

MA 224 8625 ✓

OECD Reviews of Labour Market and Social Policies

Israel

B 368325



Table of Contents

Abbreviations.....	13
Assessment and Recommendations	15
Chapter 1. High Poverty and Low Employment.....	37
1.1. Israel’s key twin labour market and social policy challenges: fight poverty and increase participation	38
1.2. Recent economic developments	40
1.3. A segmented labour market.....	46
1.4. Poverty and income inequality	56
1.5. Government spending.....	61
1.6. Conclusions	68
References.....	71
Annex 1.A1. Employment by sector	74
Annex 1.A2. Income distribution and poverty.....	75
Annex 1.A3. Public social expenditure by social policy area	81
Chapter 2. Reforming Labour Market Institutions.....	83
2.1. Introduction	84
2.2. Collective bargaining plays a declining role in labour market regulation.....	84
2.3. The minimum wage is relatively high	89
2.4. Employment protection legislation is relatively flexible.....	91
2.5. Labour law enforcement is weak.....	94
2.6. The public employment service is under-budgeted and under-staffed.....	102
2.7. Conclusions	106
References.....	109
Chapter 3. Increasing Employment among Low-Qualified Workers	111
3.1. Introduction	112
3.2. Financial incentives to work are relatively strong.....	113

3.3. The pilot welfare to work programme requires further improvement.....	125
3.4. Conclusions	134
References.....	137
Chapter 4. Poverty and Employment Issues for Minority Groups	139
4.1. Introduction	140
4.2. Towards a fair deal for Arabs.....	142
4.3. Haredim: the need for a more sustainable balance of religious study and employment.....	167
4.4. Conclusions	173
References.....	177
Annex 4.A1. Background data.....	181
Chapter 5. Preparing for Population Ageing and Fighting Poverty among the Elderly	183
5.1. An ageing population: setting the scene	184
5.2. Fighting pensioner poverty.....	187
5.3. Containing the upward trend in disability receipt.....	198
5.4. Sustaining long-term care insurance.....	201
5.5. Conclusions	204
References.....	207
Chapter 6. Better Managing Labour Migration	209
6.1. Introduction	210
6.2. The current labour migration management system.....	212
6.3. Key problems in the labour migration management system.....	220
6.4. Conclusions	238
References.....	241
Annex 6.A1. Background information on the recruitment and employment of foreign workers.....	245
Chapter 7. Drawing Lessons from a Country Built on Immigration	251
7.1. Introduction	252
7.2. The State of Israel is built on immigration	253
7.3. Immigration from the former Soviet Union in the 1990s is a natural experiment from which many lessons can be drawn about labour market effects and integration	257
7.4. Immigrants have largely integrated to the labour market.....	260

7.5. Outcomes vary for different groups of immigrants,	264
7.6. Integration policy for immigrants in Israel is front-loaded and choice-based	266
7.7. Conclusions	276
References.....	278

Tables

Table 1.1. Basic economic data, 2000-08, annual averages	44
Table 1.2. Labour force status of the Israeli population, 1990-2008	50
Table 1.A2.1. Adjusted family sizes with different equivalence scales	75
Table 1.A2.2. Income inequality before and after taxes and transfers, 1985-2005	76
Table 1.A2.3. Poverty rates before and after taxes and transfers by household type	77
Table 1.A2.4. Trends in real household income by quintile	78
Table 1.A2.5. Child poverty and poverty in households with children by employment status of adults	79
Table 1.A2.6. Redistribution of income through the tax/benefit systems in Israel and OECD countries, 2005	80
Table 1.A3.1. Main items of public social expenditure as a percentage of GDP, 2007	81
Table 2.1. Caseload-to-staff ratios are high in the Israeli Employment Service	104
Table 3.1. Main benefits received when out of work.....	114
Table 3.2. In international comparison, the Israeli EITC provides limited financial support.....	124
Table 3.3. The “Mehalev” and “Light for Employment” programmes.....	127
Table 4.1. Dual earnership reduces poverty, but regardless of employment status, Arabs are relatively poor.....	143
Table 4.2. Labour market participation differentials are particularly pronounced for women.....	144
Table 4.3. Hourly wages are very low for Arab women, and earnings differentials remain substantial for workers with tertiary education, especially men	146
Table 4.4. The Arab population has completed fewer years of education	149
Table 4.5. Child allowance payments across reforms in the new millennium.....	170
Table 4.6. Work pays for adults in large families, but public benefits to religious students raise their family income level to around the poverty line	172
Table 4.A1.1. Life expectancy and (infant) mortality rates for Arabs and Jews, by gender	181