

CHAPTER X

WAGES

1. MAIN DEVELOPMENTS

AVERAGE HOURLY WAGES¹ in 1968 were stable compared with the previous year, when a rise of some 3 percent was recorded. This can apparently be attributed to two diverse developments: (1) a big increase in the number of new workers, who earn less than veteran workers; and (2) a rise in wages in the latter category. At the same time, forces were at work to keep wages from advancing to the same extent as during previous boom periods.

Earnings per employee were up 3 percent in 1968, owing to the larger number of man-hours per employee. Real earnings went up to a smaller extent, as the consumer price index rose by 1.5 percent. At the same time, it should be noted that there was a marked contraction of unemployment in 1968. Moreover, in most categories of labor the actual wage increase was greater than shown by the data, for the reasons already mentioned. Wage-labor costs per unit of output declined in 1968 for the second year running, owing to an increase in productivity.

Among the factors moderating the rise of wages in 1968 there should be noted, first of all, the existence of unemployment which, while it was on the decline, still amounted to 5.6 percent of the civilian labor force in the last quarter of 1968.

¹ This chapter deals with wages and salaries paid directly to employees. In addition to these, the employer has various other expenditures (fringe benefits), such as contributions to social insurance schemes, sick leave payments, recreational services, the transportation of workers, etc. The size of the fringe benefits is normally determined together with the wage agreements. In recent years, however, the agreements have covered wages and salaries only, while fringe benefits have for the most part remained unchanged, though most of these payments are automatically set at a fixed percentage of the wage or salary.

The data in this chapter do not include gainfully employed persons from the administered areas.

The number of wage earners in this chapter is obtained from Central Bureau of Statistics data, based on a sample of employers' reports to the National Insurance Institute. This figure is not identical with that cited in Chapter IX, which is based on manpower surveys (the reasons for citing different figures in these two chapters are explained in Appendix X-1 to this Report (in Hebrew only).

Wages are calculated on a cash basis, i.e. payments for work performed in the past or advance payments on account of future work are included in wages for the period in which they were actually paid and not for the period to which they relate.

Other factors were the larger number of gainfully employed from the administered areas and expectations that this trend would continue; the security situation, which induced labor to restrain its demands; and the big wage hikes awarded in 1966, which brought wages up above their equilibrium level and generated pressure for keeping them down in 1967 and even in 1968.

Wage tariffs held virtually steady in 1968, and the few increases that did occur were the result of agreements whose implementation was deferred from previous years and not of new wage agreements. The Histadrut (General Federation of Labor) followed a wage-freeze policy during the year reviewed, and decided to demand payment of a cost-of-living allowance increment once a year (instead of twice as before), if the consumer price index should rise by 3 percent or more on an annual average. Since the index advanced by less than 3 percent in 1968 compared with January 1967, no increment was paid in January 1969.

Table X-1
NUMBER OF EMPLOYEES, MAN-HOURS AND WAGES PER
EMPLOYEE, AND HOURLY WAGES, 1966-68

	1966	1967	1968 ^a	Percent increase or decrease (-) as against previous year		
				1966	1967	1968
Number of wage earners (thousands)	638.9	620.6	676.5	-0.4	-2.9	9.0
Average number of man-hours per wage earner per week	39.4	38.2	39.5	-0.3	-3.0	3.4
Monthly wages per wage earner at current prices (IL)	568	570	588	19.1	0.4	3.2
Average monthly wages at 1968 prices (IL)	590	582	588	10.3	-1.4	1.0
Hourly wages at current prices (IL)	3.33	3.44	3.43	19.8	3.3	-0.3
Hourly wages at 1968 prices (IL)	3.46	3.51	3.43	11.0	1.4	-2.3

^a Data for the first 11 months are from the National Insurance Institute; December figures are provisional estimates.

SOURCE: Lines 1 and 3—Central Bureau of Statistics estimates based on National Insurance Institute data.

Line 2—CBS manpower surveys.

Lines 4 and 6—Wages have been deflated to 1968 values according to the consumer price index.

Line 5—The total number of man-hours was obtained by multiplying the average number of man-hours per employee according to the manpower surveys, by the number of employees according to the National Insurance Institute.

Disposable income from wages, net of income tax and National Insurance payments, rose more slowly than total wages. The increase in disposable wage income per employee was 1.3 percent.

A sectoral analysis shows a 1.8 percent decrease in hourly wages in construction, which was apparently due to the absorption of a large number of new workers receiving below-average wages—a development much more pronounced than in 1967. Another striking feature was the sharp rise of earnings in the transportation and communications sector, where the level is the highest in the entire economy; this can apparently be ascribed to the heavy demand for the sector's services and to the upward revision of wage tariffs for hired workers in the transport cooperatives. Industrial employment expanded and wages went up at a faster-than-average rate. In public and business services, pay increases were below the national average.

2. WAGE DEVELOPMENTS IN THE ECONOMY AS A WHOLE

Hourly wages remained stable in 1968, according to Central Bureau of Statistics data, but this was apparently due to the structural changes that occurred in the labor force during the year. Gainful employment grew more in 1968 than in any other year during the current decade. Since most of the new employees were previously unemployed or did not belong to the civilian labor force (being in the armed forces or students), it is reasonable to assume that they received lower pay than the more senior employees, and this tended to stabilize average earnings in the economy. In 1967 hourly wages averaged some 3 percent higher than in the previous year.

Table X-2
INDEXES OF EARNINGS PER WAGE EARNER^a AND NUMBER
OF WAGE EARNERS 1966-68

(First quarter of 1966=100)

	Quarterly averages				Annual average
	I	II	III	IV	
1966					
Number of wage earners	100.0	97.5	96.0	94.1	96.9
Earnings per wage earner	100.0	101.4	103.9	102.9	102.0
1967					
Number of wage earners	94.1	91.9	94.0	96.5	94.1
Earnings per wage earner	101.6	99.3	103.8	104.3	102.3
1968					
Number of wage earners	100.5	101.5	103.5	104.9 ^b	102.6 ^b
Earnings per wage earner	103.2	104.8	107.2	106.8 ^b	105.6 ^b

^a For sectoral indexes of earnings per wage earner, see Appendix Table X-1 (in Hebrew only).

^b Based on provisional data for December 1968.

SOURCE: Central Bureau of Statistics data, based on employers' reports to the National Insurance Institute.

The stability of hourly wages in 1968 was accompanied by a rise of some 3 percent in total wages per employee, due to the larger number of hours worked per employee during the year; in 1967 the figure had held steady. Real wages went up in the year reviewed to a lesser extent than nominal wages because of a slight rise in the consumer price index, and consequently real hourly wages declined somewhat. When discussing the welfare of wage earners, it should be noted that unemployment fell sharply in 1968 and that most categories of labor apparently received bigger pay checks—a fact that is not reflected by the data at our disposal.

Hourly wages held steady in the course of the year as well, while wages per employee rose by 3 percent. Here too the actual increases were presumably larger, but because of the structural change in the labor force, this was not reflected by the data.

From the aspect of production costs, importance attaches to the change in average wages, for in analyzing production costs hourly wages have to be compared with the product per man-hour, and the structural change in the labor force affects both of these magnitudes. In 1968 wage outlay per unit of output declined from the preceding year, since the stability of wages was accompanied in most sectors by a gain in productivity. There was a similar development in 1967, but 1966 showed an opposite trend, with a sharp rise in wage outlay per unit of output being recorded. As a result of these developments, unit labor costs were the same in 1968 as in 1965.

Despite the foregoing, it seems that wage increases in excess of those indicated by the data were smaller than in any previous year of the current decade, and this because a number of factors moderated the rise in wages during 1968.

The foremost factor was the existence of unemployment, which, while it declined in the course of 1968, still amounted to some 6 percent of the civilian labor force on an annual average and 5.7 percent in the second half of the year. Another factor was the increased number of workers from the administered areas, who averaged an estimated 4,000 approximately for the year, with the trend steadily advancing. The figure for the second half of the year is estimated at about 5,000 according to Central Bureau of Statistics manpower surveys.¹ According to other sources, the number was even larger, especially toward the end of the year. Ministry of Labor data place the number at approximately 12,000 at the end of 1968. The steady rise in the number of workers from the administered areas and the expectation of a continuing upward trend helped to restrain wage demands. Such demands were also tempered by the security situation.

The stability of wages during the past two years may seem somewhat surprising, especially in view of the rise in productivity during this period. But if the

¹ For more details on the employment of persons from the administered areas, see Chapter IX, section 3(a).

developments in wages and productivity in 1966, and even before, are also taken into account, it becomes apparent that there were no upward pressures on wages in 1968; on the contrary, there were forces acting to keep wages down.

Table X-3

CHANGES IN HOURLY WAGES AND IN PRODUCT PER MAN-HOUR, 1963-68

(percentages)

	Average annual change, ^a 1963-65	1965 to 1966	1966 to 1967	1967 to 1968	Average annual change, ^a 1966-68
(1) Change in GNP at current prices	18.5	9.6	1.8	16.1	9.0
(2) Change in total wage bill	20.0	18.6	-2.6	12.5	9.1
(3) Change in total man-hours of gainfully employed	4.3	-0.8	-5.2	11.9	1.7
(4) Change in total man-hours of wage earners	5.6	-0.7	-5.8	12.7	1.8
(5) Change in GNP per man-hour	13.6	10.5	8.1	3.8	7.2
(6) Change in hourly wages	13.6	19.4	3.4	-0.2	7.2

^a Geometric average of annual rates of change.

SOURCE: (1) Gross national product—Bank of Israel estimates.

(2) Total wage bill—CBS data based on employers' reports to the National Insurance Institute.

(3) The number of hours worked by gainfully employed was calculated as follows: (a) In calculating gainful employment, the number of wage earners was based on data from the National Insurance Institute, while the number of self-employed was taken from manpower surveys (by deducting the number of wage earners from total gainfully employed); (b) The average number of man-hours per gainfully employed according to the manpower surveys was multiplied by the number of gainfully employed as calculated above.

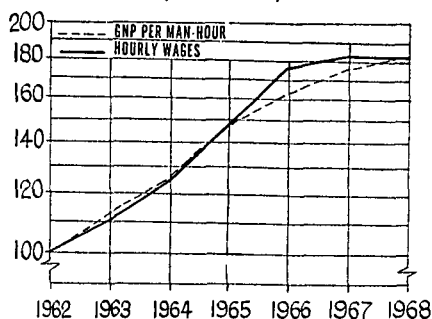
(4) Total man-hours of wage earners—calculated by multiplying the average number of man-hours per wage earner according to manpower surveys by the number of wage earners according to the National Insurance Institute.

Given certain assumptions (see Appendix X-2), the change in product per man-hour measures the change in the value of the workers' marginal output. The change in product per man-hour thus reflects the existing pressures on wages in the labor market. Accordingly, a comparison of the change in hourly wages with that in product per man-hour serves as an indicator of the degree to which wages have adjusted to the market forces.

Diagram X-1

INDEXES OF GNP^a PER MAN-HOUR
AND OF HOURLY WAGES, 1963-68

(1962=100)



Semi-logarithmic scale.

^a Gross national product at current market prices.

SOURCE: See source to Table X-3.

In 1966, it will be recalled, substantial pay increases were awarded, which brought up hourly wages in the economy as a whole by an average of 19 percent. This came at a time when demand in the economy was subsiding, with concomitant repercussions in the labor market. The rise in wages, which exceeded that in productivity, therefore had a two-fold effect: it was partly responsible for the price increases that occurred in 1966, and it led to the growth of unemployment. Thus in 1966 wages were above their equilibrium level, and pressures arose to restore the equilibrium. These pressures could not be reflected by price increases in 1967 and 1968 owing to

sagging demand, but they were reflected by the stabilizing of wages despite the rise in productivity. Only in 1968 did the ratio between wages and GNP per man-hour regain its level of 1965 (or 1962).¹

National Employment Service data on the breakdown of unemployment by skill level show that at the end of 1968 the situation was reverting to that of the early sixties—namely, excess demand for skilled labor together with a surplus supply of unskilled labor.² It seems that the wage rates currently paid in the skilled and unskilled labor markets had not yet fully adjusted to the growing demand for skilled labor by the end of the year reviewed. On the one hand, given a higher level of wages, some of the employers might have released skilled workers, who would then have moved to other places of employment which would have found it worthwhile to hire them even at the new, higher rates. In addition, higher wages would have encouraged skilled workers who at present do not belong to the civilian labor force to join it. On the other hand, at a lower wage level part of the unskilled workers, who accounted for a large percentage of the unemployed in 1968, presumably would have found jobs.³ These pressures may conceivably have found partial expression in the relative rise in skilled wage rates in 1968.

¹ Similar conclusions are reached even if the public sector is disregarded.

² See Chapter IX, section 4.

³ The number of unskilled workers without jobs fell sharply at the beginning of 1969, a fact which weakens this assumption somewhat.

3. DISPOSABLE INCOME

In considering wage income and its effect on employees' demand for goods and services, it would be pertinent to examine their total disposable income net of taxes withheld at source.¹

In 1968 direct taxes on wages increased to a much greater extent than wages themselves. This was due partly to the introduction in June 1967 of a defense levy at the rate of 10 percent of the income tax withheld at source, and partly to the raising in April 1968 of the income "ceiling" subject to National Insurance dues. Another possible reason is the greater inequality in the distribution of wage income. This may have been due to the aforementioned rise in the pay of veteran employees, who earn relatively more. The effect of this increase on the earnings of a group paying comparatively high marginal tax rates apparently outweighed that of the addition of new workers receiving below-average wages.²

Table X-4
CHANGES IN DISPOSABLE INCOME PER EMPLOYEE, 1966-68
(percentages)

	1966 to 1967	1967 to 1968
(1) Total income from wages ^a	-2.6	12.5
(2) Total income tax payments	-0.3	22.9
(3) Total National Insurance payments by wage earners	1.4	21.9
(4) Total disposable income from wages	-3.1	10.4
(5) Number of wage earners	-2.9	9.0
(6) Disposable income per wage earner, at current prices	-0.2	1.3
(7) Disposable income per wage earner, at 1968 prices	-1.8	-0.8

^a Wages consist of direct wage payments; the share of fringe benefits in the total wage bill is assumed to remain constant throughout the period.

SOURCE: Lines 1 and 5 Central Bureau of Statistics data, based on employers' reports to the National Insurance Institute.

Line 2—State Revenue Administration, Ministry of Finance. Consists of income tax, less tax refunds and payments on the Absorption and Compulsory Saving Loan. Includes company managers and members of cooperatives.

Line 3—Statistical reports of the National Insurance Institute. In order to obtain the share of wage earners in these payments, total contributions to the National Insurance Institute have been multiplied by the percentage of the rates payable by employees.

Line 7—Deflated by the consumer price index.

¹ Disposable wage income is defined here as the total wage bill less direct taxes (income tax and National Insurance contributions by employees).

² This indirectly confirms the assumption that the wages of most categories of labor rose in 1968.

Since tax payments went up more rapidly than earnings, disposable wage income increased less than the total wage bill. Disposable income per employee rose by 1 percent, while gross wage income per employee rose by 3 percent, as already mentioned.¹

4. WAGES AND EMPLOYEES, BY ECONOMIC SECTOR

Two sectors showing a particularly rapid growth in employment were industry and construction. They experienced strong rises not only in gainful employment but also in product. From the aspect of wages per employee and hourly wages, there were striking developments in construction and in the transportation and communications sector. In the former, hourly wages declined by 1.8 percent, apparently because of the absorption of a large number of new workers who received below-average pay. In transportation and communications—where wages per employee and hourly wages are higher than in any other sector—growth was the most rapid in the entire economy.²

(a) *Agriculture*

This sector has the lowest proportion of wage earners—about one-third of total gainfully employed. Wages per employee and the hourly wage rate are also lower here than elsewhere in the economy. In 1968 earnings per agricultural worker went up somewhat more rapidly than the national average, but this was due to the much larger number of hours put in per worker. As a result, hourly wages fell at a faster-than-average rate. There was a large supply of labor from Judea, Samaria, and the Gaza Strip, which was reflected partly by the high proportion of farm workers within the total number of gainfully employed from these areas and partly by the restraining of wage demands in this sector.

(b) *Industry*

Wage earners account for some 80 percent of total gainful employment in industry—a little above the average for the entire economy. In 1968 the number of employees in industry went up 14 percent—a stronger rise than in any other sector. This was connected with the big increase in industrial output during the

¹ However, it should be recalled that employees' payments on the Absorption and Defense Loans contracted in 1968, and this tended to increase disposable income if these loans are treated as taxes.

² A sectoral comparison of wage levels must be accepted with some caution. As already mentioned, wages as defined in this chapter do not include fringe benefits, but only the amounts paid directly to employees. There are divergences in the manner of granting social benefits, both as between different categories of workers and between the different sectors. To take but one example, the holiday allowance is sometimes paid directly and sometimes indirectly through various funds.

year. Wages per employee and hourly wages, which are below the national average, advanced to a greater extent than in the economy as a whole.¹ This is apparently explained by the pressures generated in the market for skilled industrial workers. Another reason was the moderate rise of some wage tariffs in the textile and metal branches. A survey of wage-labor costs in industry shows that, besides the direct wage payments, employers paid another 20 percent in 1966 and 1967 in the form of fringe benefits.

Hourly wages tapered off, or even declined, in the latter part of 1968. This may have been due to the restraint in wage claims because of the much larger number of workers from the administered areas taken on toward the end of the year.

(c) *Construction*

In this sector as well wage earners constitute about 80 percent of total gainfully employed—a little more than the average for the economy as a whole. Although wage tariffs for building workers were revised upward by 3 percent in May 1968, hourly wages were 1.8 percent below their 1967 level. However, owing to the much larger number of hours worked per employee, there was a rise of 4.5 percent in total earnings per employee. The small increase in wages in this sector can be attributed to the existing pay differentials between veteran workers and those who entered the building trades as the sector was emerging from the slump. Another reason is the fact that demand pressure began to be felt here only in the final months of 1968. Hourly wages declined slightly toward year's end, with the changeover from summer to regular working hours.

(d) *Commerce and finance*

Employees constitute approximately half of the gainfully employed in this sector. Wages are higher here than in most other sectors of the economy, and in 1968 hourly earnings went up faster than in any other sector, except transportation and communications.

(e) *Transportation and communications*

Wage earners (including members of cooperatives) account for some 80 percent of all gainfully employed transportation and communication workers. Earnings here are the highest in the entire economy, and they rose more than in any other sector during the year reviewed. This was apparently due to the much heavier demand for transportation services in 1968, which also found expression in the labor market. The supply of labor seems to be fairly inelastic.

¹ Industrial indexes indicate a greater increase in wages than do the data of the National Insurance Institute. According to the latter, hourly wages rose by only 0.6 percent, whereas industrial indexes show a rise of 3 percent in daily wages.

Table X-5

NUMBER OF EMPLOYEES AND MONTHLY AND HOURLY WAGES, BY ECONOMIC SECTOR, 1965-68^a

	Number of employees				Average monthly wages per employee				Hourly wages			
	1968 ^b (⁰ 000)	Percent average increase or decrease (-)			1968 ^b (IL)	Percent average increase or decrease (-)			1968 ^b (IL)	Percent average increase or decrease (-)		
		1965 to 1966	1966 to 1967	1967 to 1968		1965 to 1966	1966 to 1967	1967 to 1968		1965 to 1966	1966 to 1967	1967 to 1968
Agriculture	38.3	-6.1	-3.6	3.0	343	18.0	-0.6	3.3	2.00	14.0	4.1	-1.0
Industry	187.4	-3.1	-5.0	13.9	564	17.0	—	4.8	3.10	17.8	4.0	0.6
Construction	52.8	-15.2	-22.0	8.6	583	14.1	-0.2	4.5	3.30	14.8	4.4	-1.8
Electricity and water	12.8	6.0	-0.8	4.9	767	16.1	1.1	3.0	4.20	15.0	2.9	-0.5
Commerce and finance	69.4	0.1	-1.0	4.0	630	17.6	2.4	4.5	3.60	18.5	5.1	1.7
Transportation and communications	51.0	0.8	-1.2	6.7	806	24.6	0.3	5.8	4.50	23.8	4.1	3.7
Public and business services	235.8	6.4	3.8	8.4	601	20.7	-0.5	0.7	3.70	21.5	-0.3	-0.8
Personal services	29.0	10.1	-4.0	11.1	397	19.1	-2.6	3.9	2.70	22.1	2.6	-1.5
Total economy	676.5	-0.4	-2.9	9.0	588	19.1	0.4	3.2	3.40	19.8	3.3	-0.3

SOURCE: Number of employees and wage payments—CBS data, based on employers' reports to the National Insurance Institute.

Average man-hours per employee—CBS manpower surveys.

^a See note 2 on p. 204.

^b Data for December are provisional.

Moreover, the wage rates of bus cooperative employees were raised by 8 percent. Wages went up considerably in the course of the year as well.

(f) *Public and business services*

This sector consists overwhelmingly of employees. Earnings here somewhat exceed the national average, but in 1968 they rose at a below-average rate. There was a similar trend in 1967, but the opposite was true in 1965 and 1966.

(g) *Personal services*

Employees account for about half of the gainfully employed in this sector. Wages here are lower than in any other sector of the economy except agriculture. In 1968 they moved up at a rate close to the national average.

5. WAGE POLICY AND THE COST-OF-LIVING ALLOWANCE

Wage policy is determined by the Histadrut (General Federation of Labor) and the Manufacturers Association. While the Government does not intervene directly in the framing of wage policy, it wields an indirect influence. Wage policy finds expression in the cost-of-living allowance agreement, which is intended to safeguard the real value of wages against changes in consumer prices, and in the annual or biennial wage agreements concluded between the trade unions and the Manufacturers Association. An examination of the cost-of-living allowance and wage policies for the last three years shows that the economic situation affected these policies and the manner of their implementation.

(a) *Cost-of-living allowance agreement*

No cost-of-living allowance increment has been paid since January 1966, though the consumer price index, which is the determining index in this connection, rose to an extent formally justifying the payment of an increase as early as July 1966.¹ That no increment was paid in 1966 was due to the readiness of the Histadrut to waive it, at the Government's request, because of the large-scale unemployment prevailing at the time. Instead of a cost-of-living allowance increment, the Government paid a special grant to low-income groups to compensate them for the rise of prices. After forgoing the cost-of-living allowance increment in 1966, the Histadrut decided in the final part of that year to demand payment of only half the increment due in 1967 and 1968.

¹ The cost-of-living allowance agreement, which applies to all employees in the country whose working conditions are determined by collective labor agreements, stipulates that an increment shall be paid if the consumer price index rises by at least 3 percent compared with the last period for which such an increment was paid. The index is examined twice a year—in January and July.

In January 1967 the index again went up to an extent warranting an increase, but this time the Manufacturers Association opposed payment because of the sharp decline in profits following the awarding of big wage hikes in 1966 and the slackening of demand. The Histadrut thereupon decided not to implement its previous decision for the year 1967. In this case too the "higher-prices" grant to low-income employees was raised, but to a degree only partly compensating for the rise in prices.

In formulating its wage policy for 1968, the Histadrut decided to revise the cost-of-living allowance arrangement. Instead of examining the index every six months, it was decided to examine it once a year, and if the rise in the average annual level went up to a degree calling for the payment of an increment, this would go into effect at the beginning of the following year (in January). Further, January 1967 was made the base month for calculating the change in the index for purposes of the c-o-l allowance. Since the index averaged less than 3 percent higher in 1968 as compared with January 1967, no increment was paid in January 1969.

The nonpayment of an increment since January 1966 reflects the influence of economic forces on wage policy (in this case the c-o-l allowance policy). The steep rise of wages in 1966, coupled with the small increase in productivity and the growth of unemployment, generated pressures which drove up prices and kept wages down. The wage hikes granted in 1966 could not be fully expressed in price increases owing to the mounting unemployment, and as a result there was some downward pressure on wages. This was reflected by the fact that the Histadrut did not press for an increase in the cost-of-living allowance, and by the insistence of employers that no increment be paid. In this context, it should be noted that in both 1967 and 1968 prices remained relatively stable.

The cost-of-living allowance agreement, as already mentioned, is designed to safeguard the real value of wages under conditions of advancing prices. There was some justification for this arrangement at the time when it was initiated, during the Second World War, when prices were climbing rapidly. Its main advantage lies in the fact that it automatically adjusts the level of wages to that of prices, thus preventing protracted negotiations, friction, and strikes. However, conditions may arise which do not justify the automatic linking of wages to the consumer price index. To take one example, prices of consumer goods may go up more rapidly than GNP prices, so that the automatic adjustment of wages will engender inflationary pressures. Moreover, the cost-of-living allowance agreement limits the efficacy of the Government's fiscal and monetary policies. For instance, consumer prices may rise because of a devaluation or the imposition of additional taxes, and the adjustment of wages will tend to neutralize the influence of such measures. Another distortion stems from the time-lag between the rise in prices and the payment of the c-o-l allowance increment. In the intervening period market forces push wages up somewhat

because of the higher prices. The payment of an increment to the full extent of the price rise under such conditions will therefore result in the overall increase in wages exceeding the increase in prices, thereby generating renewed pressure on the price level. Finally, it should be noted that prices may go up as a result of wage increases. In such cases the cost-of-living allowance agreement is responsible for a rising wage-price spiral.

(b) *Wage agreements*

In 1966 wages were raised substantially in most sectors of the economy. In the following year rises were fewer and more moderate, while in 1968 wage rates were very stable (except for the small number of increases already mentioned). In 1966 the growing volume of unemployment, which to some extent was an outcome of the original wage increases, led to the postponement of some increases that had already been agreed upon for that year. This tendency was even more marked in 1967. In refusing to pay the cost-of-living allowance increment, the Manufacturers Association also expressed opposition to the raising of wage rates even in cases where this had been previously agreed to. After negotiations with the trade unions, it was agreed to defer implementation of the pay increases and to reduce them.

In January 1968 the Histadrut decided not to press for any changes in wage rates in 1968 and 1969, except in branches where increases had been postponed from previous years. This explains the few rises that did occur in 1968.

6. LABOR RELATIONS

Labor relations represent the whole complex of reciprocal relations between employees and employers. An indicator of such relations is provided by data on strikes. Since strikes are the most extreme manifestation of labor disputes, they can serve merely as an indicator. The occurrence of different kinds of strikes must also be taken into account. The data set forth in Table X-6 relate to total work stoppages (slow-down strikes, for instance, are not included).

In 1967 there was a sharp decline in the number of strikes and strike-days. The downward trend in the number of strikes continued in 1968, but the number of days lost through strikes increased somewhat. The smaller number of strikes in 1967 and 1968 is apparently explained in the main by the unemployment prevailing in the economy during these years, the Six Day War, and the security situation.

The larger number of days lost in 1968 is ascribable to the fact that the strikes involved more workers than in 1967, for the average duration of the strikes decreased. There was a conspicuous increase in the number of days lost over the issues of wages and job classification and the breaking of or failure to sign

Table X-6
WORK STOPPAGES, BY MAJOR ISSUE, ECONOMIC SECTOR, AND AUTHORIZATION, 1965-68

	Number of strikes					Number of strike-days				
	1967	1968	Percent increase or decrease (-)			1967	1968	Percent increase or decrease (-)		
			1965 to 1966	1966 to 1967	1967 to 1968			1965 to 1966	1966 to 1967	1967 to 1968
Total	142	101	-0.7	-50.3	-28.9	58,286	73,153	-28.8	-60.6	25.5
Major issues										
General wage claims and grading	41	35	21.9	-68.0	-14.6	12,057	18,546	-11.3	-83.8	53.8
Withholding of wages	32	15	170.6	-30.4	-53.1	6,270	970	80.2	-23.1	-84.5
Dismissal of workers	24	11	89.5	-33.3	-54.2	21,361	2,050	61.6	3.8	-90.4
Job classification	2	— ^a	-63.5	-93.5	— ^a	1,235	— ^a	-80.0	-90.4	—
Breaking of or refusal to sign labor agreements	11	5	122.2	-45.0	-54.5	4,451	7,183	97.2	-70.3	61.4
Other causes and lockouts	32	35	-52.8	28.0	9.4	12,912	44,404	-51.4	-22.9	243.9
Economic sectors										
Industry (including mining and quarrying)	53	36	21.6	-41.1	-32.1	27,006	33,539	26.0	-53.0	24.2
Public and personal services	51	43	-1.6	-57.9	-15.7	13,092	29,811	-57.4	-74.7	127.7
Other sectors	38	22	-17.6	-49.3	-42.1	18,188	9,803	-4.9	-53.0	-46.1
Authorized and unauthorized strikes										
Percent authorized strikes	55.3	46.9				55.5	61.1			
Percent unauthorized strikes	44.7	53.1				44.5	38.9			
Total	100.0	100.0				100.0	100.0			

^a The figure fell to zero.

SOURCE: 1965—The Histadrut Institute for Economic-Social Research; 1966 and 1967—*Strikes and Lockouts, 1965-1967*, Special Publication No. 257, published by the Central Bureau of Statistics in cooperation with the Histadrut Institute for Economic-Social Research; 1968—Central Bureau of Statistics and Histadrut Institute for Economic-Social Research.

wage agreements, a manifestation suggesting the renewal of upward pressure on wages.

A sectoral breakdown shows that the steepest rise in the number of strike-days took place in the service sectors.

In 1968 there was a higher percentage of wildcat strikes than in the previous year. Since such strikes generally occurred in relatively small concerns, the total number of workers involved in unauthorized strikes decreased.