCHOOLING**
(percentages)

Years of school completed	Age				
	25-34	35-44	45-54	55-64	65+
Males					
0	91	89	85	71	23
1-8	95	96	95	86	38
9-12	93	95	97	91	46
13+	92	95	96	92	53
Females					
0	14	17	13	6	3
1-8	21	25	27	17	6
9-12	46	40	41	29	14
13+	72	63	65	48	27

SOURCE: 1961 Population Census.

2. EMPLOYMENT

The civilian labor force rose by more than 100,000 over the past three years. This increment was absorbed by the labor market owing to the brisk demand for all categories of manpower.

Immigrants accounted for a large part of the incremental labor force. An idea of the difficulties attending their absorption by the labor market may be gained by comparing their occupational structure abroad with that of the additional gainfully employed in Israel in recent years (see Table IX-5).

From Table IX-6 we see that the occupational distribution of the newcomers does not necessarily resemble that of the additional gainfully employed during the corresponding period. Comparatively few of the immigrants engaged in construction, agriculture, or transportation before coming to this country. In agriculture, the past several years witnessed a downtrend in gainful employment, so the fact that few of the immigrants formerly engaged in such work did not create any problem. This does not apply, however, in respect of construction and transport, where the number of employed went up appreciably. In industry and crafts the increment of immigrants with experience in these occupations exceeded the increment of gainfully employed, but since employment has been rising rapidly in this sector, immigrants have good chances of being absorbed.

The labor input in the different sectors of the economy is far from homogeneous. Its quality varies from sector to sector and from period to period. The disparities stem from differences in the level of formal education, previous experience, and

Table IX-5

**OCCUPATIONAL DISTRIBUTION OF INCREMENTAL GAINFULLY EMPLOYED
IN 1961-63 AND OF NEW IMMIGRANTS IN 1962-64**
(percentages)

Occupation	Distribution of incremental gainfully employed in 1961-63	Distribution of immigrants arriving in 1962-64
Free professions	18	13
Administrators, executives, clerks	29	16
Sales workers	2	10
Agricultural workers	-6	1
Transportation and communication workers	11	3
Construction and quarry workers	18	4
Industrial workers	21	47
Service workers	6	6
Total	100	100

SOURCE: Central Bureau of Statistics manpower surveys; the Jewish Agency.

occupational and advanced training. Formal education is a crucial factor, since a minimum amount is a precondition for further training.

The average educational level of the Jewish population began to fall after 1948 owing to the arrival of large numbers of immigrants with relatively low educational levels. In 1957 the trend began to turn upward.

Table IX-6

**PER CAPITA EDUCATIONAL STOCK IN 1961
OF IMMIGRANTS AGED 30 +**
(IL thousand, at 1957 prices)

Period of immigration	Educational stock ^a
Up to 1948	6.3
1948-51	3.5
1952-54	3.7
1955-57	3.7
1958-61	5.1

^a Educational stock is the total outlay required to provide a given level of education.

SOURCE: "Investment in Education and Human Capital in Israel", Bank of Israel Bulletin No. 23, 1964, Table 2, p. 7.

The changes in the average educational stock of the Jewish population (see Table IX-6) affected the quality of the labor force. The sectorial distribution of the labor force is quite different when the labor input in each sector is weighted by the educational level of the employed. The share of the public and business services sector is increased by such weighting from 26 percent of the total labor input in 1961 to 44 percent, because of its high concentration of academically trained personnel (see Table IX-7).

The average educational level of the gainfully employed varies from sector to sector because of differences in occupational structure. The occupational group with the highest average schooling is the free professions, followed by the administrative, executive, and clerical group (see Table IX-7). 84 percent of all persons employed in the free professions in 1961 were to be found in the

Table IX-7

**DISTRIBUTION OF JEWISH GAINFULLY EMPLOYED AND THEIR
EDUCATIONAL LEVEL, BY OCCUPATION AND ECONOMIC SECTOR, 1961**
(percentages)

Sector	Occupation	Free professions	Administrators, executives, clerks	Sales workers	Other occupations ^a	Distribution of gainfully employed		Per capita educational stock ^b
						By number of gainfully employed	Weighted by educational level	
	Per capita educational stock ^b	16.1	8.8	4.3	3.4			
	Agriculture	1	5	1	22	12	8	4.4
	Industry, mining and quarrying	7	18	6	34	25	19	4.5
	Construction	3	6	—	12	8	5	3.7
	Electricity and water	1	3	—	2	2	2	5.2
	Commerce and finance	2	21	84	2	13	12	5.8
	Transportation and communications	1	8	1	8	7	5	4.7
	Public and business services	84	36	1	11	26	44	10.7
	Personal services	2	3	7	9	7	5	4.2
	Total	100	100	100	100	100	100	6.1

^a These other occupations are in agriculture, transportation and communications, mining and quarrying, industry and crafts, and services; they are aggregated here since they are similar to the classification of economic sectors.

^b In IL '000, at 1957 prices. See note to Table IX-6.

SOURCE: Data from the 1961 Population Census.

public and business services sector, and 7 percent in industry. No other sector employed more than 3 percent. The dispersion of administrative, executive, and clerical personnel was more even: 36 percent were in public and business services, 21 percent in commerce and finance, and 18 percent in industry.

3. EMPLOYMENT, BY ECONOMIC SECTOR

Total gainful employment expanded in 1964 by 38,000, or 4.6 percent—about the same growth rate as in the three preceding years. In agriculture the increase was only 1 percent; in all other sectors it ranged between 4 and 7 percent. The relative share of industry and construction in the total increment of gainfully employed was lower than in the previous three years, while in services and transportation it was higher (see Table IX-8).

(a) *Agriculture*

The number of gainful agricultural workers went up by about 1,000 in 1964. There was also an advance over the previous year in the average number of hours worked per week. The labor input therefore increased by about 3 percent, the rise being roughly the same for hired hands and for self-employed farmers (kibbutz and moshav members and unpaid members of farming families). But while in the case of wage earners the rise was due to an increase in their numbers, in the case of the self-employed it resulted from a longer average working week.

Table IX-8
GAINFULLY EMPLOYED, BY ECONOMIC SECTOR, 1963-64

Sector	Gainfully employed (thousands)		Increase from 1963 to 1964 (%)	Percentage distribution of incremental gainfully employed	
	1963	1964		From 1960 to 1963	From 1963 to 1964
Agriculture	117.4	118.8	1.2	-3	4
Industry	210.4	221.6	5.3	41	30
Construction	79.7	82.8	3.9	13	8
Electricity and water	16.5	17.0	3.0	1	1
Commerce and finance	100.9	105.8	4.9	13	13
Transportation and communications	50.3	54.0	7.4	5	10
Public and business services	178.9	188.0	5.1	22	24
Personal services	62.9	66.5	5.7	8	10
Total	817.0	854.5	4.6	100	100

A marked rise in labor input was recorded in 1964 in fruit growing (excluding citrus), tobacco, and vegetables.

(b) *Industry*

Industry employed 6 percent more workers in 1964. The average working week was 42.7 hours, compared with 41.8 the year before. The labor input thus rose by about 8 percent.

Industrial output expanded rapidly during the five years 1959–63, and the sector accounted for 40 percent of the total increment of gainfully employed. In 1964, however, its share dropped to 33 percent.

The bulk of the additional industrial labor force in 1964 was absorbed by the food, chemical, metal product, and transport equipment branches.

(c) *Construction*

The construction sector employed some 3,000 additional workers in 1964, an increase of about 4 percent. Residential construction, public and private alike, accounted for most of this growth.

The average number of hours worked per week remained the same.

(d) *Transportation and communications*

This sector absorbed 3,000 more workers in 1964: one-third in road passenger transport and the railway, about 10 percent in communication services, and some 20 percent in sea and air transport. The demand for manpower in shipping has led to the employment of a growing number of foreign seamen. The average working week remained more or less unchanged in 1964.

(e) *Public and business services*

The share of public services (the Government, local authorities, National Institutions, and nonprofit institutions) in total gainful employment stands at roughly 80 percent. In 1964 the employment figure went up 4 percent: the increment in educational and health services came to 6 percent, while the rise in administrative and clerical personnel amounted to 3 percent.

The number of persons employed in business services expanded, as in the last few years, at a rapid rate—10 percent approximately. These services include legal, auditing, accounting, economic, engineering, technical, office, and other services.

(f) *Commerce and finance*

Gainful employment in this sector reached 106,000 in 1964, compared with 101,000 the previous year—an increase of 5 percent. Most of the rise occurred

in banks, insurance companies, and financial institutions, and brought up the relative share of these establishments to some 20 percent. In commerce the rise was relatively moderate—about 2 percent only.

The average number of man-hours per week in this sector came to 44.7, as against 44.0 in 1963.

(g) *Personal services*

As in the three preceding years, demand for such services—on the part of both tourists and the local population—grew in 1964, and consequently the number of gainfully employed in this sector went up by nearly 6 percent. This rise was mainly due to the employment of more part-time help, which in turn brought down the average number of hours worked per week from 37.5 in 1963 to 36.7.

4. UNEMPLOYMENT

An indicator of the absolute level of unemployment in the economy is the number of persons seeking work.¹ This declined from 44,000 in 1957 to 29,000 in 1964.

The main indicators of changes in unemployment are the daily average of registered unemployment (adults and youth)² and the daily average of able-bodied persons engaged in relief work. Resort to the latter indicator is premised on the assumption that the primary purpose of the relief projects is to alleviate unemployment in certain regions of the country, although some of the work—

Table IX-9
REGISTERED UNEMPLOYMENT, 1960-64

	1960	1961	1962	1963	1964
Daily average of registered unemployed adults	6,042	5,143	4,602	4,032	3,399
Index (1960 = 100)	100	85	76	67	56
Daily average of able-bodied persons engaged in relief work	5,122	2,431	2,601	2,711	2,317
Index (1960 = 100)	100	48	51	53	45

SOURCE: Central Bureau of Statistics.

¹ In the manpower surveys conducted by the Central Bureau of Statistics, a job-seeker is defined as a person who actively sought employment but did not work even one hour during the week of the survey.

² This figure is compiled by the National Employment Service and refers to the number of days for which persons applying for work at its exchanges remained unemployed.

such as afforestation and land reclamation—would still be carried out even if there were no relief projects.

The daily average of registered unemployment has been dropping steadily since 1960: the number of persons on relief work moved down steeply from 5,122 in 1960 to 2,431 in 1961, but has remained virtually constant since then (see Table IX-9).

The improved employment picture is also reflected in the reduced depth of unemployment among those looking for work. Since 1958 there has been a steady rise in the proportion of job-seekers whose unemployment has been kept down to a few days per month (see Table IX-10).

(a) *Unemployment, by district*

The decrease in the daily average of registered unemployment in the country as a whole has been accompanied by a growing concentration of unemployment in the Northern and Southern Districts, where most of Israel's development towns are located. At the same time, most of the relief work has also been concentrated in those two districts, whereas in the rest of the country it has been dropped almost completely.

While all districts registered some decrease in adult unemployment in 1964, the Northern and Southern Districts, which together accounted for half of aggregate unemployment, contributed only 15 percent to this improvement, daily average of registered unemployment declining there by about 100 days out of the nationwide figure of over 630 (see Table IX-11). Unemployment among youth, which receded in all the other districts, rose in the Southern and Northern Districts.

Table IX-10

DEPTH OF UNEMPLOYMENT—JOB-SEEKERS BY NUMBER
OF UNEMPLOYED DAYS PER MONTH, 1958, 1963, 1964

(percentages)

Unemployed days per month	Percentage of job-seekers		
	1958	1963	1964
1-6	59	78	81
7-12	21	13	12
13-18	11	5	4
19+	9	4	3
Total	100	100	100
Absolute number of job-seekers	31,825	22,777	21,389

SOURCE: Central Bureau of Statistics.

(b) *Unemployment in the development towns¹*

Whereas in the country as a whole the employment situation improved in 1964, this does not apply to the development towns: the daily average of registered adult unemployment in these communities rose by 1 percent in 1964,

Table IX-11
REGISTERED UNEMPLOYMENT, BY DISTRICT, 1963-64

District	Daily average of job-seekers ^a				Daily average of persons on relief work ^b		Percent increase or decrease (-) from 1963 to 1964		
	Adults		Youth				Daily average of unemployed		Daily average of persons on relief work ^b
	1963	1964	1963	1964	1963	1964	Adults	Youth	
Northern	1,060	1,014	278	287	2,127	1,817	-4	3	-15
Haifa	722	480	230	125	65	99	-34	-46	52
Central	627	531	293	291	4	—	-15	-1	—
Tel Aviv	649	469	265	162	—	—	-28	-39	—
Jerusalem	343	327	153	134	101	41	-5	-12	-59
Southern	631	578	170	226	414	361	-8	32	-13
Total	4,032	3,399	1,389	1,225	2,711	2,318	-16	-12	-15

^a Excluding persons who found work immediately after registering at the labor exchange.

^b Able-bodied persons only.

SOURCE: Central Bureau of Statistics.

Table IX-12
REGISTERED UNEMPLOYMENT, BY DISTRICT, 1958, 1963, AND 1964
(percentages)

District	Civilian labor force in 1963	Daily average of unemployed			Daily average of persons on relief work		
		1958	1963	1964	1958	1963	1964
Northern	16	17	25	28	34	79	78
Haifa	19	15	17	13	9	2	4
Central	19	31	17	18	25	—	—
Tel Aviv	31	21	17	14	8	—	—
Jerusalem	8	7	9	10	4	4	2
Southern	7	9	15	17	20	15	16
Total	100	100	100	100	100	100	100

SOURCE: Central Bureau of Statistics.

¹ 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 Mitzpe Ramon.

while for the entire country it fell by 16 percent. The other two indicators mentioned above—the daily average of unemployed youth and the daily average of able-bodied persons engaged in relief work—likewise point to an opposite trend in the development towns from that for the economy as a whole (see Table IX-13).

Table IX-13
UNEMPLOYMENT IN DEVELOPMENT TOWNS, 1962-64

Indicator	Development towns			Entire country
	1963	1964	Percent increase or decrease (-) from 1963 to 1964	Percent increase or decrease (-) from 1963 to 1964
Daily average of unemployed				
Adults	951	960	1	-16
Youth	287	336	17	-12
Daily average of persons ^a on relief work	1,374	1,620	18	-16

^a Able-bodied.

SOURCE: National Employment Service.