

CONTENTS

	<i>Page</i>
Letter to the Government and the Finance Committee of the Knesset	v
CHAPTER I THE ECONOMY: DEVELOPMENT AND POLICIES	3
CHAPTER II THE PRODUCT AND DOMESTIC DEMANDS	11
1. Main Developments	11
2. Public Consumption	16
3. Investment	17
4. Private Consumption	24
5. Exports	30
6. Imports	31
7. Product	31
8. Income and Saving	36
9. National Saving	36
CHAPTER III PRICES	47
1. Main Developments	47
2. The Inflationary Process, 1970-80	48
3. The Inflationary Process in 1981	50
4. Price Indexes	54
CHAPTER IV WAGES AND EMPLOYMENT	60
1. Main Developments	60
2. Population	67
3. Civilian Labor Force	67
4. Employment by Economic Sector	71
5. Unemployment	71
6. Wages	79

CHAPTER V	GOVERNMENT AND NONGOVERNMENT	
	PUBLIC SECTOR	83
	1. Main Developments	83
	2. Public Consumption and Investment	94
	3. Taxes, Transfer Payments, and Subsidies	100
CHAPTER VI	THE PRINCIPAL ECONOMIC SECTORS	121
	1. Business Sector Product, Productivity, and Structural Changes	121
	2. Agriculture	130
	3. Industry	136
	4. Transportation, Communications, and Tourism	148
	5. Construction	159
CHAPTER VII	BALANCE OF PAYMENTS	170
	1. Main Developments	170
	2. Imports	180
	3. Exports	195
	4. Unilateral Transfers	214
	5. Net Long- and Medium-Term Capital Imports	215
	6. Net Short-Term Capital Account of the Private Sector and Capital Movements of the Banking System	222
	7. The External Debt	228
	8. The External Debt Burden	230
	9. Bank of Israel Reserves	230
	10. Main Developments in the World Economy	232
CHAPTER VIII	MONEY AND CAPITAL MARKETS	243
	I. General Analysis	243
	1. Main Developments	243
	2. Monetary Developments, Inflation, and Economic Activity	249
	3. Monetary Policy	253
	II. The Public's Wealth and Its Sources	258
	1. Sources of Monetary Expansion	258
	2. Credit to the Public	265
	3. The Private Nonfinancial Sector's Wealth	273
	4. Financial Assets	275

III.	Components of the Capital Market	280
	1. The Share Market	280
	2. The Bond Market	284
	3. Mutual Funds	286
	4. Social Insurance Funds and Life Insurance Companies	287
CHAPTER IX	ACTIVITIES OF THE BANK OF ISRAEL	329
	1. Summary of the Balance Sheet at the end of 1981	329
	2. Statement of Income and Expenses for 1981	338
	3. Bank Credit	339
	4. Foreign Exchange Control	345
	5. Administration of State Loans	346
	6. Issue of Currency and Commemorative Coins and Medals	354
	7. Supervision of Banking Corporations	358
	8. The Bank of Israel as Representative of the State in International Financial Institutions	362
	9. Economic Research	365
	10. Advisory Committee and Advisory Council	367
	11. The Governor and Deputy Governors of the Bank of Israel	367