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## Arab Israeli Unemployment Much Higher than Previously Thought

Author: Taub Center Staff  
Bulletin Articles

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*A Taub Center study reveals that based on a new methodology for studying the labor force recently introduced by Israel's Central Bureau of Statistics, unemployment among Arab Israelis is much higher than previous thought.*

In January 2012, Israel's Central Bureau of Statistics (CBS) began conducting its Labor Force Survey under new guidelines. The changes included counting the entire labor force rather than only the civilian labor force, a more thorough and accurate interview process and broader geographical coverage. The result is a sample more representative of the Israeli workforce as a whole. Prof. Eran Yashiv, Chair of the Taub Center Economic Policy Program and a professor of economics and public policy at Tel-Aviv University, compared the data compiled for the new survey to the matching figures from the preceding year based on the old survey. While periodic changes in survey methodology are normal and invariably show some minor discrepancies from previous results, Yashiv's analysis shows that in this case, the new methodology generated surprising and strikingly different results.

Among the Jewish population – for both men and women alike – the new survey did not result in a markedly different reported unemployment rate. In the Arab population, however, there was a dramatic hike in the unemployment figures: approximately doubling the previous rate among men, and tripling it among women. This rise also implies an increase in the national unemployment rate.

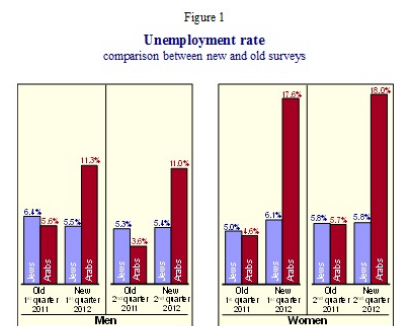
The rate of labor force participation in Israel across all groups of society – men and women, Jews and Arabs – is somewhat higher than previous figures had indicated. As the new CBS survey is considered more accurate and reliable than the previous survey, it appears that the true unemployment figures in the Arab population are indeed much higher than previously thought. A corollary is that the share of Arabs among all unemployed Israelis is considerably higher as well – at around 30 percent, about double the earlier estimates.

There was some good news regarding participation rates. Based on the new survey, it seems the actual labor force participation rate in Israel is roughly 4 percentage points higher than previous surveys have shown. However, Yashiv points out that even this upwardly revised rate is still among the lowest of all OECD countries. The comparison of the old and new surveys also shows that there was no real difference in the labor force participation rates among Arabs and Jews.


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Source: Taub Center for Social Policy Studies in Israel.  
Data: Central Bureau of Statistics.



Taub researcher Prof. Yashiv feels that the findings suggest a few implications for current government policy. Firstly, they show that the issue of Arab unemployment is much more serious than had been thought which means that there is more importance in the steps taken to tackle this problem. Secondly, Israel's labor force participation rate – a topic around which there has been considerable heated discussion – is a little higher than previously assumed although the improvement seen is not high enough to render useless the necessary public policy initiatives meant to address this problem.

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