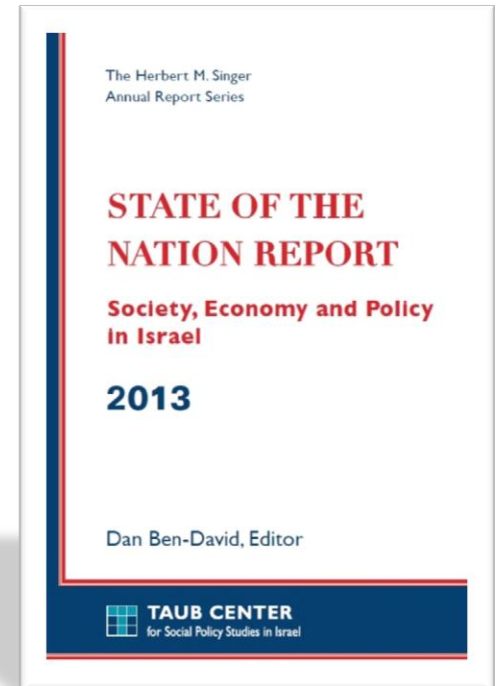




Press Release

State of the Nation Report Society, Economy and Policy 2013

The Taub Center's annual report, published today (Wednesday), presents a picture of Israel's socioeconomic condition in 2013 as compared to other countries and from a long-term perspective. The report focuses on 14 studies in the areas of society, the economy, employment, education, welfare, health, and public expenditure.



A selection of findings from the "State of the Nation 2013":

A Macroeconomic Perspective of Israel

Poverty and Inequality Over Time: In Israel and the OECD

(Prof. Dan Ben-David, Executive Director, Taub Center and Haim Bleikh, Taub Center researcher)

- Income gaps within the middle class in Israel are the highest among all Western countries: the income of the 75th percentile in Israel is 2.8 times greater than the income of the 25th percentile.
- The share of Israel's wealthiest (the top 1 percent) in the country's total market income (that is, before taxes and transfer payments) is high, 6.3 percent of all the income in Israel) – though it is not particularly high when compared to the incomes shares of the top one percent in other developed countries. The share of Israel's top one percent out of the country's total disposable income (that is, after taxes and transfer payments), 5.3 percent, is slightly above the median for other developed countries.
- The effectiveness of Israel's welfare and tax system in reducing poverty is particularly low compared to that of other developed countries, including even the United States.
- Market income poverty rates in Israel are high, even after exclusion of Haredim and Arab Israelis from the sample (29 percent).

- Poverty among children in Israel, after transfer payments and taxes, is the highest in the developed world; one-third of all children in Israel live below the poverty line.

Israel's Economy: A Macro Perspective

(Prof. Eran Yashiv, Chair, Taub Center Economics Policy Program)

- Israel's labor market is characterized by two important trends over the past decade: (a) labor market participation rates have been rising steadily, from 58 percent in 2003 to 64 percent in 2012; (b) unemployment rates have steadily declined from over 13 percent to less than 7 percent during the same period.
- Unemployment rates in Israel are amongst the lowest in the Western world.

Labor Productivity in Israel

(Prof. Dan Ben-David, Executive Director, Taub Center)

- In all employment sectors except for agriculture – that is in the building, manufacturing, wholesale and retail trade, hotels and restaurants, transportation, financial intermediation and real estate sectors – labor productivity in Israel is the lowest among developed countries with data for recent years.
- Where capital investments are higher, labor productivity is greater – both across countries and also across business sectors within Israel. Furthermore, the research shows that there is a positive and direct relationship between productivity and wages.

Employment and Income

Education and Employment in the Haredi Sector

(Eitan Regev, Taub Center researcher)

- The employment rate among Haredi men with an academic education is 71 percent, compared to only 34 percent among Haredi men without an academic education. This large difference between Haredim with and without an academic education is also evident in terms of wages: the average income of Haredi men with an academic education is NIS 13,565, compared to NIS 7,580 among Haredim without an academic degree.
- In the past few decades, there has been a sharp rise in the share of Haredim who do not have more than a primary education: from some 30 percent of the male population a decade ago to almost half of all Haredi men today.
- Fewer and fewer Haredim study in high schools as more Haredim study in yeshivas. For example, just 56 percent of Haredi men 75 years old and up ever studied in institutions of higher Torah, as opposed to 90 percent of the 25 to 34 year olds. The significance of this trend is that younger Haredim have fewer skills for competing in the modern labor market even relative to their parents'

generation. This trend is opposite that of the Western world, where each generation is more educated than the previous one.

- Among some 80 percent of Haredi married couples, neither spouse has an academic degree. In only 5 percent of households do both partners have an academic degree; incomes in such households are about 2.5 times higher than in those in which neither partner has an academic degree.
- An examination of the patterns of study versus work among the Haredim indicates that the transition in the last three decades from active involvement in the labor market to entrenchment in the world of Torah study is not simply the result of ideology, but also largely stems from a lack of skills and appropriate tools to integrate in the labor market, along with dwindling available options.

Women in the Labor Force: The Impact of Education on Employment Patterns and Wages

(Prof. Haya Stier, Chair, Taub Center Social Welfare Policy Program and Efrat Herzberg)

- The level of education of women in the labor market has risen: close to half of women in the labor force 2011 had an academic education, compared to only 22 percent in 1980. Furthermore, 39 percent of women in the labor force had less than a secondary school education three decades ago, as compared to 9 percent in 2011. As a result of the rise in education levels among women, there has been a significant rise in the rate of women's participation in the labor force over the past three decades. Nevertheless, there are large differences in participation rates among Jewish and Arab Israeli women: today some 59 percent of all Jewish women in Israel work, as opposed to only 24 percent of Arab Israeli women.
- Female labor force participation is lower at lower levels of education. The participation rate for women with an academic level education has been relatively stable for the past three decades (at roughly 75 percent), while there has been a decline of almost one-third in the labor force participation rate among women with less than a secondary education, from 28 percent in 1980 to only 20 percent in 2011.
- Average wages for women have risen substantially across all education levels. For women with an academic education, there has been a particularly large wage increase, from NIS 2,583 in 1980 to NIS 8,844 in 2011 (in 2011 prices). Consequently, the income gap between women with an academic education and those with the lowest education levels (less than secondary education) rose from 81 percent in 1980 to 118 percent in 2011.
- In general, the labor force participation rate of women with children under the age of 4 has risen over the years, although as women's education level decreases, so, too does their participation rate in the labor force when they have young children: in 2011 there was a 16 percentage point gap between non-working and working mothers of young children with less than a

secondary school education, as compared to only a 1 percentage point gap among women with an academic education.

Educational Opportunity, Employment, and Income: 1995-2008

(Eyal Bar-Haim; Carmel Blank, Policy Fellow, Taub Center Education Policy Program; Prof. Yossi Shavit, Chair, Taub Center Education Policy Program)

- The number of university graduates with a bachelor's degree has risen only slightly in the past two decades: from some 58,000 graduates two decades ago to about 65,000 graduates in 2011. In contrast, there has been a substantial and continuous increase in the number of bachelor degree graduates from the non-research colleges: from 20,000 graduates two decades ago to almost 120,000 graduates in 2011.
- While the chances of earning a bagrut certificate and bachelor's degree have risen for the overall population since 1995 the likelihood that one will complete high school and earn a bachelor's degree increases with the occupational prestige of one's father,.
- The relationship between the occupational prestige of one's father and the likelihood of someone earning a master's degree has risen since 1995 only for those children whose father's occupational prestige is of a medium or high level.

Education

"It Disturbs the Whole Class": Disciplinary Infractions in the Classroom and Their Relation to Pupil Achievement

(Carmel Blank, Policy Fellow, Taub Center Education Policy Program and Yossi Shavit, Chair, Taub Center Education Policy Program)

- The lower the education level of parents, the less discipline in their children's classroom (i.e. when parents' education levels are below average, disciplinary infractions in their childrens' classes are three times greater than the average).
- Roughly two-thirds of the difference in the level of disciplinary infractions between classes is related to characteristics of the specific class (such as number of pupils in the class) rather than to school characteristics (such as the number of pupils in the school, which is fixed for all classes). Therefore, disciplinary infractions of a given class are dependent primarily on that particular classes characteristics than they are on the school's characteristics.
- In schools that strictly enforce discipline, only 17 percent of classes are unruly, while more lenient schools have double the number of classes with disciplinary problems (33 percent).
- In classes where the teacher is perceived as unfair, there are twice as many disciplinary infractions than in classes where the teacher is perceived as fair (33 percent versus 17 percent, respectively.)

Trends in the Development of the Education System: Pupils and Teachers

(Nachum Blass, Taub Center Senior Researcher)

- Over the past decade, there has been a pronounced decrease in the share of pupils in primary education (grades 1-6) that are in the state education system (from 48 percent in 2000 to 40 percent in 2013). The share of pupils in the state-religious education system has also declined, from 14.7 percent to 14.0 percent. At the same time, there has been a substantial increase in Haredi pupils (from 13.4 percent of the total in 2000 to 18.6 percent in 2013), and a rise in the population of Arab Israeli pupils (including Druze and Bedouin) from 24.2 percent of the total in 2000 to 27.1 percent today.
- In the past three years, there has been a slowdown in the rate of change across most of the population groups. In the state system and the state-religious system, there was a slight increase in registration for grades 1-6. In the two fastest-growing populations, the Haredim and Bedouin, there was a decline in the rate of change over the last three years.

Social Services and Expenditures:

Material Hardship in Israel

(Prof. Haya Stier, Chair, Taub Center Social Welfare Policy Program and Dr. Alisa Lewin)

- Some 34 percent of Israel's population has reached a level of material hardship; wherein, due to their financial situation, they forewent heating or cooling their residences. Likewise, 20 percent reduced their food consumption and 13 percent went forewent electricity or telephones because of their costs. Of those in need of medical services, almost 40 percent forewent dental care due to financial considerations, 16 percent went without some form of medical care, and 15 percent went without some prescription medication.
- Material hardship is not just amongst the lowest income quartile in Israel, but is also a problem for the middle class – and at relatively a high rate. Within the second income quartile, more than 50 percent forewent heating or cooling their residences, 30 percent forewent some food, some 16 percent forewent electricity or a telephone, and more than 50 percent forewent dental care. Even among those in the third quartile (that is, those with an income greater than the median), some 30 percent forewent heating or cooling their residence, 14 percent forewent food, and some 35 percent forewent dental care due to financial considerations.
- Haredim in need of financial support receive more assistance from their parents, friends, and relatives, while Arab Israelis in need of support more often turn to their children. This seems to indicate that Haredim are the “new poor,” while Arab Israelis are suffering generational poverty.

Health

Trends in Israel's Healthcare System

(Prof. Dov Chernichovsky, Chair, Taub Center Health Policy Program and Eitan Regev, Taub Center researcher)

- In Israel, the number of physicians per capita is among the highest in the Western world (largely due to the immigration of physicians from the former Soviet Union), but the annual number of medical school graduates per capita is less than half of the average of other Western countries. Moreover, while the number of medical school graduates is continuously growing in other Western countries, these numbers have been declining in Israel over the past decade – indicating a relatively low number of future Israeli physicians in lieu of major policy changes.
- Nursing school graduation rates per capita stand at only one-third of the average in the West, and this number is also in decline.
- The number of hospital beds in Israel is two-thirds the average found in the West, and is also steadily declining.

The Law for Rehabilitation in the Community of Persons with Mental Disabilities: An Interim Appraisal

(Prof. Uri Aviram, Policy Fellow, Taub Center Health Policy Program)

- Mental health services have expanded in the last decade following the rehabilitation reform implemented at the beginning of that period. Nevertheless, only about one-fifth of the population in need of mental health rehabilitation services receives the care they need.
- The average expenditure on mental health rehabilitation has declined in the past five years and is insufficient to meet the needs of the system.
- The rehabilitation reform of the past decade has led to a 50 percent decline in the number of psychiatric hospitalization beds and a 43 percent decline in the average number of annual mental health hospitalizations. The average length of hospitalization has also declined substantially, the share of long-term hospitalizations out of all hospitalizations has also declined dramatically, and the average time between hospitalizations has lengthened considerably.
- Over the years there has been a deliberate policy of cutting costs and manpower in the mental health services – to such an extent that between 1999 and 2009, while the number of Ministry of Health employees increased, the number mental health services employees decreased by some 10 percent. The Ministry of Finance frequently seeks ways to decrease the mental health budget, although the research indicates that hospitalization rates would never have declined without the rehabilitation services – and Israel would have had to add at least one billion shekels in additional funds per year to the budget.

The Taub Center for Social Policy Studies in Israel, headed by Professor Dan Ben-David, is an independent, non-partisan institution for socioeconomic research based in Jerusalem. The Center provides decision makers, as well as the public in general, with a big picture perspective on economic and social areas. The Center's interdisciplinary Policy Programs – comprising leading academic and policy making experts – as well as the Center's professional staff conduct research and provides policy recommendations in the key socioeconomic issues confronting the State.

For details, or to arrange an interview, please contact Gal Ben Dor, The Taub Center's Director of Marketing and Communication 054-464-2333.