

CONTENTS

	<i>Page</i>
Letter to the Government and the Finance Committee of the Knesset	iii

PART ONE

DEVELOPMENT OF THE ECONOMY

CHAPTER I	MAIN ECONOMIC DEVELOPMENTS	3
CHAPTER II	RESOURCES, USES, AND INCOME	19
	1. Main Developments	19
	2. Resource Use	16
	3. Resources	30
	4. Gross National Product and Productivity	32
	5. Income	36
	6. National Saving	40
CHAPTER III	THE BALANCE OF PAYMENTS - GENERAL SURVEY	41
	1. Financing the Deficit	41
	2. The Current Account	43
	3. The Capital Account	50
	4. Exchange Rate Policy	52
CHAPTER IV	BALANCE OF PAYMENTS CURRENT ACCOUNT	55
	1. Main Developments	55
	2. Commodity Imports	59
	3. Commodity Exports	72
	4. Exports and Imports of Services	91

	<i>Page</i>
CHAPTER V	CAPITAL IMPORTS AND THE FOREIGN DEBT 97
	1. Main Developments 97
	2. Background to the Capital Import Developments 100
	3. Unilateral Transfers 103
	4. Foreign Investments 105
	5. Medium- and Long-Term Loans 109
	6. Foreign Exchange Reserves of the Bank of Israel 110
	7. Foreign Currency Debt 111
CHAPTER VI	ISRAEL AND THE WORLD ECONOMY 119
	1. Main Developments 119
	2. Sources of Cyclical Change in 1975 123
	3. World Trade and Payments Balance in 1975 129
	4. Capital Markets and Capital Flows in 1975 132
	5. Exchange Rates and Capital Flows 133
CHAPTER VII	PRIVATE CONSUMPTION AND SAVING 141
	1. Main Developments 141
	2. Developments in Private Consumption 143
	3. Composition of Private Consumption 146
	4. Savings 153
CHAPTER VIII	DOMESTIC INVESTMENT 157
	1. Main Developments 157
	2. Investment by Economic Sector 161
	3. Non-dwelling Investment by Type of Asset 167
	4. Residential Building 169
	5. Construction Inputs 176
	6. The Capital Stock 176
CHAPTER IX	PRICES 179
	1. Main Developments 179
	2. Price Developments 181
	3. Causes of the Inflation 184
	4. Movement of Various Price Indexes 187
CHAPTER X	GOVERNMENT AND NONGOVERNMENT PUBLIC SECTOR 191
	1. Consolidated Account 191
	2. Domestic Demand of the Public Sector 198
	3. The Public Sector's Domestic Revenue on Capital Account 207
	4. The National Institutions 221
	5. The Local Authorities 223

		<i>Page</i>
CHAPTER XI	NONPROFIT INSTITUTIONS	231
	1. Main Developments	231
	2. Structure of the Sector	233
	3. Uses of Funds	234
	4. Sources of Funds	235
	5. The Demand Surplus and Its Financing	237
CHAPTER XII	THE LABOR FORCE, EMPLOYMENT, AND WAGES	239
	1. Main Developments	239
	2. The Population	243
	3. The Civilian Labor Force	244
	4. Employment	249
	5. Wages	261

PART TWO

SURVEY OF THE PRINCIPAL ECONOMIC SECTORS

CHAPTER XIII	AGRICULTURE	267
	1. Main Developments	267
	2. International Prices	270
	3. The Terms of Trade in Agriculture	272
	4. Output Destinations	274
	5. Secondary Branches	280
	6. Purchased Inputs	285
	7. Agricultural Subsidies	286
CHAPTER XIV	INDUSTRY	289
	1. Main Developments	289
	2. Industrial Production and Labor Input.....	295
	3. Industrial Output and Input Prices	305
	4. Industrial Exports	307
CHAPTER XV	TRANSPORTATION, COMMUNICATIONS, AND TOURISM	311
	1. Main Developments	311
	2. Domestic Transport	314
	3. Pipelines, Domestic Air Services, Post and Telecommuni- cations	321
	4. International Transport Services.....	326
	5. Tourism	334

PART THREE

MONETARY DEVELOPMENTS

	Page
CHAPTER XVI	MAIN MONEY AND CAPITAL MARKET DEVELOPMENTS 343
CHAPTER XVII	MONEY SUPPLY, CREDIT, AND THE BANKING INSTITUTIONS 351
	1. Main Developments 351
	2. Monetary Developments during the Year 359
	3. Sources of Monetary Expansion 366
	4. Components of the Monetary Expansion 381
	5. The Banking Institutions' Balance Sheet 391
CHAPTER XVIII	THE INSTITUTIONAL STRUCTURE OF THE CAPITAL MARKET 393
	I. Overall Analysis 393
	1. Main Developments 393
	2. Statistical-Analytic Framework 397
	3. Government Influence on the System's Operations 398
	4. Sources of Funds 400
	5. Credit Terms and Destination 407
	II. Components of the Capital Market Institutional System 417
	1. Social Insurance Funds 417
	2. Insurance Companies 422
	3. Mutual Funds 426
CHAPTER XIX	THE SECURITIES MARKET 431
	1. Main Developments 431
	2. The Bond Market 437
	3. The Share Market 446
	4. Securities Traded in Foreign Currency and the Natad Market..... 455

PART FOUR

THE BANK OF ISRAEL

CHAPTER XX	ACTIVITIES OF THE BANK OF ISRAEL 461
	1. Summary of Balance Sheet at the End of 1975 461
	2. Bank of Israel Assets 463
	3. Bank of Israel Liabilities 468

	<i>Page</i>
4. Profit and Loss Account	472
5. Currency Issue	473
6. Directed Bank of Israel Credit	476
7. Supervision of Banking and Financial Institutions	487
8. Administration of State Loans	489
9. Clearinghouses	497
10. The Bank of Israel as Representative of the Government in International Financial Institutions	498
11. Advisory Committee and Advisory Council	503
12. Advisory Committee on Matters Relating to Banking Business	505
13. Economic Research	505
14. The Bank and Its Staff	506