

Between 2000 and 2010, the National Income Grew by 33%
The Share of Employees Grew by 23%, the Share of Employers by 43%
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The year 2010 was a good one for the Israeli economy. For employed persons, the best news was that firstly, unemployment decreased from 7.5% in 2009 to 6.6% in 2010, and secondly, the creation of one hundred thousand new jobs (even if 42% of them were part-time jobs). The average salary of employed persons increased slightly – by 0.9%, while the average salary of senior executives increased by 10%.

The share of employees in the national income also increased slightly, from 62% in 2009 to 63% in 2010. Still, the share of employees is much smaller than it was at the beginning of the decade: 68%. The share of employers in 2010 was the same as in 2009 – 14%.

Even if the percentage differences are small, the sums are significant. In 2010, for example, Israel's national income amounted to NIS 688 billion, one per cent of which was NIS 6.88 billion. Had the employers' share of the national income in 2010 been 68%, as it was in 2000, employees would have received the combined total of an additional NIS 34.41 billion. If we divide this sum by the total number of employees in 2010, approximately 2.938 million (excluding migrant workers from abroad) – we find that in 2010 each employee would have received an additional NIS 11,713 per annum, or NIS 976 per month.

In sum, the past decade was better for employers than it was for employees: between 2000 and 2010, the national income grew by 33%; the share of employees grew by 24% and the share of employers by 44%.

According to Central Bureau of Statistics (CBS) figures, the top percentile (top 1%) received 6.3% of the total earnings of employed persons in Israel. The State Revenues Authority (SRA) set the figure at 8.7%. The SRA also calculated that the top percentile of both self-employed persons and persons employed by others received 12.8% of the total national income.

In contrast, according to the CBS, employed persons earning up to two-thirds of the median income – defined as low income - - constituted in 2009 25.9% of all employed persons. Their share of the national income amounted to 7.7% - only slightly more than that of persons in the top percentile.

The picture that emerges from the foregoing figures is one of concentration of income in the hands of a minority – heads of conglomerations, high-level corporate executives and well-paid employees working in two or three sectors of the economy. At the same time one sees the weakening of the bargaining power of the majority of employees. As a result, the Israeli

labor market does not provide a living wage to a large part of its workers. The huge profits reaped today by conglomerate heads are liable to turn into future losses for the Israeli economy and for Israeli society. Employees who find it difficult to maintain a decent standard of living and to provide their children with a good education are not a strong basis for long-term economic development.

For additional details: Call the Adva Center at 972-(0)3-5608871 or 972-(0)-524-887488
The full report will be on the Adva Center website in Hebrew Midnight of Saturday April 30th
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