

**THE NATIONAL INSURANCE INSTITUTE  
BUREAU OF RESEARCH AND PLANNING**

**POVERTY IN ISRAEL BEFORE AND AFTER  
RECEIPT OF PUBLIC TRANSFERS**

by  
**Jack Habib**

**Draft  
Comments Invited**

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## E R R A T A

We apologize for the errors that appear in this article. They will be corrected in the final edition. A selected list of errors follows:

- |      |    |  |
|------|----|--|
| ii   | 8  | Word 8: for: Shami read: Shamai  |
| viii | 8  | Table A.2, word 1: for: Transfers, read: Transfers:  |
| 1    | 18 | Words 8-10: for: achieved. Public provision<br>read: achieved: public provision  |
| 6    | 18 | Words 6-8 foll.: for: AMERICAN ECONOMIC REVIEW, pp. 796-812<br>read: AMERICAN ECONOMIC REVIEW LXII (No. 5, 1972), pp. 796-812                            |
| 6    | 31 | Word 7: for: was read: were  |
| 30   | 26 | Words 5-6 foll: for: for example, FAMILIES WITH CHILDREN<br>ISRAEL read: for example, National Insurance Institute,<br>FAMILIES WITH CHILDREN IN ISRAEL. |
| 33   | 22 | Final line in table, final figure missing. Insert: 5   |
| 34   | 4  | First line in table, 3rd column: for: 392.6 read: 322.6  |
| 37   | 9  | Words 8-11: for: for male than female read: for<br>male-headed families than for female-headed families  |
| 42   | 4  | Word 2: for: criteria read: criterion  |
| 42   | 6  | Word 2: for: the read: this  |
| 55   | 19 | Words 1-2: for: poverty large read: poverty in large   |
| 65   | 20 | Words 9-10 foll.: geographic distribution read:<br>geographic distribution and   |
| 84   | 27 | Word 11: for: gross read: after-transfer   |
| 103  | 8  | Word 4: for: date read: data   |
| 104  | 18 | Word 8: desity read: density   |
| 104  | 19 | Word 5: for: rich read: non-poor   |
| 107  | 13 | Word 2: for: teh read: the   |
| 114  | 8  | Under sub-heading Occupation of Head, Item 3: for:<br>Transfers read: traders  |

## ACKNOWLEDGEMENT

This discussion paper series is designed to subject research being conducted at the Institute to criticism and comment and to promote a dialogue with others involved in similar areas of research and policy-making.

The research reported here was conducted while the author was directing the Division of Long-Range Research at the Institute. He is presently associated with the Brookdale Institute of Gerontology and Adult Human Development and with the Hebrew University.

The author would like to express his appreciation to the staff of the Division of Long-Range Research with whose help it was prepared. Zaki Yerushalmi and Moti Lakser supervised the preparation of the tables and data and actively participated in the analysis of the results. Elana Gal-Edd provided valuable editorial assistance. Meir Greenfeld and Hanna Birenboim, Haim Factor, Amos Tennenbaum, Tsafi Itzkovitz, Yossi Tawill and Doli Ben-Haviv made important contributions. Yehudit Hobara, director of the publications department, supervised the typing and the publication.

The preparation of the data tapes on which estimates are based, involved the integration of data from a number of basic tapes received from the Central Bureau of Statistics; the coding of additional data from the original questionnaires and the identification and correction of errors in the original tapes. This process encountered many difficulties and took over two years. We owe special gratitude to Moshe Nordheim who supervised this work as well as all other programming required for this project. We feel that the investment made has been justified in that the final tapes are serving as the basis for a large number of additional studies being conducted both within the Bureau and by researchers elsewhere. The computer programs developed by Moshe Nordheim will make possible the more rapid reporting on trends in poverty in the future by the Institute. We would like to thank Reuven Gronau who made available the 1963/4 Saving Survey, and the Central

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This paper presents the final results of a project that was initiated by Rafael Roter the director of the Bureau of Research and Planning and Nira Shami and benefitted at various stages from their advice and comments. We also benefitted from the expertise of many of our colleagues at the Institute: Shlomo Cohen, Reuben Steiner, Shlomo Pash, and Hanah Keren-Yaar. We would like to thank Israel Katz the former general director of the National Insurance Institute for many helpful discussions and constant encouragement.

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## 1. INTRODUCTION

In recent years considerable evidence has accumulated on the extent of poverty within large sections of the population, prompting the search for a solution. <sup>[1]</sup> One can point to two alternative anti-poverty strategies. One is to alter those conditions which prevent the family from achieving a minimum and reasonable standard of living, such as low wages, limited labor force participation and a large number of children. These conditions have traditionally been related to personal characteristics of the poor such as a low educational level, limited professional skill, old age or disability, as well as a range of psychological and cultural factors. More recently several authors have argued that the problem lies more with the structure of labor market opportunities. <sup>[2]</sup> The broad range of possible causal factors has generated diverse forms of intervention, such as educational efforts of various types, attempts to improve labor market opportunities and direct treatment of personal or psychological difficulties.

A second strategy is to redistribute resources to those families which fail to achieve the minimum standard of living. There are a number of ways in which this may be achieved. Public provision and subsidy of social services or of key consumption items, public housing programs and direct cash transfers which are the primary means of guaranteeing a minimum income and of transferring resources to the poor. Programs of direct and indirect taxation, to the extent that they are progressive, also improve the relative position of the poor.

It should be noted that there is some overlap between the two strategies. Programs that redistribute resources may also affect the behavior of the poor and induce a change in the adequacy of their earned

income. The traditional view is that the transfer of resources to the poor diminishes their efforts to help themselves and in particular their willingness to work. This view has been criticized on the grounds that the problem has been more with the policies than with the poor. Transfer programs have been structured in a way that eliminated work incentives. If properly designed, it is argued, the guarantee of a minimum standard of living can affect the behavior of the poor, so as to encourage rather than discourage efforts of self-improvement. [3]

The basic dilemma facing social policy in Israel and elsewhere is how to allocate available resources between the two strategies and among the various ways in which they may be implemented. [4] Policy makers in Israel have been at a disadvantage because of the lack of basic information on the characteristics of the low income population and the changes that have taken place over time, or even rudimentary evaluations of the effectiveness of most policies. [5]

In this paper we present a description of the characteristics of the low income population. We distinguish between income before and after transfers. This enables us to evaluate the extent of poverty and inequality facing social policy and the redistributive system and the effectiveness of transfers in reducing poverty and inequality. We report on the number of households who benefited from public income support programs and suggest how many households not poor, were kept off the poverty roster by their National Insurance benefits, public assistance or other program payments. We also indicate how many recipients who were poor before the payments were still poor even after they got them. We shall also refer to the impact of direct taxes. [6]

We are limited by the fact that the most reliable and complete source of information with respect to the socio-economic distribution of the population is the Family Expenditure Survey of 1969, and that the only comparable source of data for earlier periods is the Savings Survey of 1963/64. [7] Thus we are unable to provide up-to-date information on the characteristics of the poor or a sufficiently long-range view of

changes in this population. The surveys do not include the non-urban population and thus we provide no estimates of the extent of poverty in this group. The evaluation of the effectiveness of direct transfers has similar limitations. Our analysis is based primarily on the 1969 Family Expenditure Survey and therefore does not reflect the reforms in transfers which have since been introduced. [9] The analysis presented here may, however, provide insight into the limitations of the 1969 transfer system and the rationale of the subsequent reforms. The analysis of these surveys will be supplemented in a subsequent article by data from the 1969-1973 annual Income Surveys which provide information on the wage-earning population. At least for this subgroup we shall be able to identify changes over the period 1963 to 1973. [10]

We begin by summarizing our main findings.

Poverty in 1969. (Sections 2-8, 10)

- There were 110,000 families with a pre-transfer income below the poverty line. Another 43,700 families had an income between the poverty and near-poverty lines, so that in summary 25 per cent of all families had incomes below the near-poverty line. Among children the situation was graver still; 33 per cent of all children were living in families with incomes below the near-poverty line. The incidence of poverty among persons over 65 is almost twice that among children and four times that among young adults and middle aged persons.

- The poor are evenly distributed between families whose heads are aged and non-aged. Aged family heads are for the most part unemployed while the non aged generally participate in the labor force. There are only 8,700 families, representing 7.9 per cent of poor families, in which the head is a male under 65 and is not employed at least part of the year. One-parent families, that have been of particular concern elsewhere, are not a sizeable group in Israel. There are only 6,700 families of this type representing 6.1 per cent of the poor.

- The public transfer system only partially succeeded in dealing with the problem. Transfers shifted one third of the poor families above the poverty line, but only one quarter of the poor children. Before transfers the poverty gap was IL 14.2 million per month. Transfers reduce the gap by 63 per cent, to IL 5.3 million per month. The near-poverty gap is IL 27.4 million, which, after transfers, is reduced by 43 per cent to IL 15.6 million per month. In both cases the decrease in the poverty gap is far greater than the decline in the extent of the population below the poverty or near-poverty lines.

- Assuming that the present share of the poor in total transfers is maintained, an additional IL 13.1 million per month would be required to eliminate the poverty gap of IL 5.6 million remaining after transfers.

- The effect of transfers on the extent of poverty differs significantly by family type. The most striking difference is between the aged and the non-aged. Forty one per cent of families with aged heads were removed from poverty, as compared to 25 per cent of the non-aged. The reduction both among the non-aged working poor and large families was 26 per cent.

- National Insurance benefits provide for the greater part of the reduction in poverty due to transfers, (73%).

- The incidence of poverty is particularly high for Asio-African families: 26 per cent, as compared to 13 per cent among families from Euro-America. This is true for all family types. The incidence of poverty among the aged is 53.7 per cent for Asia-Africa, as compared to 36.8 per cent for Europe-America, and among the families whose head is employed it is 17.7 per cent as compared to 4.4 per cent. Among children the gap in incidence is greater still, 30 per cent of Asio-African children are poor, as compared to 4.2 per cent of Euro-American children, and 8 per cent of Jewish

children of Israeli descent. As a result the vast majority of poor children (77.8 %) are of Asia-African descent.

- Seventy five per cent of poor children are from large families, and one half are from families with 6 or more children.

- The percentage of youth age 14-17 who dropped out of school and the labor force is much higher among the poor. Thirty-eight point two per cent as opposed to 10.4 per cent of the non-poor. Among those studying there are significant differences in type of school. For example 42.0 per cent of the non-poor are in a college oriented curriculum as opposed to 20.0 per cent of the poor. This pattern suggests a significant link between poverty status and the life-time prospects of the children of the poor.

#### Poverty between 1964 and 1969. (Section 9)

- There is no major change in the extent of poverty after transfers. The proportion of families in poverty or near poverty is stable. While the incidence of poverty among persons and children slightly declines, the population in poverty or near poverty in absolute terms increases.

- The stability of poverty is the result of an increase in the share of the aged and a decline in labor force participation in this group. These changes offset significant declines in within group incidence. Holding constant demographic pattern and labor force participation rates, poverty declines from 11.2 to 9.7 per cent.

- The distribution of the poor by area of residence undergoes no dramatic change over this period, though there is a decline in the share of large cities among the poor from 36.6 to 28.9 per cent and a rise from 34.4 to 41.4 per cent in that of new towns.

- Despite the increase in the share of families from Asia-Africa in the total population, there is little change in the composition of the poor by ethnic origin.

## FOOTNOTES

[1] See R. Roter and N. Shamai "Patterns of Poverty in Israel - Preliminary Findings," SOCIAL SECURITY (Hebrew with English Summary), No. 1 (Feb. 1971), pp. 17-28; Dr. A. Nizan "Low Income groups in Israel - Aged and Survivors who Receive Supplementary Benefits", SOCIAL SECURITY, (Hebrew with English summary), No. 4-5 (July 1973), pp. 55-69; Central Bureau of Statistics, SURVEYS ON FAMILY BUDGETS IN SPECIAL POPULATIONS 1968/69 - FIRST RESULTS, (Special Series No. 340; Jerusalem: 1971); Jonah M. Rosenfeld and Lotte Salzberger, FAMILY NEEDS AND WELFARE PROVISIONS (Hebrew University of Jerusalem: Paul Baerwald School of Social Work, 1973); and Jack Habib, CHILDREN IN ISRAEL (Research Report No. 168: Jerusalem: Szold Institute, 1972). See also REPORT OF PRIME MINISTER'S COMMISSION ON CHILDREN AND YOUTH IN POVERTY, chapter 3 "The Target Population" pp. 18-12 and supplement "Children in Israel" by Jack Habib (pp. 35-46), (Jerusalem, 1973).

[2] See Seymour Spilerman and David Elesh, "Alternative Conceptions of Poverty and their Implications for Income Maintenance", SOCIAL PROBLEMS XVIII No. 3 (Winter 1971), pp. 358-373; Bennett Harrison "Education and Under-employment in the Urban Ghetto", AMERICAN ECONOMIC REVIEW, pp.796-812; and Lester C. Thurow, POVERTY AND DISCRIMINATION (Washington, D.C.: Brookings Institution, 1969).

[3] For studies in support of the traditional view see Glen G. Cain and Harold W. Watts eds., INCOME MAINTENANCE AND LABOR SUPPLY, University of Wisconsin: Institute for Research on Poverty, Monograph Series, 1973). One version of the alternative view has been formulated by Spilerman and Miller. "There are reasons why the disincentive may be small. Since the earnings subsidy would still leave most families with income near the poverty level, the attractiveness of exchanging work effort for leisure might not be great. In fact, it is conceivable that after initial start-up adjustments following adoption of a negative tax program, earnings in many families might actually increase. This would happen if the financial cushion provided by the support payments was used by family members to increase their investments in expected income, presumably through additional schooling or otherwise raising their earnings potential. The income support

payments would facilitate such job mobility since they permit an individual to accept a low initial wage in a position which has good prospects for salary growth, and to sustain periods of unemployment while seeking such a position. See Seymour Spilerman and Richard Miller "The Effect of Negative Tax Payments on Job Turnover and Job Selection" Mimeo, pp. 1-2, see also Leonard Goodwin, DO THE POOR WANT TO WORK, (Washington, D.C.: Brookings Institution, 1972).

[4] The most serious effort to answer these questions has been made in the U.S. The only point of general agreement appears to be that there is no simple way of either answering or even pursuing an answer to these questions. A recent study which has generated a great deal of controversy, has come out strongly in favor of income redistribution; see Christopher Jencks et al., INEQUALITY (New York: Basic Books, 1972). For an overall evaluation of the evaluators of social policy, see Alice M. Rivlin, SYSTEMATIC THINKING FOR SOCIAL THINKING (Washington, D.C.: Brookings Institution, 1971)

[5] An effort is being made in the Bureau of Research and Planning of the National Insurance Institute to meet the need for more information on various groups within the low-income population. These studies have been based on administrative sources as well as special surveys: See National Insurance Institute, Bureau of Research and Planning, "Old-Age Survivors, and Large Family Beneficiaries by Place of Residence, 1971" (Survey no. 5, 1972), Hebrew, "Orphans of Secondary School Age" (Survey No. 6, 1972), Hebrew; "Families with Children in Israel, 1969-1970" (Survey No. 7, 1972) Hebrew, and "Rehabilitation of Disabled in the Years 1968-1970", (Survey No. 8, 1972) Hebrew: Studies that are nearing completion include: a major study of low income workers now being conducted by Dr. Abraham Doron and Rafael Roter, and a survey of the aged population in three selected communities, Beersheva, Petah Tiqwa and Yavne, directed by Shlomo Cohen. This survey was processed in a similar format to that presented in this article, so that it will be possible to compare the results.

[6] Pre-transfer income is defined as income from work, (in the case of employees, child allowances are deducted) pensions from work, support from

other households and income from property. Transfers include: benefits paid by National Insurance, the Ministry of Welfare and other ministries. Not included are grants to Low income workers or payments of the National Insurance Institute that are paid via the employer as well as the payments made by the reservists compensation fund. The former are not quantitatively significant while the latter have been generally reported as earned income rather than transfers in the Family Expenditure Survey. We must also emphasize that the benefits received from subsidized housing or public services such as education or health have not been included in the transfers reported on in this paper. A proper treatment of these benefits would require us to adjust not only the measure of resources but also the poverty standard. Thus the direction and magnitude of such an adjustment on our estimates of poverty may not be predicted on an a priori basis. Our analysis has been influenced by a number of earlier studies of a similar nature, and in particular the works of Robert Lampman, Mollie Orshansky and Benjamin Okner. See Robert J. Lampan, "How Much Does the American System of Transfers Benefit the Poor?" in ECONOMIC PROGRESS AND SOCIAL WELFARE, Edited by Leonard H. Goodman (New York: Columbus University Press, 1966), and idem, "Transfer and Redistribution as Social Process", in SOCIAL SECURITY IN INTERNATIONAL PERSPECTIVE, edited by Shirley Jenkins (New York: Columbia University Press, 1969); Mollie Orshansky: "Counting the Poor: Another Look at the Poverty Profile," SOCIAL SECURITY BULLETIN, January 1965. pp. 3-29; "Who's Who Among the Poor: A Demographic View of Poverty," SOCIAL SECURITY BULLETIN, April 1966, pp. 20-37; "More about the Poor in 1964", SOCIAL SECURITY BULLETIN, Note No. 5, February 1962; and "Counting the Poor: Before and After Federal Income Support Programs in Old-Age Income Assurance, Part II (Washington, D.C.: Joint Economic Committee; December 1967), and Benjamin A. Okner, "Transfer Payments: Their Distribution and Role in Reducing Poverty and Alternatives for Transferring Income to the Poor: The Family Assistance Plan and Universal Income Supplements", (The Brookings Institution, Washington, D.C. 1973).

[7] For further details, see Central Bureau of Statistics, FAMILY EXPENDITURE SURVEY 1968/69, Part A (Special Series No. 330; Jerusalem 1970) and SAVING SURVEY 1963/64 (Special Series No. 217; Jerusalem 1967).

[8] Moreover we are not able to identify the effect of migration between the two sectors on the extent of urban poverty.

[9] For an attempt to evaluate the subsequent reforms, see Rafael Roter, "Reform of Children Allowances in Israel," SOCIAL SECURITY (Hebrew and English Summary) No. 4-5 (July 1973), pp. 70-91; and Jack Habib, REFORM OF TAXES AND TRANSFERS 1969-73 (Jerusalem: Falk Institute, forthcoming).

[10] We caution the reader that there are minor discrepancies in the estimates of the poor as a result of the use of different versions of the basic data tape. In addition the numbers in the tables have often been rounded and do not always add up to the total. Numbers that are not statistically significant have been placed in parentheses.

## 2. TAXES AND TRANSFERS IN 1969 AND THEIR INFLUENCE ON OVERALL INEQUALITY

In 1969 cash transfers received by the urban population totalled IL 27.7 million per month. <sup>[1]</sup> Of these 76 per cent were paid out in various forms by National Insurance, of which the two largest components were old-age pensions and child allowance, each constituting 35 per cent of total transfers (See Table 2.1). Direct taxes totalled IL 92.3 million per month. Of this sum 90 per cent was income tax and the remaining 10 per cent, the employees (including self-employed workers) share of National Insurance contributions. <sup>[2]</sup> Table 2.2 indicates the weight of taxes and transfers in total family income. In 1969 family income before taxes and transfers averaged IL 859. Thus transfers were 5.2 per cent of income, and taxes 17.5 per cent. The net result is that after taxes and transfers average family income is reduced by 12.2 per cent, to IL 754.

Transfers, though only a small part of overall income, have a significant weight in the incomes of certain subgroups, notably the lower deciles. In Table 2.3 we present the distribution of taxes and transfers by income groups. The population has been divided into deciles on the basis of pre-transfer income. In the bottom decile transfers constitute 144 per cent of pre-transfer income. Moreover they are progressive, as the percentage declines sharply (at least up to the seventh decile) as income rises. Approximately 52 per cent of all transfers were received by families in the three bottom deciles. Nevertheless transfers are received throughout the income distribution, the three top deciles receiving about 21 per cent of all transfers. Furthermore, they are less progressive in the higher deciles. Thus the redistribution of income through transfers is very small in this range.

The average tax rate rises for the most part with income, reaching a maximum of 26 per cent in the top decile. However, we obtained the surprising result that the bottom decile pays a higher tax rate than either

Table 2.1 Composition of Taxes and Transfers, 1969

IL. million per month

Transfers			Taxes		
Type of transfers	Amount	Per cent	Type of tax	Amount	Per cent
Total transfers	27.7	100.0	Total taxes	92.3	100.0
Total National Insurance	21.1	76.3	Income tax	82.6	89.6
Old age	9.7	34.9	National Insurance contributions [a]	9.6	10.4
Survivors	1.6	5.8			
Disability	0.5	1.8			
Large family allowances	2.1	7.7			
Employee children allowances	6.9	24.8			
Other benefits	0.4	1.3			
Total welfare	4.0	14.4			
Other	2.6	9.3			

[a] Share paid by employees, including self-employed

Table 2.2 Average Monthly Income, Transfers and Taxes per Family, 1969

(IL)

Pre-transfer income	Transfers	After-transfer income	Taxes	After-tax income <sup>[a]</sup>
858.8	45.1	903.8	150.2	753.6

[a] Income-tax and National Insurance contributions

the second, third or fourth decile. This may be due to the fact that the families have been ranked by income per standard person, while the allowances made by income tax for family size is not necessarily that implied by the equivalence scale, and National Insurance contributions do not allow for family size at all. The higher tax rate in the bottom decile may therefore reflect the failure to provide for horizontal equity with respect to family size - large families in the bottom decile paying a higher tax rate than small families in the second, third and fourth deciles. [3]

This pattern may also be related to the differential taxation of families with more than one earner. We have ranked families by the sum of the incomes of all family members. However, the tax rate on a given total family income is lower when this income is supplied by two earners rather than a single earner, and the proportion of two earner families rises as one moves up the income scale. (There is an offsetting effect of National Insurance contributions where a two earner family may pay a higher rate because of the ceiling. However, the weight of National Insurance is small relative to income tax).

The net effect of taxes and transfers is progressive (see Table 2.3, last column). In the lower deciles net income increases, this increase being significant, however, only in the bottom decile in which income is more than doubled. Net income falls steadily as a percentage of economic income to a level of 76 per cent in the top decile.

The data clearly indicate that taxes and transfers reduce overall inequality. However, the essential question is what dimensions does this reduction assume. The extent of the decline in inequality is summarized in Table 2.4. We see that transfers improve the relative income of families in the bottom deciles and reduce that of families in the top five deciles. Taken together, taxes and transfers improve the relative position

**Table 2.3 Taxes and Transfers by Income Deciles (Deciles of Persons), 1969**

Deciles	Transfers		Taxes		After-tax income
	As per cent of pre-transfer income	Per cent distribution	As per cent of pre-transfer income	Per cent distribution	
Lowest	144.3	32.4	6.8	0.4	240.8
2	18.9	9.9	3.2	0.5	115.6
3	11.6	9.2	5.1	1.2	106.6
4	8.9	8.9	6.5	1.9	102.5
5	5.3	6.8	9.8	3.8	95.5
6	4.0	6.4	11.8	5.7	92.1
7	2.5	5.1	14.4	8.7	88.1
8	2.8	7.0	16.9	12.8	85.8
9	2.2	7.2	20.9	20.9	81.3
Highest	1.2	7.1	25.5	44.0	75.8
Total	5.2	100.0	17.5	100.0	86.4

Table 2.4 The Effect of Taxes and Transfers on the Distribution of Income among Deciles and on the Gini Inequality Index, 1969

Deciles	Pre-transfer income		After-transfer income		After-tax income		
	Average income: Amount (IL)	As per cent of overall average	Average income: Amount (IL)	As per cent of overall average	Average income Amount (IL)	As per cent of overall average	Decile's share of total income (%)
Lowest	35.9	12.7	71.5	23.9	70.2	28.5	2.6
2	89.5	31.5	109.1	36.5	106.1	43.0	3.9
3	128.5	45.3	144.3	48.3	137.0	55.6	5.1
4	165.0	58.1	180.0	60.3	167.9	68.1	6.2
5	203.8	71.8	215.6	72.2	196.2	79.6	7.5
6	248.5	87.6	259.1	86.7	229.3	93.0	9.0
7	302.7	106.7	311.6	104.3	266.8	108.2	10.7
8	372.4	131.2	381.7	127.8	317.1	128.6	13.1
9	484.4	170.7	495.0	165.7	390.1	158.2	16.0
Highest	807.3	284.5	819.5	274.4	585.0	237.2	25.9
Total	283.8	100.0	298.7	100.0	246.6	100.0	100.0
Ratio between lowest and highest decile	0.044	-	0.087	-	0.120	-	-
Gini index	0.428	-	0.397	-	0.349	-	-
Per cent decline in Gini index	-	-	7.3	-	18.6	-	-

of the first seven deciles. The gap in average income between the top and bottom deciles decreases from a ratio of 22.5 to 8.3 after taxes and transfers. Summarizing the changes in inequality in terms of the Gini coefficient we see that transfers reduce inequality by 7 per cent and the combined effect of taxes and transfers is to reduce inequality by 18.6 per cent. It should however be emphasized that inequality remains high. Average income in the bottom decile is still only 28 per cent of overall average income and that of the three bottom deciles does not reach 60 per cent of the average. The share of the two top deciles in income is 42 per cent as opposed to 6.5 per cent in the two bottom deciles.

## FOOTNOTES

[1] The figures refer to transfers as reported by families in the survey. In Appendix A we compare these figures to those reported in official sources, in order to determine the extent of under-reporting in the survey.

[2] The major portion of National Insurance Contributions is paid by the employer. In 1969, for example, total National Insurance taxes were IL 33 million per month, of which 70 per cent were payments made by the employer. There is considerable controversy as to the final incidence of the employer's contribution. We have therefore chosen to exclude the employer's contribution from this analysis. In a forthcoming article we examine the redistributive impact of the employer's share under alternative assumptions about their incidence. It should be emphasized that the data on taxes were obtained by simulating hypothetical tax payments for each earner in the sample. This imputation does not take into account a number of special tax reductions such as for approved over-time pay. These reductions tend to be heavily concentrated in the upper income groups and thus we may have overestimated considerably the actual progressivity of the tax structure. J. Gabay estimates for example that 60 per cent of the total tax relief arising from the reduced tax rates on approved over-time, is concentrated in the top decile. See J. Gabay, "Changes in Public Finance and Fiscal Policy," THE ECONOMIC QUARTERLY XX (No. 77, 1973), pp. 120-32, (Hebrew).

[3] For an analysis of the extent of horizontal equity with respect to family size in the Israeli tax-transfer structure, see Jack Habib, HORIZONTAL EQUITY WITH RESPECT TO FAMILY SIZE (Jerusalem: Falk Institute, 1973).

### 3. THE INFLUENCE OF TRANSFERS ON THE EXTENT OF POVERTY 1969

The definition of the poverty standard is of major importance in determining the size and composition of the population in poverty. In this article we confine ourselves to a definition based on cash income. In so doing we disregard other factors which determine the family's command over economic resources or some other aspect of its welfare.<sup>[1]</sup> We adopt an approach that views poverty in relative terms, i.e. the significance of a given income level is determined by the standard of living prevailing in society at a given period.<sup>[2]</sup>

We employ for 1969 a poverty line similar to that first used by Rafi Roter and Nira Shamai, which allows for the fact that a family's economic position is influenced both by its income and by the number of persons sharing this income. To relate the needs of the family and the number of persons in it, an empirically estimated equivalence scale is used.<sup>[3]</sup> In this scale it is assumed that an increase in the number of persons makes possible economies in family consumption (e.g. buying in bulk, hand-me-downs, joint use of consumer durables such as a television set.) Thus the need for additional income is not proportional to the rise in family size, and therefore is not a constant per capita sum.<sup>[4]</sup> Instead, the family's relative needs are expressed in units of standard persons with a two person family as base and the living standard of a given family is defined in terms of income per standard person (p.s.p.), i.e. family income divided by the number of standard persons.

In 1969 gross median income p.s.p. was IL 264. The poverty line was established as IL 100 p.s.p. per month, approximately 40 per cent of the median. We employ an additional and slightly higher standard, IL 135 p.s.p. (50 per cent of the median), which we refer to as the near-poverty line.<sup>[5]</sup> The poverty and near-poverty lines by family size are presented in Table 3.1. We have also calculated the poverty line per-capita to illustrate the significance of the assumption of economies of scale. For instance, when family size is doubled from 4 to 8 persons, the poverty line rises by only 63 per cent from 320 to 520. The poverty line per-capita falls with family size, from IL 80 for a family of 4 to

Table 3.1 The Poverty and Near-poverty Lines per Family and per Capita,  
by Family Size, 1969

(IL per month)

Number of persons in family	Poverty line		Near-poverty line	
	Per family	Per capita	Per family	Per capita
1	125.0	125.0	168.8	168.8
2	200.0	100.0	270.0	135.0
3	265.0	88.3	357.8	119.3
4	320.0	80.0	432.0	108.0
5	375.0	75.0	506.3	101.3
6	425.0	70.8	573.8	95.6
7	475.0	67.9	641.3	91.6
8	520.0	65.0	702.0	87.8
9	560.0	62.2	756.0	84.0
10	600.0	60.0	810.0	81.0

**Table 3.2** Incidence of Poverty among Families, Persons and Children and the Poverty Gap Before and After Receipt of Public Transfers, 1969

	<u>Before transfers</u>		<u>After transfers</u>		Per cent decline after transfers
	Number of poor (ths)	Incidence (per cent)	Number of poor (ths)	Incidence (per cent)	
<u>Below poverty line</u> [a]					
Families	109.6	17.9	73.2	11.9	33
Persons	401.0	17.9	282.8	12.6	29
Children [b]	189.3	21.6	142.1	16.2	25
Poverty gap per month (IL millions)		14.2		5.3	63
<u>Between poverty and near-poverty line</u> [c]					
Families	43.7	7.1	52.0	8.5	-19
Persons	194.9	8.7	224.3	10.1	-15
Children	96.7	11.0	111.4	12.7	-15
Poverty gap per month (IL millions)		13.2		10.3	22
<u>Total below near-poverty line</u>					
Families	153.3	25.0	125.2	20.4	18
Persons	595.9	26.6	507.1	22.7	15
Children	286.0	32.6	253.5	28.9	11
Poverty gap per month (IL millions)		27.4		15.6	43

[a] Poverty line - IL 100 p.s.p. per month

[b] Persons under age 18 in the family unit; in some cases they may not be the children of the family head

[c] Near-poverty line - IL 135 p.s.p. per month

Table 3.3 Incidence of Poverty <sup>[a]</sup> among Families, Persons and Children, and the Poverty Gap After Taxes, 1969

	Number of poor (ths)	Incidence (per cent)
Families	78.0	12.7
Persons	295.2	13.2
Children	143.2	16.3
Poverty gap per month (IL millions)		5.69

[a] Poverty line IL 100 p.s.p. per month

65 for a family of 8.

The problem facing social policy and the transfer system was of considerable dimensions. The extent of poverty prior to transfers and the effectiveness of transfers in reducing poverty are indicated in Table 3.2. There were 110,000 families with a pre-transfer income below the poverty line. Another 43,700 families had an income between the poverty and near-poverty lines, so that in summary 25 per cent of all families had incomes below the near-poverty line. Among children the situation was graver still; thirty three per cent of all children were living in families with incomes below the near-poverty line.

The government transfer system only partially succeeded in dealing with the problem. Transfers shifted one third of the poor families above the poverty line, but only one quarter of the poor children. The rate of decline in the number of families living below the near-poverty line reached 18 per cent, while among children it was again lower, 11 per cent. The contribution of transfers should not, however, be measured solely in terms of the reduction in the size of the poor population. Transfers also served to alleviate the poverty of families who remained below the poverty line. This can clearly be seen from Table 3.4. Before transfers, a considerable portion of poor families had an income less than 50 per cent of the poverty line and only 30 per cent of these families had an income within 75 per cent of the poverty line. After the distribution of transfers the situation is reversed; only 9 per cent remained at an income level of under 50 per cent of the poverty line, while the majority of families that remained poor (56%) have incomes that are within 75 per cent of the poverty line. [6]

The poverty gap is a measure that takes into account both the number of poor and the degree to which their incomes fall below the poverty line. It is useful as a measure of changes in poverty as it is sensitive to changes in the depth of poverty for those who remain poor. The poverty

gap of a family is defined as the difference between the income of the family and the poverty line income. The overall poverty gap is the sum of these differences over all poor families. In other words it is the aggregate amount by which poor households fall short of the poverty line income.

Before transfers the poverty gap was IL 14.2 million per month. Transfers reduce the gap by 63 per cent, to IL 5.3 million per month. The near-poverty gap is IL 27.4 million, which, after transfers, is reduced by 43 per cent to IL 15.6 million per month. In both cases the decrease in the poverty gap is far greater than the decline in the extent of the population below the poverty or the near-poverty lines.

The poverty gap also represents the minimum sum required to bring all families up to the poverty line. As such it provides a basis for examining the redistributive burden implied by a given poverty line. Table 3.5 presents a number of ways of expressing this burden. Dividing the total poverty gap by the number of poor families yields the average income deficiency per poor family as well as the average sum needed to bring each family up to the poverty line. A similar calculation for the non-poor yields the average amount that must be taken from the non-poor to finance the elimination of the poverty gap. This burden can also be related to the income of the non-poor. We see that the poverty gap before transfers is 2.5 per cent of the total income of the non-poor, or 9.5 per cent of the income of families in the top decile. After taxes and transfers the poverty gap declines to 1.1 per cent of net income of the non-poor.

These findings may easily be misinterpreted. They do not necessarily imply that by reallocating 1.1 per cent of the income of the non-poor, poverty can be eliminated. So direct a reallocation is possible only with a highly selective transfer mechanism, which confines transfers exclusively to families below the poverty line. This, however, inevitably would involve serious disincentive effects for the poor as well as considerable

Table 3.4 Distribution of Pre- and After-transfer Poor Families by Ratio of Family Income to Poverty Line [a] , 1969

Ratio of income to poverty line (%)	<u>Distribution of pre-transfer poor</u>				<u>Distribution of after-transfer poor</u>	
	By pre-transfer income		By after-transfer income		Number (ths)	Per cent
	Number (ths)	Per cent	Number (ths)	Per cent		
0-24.99	36.2	33.0	(2.3)	(2.1)	(2.3)	(3.1)
25-49.99	17.1	15.6	(4.3)	(3.9)	(4.3)	(5.9)
50-74.99	24.8	22.6	25.8	23.5	25.8	35.3
75-99.99	31.5	28.7	40.8	37.2	40.8	55.7
100-109.99	-	-	11.6	10.6	-	-
110-124.99	-	-	10.8	9.9	-	-
125-149.94	-	-	8.4	7.7	-	-
150 and more	-	-	(5.6)	(5.1)	-	-
Total	109.6	100.0	109.6	100.0	73.2	100.0

[a] Poverty line IL 100 p.s.p. per month

administrative difficulties. [7]

The actual transfer system is far more complex. On the one hand there are transfers which are designated for special groups. Of this type are the transfers paid through National Insurance, such as benefits for aged and survivors, benefits for work and hostile action casualties, child allowances and earning supplements for low-income employees. On the other hand, there is a welfare system which, at least in theory, is at the disposal of all those in need. [8] Each of these components differs in the sum of the basic allowance, in the extent to which it varies with income and family size, and in the additional criteria for eligibility. Thus families equally in need, are not necessarily eligible for the same amount of help. The differences may reflect concerns other than poverty and inequality such as work incentives, or society's special sense of obligation towards certain causes of poverty, (e.g. war injuries). [9] Nonetheless, deficiencies due to uncoordinated development of the transfer system or to difficulties in administering the various programs cannot be dismissed. Moreover, a transfer system may have goals beyond maintaining a minimum income. This is especially true with respect to universal transfers. Child allowances, for example, may serve as a means of maintaining horizontal equity in the positive tax system; old age and disability benefits, included in social insurance, are designed to prevent a steep decline in the family's normal standard of living. [10] This latter concern is reflected in the fact that disability payments are geared to income prior to the injury or that pensions are often related to pre-retirement income. [11] As a result of these complexities the share of the poor in total transfers is 40 per cent and this share varies considerably by type of transfer (see Table 3.6). Seventy-two per cent of Welfare benefits are received by the poor, as compared to 35 per cent of National Insurance. A more realistic estimate of the cost of eliminating poverty is obtained by assuming that the present share of the poor in total transfers is maintained. On this basis an additional IL 13.1 million would be required to eliminate the poverty gap of IL. 5.6 million that remained after transfers.

In the following section we consider which family types benefited more from transfers as well as the antipoverty effect of transfers by type. Before proceeding, we make a number of observations on the effect of taxation on the poor. As in section 2, we confine the analysis to two forms of direct

Table 3.5 : Average Poverty Gap per Poor and Non-poor Family, and the Total Poverty Gap as Percentage of the Income of the Non-poor before and after Receipt of Public Transfers, 1969

	Average poverty gap (IL per month)		Poverty gap as a percentage of income of:		
	Per poor family	Per non-poor family	total non-poor	top quintile	top decile
<u>Poverty line</u> [a]					
Before transfers	129.6	28.1	2.5	5.9	9.5
After transfers	72.4	9.8	0.8	2.2	3.5
After taxes and transfers	72.5	10.6	1.1	3.1	5.2
<u>Near-poverty line</u> [b]					
Before transfers	178.7	59.4	..	13.4	18.3
After transfers	124.7	31.9	..	6.4	10.3

[a] Poverty line IL 100 p.s.p. per month

[b] Near-poverty line IL 135 p.s.p. per month

**Table 3.6** Average Monthly Taxes and Transfers per Family by Type of Tax/Transfer and by Poverty Status and the Share of the Poor in Each Type, 1969

(IL)

Type of tax/transfer	Average per family			Share of poor in total (per cent)
	Total	Pre-transfer poor	Non-poor	
Total after-transfer income <sup>[a]</sup>	1,008.6	331.1	1,158.1	5.9
Pre-transfer income	963.6	230.7	1,125.3	4.3
Transfers	45.0	100.4	32.8	40.3
National Insurance	34.3	66.6	27.2	35.1
Welfare	6.5	25.9	2.2	72.0
Other government offices	4.2	7.9	3.4	34.0
Taxes	185.2	20.7	221.5	2.0
Income tax	133.7	2.8	162.6	0.4
Property tax <sup>[b]</sup>	15.8	6.7	17.8	7.7
National Insurance contribution <sup>[c]</sup>	15.6	4.0	18.2	4.6
Other (Union and health fund dues)	20.1	7.2	22.9	6.5

[a] Including imputed value of services from ownership of a house or motor-vehicle as well as goods received in kind from employer or from self-employment, and not including organizational dues and donations to institutions.

[b] On owner-occupied homes

[c] Employee share and self-employed

**Table 3.7** Average Monthly Pre-transfer Income per Family, by Source of Income and Poverty Status, and the Share of the Poor in the Total Income from Each Source, 1969

(IL)

Source of income	Total	Average per family		Share of poor in total (per cent)
		Pre-transfer poor	Non-poor	
All sources	963.6	230.7	1.125.3	4.3
Employment (total)	812.4	152.8	957.9	3.4
of head	641.0	129.9	753.8	3.7
of spouse	90.2	4.9	109.0	1.0
of other	81.2	18.0	95.1	4.0
Private pensions	18.0	9.3	19.9	9.4
Pensions from abroad	15.5	3.3	18.2	3.8
Support from relatives	11.2	12.9	10.8	20.8
Property	11.2	3.7	12.9	6.0
Imputed from housing and vehicles	106.5	56.5	117.5	9.6

taxation, income tax and employee contributions to National Insurance. We find that the effect of these taxes on the size of the poor population is small and that the poverty gap increased by 14 per cent. On the other hand, other compulsory payments may have a greater effect. As shown in table 3.3, both the average payment per poor family and the share of the poor in the total payment are much higher in the case of property taxes and health and union dues.

## FOOTNOTES

[1] For a definition of poverty which takes into account additional dimensions, see Jonah M. Rosenfeld and Lotte Salzberger op. cit.; Jack Habib, CHILDREN IN ISRAEL, op. cit. and idem, supplement to REPORT OF PRIME MINISTER'S COMMISSION ON CHILDREN AND YOUTH IN POVERTY, op. cit.

[2] One justification for a relative view of poverty has been given by Israel Katz: "The gap is not only a material one. Gaps exist in all factors that determine the welfare of the individual. And the economic gap in and of itself affects non-material aspects of the life of the poor: It gives rise to many social and psychological phenomena. Severe economic inequality or a distinct relative scarcity in economic resources, places the poor in an inferior position in an achievement oriented society. Inferiority leads to rejection, self-hatred and bitterness. It is self hatred rather than poverty itself which is the cause of psychological pathology among many of the poor. It is bitterness, anger and frustration, rather than poverty itself, which generate crime, delinquency and pointless violence on the one hand, and social and political unrest on the other." See, OBSTACLES TO INCOME INEQUALITY (Jerusalem, August 1972) p 4-5. In our view there is, in effect, an almost continuous relationship between the relative income of the family and the probability that the feelings or behavior of the type described in this quotation arise. For an application' of a relative approach to poverty based on United States data, see Victor Fuchs "Redefining Poverty," PUBLIC INTEREST 8 (summer 1967), pp. 88-95. See also Peter Townsend "The Definition of Poverty," paper presented at the COLLOQUIUM ON HANDICAPPED FAMILIES, (Bureau de Recherches Sociales; Paris, February 1964), pp. 6-10.

[3] The scale was estimated at the National Insurance Institute and subsequently adopted by the Committee on Income Distribution and Social Inequality. See REPORT OF COMMITTEE ON INCOME DISTRIBUTION AND SOCIAL INEQUALITY (Tel-Aviv, 1971). The approach taken in this article differs in a few respects from that of Roter and Shamai. They have related their poverty line to the median income of families with four persons, while ours is related to the median income of all families. The equivalence scale used by Roter and Shamai also differs slightly from the one used here.

[4] The validity of this crucial assumption may be criticized on empirical and theoretical grounds. See Jack Habib and Yossi Tawil, EQUIVALENCE SCALES FOR FAMILY SIZE: FINDINGS FROM ISRAELI DATA (National Insurance Institute, Bureau of Research and Planning: Discussion Paper No. 1, 1974); and Jack Habib THE DETERMINATION OF EQUIVALENCE SCALES WITH RESPECT TO FAMILY SIZE: A THEORETICAL APPRAISAL (Jerusalem: Falk Institute, 1973).

[5] Median income is not the only measure of the standard of living. In some countries the poverty line is defined relative to average income. Recently a standard, based on average earnings per employee post, has been used to link welfare payments and National Insurance benefits to changes in the standard of living. This measure may not reflect the real increase in family income for a number of reasons: Increases in the participation rate of secondary earners or in the number of employees taking on second jobs will reduce this measure, but will have an opposite effect on family income. Secondly, changes in the rate of fringe benefits are also not reflected in this measure. The rationale for its use has been that it is the statistic with the shortest time lag.

[6] Even families removed from poverty remain at relatively low income levels. Sixty-two per cent of the 36,000 families removed from poverty have post-transfer incomes in the range of IL 100 to IL 125 p.s.p. and only 16 per cent have incomes above IL 150 p.s.p.

[7] It would require a 100 per cent marginal tax rate and thus provide no monetary incentive for the poor to seek employment. A number of studies have shown that the rate of take-up by eligible families is low in the case of selective transfer mechanisms. See, for example, (FAMILIES WITH CHILDREN IN ISRAEL 1969-70), op. cit. and Doron and Roter, op. cit.

[8] In Israel, in contrast to other countries, persons employed are also eligible for welfare.

[9] For example, in the case of groups with limited working capacity, the possible disincentive effects of income support may be less important. Thus, higher marginal rates can be applied here in order to reduce the budgetary costs required to guarantee a given minimum income. For an analysis of the link between support levels and marginal rates in the Israeli welfare system, see A. Doron, "Work Incentives through Welfare Aid", THE ECONOMIC QUARTERLY, XVIII (No. 69-70 June 1971), pp. 55-60, (Hebrew).

[10] See Jack Habib, THE ROLE OF CHILD ALLOWANCES IN A TAX-TRANSFER STRUCTURE (Jerusalem: Falk Institute, 1972)

[11] See Committee on the Pension System, RECOMMENDATIONS, (Jerusalem; June 1971).

#### 4. THE REDUCTION IN POVERTY BY FAMILY TYPE AND SOURCE OF INCOME SUPPORT 1969

The effect of transfers on the extent of poverty differs significantly by family type (see Table 4.1). The most striking difference is between the aged and the non-aged. Forty-one per cent of families with aged heads were removed from poverty, as compared to 25 per cent of the non-aged. As a result, after transfers the share of the aged among the remaining poor decreases. Nevertheless, the incidence of poverty is still more than three times as high for the aged. Among the aged the reduction in poverty is greater for male than female family heads and is particularly high in families whose head is employed. Among the non-aged the effect of transfers is not related to the employment of the family head. For the working-poor as a whole there is a reduction of 32 per cent, which is similar to the average rate. However, for the non-aged it is only 26 per cent as compared to 54 per cent for the aged, and it is greater for employees than the self-employed. Another group of particular interest is large families (4 or more children). The rate of reduction in poverty for these families is only 27 per cent. When the head is employed, however, the rate is 33 per cent, which is higher than the reduction among small working families.

The effect of transfers by family type is related to the pattern of receipt of the various types of transfers and to the adequacy of the payments. We are particularly interested in identifying the relative contribution of National Insurance benefits. [1]

Sixty-eight per cent of urban families received a transfer of some type. (See Table 4.2). Of these 93 per cent received a transfer from the National Insurance Institute, 12 per cent from the Ministry of Welfare and only 4 per cent received transfers from other government agencies. Among the pre-transfer poor the percentage of transfer recipients is greater. Nevertheless 12 per cent of the pre-transfer poor received no transfer whatsoever and among the post-transfer poor the percentage rises to 19 per cent. The pattern of receipt is somewhat different among the

Table 4.1 Incidence of Poverty by Family Type, Before and After Receipt of Public Transfers, 1969

	Total families	Aged head		Non-aged head		Employed head		Aged head		With 4 or more					
		Employed	Un-employed	Employed	Un-employed	Self-employed	Employed	Total	male	Female	Employed head	children	One parent		
<b>Below poverty line [a]</b>															
<u>Before transfers</u>															
Number (ths)	109.6	9.3	45.6	54.9	39.9	14.8	54.7	10.1	38.8	49.0	21.8	33.1	19.0	23.6	6.7
Incidence (%)	17.9	23.7	57.3	46.2	8.6	44.0	11.0	9.7	9.8	9.8	53.9	42.2	31.9	35.9	28.8
<u>After transfers:</u>															
Number (ths)	73.2	4.3	28.1	32.4	29.3	11.4	40.8	7.5	25.4	33.7	13.4	18.5	12.8	17.2	(4.6)
Incidence (%)	11.9	10.9	35.4	27.3	6.4	34.0	8.2	7.3	6.5	6.7	34.4	23.6	21.5	26.2	(19.7)
Families taken out of poverty by transfers (%)	33	54	38	41	26	23	25	25	33	32	39	44	33	27	(33)
<b>Below near poverty line [b]</b>															
<u>Before transfers</u>															
Number (ths)	153.3	12.5	52.5	65.0	71.1	17.2	88.3	17.0	66.4	83.5	25.4	39.6	29.4	34.4	8.8
Incidence (%)	25.0	31.8	66.0	54.7	15.4	51.0	17.8	16.4	16.8	16.7	62.8	50.5	49.4	52.3	38.2
<u>After transfers</u>															
Number (ths)	125.2	8.6	39.5	48.2	62.4	14.7	77.1	14.5	56.3	70.9	18.9	29.2	25.4	30.4	8.3
Incidence (%)	20.4	21.9	49.7	40.5	13.5	43.6	15.6	14.0	14.2	14.2	46.7	37.2	42.8	46.4	35.9
Families taken out of poverty by transfers (%)	18	31	25	26	12	14	13	15	15	15	25	26	13	11	

[a] Poverty line - IL 100 p.s.p. per month

[b] Near poverty line - IL 135 p.s.p. per month

Table 4.2 Families Receiving Public Transfers by Poverty Status, Family Type and Type of Transfer, 1969  
(Thousands)

Type of transfer	Total families	18-64 aged head			Aged head		With 1-3 children	With 4 or more children		
		Total	With children		Total	Female				
			Male	Childless					Male	Female
All families	614.2	495.3	392.6	126.3	39.3	118.9	78.5	40.4	289.3	65.6
Any transfer	414.6	324.1	288.9	15.1	20.1	90.5	57.6	33.0	245.9	64.0
National Insurance	384.0	306.6	284.9	6.8	14.9	77.4	52.0	25.4	239.7	62.2
Old-age	91.5	19.1	13.1	(4.8)	(1.2)	72.4	49.4	22.9	13.7	3.8
Child allowances	292.7	289.1	281.9	-	7.2	(3.7)	(3.7)	(-)	231.6	61.2
Welfare	50.9	33.1	21.1	(5.4)	6.5	17.8	9.3	8.6	15.6	12.9
Welfare or child allowances	326.2	303.2	285.3	(5.6)	12.3	23.0	13.4	9.6	238.8	63.2
Other public agencies	18.6	12.4	8.1	(2.9)	(1.4)	6.2	(3.7)	(2.4)	7.7	(1.2)
Pre-transfer poor families	111.0	56.1	38.9	8.0	9.3	54.9	33.1	21.8	23.4	23.5
Any transfer	97.3	46.5	35.4	(3.9)	7.2	50.7	30.9	19.8	20.1	23.4
National Insurance	78.1	37.6	32.9	(0.7)	(4.0)	40.4	26.3	14.3	15.2	22.3
Old-age	42.6	(3.8)	(2.6)	(0.7)	(0.5)	38.8	25.7	13.1	(2.5)	(1.8)
Child allowances	34.8	33.6	32.4	-	(1.2)	(1.1)	(1.1)	-	13.3	21.5
Welfare	31.5	17.3	10.4	(2.6)	(4.4)	14.2	7.3	6.9	7.1	7.9
Welfare or child allowances	58.7	41.9	34.5	(2.6)	(4.9)	16.8	9.2	7.6	18.2	22.8
Other public agencies	6.7	(2.2)	(1.2)	(0.8)	(0.7)	(4.5)	(3.2)	(1.4)	(0.7)	0.8
After Transfer Poor Families	74.7	42.0	29.7	6.2	6.1	32.7	18.8	13.9	17.8	17.5
Any transfer	60.8	32.3	26.2	(2.1)	(4.0)	28.5	16.5	12.0	14.5	17.3
National Insurance	46.8	2.6	24.7	(-)	(1.3)	20.8	13.1	7.6	16.5	16.7
Old-age	21.3	(1.5)	(1.5)	(-)	(-)	19.8	12.7	7.1	(1.0)	(1.3)
Child allowances	25.7	25.0	24.5	-	(0.5)	(0.7)	(0.7)	(-)	9.5	16.2
Welfare	22.8	13.9	8.4	(2.1)	(3.4)	8.8	(4.1)	(4.8)	(5.7)	6.5
Welfare or child allowances	42.1	31.8	26.0	(2.1)	(3.7)	10.3	(5.1)	(5.2)	14.0	17.0
Other public agencies	(2.4)	(0.7)	(0.7)	(-)	(-)	(1.6)	(1.6)	(-)	(-)	0.5
Poor families after National Insurance benefits	84.4	45.9	31.3	7.2	7.3	38.5	21.7	16.8	19.8	18.4
Any transfer	70.6	36.2	27.9	(3.1)	(5.2)	34.3	19.4	14.9	16.5	18.2
National Insurance	51.4	27.4	25.4	(-)	(2.0)	24.0	14.9	9.1	11.6	17.1
Child allowances	27.0	26.2	25.2	-	(1.0)	(0.9)	(0.9)	(-)	10.7	16.3
Welfare or child allowances	68.9	34.4	27.2	2.5	(4.6)	14.5	7.2	7.3	15.6	17.7

poor. Among those receiving any transfer the percentage of National Insurance recipients is smaller (80%) while the weight of welfare payments rises to 32 per cent. Among families that were taken out of poverty by transfers, we find that 89 per cent received national insurance, 24 per cent welfare, and 12 per cent received transfers from other government agencies. These figures provide a partial indication only of the contribution of the various types of transfers. Moreover, for families receiving support from more than one program there is no unambiguous criterion for establishing which particular program is responsible for removing the household from poverty. We adopt the criterion that a household receiving National Insurance benefits that exceed the amount required to make up its income deficiency, is removed from poverty by these benefits irrespective of any other benefits received. [2] Therefore, in order to determine the extent to which these benefits suffice to reduce poverty, we make an additional calculation of the extent of poverty on the basis of income including National Insurance benefits but prior to the receipt of transfers from other sources. We also examine what proportion of the poverty reduction by all transfers could have been achieved by National Insurance benefits alone (see Table 4.3).

Of all National Insurance beneficiaries 20 per cent were poor prior to the receipt of any transfer. This percentage is lower than the percentage of the poor among recipients of welfare or transfers from other government sources. However, the total amount paid out by the National Insurance Institute is far greater, and the support levels were generally more adequate. Thus National Insurance benefits provide for the greater part of the reduction in poverty due to transfers. For 34 per cent of National Insurance beneficiaries, these transfers alone were sufficient to remove them from poverty. Another 6 per cent of National Insurance beneficiaries, for whom these benefits were inadequate in themselves, were removed from poverty by the addition of other transfers. Thus, National Insurance benefits could in themselves have accounted for 85 per cent of the reduction due to total transfers. Calculated as a percentage of the reduction in poverty among all families and not only among National Insurance beneficiaries, the contribution of National Insurance is 73 per cent of the total reduction in poverty.

The overall changes reflect significant differences in the effect of the various transfers by family type. We therefore consider the importance of these benefits for aged and non-aged families, and for families with 1-3 children and 4 or more children.

### The Aged

The major source of income support for the aged is old-age and survivors benefits paid by National Insurance, although additional support is provided by the Ministry of Welfare. In 1969 some portion of the aged were not eligible for National Insurance benefits but received regular support from the Ministry of Welfare and an additional group benefited from various forms of special assistance.<sup>[3]</sup> We find that 65 per cent of the aged population received National Insurance (see Table 4.2), and they constituted 20 per cent of all National Insurance beneficiaries. Another 15 per cent received benefits from Welfare.

Among poor aged families we find that 74 per cent received National Insurance and they represented 52 per cent of all poor families receiving some form of National Insurance benefit, and an additional 26 per cent received benefits from Welfare.<sup>[4]</sup>

As we have already noted, the majority of aged poor remain poor even after the receipt of these transfers. (See Table 4.1. and 4.3.). Among welfare recipients the percentage removed from poverty by all transfers is 38 per cent. 41 per cent of National Insurance beneficiaries were removed from poverty solely by National Insurance and 49 per cent by all transfers. National Insurance benefits are more effective among families with male than with female heads. This is also true for total transfers. A possible explanation is that aged men are more likely to have income from additional sources, and particularly from employment. (see Table 5.15)

### Non-aged

The main source of income support for the non-aged is also National Insurance (62%).<sup>[5]</sup> However, the benefit most frequently received is

child allowances (58.4%); 7.1 per cent received welfare (see Table 4.2). Among the poor the main source of income support is also National Insurance (67%) and the most frequent benefit is child allowances (60%). However, the percentage receiving welfare is larger among the poor (31%).

National Insurance has a smaller effect on poverty among non-aged than the aged. The contribution, however, of National Insurance to the total reduction in poverty by transfers is similar in the two groups. Table 4.3 indicates the contribution of National Insurance for each family type. The contribution is much greater for male than female, and there is also a significant difference between large and small families: it is largest among large families with male heads (44%).

**Table 4.3** Antipoverty Effect of National Insurance Benefits and Their Contribution to the Anti-poverty Effect of All Transfers, by Family Type, 1969

(Percentages)	Total families	Non-aged head			Aged head		With 1-3 children	With 4 or more children			
		Male		Female	Male	Female					
		With children	Childless						Total	Total	
<b>All families</b>											
	13.7	9.5	5.7	8.5	18.6	9.3	27.6	41.6	32.4	6.8	28.0
Poverty incidence after receipt of NI benefits											
Families removed from poverty by NI benefits	24	20	10	18	21	18	34	23	30	15	22
Contribution of NI [a] benefits	73	83	44	75	63	72	80	63	73	64	81
<b>All NI beneficiaries</b>											
Per cent of all families	62.5	86.4	5.4	64.0	38.0	61.9	66.2	62.9	65.1	82.9	94.8
Poverty incidence before receipt of all transfers	20.3	11.6	(10.3)	11.5	(26.8)	12.3	50.6	55.8	52.2	6.3	35.8
Poverty incidence after receipt of NI benefits	13.4	8.9	(0.0)	8.7	(13.4)	8.9	28.7	35.8	31.0	4.8	27.5
Poverty incidence after receipt of all transfers	12.2	8.7	(0.0)	8.5	(8.7)	8.5	25.2	29.9	26.9	4.4	26.9
Families removed from poverty by NI benefits	34	23	(100)	25	(50)	27	43	36	41	24	23
Families removed from poverty by all transfers	40	25	-	26	(68)	31	50	46	49	31	25
Contribution of NI [a] benefits	85	92	(100)	96	(74)	87	86	78	84	77	92

[a] This is defined as the difference in the number of poor families before and after the receipt of National Insurance benefits divided by the difference in the number of poor families before and after the receipt of all transfers

Table 4.4 Average Monthly Transfers per Family by Poverty Status, Age and Sex of Head and Type of Transfer, 1969

(IL)

Type of transfer	Total families				Pre-transfer poor families				After-transfer poor families			
	Aged head		Non-aged head		Aged head		Non-aged head		Aged head		Non-aged head	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
All transfers	94.4	81.0	32.3	59.0	122.0	103.7	81.8	110.0	110.3	78.2	68.7	91.6
All National Insurance	78.8	56.8	24.4	37.1	97.1	66.4	45.8	63.5	84.1	50.2	38.7	39.2
Old age	75.9	49.4	3.5	3.5	94.1	57.1	7.1	8.2	80.6	47.0	3.5	0.0
Child allowances	1.3	0.0	19.2	3.9	0.8	0.0	37.3	3.7	0.6	0.0	33.4	2.9
Welfare	10.4	15.9	4.6	12.5	20.0	25.8	27.6	38.7	22.6	28.1	28.0	52.4
Welfare or Child allowances	11.7	15.9	23.8	16.4	20.8	25.8	64.9	42.4	23.2	28.1	61.4	55.3
Other public agencies	5.2	8.3	3.3	9.3	5.0	11.6	8.4	7.8	3.7	6.0	2.0	0.0

## FOOTNOTES

[1] The analysis in this section follows closely that of Mollie Orshansky who has aptly described some of the limitations. "In the brief interview, one cannot always be sure that the respondent identifies accurately whether he or some other household member is a beneficiary. Moreover in preparing income statistics, the Bureau of the Census use a definition of a family - all related persons sharing a household at the time of the interview that may not jibe with the definition of recipient unit used by the agency administering the program." For example an elderly husband and wife both receiving National Insurance benefits would show up as two beneficiaries in the official statistics and the same would apply to a widowed daughter-in-law living with the couple. Yet, they would show up in our account as one beneficiary. Moreover it may be that there is no mutual sharing of income by the daughter-in-law and the couple yet in determining poverty status we consider the income for all the members as part of a single family. See Mollie Orshansky, 1967, op. cit., p. 216.

[2] A further qualification must be made. It is unrealistic to ignore the effect of transfer-income on other sources of income, an effect sometimes within the control of the recipient. Without National Insurance benefits a man might continue to work, apply for public assistance he does not receive or receive additional support from relatives. But there is no definite way to account for such contingencies in the analysis.

[3] Since 1969, the scope of National Insurance has been extended to cover previously uneligible groups among the aged. Among these are families receiving monthly support from the Ministry of Welfare. The role of National Insurance in providing income support for the aged has thus increased. At the same time aged families continue to receive various special forms of assistance from the Ministry of Welfare, such as home care and other services. The introduction of an expanded system of disability insurance in 1974 will further increase the role of National Insurance at the expense of Welfare.

[4] Fifty-two per cent of all aged National Insurance beneficiaries and 80 per cent of aged welfare beneficiaries (see Table 4.2).

[5] In some of the young households, the actual beneficiary may be an aged member.

[6] Old-age benefits are not related to pre-retirement earnings. For men between the ages of 65 and 70, and women 60 to 65, they are related to post-retirement earnings. In these age ranges eligibility and the amount of the benefit are conditional on the insured's income from work or other sources. Old-age pensioners, whose additional incomes do not exceed the pension rate for a single person, receive a supplementary benefit.

## 5. THE PATTERN OF POVERTY BEFORE TRANSFERS, 1969

The poor are evenly distributed between families whose head is aged and non-aged (see Table 5.1). Aged family heads are for the most part unemployed while the non-aged generally participate in the labor force. The criteria used here for labor force participation is quite broad and includes all those who worked at least one week during the past year.<sup>[1]</sup> On the basis we find that 17.1 per cent of aged family heads have some work experience as compared to 72.8 per cent of the non-aged. There are only 8,700 families, representing 7.9 per cent of poor families, in which the head is a male under 65 and is not employed at least part of the year. We suspect that at least in some cases their not working is due to disability or illness, unfortunately the family expenditure survey does not include information of this type. One parent families that have been of particular concern elsewhere are not a sizeable group in Israel. There are only 6,700 families of this type representing 6.1 per cent of the poor. We are unable to ascertain from the survey the reason for the presence of only one parent. In many cases it may be due to natural causes rather than family instability. Female headed families, for the most part, aged-women living alone, are 28.1 per cent of the poor. This section is devoted to a more detailed examination of the two major groups: families whose head is employed, and the aged. (See Table B.2 for near-poverty).

### 5.1 The Working Poor

The labor force participation of a family can be measured in various ways. There are accordingly a number of alternative ways in which to define the working poor. Defining the working poor as a family in which the head of family worked at least one week, we find that there are 49,100 working poor families representing 45 per cent of the poor. Of these 39,000 are employees and 10,000 self-employed.

**Table 5.1 Pre-transfer Poor and Non-poor Families by Family Type and Labor Force Participation, 1969**

Family type	Poor families				Non-poor families				
	Number (ths)	Incidence of poverty (%)	Head employed		Number (ths)	Per cent (ths) distribution	Per cent employed	Per cent employed	
			Number (ths)	Per cent distribution (%)					Number (ths)
<b>Aged head</b>									
Male 65 or over	54.9	46.2	9.4	19.1	17.1	23.7	64.0	6.6	46.9
Female 60 or over	33.1	42.2	7.2	14.7	21.6	21.1	45.4	6.0	59.3
	21.8	53.9	(2.2)	(4.4)	10.0	(40.7)	18.6	(0.7)	(16.7)
<b>Non-aged head</b>									
Male under 65	54.7	11.0	39.8	81.0	72.8	8.6	440.6	93.4	95.7
Female under 60	45.7	10.0	37.0	75.3	81.0	8.5	410.3	88.6	97.6
	9.0	22.9	(2.8)	(5.7)	(31.1)	(11.5)	30.3	4.8	71.0
<b>With children</b>									
1-3 children	46.2	13.0	35.0	71.3	75.6	10.5	308.7	65.9	96.4
4-5 children	22.7	7.8	16.0	32.6	70.8	5.9	266.6	56.9	96.5
6 or more children	10.5	25.7	8.0	16.3	76.2	21.4	30.5	6.5	96.1
4 or more children	13.0	52.9	14.0	22.4	84.6	49.8	11.6	2.5	95.7
	23.6	35.9	19.0	38.7	80.6	31.9	42.0	9.0	96.2
<b>One parent</b>	6.7	28.8	(2.7)	(5.5)	(40.0)	19.7	16.5	2.4	66.1
<b>Total</b>	109.6	17.8	49.1	100.0	44.8	9.8	504.6	100.0	89.6

Table 5.2 Pre-transfer Poor and Non-poor Families by Part and Full-time Employment [a] of Head, 1969

	Poor families			Non-poor families			Total	
	Number (ths)	Per cent distribution All families	Incidence of poverty (%)	Number (ths)	Per cent distribution All families	Head employed	Number (ths)	Per cent distribution All families
Not employed	59.2	53.3	54.3	49.8	9.9	-	109.0	17.8
Part-time employed	13.9	12.5	31.3	30.5	6.1	6.7	44.4	7.2
Full-time employed	38.0	34.2	8.2	422.8	84.0	93.3	460.8	75.0
<u>Total</u>	111.1	100.0	18.1	503.1	100.0	100.0	614.2	100.0

[a] The estimate of the number of poor families in which the head is employed is slightly higher in Tables 5.2 and 5.3 due to discrepancies in the Family Expenditure Survey

There are three factors which may lead to poverty of families in which the head is employed: limited employment, low wages and a large number of dependents. Moreover it is the relationship between low wage rates, family size and limited labor force participation which determines the extent of poverty. The poverty line used in this study is defined on the basis of median family income in which the income of all family members is included. Therefore, in evaluating the causes of poverty, it is necessary to consider the labor force participation of all family members and the set of wage rates available to them. Thus for example both the number of earners and the extent of their employment are relevant.

### Labor Force Participation

The family's major source of income is from the employment of the family head; the extent of his employment is, therefore, particularly important. Seventy-three per cent of working family heads who are poor were in full-time employment and 78.4 per cent worked more than 40 weeks during the past year (see Tables 5.2 and 5.3). Work experience can be summarized in terms of weeks at full-time employment, with a week of employment in a part-time job given a weight equal to one half that of full-time employment. [2] From Table 5.4 we see that 58 per cent of the working poor worked more than 40 weeks at full-time employment.

Among families with secondary earners we distinguish two groups: Families in which there are earners in addition to the family head, representing 3.2 per cent of the working poor, and families with earners other than the head, numbering 6,500 (see Table 5.5). Summing up the labor force participation of all family members as presented in Tables 5.3 and 5.4, we find that among the working poor 16.5 per cent worked more than 52 weeks and the majority (71.6%) worked between 27 and 52 weeks; in terms of full weeks the proportion working more than 26 weeks is somewhat lower (68.2%).

Table 5.3 Pre-transfer Poor and Non-poor Families by Number of Weeks Worked by Family and by Head, 1969

	Poor families				Non-poor families				Total families			
	Number (ths) distribution	Per cent distribution	Incidence of poverty (%)	Head employed Number (ths) distribution	Number (ths)	Per cent distribution	Head employed Number (ths) distribution	Per cent distribution	Number (ths)	Per cent distribution	Head employed Number (ths) distribution	Per cent distribution
<u>Weeks worked by family</u>												
0	53.9 (5.6)	48.6 (5.0)	64.6 (40.6)	-	29.6	5.9	-	-	83.5	13.6	-	-
1-26	41.9 (3.9)	37.7 (3.5)	42.9 (9.3)	6.0 (3.2)	8.2	1.6	7.1	1.6	13.8	2.2	13.1	2.6
27-52	38.4 (3.9)	34.6 (3.5)	8.6 (3.2)	36.0 (3.2)	255.7	50.8	242.8	53.9	297.6	48.4	278.8	55.6
53-78	59.2 (5.7)	53.2 (5.1)	54.3 (3.2)	50.3 (5.1)	38.1	7.6	36.7	8.1	42.0	6.8	39.9	8.0
79 and over	11.2 (1.5)	10.2 (1.3)	34.7 (10.3)	-	171.6	34.1	164.1	36.4	177.3	28.9	169.2	33.8
Total	111.0	100.0	18.1	50.3	503.2	100.0	450.7	100.0	614.2	100.0	501.0	100.0
<u>Weeks worked by head</u>												
0	59.2	53.2	54.3	-	49.8	9.9	-	-	109.0	17.7	-	-
1-39	11.2	10.2	34.7	21.6	21.1	4.2	21.1	4.6	32.3	5.3	13.1	2.6
40-49	(1.5)	(1.3)	(10.3)	(2.9)	13.0	2.6	13.0	2.9	14.5	2.4	14.5	2.9
50-52	38.4	34.6	8.6	74.1	408.6	81.2	408.6	90.1	447.0	72.8	447.0	88.5
Over 52	(0.7)	(0.6)	(6.0)	(1.4)	10.7	2.1	10.7	2.4	11.4	1.9	11.4	2.2
Total	111.0	100.0	18.1	100.0	503.2	100.0	450.7	100.0	614.2	100.0	501.0	100.0

Table 5.4 Pre-transfer Poor and Non-poor Families by Number of Full Weeks [a] Worked by Family and by Head, 1969

	Poor families				Non-poor families				Total families				
	Number	Per cent distribution	Incidence of poverty (%)	Head employed Number (ths)	Head employed Per cent distribution	Number (ths)	Per cent distribution	Head employed Number (ths)	Head employed Per cent distribution	Number (ths)	Per cent distribution	Head employed Number (ths)	Head employed Per cent distribution
<u>Full weeks worked by family</u>													
0	53.9	48.5	64.6	-	-	29.6	5.9	-	-	83.5	13.6	-	-
1-26	17.7	15.9	41.9	16.0	31.8	24.5	4.9	21.8	4.8	42.2	6.9	37.8	7.5
27-52	31.7	28.6	11.4	27.4	54.5	245.4	48.8	233.9	51.9	277.1	45.1	261.3	52.2
53-78	(4.3)	(3.9)	(5.1)	(3.5)	(7.0)	79.8	15.8	77.5	17.2	84.1	13.7	81.0	16.2
79 & over	(3.4)	(3.1)	(2.7)	(3.4)	(6.7)	123.9	24.6	117.5	26.1	127.3	20.7	120.9	24.1
Total	111.0	100.0	18.1	50.3	100.0	503.2	100.0	450.7	100.0	614.2	100.0	501.0	100.0
<u>Full weeks worked by Head</u>													
0	59.1	53.3	54.2	-	-	49.9	9.9	-	-	109.0	17.7	-	-
1-39	21.8	19.6	32.6	21.8	42.0	45.0	8.9	45.0	9.9	66.8	10.9	66.8	13.2
40-49	(1.0)	(0.9)	(7.5)	(1.0)	1.9	12.4	2.5	12.4	2.7	13.4	2.2	13.4	2.7
50-52	28.3	25.5	6.8	28.3	54.5	386.6	76.8	386.6	85.3	414.9	67.6	414.9	82.1
Over 52	(0.8)	(0.7)	(7.9)	0.8	1.6	9.3	1.8	9.3	2.1	10.1	1.6	10.1	2.0
Total	111.0	100.0	18.1	50.3	100.0	503.2	100.0	450.7	100.0	614.2	100.0	501.0	100.0

[a] A week's work in full employment is weighted as 1 and in part-time employment as 0.5

Table 5.5 Pre-transfer Poor and Non-poor Families by Number and Composition of Earners, 1969

Earners	Poor families				Non-poor families				Total families				
	Number (ths)	Per cent distrib- ution	Per cent of families with at least one employed earner	Per cent of families with head employed	Incidence of poverty (%)	Number (ths)	Per cent distrib- ution	Per cent of families with at least one employed earner	Per cent of families with head employed	Number (ths)	Per cent distrib- ution	Per cent of families with at least one employed earner	Per cent of families with head employed
Total	109.6	100.0	-	-	17.8	504.6	100.0	-	-	614.2	100.0	-	-
No earners	53.9	49.2	-	-	64.6	29.6	5.9	-	-	83.5	5.9	-	-
<u>At least one earner</u>	55.6	50.7	100.0	100.0	10.5	475.1	94.0	100.0	100.0	530.7	86.4	100.0	100.0
<u>One earner</u>	47.6	43.4	85.6	86.8	14.4	287.3	56.2	59.7	59.5	331.3	54.0	62.4	62.1
Head	42.6	38.9	76.6	86.8	13.7	268.8	53.3	56.6	59.5	311.4	50.7	58.7	62.1
Spouse	(1.9)	(1.7)	(3.4)	(0)	(28.4)	(4.8)	(0.9)	(1.0)	-	6.7	1.1	1.2	-
Other	(3.1)	(2.8)	(5.6)	(0)	(23.3)	10.2	2.0	2.1	-	13.3	2.2	2.5	-
<u>Two earners</u>	6.5	5.9	11.7	10.2	4.0	154.6	30.6	32.5	32.8	161.1	26.2	30.4	30.6
Head & spouse	(1.3)	(1.2)	(2.3)	(2.7)	(1.2)	105.6	20.9	22.2	23.4	106.9	17.4	20.2	21.3
Head & other	(3.7)	(3.4)	(6.7)	(7.5)	(8.0)	42.6	8.4	8.4	9.4	46.3	7.5	8.7	9.2
Others	(1.5)	(1.4)	(2.7)	(0)	(18.9)	6.5	1.3	1.4	-	8.0	1.3	1.5	-
<u>Three or more earners</u>	(1.5)	(1.4)	(2.7)	(3.0)	(39.2)	36.8	7.3	7.7	7.7	38.3	6.2	7.2	7.3
Head & other	(1.5)	(1.4)	(2.7)	(3.0)	(4.1)	35.0	6.9	7.3	7.7	36.5	5.9	6.9	7.3
Others	(0)	(0)	(0)	(0)	(0)	(1.8)	(0.4)	(0.4)	-	(1.8)	(0.3)	(0.3)	-

**Table 5.6** Average Earnings per Full Work Week [a] of Employee Head and of Spouse for Pre-transfer Poor and Non-poor Families by Sex and Age of Head, 1969

(IL.)

Sex and age of head	Poor families		Total families	
	Average earnings:		Average earnings:	
	of head	of spouse	of head	of spouse
<u>Male</u>				
Up to 34	110.6	74.9	191.7	142.9
35-54	165.0	64.1	189.5	140.5
55-64	100.3	84.3	205.8	146.1
65 and over	89.7	70.8	167.1	144.7
	70.4	54.6	143.9	121.5
<u>Female</u>				
Up to 59	(43.5)	-	132.9	-
60 and over	(56.5)	-	145.0	-
	(29.6)	-	(81.7)	-
<u>Total</u>	104.0	74.9	187.9	142.9

[a] A week's work in full employment is weighted as 1 and in part-time employment as 0.5

**Table 5.7** Average Earnings per Full Work Week [a] of Employee Head and of Spouse for Pre-transfer Poor and Non-poor Families by Education of Head, 1969.

(IL.)

Years of schooling of head	Poor families		Total families	
	Average earnings:		Average earnings:	
	of head	of spouse	of head	of spouse
<u>0-8 years</u>	107.6	76.8	149.1	106.5
0-4 years	108.9	81.1	127.8	102.9
5-7 years	110.2	59.5	154.7	110.4
8 years	97.6	88.9	162.0	106.8
<u>9-12 years</u>	79.5	76.2	199.3	211.8
9-11 years	(89.8)	(76.2)	190.4	128.9
12 years	(41.8)	( - )	211.8	156.4
<u>13 years or more</u>	(118.4)	(41.5)	261.0	177.7
13-15 years	(79.5)	(76.2)	225.7	167.4
16 years or more	(85.6)	( - )	289.9	186.3
<u>Total</u>	104.0	74.9	187.9	142.9

[a] See F.N. Table 5.6

The labor force participation of the poor takes on additional significance when contrasted with that of the non-poor. The poor work less on the basis of either measure, 93.3 per cent of the non-poor are in full-time employment, 95.4 per cent of employed family heads worked more than 40 weeks, and 80 per cent worked more than 40 full weeks. The most significant difference, however, is in the participation of secondary earners. Of non-poor families 40 per cent have two or more earners as compared to only 13.2 per cent of the poor. The role of these differential rates of labor force participation is also reflected in the pattern of incidence. The incidence of poverty declines with all measures of employment. For example the incidence declines from 14.4 per cent in one earner families to 4 per cent in two earner families, or from 32.6 per cent in families in which the head is employed 1-39 weeks to 7.5 per cent where he worked 40 weeks or more (see Table 5.4.).

#### Low Wages

In this section, we compare the wage rates of the poor with those of the overall population. The discussion is confined to salaried workers. The average wage of poor family heads is 58 per cent of the overall average. The wage rates presented in Tables 5.6 and 5.7 have been adjusted for the extent of employment and are estimates of average annual earnings per week of full-time employment.

Two factors influencing wage rates are age and education. Wage rates drop considerably with age and with the decline in educational level. Besides determining present wage rate, these factors also provide an indication as to the permanency of a given wage rate. The relative distribution of the poor by age and education shows a far larger proportion of aged workers and a high concentration at lower educational levels, (see Tables 5.8 and 5.9). Nineteen per cent of the working poor are aged, as compared to 6.7 per cent among the non-poor, and 81.9 per cent have eight or less years of schooling as compared to 48 per cent of the overall population. Thus these factors may at least in part explain the lower wage rates of the poor. Nevertheless, the poor also have lower wage rates even within education and age groups. This finding may reflect other factors correlated with age and

Table 5.8 Pre-transfer Poor and Non-poor Families in which Head is Employed, by Sex and Age of Head, 1969

Sex and age of head	Poor families		Incidence poverty (%)	Non-poor families		Total families	
	Number (ths)	Per cent distribution		Number (ths)	Per cent distribution	Number (ths)	Per cent distribution
<u>Male</u>							
Up to 34	44.1	89.9	9.4	427.2	94.5	471.3	94.1
35-54	10.1	20.6	9.2	99.8	22.1	109.9	21.9
55-64	19.8	40.3	8.3	219.6	48.6	239.4	47.8
65 or over	7.1	14.4	8.1	80.9	17.9	88.0	17.6
	7.2	14.7	21.1	26.9	6.0	34.1	6.8
<u>Female</u>							
Up to 59	(5.0)	(10.1)	(16.8)	24.7	5.5	29.7	5.9
60 or over	(2.8)	(5.7)	(11.5)	21.5	4.8	24.3	4.8
	(2.2)	(4.4)	(40.7)	(3.2)	(0.7)	(5.4)	(1.1)
<b>Total</b>	<b>49.1</b>	<b>100.0</b>	<b>9.8</b>	<b>451.9</b>	<b>100.0</b>	<b>501.0</b>	<b>100.0</b>

Table 5.9 Pre-transfer Poor and Non-poor Families in which Head is Employed by Education of Head, 1969

Years of schooling of head	Poor families			Non-poor families		Total families	
	Number (ths)	Per cent distribution	Incidence of poverty (%)	Number (ths)	Per cent distribution	Number (ths)	Per cent distribution
<u>0-8 years</u>	40.2	81.9	16.7	200.2	44.3	240.4	48.0
0-4 years	21.0	42.8	29.1	51.1	11.3	72.1	14.4
5-7 years	10.9	22.2	15.0	62.0	13.7	72.9	14.6
8 years	8.3	16.9	8.7	87.1	19.3	95.4	19.0
<u>9-12 years</u>	6.0	12.2	3.6	161.8	35.9	167.8	33.5
9-11 years	(4.5)	(9.2)	(4.6)	94.2	20.9	98.7	19.7
12 years	(1.5)	(3.0)	(2.2)	67.6	15.0	69.1	13.8
<u>13 years or more</u>	(2.9)	(5.9)	(3.1)	89.8	19.9	92.7	18.5
13-15 years	(2.1)	(4.2)	(5.1)	39.5	8.8	41.6	8.3
16 years or more	(0.8)	(1.7)	(1.6)	50.3	11.1	51.1	10.2
Total	49.1	100.0	9.8	451.8	100.0	501.0	100.0

Table 5.10 Pre-transfer Poor and Non-poor Families in which the Head is Non-aged and Employed [a] by Presence of Children and Sex of Head, 1969

Family type	Poor families		Incidence of poverty	Non-poor families		Total families	
	Number (ths)	Per cent distribution		Number (ths)	Per cent distribution	Number (ths)	Per cent distribution
<u>With Children</u>	34.3	79.0	10.4	296.0	68.6	330.3	69.6
Male head	32.8	75.5	10.2	289.0	67.0	321.8	67.8
Female head	(1.5)	(3.5)	(17.6)	7.0	1.6	8.5	1.8
<u>With no children</u>	9.1	21.0	6.3	135.5	31.4	144.6	30.4
Male head	6.2	14.3	5.0	118.4	27.4	124.6	26.2
Female head	(2.9)	(6.7)	(14.5)	17.1	4.0	20.0	4.2
Total	43.4	100.0	9.1	431.5	100.0	474.9	100.0

[a] Males up to 65 and females up to 60

education, such as occupation (see Tables B.3 and B.4 in appendix), or possibly a correlation between age and education themselves.

### Family Size

In this section we consider whether the distribution of the poor by family size differs significantly from that of the non-poor, and secondly whether the majority of heads of large families who are poor are employed.

The proportion of families with children is fairly similar among the poor and non-poor (see Table 5.11). The major difference is in the number of children: 22 per cent of the working poor families have 6 or more children and almost 50 per cent have 4 or more children, as compared to an insignificant 2.5 per cent and 9 per cent respectively, among the non-poor.

The vast majority of poor large families are included among the working poor. In fact, the rate of labor force participation among the poor rises with family size, from 70.8 per cent in families with 1-3 children to 84.6 per cent in families with 6 or more children. Thus, in contrast to what has sometimes been asserted, unemployment is not an important cause of poverty large families

### 5.2 The Aged

As we have already noted, the incidence of poverty among children is considerably higher than among the overall population. However, the incidence of poverty among persons over 65 is almost twice that among children and four times that among young adults and middle aged persons. Of the poor, 19 per cent are over 65 as compared to 8 per cent of the overall population (see Table 5.12).

In this section we consider in greater detail the pattern of poverty among the aged. With limited exception, the official retirement age, i.e. 65 for men and 60 for women was used as the basis for defining the aged. In determining the poverty status of an aged person we have taken into account the resources of all members of the unit in which he resides. Implicit in this approach is the assumption that family resources

Table 5.11 Pre-transfer Poor and Non-poor Families in which Head is Employed by Number of Children, 1969

Number of children	Poor families		Incidence of poverty (%)	Non-poor families		Total	
	Number (ths)	Per cent distribution		Number (ths)	Per cent distribution	Number (ths)	Per cent distribution
<u>No children</u>	14.1	28.7	8.4	154.2	34.1	168.3	33.6
<u>1-3 children</u>	16.1	32.7	5.9	257.2	57.0	273.3	54.5
1 child	(3.2)	6.5	(3.0)	102.0	22.6	105.2	21.0
2 children	6.1	12.4	5.4	106.9	23.7	113.0	22.5
3 children	6.8	13.8	12.3	48.3	10.7	55.1	11.0
<u>4 or more children</u>	19.0	38.7	32.0	40.4	8.9	59.4	11.9
4-5 children	7.9	16.1	16.7	29.5	6.5	47.3	7.5
6 or more children	11.0	22.4	49.8	11.1	2.4	22.1	4.4
<u>Total</u>	49.1	100.0	9.8	451.9	100.0	501.0	100.0

Table 5.12 Pre-transfer Poor and Non-poor Population by Age Groups, 1969

Age groups	Poor population		Incidence of poverty (%)	Non-poor population		Total population	
	Number (ths)	Per cent distribution		Number (ths)	Per cent distribution	Number (ths)	Per cent distribution
Under 18	179.1	45.7	20.4	699.5	37.9	878.6	39.2
0-3	33.7	8.6	18.6	147.4	8.0	181.0	8.1
4-5	23.6	6.0	22.5	81.6	4.4	105.3	4.7
6-13	86.0	22.0	22.0	304.4	16.5	390.3	17.4
14-17	35.8	9.1	17.7	166.1	9.0	201.9	9.0
18 or more	212.4	54.3	15.7	1,146.8	62.1	1,359.1	60.7
18-24	20.8	5.3	9.6	196.0	10.6	216.8	9.7
25-54	83.5	21.3	10.9	684.2	37.1	767.7	34.3
55-64	34.7	8.9	17.0	169.1	9.6	203.8	9.1
65 or more	73.4	18.8	43.0	97.4	5.3	170.9	7.6
Total	391.4	100.0	17.5	1,846.2	100.0	2,237.6	100.0

Table 5.13 Pre-transfer Poor and Non-poor Aged [a] Population by Sex and Living Arrangements, 1969

Sex and living arrangements	Poor population		Incidence of poverty (%)	Non-poor population		Total population	
	Number (ths)	Per cent distribution		Number (ths)	Per cent distribution	Number (ths)	Per cent distribution
<u>Total</u>	87.8	100.0	40.3	129.9	100.0	217.7	100.0
Living alone	22.5	25.6	54.1	19.1	14.7	41.6	19.1
Living in family units	65.3	74.4	37.1	110.8	85.3	176.1	80.9
Family head	32.5	37.0	42.0	44.9	34.6	77.3	35.5
<u>Male</u>	34.6	39.4	41.4	48.9	37.6	83.5	38.4
Living alone	(3.4)	(3.9)	(47.2)	(3.8)	(2.9)	7.2	3.3
Living in family units	31.2	35.5	40.9	45.1	34.7	76.3	35.1
Family head	29.8	33.9	41.8	41.5	31.9	71.3	32.7
<u>Female</u>	53.2	60.6	39.6	81.0	62.4	134.2	61.6
Living alone	19.1	21.8	55.5	15.3	11.8	34.4	15.8
Living in family units	34.1	38.8	34.2	65.7	50.6	99.8	45.8
Family head	(2.7)	(3.1)	(45.0)	(3.3)	(2.5)	6.0	2.7

[a] Males: 65 or over, females: 60 or over

**Table 5.14** Pre-transfer Poor and Non-poor Families in which Head is Aged, [a] by Source of Income, 1969

Source of family income	Poor families		Incidence of poverty (%)	Non-poor families		Total families	
	Number (ths)	Per cent receiving income		Number (ths)	Per cent receiving income	Number (ths)	Per cent receiving income
All aged families	54.9	100.0	46.2	64.0	100.0	118.9	100.0
<u>Receiving income</u>							
From work	14.9	27.1	23.8	47.8	74.7	62.7	52.8
Employee	9.8	17.8	23.1	32.4	50.7	42.2	35.5
Self-employed	(2.8)	(5.1)	(19.0)	11.9	18.6	14.7	12.4
Other	(2.3)	(4.2)	(39.9)	(3.5)	(5.4)	(5.8)	(4.9)
From property	(5.2)	(9.5)	(30.4)	12.0	18.7	17.2	14.5
From private pensions	6.8	12.4	25.1	20.4	31.9	27.2	22.9
From pensions from abroad	(1.7)	(3.2)	(14.3)	10.4	16.3	12.1	10.3
From support of relatives	14.1	25.6	62.5	8.4	13.2	22.5	18.9

[a] See F.N. Table 5.15

are shared. Other studies have counted the aged poor on the basis of those resources that can be specifically attributed to them. Such a determination is always difficult to make and cannot be made with any assurance from the Family Expenditure Survey. It should not make much difference if most of the aged reside in independent family units.

In Table 5.13 we consider the distribution of the aged and the relative incidence of poverty by sex and living arrangement. Seventy-four per cent of the aged poor live in family units and even a higher percentage among the non-poor. This includes almost all aged males, who are for the most part family heads. Among aged females the pattern is quite different. One-third live alone and among those living in family units, only a very small proportion have the status of family head. There are considerable differences in the incidence of poverty by sex and family status. The highest incidence occurs among females living alone (55.5%) whereas among females living in family units it is only 34.2 per cent. The incidence among aged females is 41.4 per cent.

Pre-transfer poverty among the aged is associated with the composition of income. We begin with an overall comparison of incomes between aged and non-aged family units, as presented in Table 5.15. Among male family heads the income of the aged is about half that of the non-aged. As may be expected, the composition of income differs; the share of income from work declines from 97 per cent among the non-aged to 73.3 per cent among the aged. Private pensions and pensions from abroad contribute another 20 per cent of the income of the aged. Income from relatives or from property is of minor significance even among the aged. The composition of income is somewhat different among female headed families, the weight of income from work is smaller and support of relatives more significant. The shift is particularly great among aged females, for whom income from employment is only 33.7 per cent, private pensions and pensions from abroad 43.4 per cent and support of relatives 12.8 per cent. The decline in income from employment is related both to the decline in labor force participation and in average earnings due to aging and retirement. Of male aged family heads 52.5 per cent are employed, as compared to 95.9 per cent of the non-aged. Average income for employed male family heads is IL 834.2 for non-aged and only IL 482.0 for aged (see Table 5.16).

Table 5.15 Average Monthly Income by Source of Income for Pre-transfer Poor and Total Families by Age and Sex of Head, 1969

(IL.)

Source of family income	Poor families				Total families			
	Non-aged head		Aged head		Non-aged head		Aged head	
	Male	Female	Male	Female	Male	Female	Male	Female
Pre-transfer income:	318.5	130.6	95.5	42.2	1,014.3	575.0	503.6	211.9
From work	300.9	84.1	53.2	15.1	983.7	471.2	368.9	71.5
Employee	249.3	72.5	38.3	14.0	791.7	391.5	264.6	61.8
Self-employed	45.0	10.5	12.2	0.0	186.6	73.5	98.5	5.2
Other	6.6	1.1	2.7	1.1	5.4	6.2	5.8	4.5
From property	1.6	12.3	2.9	5.9	9.2	11.8	17.7	20.5
From private pensions	3.1	18.7	17.8	5.5	4.7	32.3	68.4	55.6
From pensions from abroad	3.6	0.0	4.6	2.0	10.8	14.9	32.0	37.1
From support of relatives	9.3	15.5	17.0	13.7	5.9	44.8	16.6	27.2
<u>Per cent distribution</u>								
Pre-transfer income:	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
From work	94.5	64.4	55.7	35.8	97.0	81.9	73.3	33.7
Employee	78.3	55.6	40.1	33.2	78.1	68.1	52.5	29.2
Self-employed	14.1	8.0	12.8	0.0	18.4	12.8	19.6	2.5
Other	2.1	0.8	2.8	2.6	0.5	1.1	1.2	2.1
From property	0.5	9.4	3.0	14.0	0.9	2.1	3.5	9.7
From private pensions	1.0	14.3	18.6	13.0	0.5	5.6	13.6	26.2
From pensions from abroad	1.1	0.0	4.8	4.7	1.1	2.6	6.4	17.5
From support of relatives	2.9	11.9	17.8	32.5	0.6	7.8	3.3	12.8

**Table 5.16** Average Monthly Income per Recipient by Source of Income for Pre-transfer Poor and Total Families, by Age and Sex of Head, 1969

(IL)

Source of family income	Poor families				Total families			
	Non-aged head		Aged head		Non-aged head		Aged head	
	Male	Female	Male	Female	Male	Female	Male	Female
From work	327.2	147.5	187.6	59.1	834.2	491.4	482.0	187.8
of head	102.7	-	109.0	-	441.9	-	376.1	-
of spouse	68.1	23.2	50.3	43.5	87.2	84.0	108.9	116.7
of other	85.8	120.8	38.4	47.3	110.6	95.2	141.1	112.6
From property	248.0	149.8	111.2	79.1	320.9	277.5	287.6	263.0
From private pensions	179.8	0.0	125.1	81.4	231.2	280.0	347.2	302.5
From pensions from abroad	134.2	64.7	69.8	49.7	142.2	213.8	110.7	102.5
From support of relatives								

The factors differentiating the poor and non-poor aged are next to be considered. As shown in Table 5.14, income from work and private pensions is far less frequent among the poor. Income from work is received by only 27.1 per cent of aged poor families as compared to 74.7 per cent of non-poor families; private pensions are received by 12.4 per cent of the poor, as compared to 31.9 per cent of non-poor families. On the other hand, almost 26 per cent of the aged poor received at least some support from relatives, while a much smaller proportion of all aged families (13.2%). Thus for poor aged males income from work is only 55.7 per cent of pre-transfer income, and support of relatives plays a much more important role, contributing 17.8 per cent. The incidence of poverty is much lower among aged families whose head is employed or who received a private pension, reaching 24 per cent, as compared to the overall rate of 46 per cent among aged persons.

## FOOTNOTES

[1] On the other hand we do not have information whether those family heads who were not employed looked for work during the past year.

[2] For a discussion of alternative measures of the adequacy of employment see Deborah Pisetzner Klein, "Exploring the Adequacy of Employment," MONTHLY LABOR REVIEW, XCVI (No. 10, 1973), pp. 3-9; Herman P. Miller, "Measuring Subemployment in Poverty Areas of Large U.S. Cities", MONTHLY LABOR REVIEW, XCVI (No. 10, 1973) pp. 10-14; and Sar A. Levitan and Robert Taggart "Employment and Earnings Inadequacy: A Measure of Worker Welfare", MONTHLY LABOR REVIEW, XCVI (No. 10, 1973), pp. 19-27.

## 6. POVERTY BY CONTINENT OF ORIGIN AND PERIOD OF IMMIGRATION, 1969

Any analysis of the problem of poverty in Israel must take into account the experience of Israel as a country of immigrants. Sixty-one per cent of family heads immigrated to the country after 1948 (see Tables 5 and 6 in appendix). Large differences in educational background and skills, the vagaries of the time and place and background that influenced the experience of the immigrants within the country and the differential ability to adapt to new challenges and new lifestyles, all played a role in determining the extent and composition of inequality and poverty.

There is reason to expect that the length of residence within the country would in itself influence the family's relative economic position. Length of residence may be viewed as a temporary factor, whose influence eventually declines or vanishes; thus after a period of adjustment of learning, search, trial and error, the family will achieve an economic status which is normal in relation to its other characteristics. On the other hand, length of residence may have a continuous effect and thus permanently generate income differentials. It is difficult, however, to isolate the independent role of length of residence, since it is associated not only with the socio-demographic composition of the immigrants, but also with their geographic distribution, the resources devoted to their absorption both in terms of economic assistance and administrative support and in terms of the economic opportunities available in the country at the time of their arrival. The latter factors would work in favor of immigrants of later periods. We make no attempt to unravel the various factors, but confine ourselves to the examination of the relative incidence of poverty by continent and period of immigration.

Before transfers, 52 per cent of poor families are from Asia-Africa, while they represent 36 per cent of the overall population. Their representation varies by family type; they represent 40 per cent of the aged poor, a far higher percentage of the working poor (65%) and a still higher percentage of the large families (82%). As a result the vast majority of poor children (77.8%) are of Asia-African descent (see Tables 6.1 and 6.2).

Table 6.1 Pre-transfer Poor Families, Persons and Children, and Poverty Gap by Continent of Origin and Period of Immigration of Head, 1969

Continent of origin and period of immigration of head	Families			Persons			Children			Poverty gap		
	Number (ths)	Per cent distribution	Incidence of poverty (%)	Number (ths)	Per cent distribution	Incidence of poverty (%)	Number (ths)	Per cent distribution	Incidence of poverty (%)	Total (IL millions per month)	Per cent distribution	Average per family (IL per month)
All Europe-America	39.4	35.9	13.0	76.9	19.2	8.9	9.9	5.2	4.2	4.2	29.8	107
Up to 1947	9.2	8.4	7.7	16.3	4.1	4.8	(1.0)	(0.6)	(1.2)	1.1	7.8	120
1948 - 1954	19.3	17.6	15.2	39.7	9.9	10.4	6.3	3.3	5.5	2.1	15.1	109
Since 1955	10.9	5.9	19.2	20.9	5.2	14.1	(2.6)	(1.4)	(8.3)	1.0	6.9	92
Since 1961	(5.7)	(5.1)	(20.0)	10.4	2.6	14.0	(1.2)	(0.6)	(7.1)	0.5	3.8	88
All Asia-Africa	57.4	52.4	26.0	266.5	66.5	26.0	147.2	77.8	30.0	8.2	57.9	143
Up to 1947	(4.9)	(4.5)	(17.2)	8.8	2.2	8.4	(2.7)	(1.4)	(7.2)	0.6	4.2	122
1948-1954	29.9	27.3	24.5	138.9	34.7	23.6	75.4	39.8	26.7	4.2	29.6	141
Since 1955	22.6	20.6	32.8	118.7	29.6	35.7	69.1	36.5	40.4	3.4	24.2	150
Since 1961	12.4	11.3	32.4	71.0	17.7	37.3	43.0	22.7	43.8	2.2	15.6	177
All Israel born	32.8	11.6	14.2	118.7	14.3	16.8	32.2	17.0	20.9	1.7	12.3	133
Jews	6.8	6.2	8.7	57.5	5.3	13.2	9.1	4.8	8.1	0.8	5.8	118
Non-Jews	6.0	5.4	50.4	21.5	9.0	50.9	23.1	12.2	55.4	0.9	6.5	150
Total	109.6	100.0	17.9	36.0	100.0	17.9	189.3	100.0	21.5	14.2	100.0	130



The over-representation of Asio-African families among the poor reflects the particularly high incidence of poverty in this group; 26 per cent, as compared to 13 per cent among families from Euro-America. This is true for all family types (see Table 6.2). Thus, for example the incidence of poverty among the aged is 53.7 per cent for Asia-Africa, as compared to 36.8 per cent among Europe-America, and among families whose head is employed it is 17.7 per cent as compared to 4.4 per cent. Among children the gap in incidence is greater still: 30 per cent of Asio-African children are poor, as compared to 4.2 per cent of Euro-American children, and 8 per cent of Jewish children of Israeli descent (see Table 6.1). Similarly, the poverty gap per family is far greater among Asio-African families. The average poverty gap for Asio-African families is IL 143, as compared to IL 107 for Euro-American families. Thus, not only is the incidence of poverty much greater among Asio-African families, but also the depth of poverty.

When Asia-Africa is considered by subgroups, we find that the incidence varies between groups, and is particularly high among North African immigrants reaching 33.6 per cent among families, and 39.5 per cent among children. However, the incidence in each of the subgroups is higher than in Europe-America (see Table 6.3).

The effectiveness of transfers differs significantly by continent of origin. The decline in poverty is greater among Euro-American than among Asio-African immigrants. This pattern may be related to the differential effect of transfers by family type. We found that transfers were far more effective among the aged than among families with employed heads, and the poor from Europe-America concentrate much more among the aged. Alternately, the differences may be associated with the effectiveness of transfers in reaching the various ethnic groups. At all events, the effect of transfers was to widen the gap between Asio-African and Euro-American families.

There is an overall decline in poverty with length of residence (see Table 6.1). For example among Euro-American families, incidence drops

**Table 6.3** Pre-transfer Poor Families in which the Head is from Asia-Africa by Country of Origin; Poverty Gap, Persons and Children within these Families, 1969

	Families		Persons		Children		Poverty gap	
	Number (ths)	Per cent distribution	Number (ths)	Per cent distribution	Number (ths)	Per cent distribution	Total (IL. per month)	Per cent distribution
All Asia-Africa	57.4	100.0	266.5	100.0	147.2	100.0	8.0	100.0
North Africa	22.8	39.7	125.2	47.0	76.0	51.6	3.3	40.2
Iraq and Iran	15.6	27.2	70.1	26.3	37.7	25.6	2.5	30.5
Yemen and Aden	7.1	12.4	28.5	10.7	15.2	10.3	1.0	12.2
Other	11.9	20.7	42.7	16.0	18.3	12.4	1.4	17.1

Table 6.4 After-transfer Poor Families, Persons and Children and Poverty Gap by Continent of Origin and Period of Immigration of Head, 1969

Continent of origin and period of immigration of head	Families				Persons				Children			Poverty gap	
	Number (ths)	Per cent distribution	Incidence of poverty (%)	Number (ths)	Per cent distribution	Incidence of poverty (%)	Number (ths)	Per cent distribution	Incidence of poverty (%)	Total (IL. millions per month)	Per cent distribution	Average per family (IL. per month)	
All Europe-America	22.7	31.1	7.5	45.8	16.2	5.3	7.6	5.4	3.3	1.1	20.8	48	
Up to 1947	(4.0)	(5.5)	(3.4)	7.7	2.7	2.3	(0.4)	(0.3)	(0.5)	0.3	5.7	47	
1948 - 1954	10.7	14.6	8.4	23.8	8.4	6.2	(5.8)	(4.1)	(5.1)	0.5	9.4	45	
Since 1955	8.0	11.0	14.2	14.3	5.1	9.6	1.4	1.0	4.5	0.3	5.0	37	
Since 1961	4.4	6.0	15.5	8.7	3.1	11.7	1.2	0.8	7.1	0.2	3.8	45	
All Asia-Africa	39.8	54.4	18.0	186.4	65.9	18.2	105.1	74.0	21.4	3.3	52.3	83	
Up to 1947	(3.2)	(4.4)	(11.2)	6.3	2.2	6.0	(1.6)	(1.1)	(4.3)	0.1	1.9	31	
1948 - 1954	20.3	27.7	16.6	100.0	35.4	17.0	58.8	41.4	20.8	1.7	32.1	84	
Since 1955	16.3	22.3	23.7	80.1	28.3	24.1	44.7	31.5	26.1	1.5	28.3	92	
Since 1961	9.3	12.7	24.2	49.8	17.6	26.1	29.3	20.6	29.8	1.1	20.8	118	
All Israel born	10.7	14.4	11.8	50.4	17.8	14.7	29.4	20.6	19.1	0.9	17.0	84	
Jews	(4.6)	(6.3)	(5.9)	14.2	5.0	5.2	6.2	4.4	5.6	0.3	5.7	65	
Non-Jews	6.1	8.1	50.4	36.2	12.8	51.0	23.2	16.2	55.4	0.6	11.3	98	
Total	73.2	100.0	11.9	282.7	100.0	12.6	142.1	100.0	16.2	5.3	100.0	72	

**Table 6.5 Anti-poverty Effect of Transfers by Continent of Origin and Period of Immigration of Head, 1969**

	Per cent taken out of poverty			Children	Per cent reduction in poverty gap
	Families	Persons			
All Europe-America	42	40	23	74	
Up to 1947	(56)	52	(58)	73	
1948 - 1954	(45)	40	(7)	76	
Since 1955	27	32	48	70	
Since 1961	23	16	(0)	60	
All Asia-Africa	31	30	29	60	
Up to 1947.	35	29	(40)	83	
1948-1954	32	28	28	60	
Since 1955	28	32	35	56	
Since 1961	25	30	32	50	
All Israel born	17	13	9	46	
Jews	32	61	31	58	
Non-Jews	0	0	0	35	
Total	33	30	25	63	

from 10 per cent among families who immigrated after 1961 to 7.7 per cent among those who immigrated up to 1947. Among Asio-African immigrants the incidence declines from 32.8 per cent to 17.2 per cent respectively. However the gap between Asio-African and other families remains equally significant at all periods of immigration. For example, among families who immigrated between 1948 and 1954 the incidence is 24.5 per cent for Asio-African families as compared to 15.2 among Euro-American families and 20 among Euro-American families

## 7. POVERTY BY AREA OF RESIDENCE 1969

Information as to the geographic distribution of the poor is important for the planning of social services. Area of residence however may also be a determinant of the economic opportunities available to the family. Its role may be viewed statically in terms of the differential economic opportunities in different areas at present, or dynamically in terms of how the initial residence of the immigrants and the subsequent pattern of internal migration effected their prospects to improve their own economic position and that of their children.

Following the practice of the Central Bureau of Statistics we classify towns by size of the population and date of establishment. We distinguish between the three largest cities, veteran towns, founded prior to the establishment of the State in 1948, and new towns, sometimes called immigrant towns,<sup>[1]</sup> founded after 1948. The latter two categories are divided into towns with a population over 10,000 and those with less than 10,000 persons.

In each of the areas there is a significant concentration of the poor (see Table 7.1). Almost 40 per cent of poor families are concentrated in the new towns; 31.4 per cent in the three big cities and 28.3 per cent in veteran towns. The breakdown of poor children is somewhat different; the proportion of immigrant towns is far larger, reaching 53 per cent of poor children. The relative concentration of poor children is particularly significant in the small immigrant towns, in which live 11.3 per cent of all poor children, as compared to 6.4 per cent of poor families.

The incidence of poverty varies by date of establishment and size of the community. The incidence of poverty in new towns is almost twice that in the three large cities and veteran towns, and within new and veteran towns the incidence is much higher in the smaller towns. This explains the particularly high rate of poverty, 39 per cent, in small immigrant towns. <sup>[2]</sup>

Table 7.1 Pre-transfer Poor Families, Persons and Children, and Poverty Gap, by Area of Residence, 1969

Areas of residence	Families			Persons			Children			Poverty gap		
	Number (ths)	Per cent distribution	Incidence of poverty (%)	Number (ths)	Per cent distribution	Incidence of poverty (%)	Number (ths)	Per cent distribution	Incidence of poverty (%)	Total (IL million per month)	Per cent distribution	Average per family (IL per month)
Three largest cities	34.4	31.4	14.2	106.9	26.7	13.1	45.0	23.8	15.1	4.3	30.0	118
Tel-Aviv	17.0	15.6	13.7	45.6	11.4	11.3	16.8	8.9	12.2	2.0	14.2	147
Jerusalem	9.0	8.2	17.2	39.3	9.8	20.2	20.7	10.9	25.0	1.3	9.3	111
Haifa	8.3	7.6	12.7	22.0	5.5	10.2	7.6	4.0	9.7	0.9	6.5	124
All new towns	42.6	38.8	27.5	189.5	47.3	29.6	100.7	53.2	35.5	5.6	39.2	135
Up to 10,000 persons	7.1	6.4	39.0	36.9	9.2	43.0	21.5	11.3	50.7	1.0	6.7	130
Over 10,000 persons	35.5	32.4	26.0	152.6	38.1	27.6	79.2	41.9	32.8	4.6	32.5	131
All veteran towns	31.0	28.3	14.5	96.2	24.0	12.5	38.2	20.2	13.3	4.1	29.1	150
Up to 10,000 persons	(4.2)	(3.8)	(27.9)	14.1	3.5	25.1	6.3	3.3	27.2	0.6	4.4	(131)
Over 10,000 persons	26.9	24.5	13.5	82.0	20.5	11.5	31.9	16.9	12.1	3.5	24.7	133
Non Jewish towns	(1.6)	(1.4)	(57.1)	8.4	2.1	54.6	(5.3)	(2.8)	(61.7)	(0.2)	(1.6)	146
Total	109.6	100.0	17.8	401.0	100.0	17.9	189.3	100.0	21.5	14.2	100.0	130

**Table 7.2** After-transfer Poor Families, Persons, Children and Poverty Gap by Area of Residence, 1969

Area of residence	Families			Persons			Children			Poverty gap		
	Number (ths)	Per cent distribution	Incidence of poverty (%)	Number (ths)	Per cent distribution	Incidence of poverty (%)	Number (ths)	Per cent distribution	Incidence of poverty (%)	Total (IL. million per month)	Per cent distribution	Average per family (IL. per month)
<u>Three largest cities</u>	20.1	27.4	8.3	65.7	23.2	8.1	31.0	21.8	10.4	1.4	26.7	71
Tel-Aviv	9.7	13.2	7.8	29.4	10.4	7.3	12.8	9.0	9.3	0.7	13.3	73
Jerusalem	(5.2)	(7.1)	(9.9)	21.8	7.7	11.2	12.0	8.4	14.5	(0.4)	(8.5)	(86)
Haifa	(5.2)	(7.0)	(7.8)	14.5	5.1	6.7	6.2	4.4	8.0	(0.3)	(4.9)	(50)
<u>All new towns</u>	31.2	42.6	20.2	138.4	48.9	21.7	73.7	51.8	26.0	2.2	42.1	71
Up to 10,000 persons	(4.9)	(6.7)	(27.1)	24.5	8.7	28.6	14.1	10.0	33.4	(0.4)	(7.5)	(81)
Over 10,000 persons	26.3	35.9	19.3	113.9	40.2	20.6	59.5	41.8	24.7	1.8	34.5	70
<u>All veteran towns</u>	20.4	27.8	9.5	70.3	24.9	9.1	32.2	22.6	11.2	1.5	29.2	76
Up to 10,000 persons	(2.1)	(2.9)	(14.4)	10.3	3.6	18.4	6.0	4.3	26.1	(0.2)	(4.0)	(98)
Over 10,000 persons	18.2	24.9	9.2	60.0	21.3	8.4	26.1	18.4	9.9	1.3	25.2	73
<u>Non-Jewish towns</u>	(1.6)	(2.1)	(57.1)	8.4	3.0	54.0	(5.3)	(3.7)	(61.7)	(0.1)	(2.0)	(70)
<u>Total</u>	73.2	100.0	11.9	282.8	100.0	12.6	142.1	100.0	16.2	5.3	100.0	72

Table 7.3      Anti-poverty Effect of Transfers by Area of Residence, 1969

Area of residence	Per cent taken out of poverty			Per cent reduction in poverty gap
	Families	Persons	Children	
Three largest cities	42	39	31	67
Tel-Aviv	43	36	24	65
Jerusalem	42	45	42	66
Haifa	38	34	18	72
All new towns	27	27	27	60
Up to 10,000 persons	31	34	34	58
Over 10,000 persons	26	25	25	60
All veteran towns	34	27	16	63
Up to 10,000 persons	49	27	4	66
Over 10,000 persons	32	27	18	60
Non-Jewish towns	0	0	0	0
Total	33	32	25	63

As we have already noted, incidence is generally higher among children than among families. However, the incidence of poverty among children relative to that among families differs from area to area. Only in Jerusalem and in immigrant towns is the incidence of poverty among children considerably higher than among families. In Jerusalem the incidence of poverty among children is 25.0 per cent, as compared to 17.2 per cent among families. In new towns, the incidence among children rises to 35.5 per cent and reaches 50.7 per cent in small immigrant towns. These rates sharply contrast with the low rate of poverty among children in Haifa and Tel-Aviv.

The anti-poverty effect of transfers tends to be inversely related to the pre-transfer incidence of poverty. Areas in which the incidence of poverty is highest benefit least and thus the gaps by area of residence are exacerbated (see Tables 7.2 and 7.3). This fact is associated with the differences by area of residence and the composition of the poor; those groups that benefit the most from transfers are concentrated in the largest cities, and those that benefit the least - in immigrant towns. In the three largest cities and in the veteran towns, the aged constitute 29 per cent of all poor persons. Their representation is particularly high in Tel-Aviv (38.6%), while in immigrant towns they are only 14.8 per cent. Conversely, large families are 30 per cent of poor families in immigrant towns, while only 14.5% in the three largest cities and 16.8 per cent in the veteran towns. The breakdown of the working poor is similar to that of large families. Among children the effect of transfers is somewhat different. Transfers are least effective among children in veteran towns and are particularly effective in Jerusalem (see Table 7.3). We have no readily available explanation for this pattern.

**Table 7.4 Pre-transfer Incidence of Poverty and Distribution of the Poor by Family Type and by Area of Residence, 1969**

Area of residence	Families with 4 or more children			Families with employed heads			Aged persons		
	Number (ths)	Per cent distribution	Incidence of poverty (%)	Number (ths)	Per cent distribution	Incidence of poverty (%)	Number (ths)	Per cent distribution	Incidence of poverty (%)
Three largest cities	(5.0)	(21.2)	(24.4)	13.5	27.5	7.0	31.0	35.3	33.0
Tel-Aviv	(1.8)	(7.7)	(21.6)	6.7	12.4	6.3	17.6	20.1	33.3
Jerusalem	(2.5)	(10.6)	(32.8)	(4.2)	(8.6)	(9.9)	(5.7)	(6.5)	(32.5)
Haifa	(0.6)	(2.6)	(13.2)	(3.1)	(6.3)	(5.8)	7.6	8.7	32.2
All new towns	12.8	54.5	50.6	23.4	47.8	18.2	27.9	31.8	55.0
Up to 10,000 persons	(2.9)	(12.3)	(65.0)	(4.5)	(9.2)	(30.3)	(4.4)	(5.0)	(56.2)
Over 10,000 persons	9.8	41.7	47.1	18.8	38.3	16.5	23.5	26.8	54.8
All veteran towns	(5.2)	(22.1)	(27.4)	11.3	23.0	6.4	28.4	32.4	38.0
Up to 10,000 persons	(0.9)	(3.8)	(39.3)	(1.1)	(2.2)	(10.2)	(3.8)	(4.3)	(56.0)
Over 10,000 persons	(4.3)	(18.3)	(25.8)	10.2	20.8	6.1	24.6	28.0	36.2
Non-Jewish towns	(0.6)	(2.6)	(69.6)	(1.0)	(2.0)	(47.3)	(0.5)	(0.6)	(39.8)
Total	23.5	100.0	35.8	49.1	100.0	9.8	87.8	100.0	38.6

## FOOTNOTES

- [1] New towns include also cities and towns founded before 1948, but which received the major influx of population shortly afterwards.
- [2] We have considered two additional categories: the three largest immigrant towns, Ashdod, Ashkelon and Beersheba; the second category combines a number of towns which are expected to have a high incidence of poverty. This category includes in addition to many of the smaller immigrant towns, a number of towns established before 1948. In the three largest immigrant towns the incidence is 25 per cent, and in the second group, 35 per cent. In both cases it is significantly higher than the overall average, but still lower than the incidence in immigrant towns with up to 10,000 persons.

## 8. POVERTY BY FAMILY SIZE 1969

Forty-two per cent of poor families are families with children. In Israel a distinction has been made between families with 1-3 children, and families with 4 or more children, referred to as large families. Both groups constitute an equal proportion of all poor families, (21%); it follows that among poor children, large families have a far greater weight. Seventy-five per cent of poor children are from large families, and one half are from families with 6 or more children (see Table 8.1).

As may be expected, the incidence of poverty rises consistently with the number of children. Still the distinction between families with 1-3 children and families with 4 or more children appears to be somewhat arbitrary. True, the incidence of poverty in the former is far lower than in the latter, but the difference between families with 1-2 children and families with 3 children is no less significant. The incidence more than doubles from 6 per cent among families with 1-2 children to 14 per cent among families with 3 children. Again, among families with 4 or more children the incidence varies considerably, rising to 25.6 per cent among families with 4-5 children, then rising steeply up to 52.9 per cent among families with 6 or more children.

Already in 1969, large families were more favorably treated under some transfer programs, such as child allowances. For employees the allowance per child was IL 12.50 for each of the first four children, and rose up to IL 17.50 for the seventh child. The self-employed received no allowance whatsoever for the first three children. In the aggregate, however, we find that there are only slight differences in the effect of transfers on the number of families or children in poverty. The decline in the poverty gap is somewhat greater among large families - 59 per cent as compared to 43 per cent among families with 1-3 children (see Tables 8.2 and 8.3).

**Table 3.1** Pre-transfer Poor Families, Persons and Children, and Poverty Gap by Number of Children in the Family, 1969

Number of children in family	Families			Persons			Children			Poverty gap		
	Number (ths)	Per cent distribution	Incidence of poverty (%)	Number (ths)	Per cent distribution	Incidence of poverty (%)	Number (ths)	Per cent distribution	Incidence of poverty (%)	Total (IL millions per month)	Per cent distribution	Average per family (IL. per month)
No children	63.4	57.9	24.5	103.5	25.8	19.6	-	-	-	6.8	47.9	107
Families with children	46.2	42.1	13.0	297.5	74.2	17.4	189.3	100.0	21.5	7.4	52.1	161
1 - 3 children	22.7	20.7	7.8	98.4	24.5	8.2	47.4	25.1	9.0	3.0	21.1	132
1 child	6.2	5.6	5.5	19.3	4.8	5.1	6.2	3.3	5.5	0.6	4.2	98
2 children	8.2	7.5	6.9	35.1	8.8	7.0	16.4	8.7	6.9	1.2	8.4	146
3 children	8.3	7.6	14.2	44.0	11.0	14.3	24.9	13.2	14.3	1.2	8.4	142
4 or more children	23.6	21.5	35.9	199.1	49.7	38.5	141.8	74.9	40.1	4.5	31.1	189
4 children	(5.0)	(4.5)	(19.6)	32.3	8.1	19.9	19.8	10.5	19.6	0.7	4.9	147
5 children	(5.6)	(5.1)	(35.3)	41.2	10.3	34.9	27.8	14.7	35.3	1.1	7.8	204
4-5 children	10.5	9.6	25.6	73.5	18.3	26.2	47.6	25.1	24.5	1.8	12.7	177
6 or more children	13.0	11.9	52.9	125.5	31.3	53.0	94.2	49.8	54.0	2.6	18.3	199
Total	109.6	100.0	17.8	401.0	100.0	17.9	189.3	100.0	21.5	14.2	100.0	130

Table 8.2 After-transfer Poor Families, Persons and Children, and Poverty Gap by Number of Children in the Family, 1969

Number of children in family	Families			Persons			Children			Poverty gap		
	Number (ths)	Per cent distribution	Incidence of poverty (%)	Number (ths)	Per cent distribution	Incidence of poverty (%)	Number (ths)	Per cent distribution	Incidence of poverty (%)	Total 'IL million per month)	Per cent distribution	Average per family (IL per month)
No children	39.0	53.2	15.0	62.2	22.0	11.8	-	-	-	1.7	32.0	43
Families with children	34.3	46.8	9.6	220.6	78.0	12.9	142.1	100.0	16.2	3.6	68.0	106
1 - 3 children	17.0	23.3	5.9	73.3	25.9	6.1	35.7	25.1	6.8	1.7	32.1	100
1 child	(4.3)	(5.9)	(3.8)	13.2	4.7	3.5	4.3	3.0	3.8	0.2	3.8	57
2 children	6.8	9.3	5.7	28.6	10.1	5.7	13.6	9.6	5.7	0.7	13.2	104
3 children	6.0	8.1	10.2	31.5	11.1	10.2	17.9	12.6	10.3	0.8	15.1	128
4 or more children	17.2	23.5	26.2	147.3	52.1	28.5	106.4	74.9	30.1	1.9	35.9	112
4 children	(2.9)	(3.9)	(11.4)	18.2	6.4	11.2	11.6	8.2	11.5	(0.3)	(5.7)	111
5 children	(4.6)	(6.3)	(29.4)	33.8	12.0	28.6	23.1	16.3	29.4	(0.5)	(9.4)	106
4 - 5 children	7.5	10.2	18.3	52.0	18.4	18.6	34.7	24.5	19.3	0.8	15.1	106
6 or more children	9.7	13.3	39.4	95.3	33.7	40.3	71.7	50.5	41.1	1.1	20.8	115.
Total	73.2	100.0	11.9	282.8	100.0	12.6	142.1	100.0	16.2	5.3	100.0	72

**Table 8.3 Anti-poverty Effect of Transfers by Number of Children in Family, 1969**

Number of children in family	Per cent taken out of poverty			Per cent reduction in poverty gap
	Families	Persons	Children	
No children	39	40	-	75
Families with children	26	26	25	51
1-3 children	25	26	25	43
1 child	(30)	32	(30)	(60)
2 children	17	19	17	41
3 children	28	28	28	35
4 or more children	27	26	25	57
4 children	(42)	44	42	(56)
5 children	(18)	18	17	(56)
4 - 5 children	29	29	27	56
6 or more children	26	24	24	57
<b>Total</b>	<b>33</b>	<b>29</b>	<b>25</b>	<b>63</b>

## 9. POVERTY AFTER TRANSFERS AMONG JEWISH POPULATION - 1964, 1969

In this section we examine changes over time in the extent and pattern of poverty. Ideally, in an analysis of this kind a distinction should be made between pre-tax and transfer poverty and changes in the redistributive impact of taxes and transfers. Changes in pre-tax and transfer poverty are influenced by a wide range of factors, such as changes in the distribution of earnings, in the rate and pattern of labor force participation and in the demographic characteristics of the population. The latter may take the form of changes in age or family-size distribution, changes in the proportion of either old or particularly young independent units, or changes in family stability and thus in the number of one-parent families. In addition to the trend in these factors there may be cyclical fluctuations associated with the rate of economic activity. Changes in after-tax and transfer poverty are influenced by changes in the structure and level of either taxes or transfers and by the efficiency with which these policies are implemented. Many of these secular forces are long-ranged and should therefore be viewed over a period of 15 to 20 years. As no such appropriate data for the entire population is available, we have had to confine ourselves to a five-year period, between 1964 and 1969. In both years there is a similar rate of employment, thus the chances of the data being biased due to cyclical factors are reduced. Furthermore, data which accurately distinguish between income before and income after taxes and transfers are also unavailable. The analysis has thus been confined to a comparison based on after-transfer income<sup>[1]</sup>. Finally, in order to perform an analysis of poverty over time, we must define poverty lines that are comparable for all years. One approach is to define the poverty line as a given percentage of some measure of the overall standard of living; the measure used here is median gross income per standard person (see Table 9.1, Footnotes a and b).

Examining the changes in poverty between 1964 and 1969 on this basis, we find that no major change took place. The proportion of families in poverty or near poverty is stable, while the incidence of poverty among persons and children slightly declines, in absolute terms the population in poverty or near poverty increases. The poverty gap in real terms slightly declines, but the near-poverty gap increases;

**Table 9.1 Families, Persons and Children in Poverty and Near-poverty, Poverty and Near-poverty Gap after Receipt of Public Transfers 1964, 1969**  
Jewish Population

	Below poverty line [a]		Below poverty and near-poverty [b] line		Below near-poverty line							
	Number (ths)	Incidence of poverty (%)	Number (ths)	Incidence of poverty (%)	Number (ths)	Incidence of poverty (%)						
	1964	1969	1964	1969	1964	1969						
Families	60.9	68.7	11.2	11.4	43.0	50.9	7.9	8.5	103.9	119.7	19.1	19.9
Persons	243.3	251.9	12.5	11.6	191.9	218.5	9.8	10.1	438.2	470.2	22.3	21.7
Children	124.4	120.9	16.0	14.4	98.7	108.0	12.7	12.9	232.0	228.9	28.7	27.4
<u>Poverty Gap (per month in 1969 prices)</u>												
	Below poverty line		Below poverty and near-poverty line		Below near-poverty line							
	1964	1969	1964	1969	1964	1969						
Total (IL millions)	5.4	5.1	7.4	9.5	12.8	14.6						
As per cent of total income	1.3	0.9	1.8	1.7	3.1	2.6						
As per cent of total income of top decile	5.4	3.9	7.6	7.3	13.0	11.2						
Average per capita (IL)	22.2	20.2	38.9	43.5	29.3	41.0						
Average per family (IL)	88.3	74.0	173.5	186.7	123.6	122.0						

[a] Poverty line IL 67. - for 1964 and IL 100 for 1969.

[b] Near-poverty line IL 90. - for 1964 and IL 135 for 1969.

both the poverty and near-poverty gaps decline as a percentage of either total income or income of the top decile, implying that the redistributive effort required to eliminate the remaining poverty is lower in 1969.

#### Changes In The Composition Of The Poor

The major changes observed in the composition of the poor are an increase in the share of the aged and a decrease in the share of the working poor (see Table 9.2). These changes overlap, since the increase in the share of the aged occurs for the most part among families whose head is unemployed, while the share of non-aged families whose head is unemployed is almost constant. The share of large families (with 4 or more children), and in particular those whose head is employed, declines significantly. The proportion of large families with unemployed heads, although somewhat higher, is still insignificant.

The trend in the rate of poverty and in the composition of the poor are related to changes in demographic patterns and to changes in the incidence of poverty within various demographic groups. Between 1964 and 1969 the share of the aged in the overall population increased. At the same time the rate of employed family heads declined from 86.8 to 81.5 per cent; the main decline is among aged heads, from 44 to 34 per cent, while among the non-aged the decline is small and perhaps even insignificant (see Table 8.4). As a result, the overall incidence of poverty and the share of the aged among the poor should have increased, had there not been an offsetting decline in incidence. We find, however, that the incidence of poverty declines in all groups, the decline being greatest among aged persons who are employed, reaching 36 per cent. To separate the effects of these opposing trends we apply the 1964 demographic distribution and labor force participation rate to the incidence of poverty in each group in 1969, and find that the incidence of poverty would have dropped to 9.7 per cent in 1969. Thus, the stability of poverty is the result of demographic changes that offset significant declines in incidence within certain groups. However, the decline in incidence is insufficient to prevent an increase in the share of the aged. One reason is that the decline in incidence is greatest among the employed, who represent a relatively small proportion of the total aged in 1969. In the case of large families the decline in incidence is also concentrated among

**Table 9.2 Families in Poverty After Receipt of Public Transfers by Family Type and Labor Force Participation of Head, 1964, 1969 Jewish Population**

Family type	Number of families (ths)		Per cent distribution		Incidence of poverty (%)		Per cent change from 1964 to 1969
	1964	1969	1964	1969	1964	1969	
All families	60.9	67.3	100.0	100.0	11.2	11.2	0
Employed head	30.6	28.9	50.3	43.0	6.5	5.9	-9
Employee	25.2	23.4	41.4	34.8	6.7	6.0	-10
Self-employed	(5.4)	6.6	(9.0)	9.7	(5.7)	(6.5)	(14)
Unemployed head	30.2	38.3	49.7	57.0	42.0	34.0	-19
Aged head [a]	23.1	28.0	38.0	41.7	30.4	26.9	-12
Employed	(4.5)	(3.0)	(7.4)	(4.6)	(13.5)	(8.7)	(-36)
Unemployed	18.6	25.0	30.6	37.1	43.6	36.1	-17
Non-aged head	37.8	39.2	62.1	58.3	8.1	7.9	-3
Employed	26.1	25.9	42.9	38.5	6.0	5.7	-5
Unemployed	11.6	13.3	19.1	19.8	39.7	31.8	-20
Head from Asia Africa	37.3	40.2	61.3	59.8	20.6	18.2	-12
Employed	21.3	21.8	34.9	32.4	13.8	12.0	-13
Unemployed	16.0	18.4	26.4	27.3	58.8	46.3	-21
4 or more children	17.2	14.4	28.3	21.4	31.5	23.5	-25
Employed	14.6	10.2	24.0	15.2	28.4	18.5	-35
Unemployed	(2.7)	(4.2)	(4.4)	(6.2)	(78.8)	(69.5)	(-12)
One-parent families	(1.6)	(3.8)	(2.7)	(5.7)	(11.3)	(18.0)	(6)
Employed	(0.8)	(1.0)	(1.4)	(1.5)	9.0	(7.9)	(-12)
Unemployed	(0.8)	(2.8)	(1.3)	(4.2)	15.5	(33.5)	(11)

[a] 'Aged' in this section refers to all family heads over 65, irrespective of sex; thus non-aged are all family heads up to 64

**Table 9.3 Families in Near-poverty after Receipt of Public Transfers by Family Type and Labor Force Participation of Head 1964, 1969, Jewish Population**

Family type	Number of families (ths)		Per cent distribution		Incidence of poverty (%)		Per cent change from 1964 to 1969
	1964	1969	1964	1969	1964	1969	
All families	103.9	119.7	100.0	100.0	19.1	19.9	4
Employed head	65.2	66.2	62.8	55.7	13.8	13.5	-2
Employee	50.6	53.0	48.7	44.3	13.4	13.6	1
Self-Employed	14.6	12.9	14.0	10.8	15.2	12.8	-16
Unemployed head	38.7	53.7	37.3	44.9	53.6	48.0	-10
Aged head [a]	31.0	42.9	29.9	35.9	40.8	41.1	1
Employed	7.8	6.8	7.5	5.7	23.3	19.3	-17
Unemployed	23.3	36.1	22.4	30.2	54.5	52.2	-4
Non-aged head	72.9	76.7	70.1	64.1	15.6	15.4	-1
Employed	57.4	59.4	55.3	49.7	13.1	13.0	-1
Unemployed	15.5	17.3	14.9	14.5	52.6	41.3	-21
Head from Asio-Africa	62.8	72.4	60.5	60.6	34.7	32.8	-5
Employed	45.0	48.2	43.3	40.3	29.3	26.6	-9
Unemployed	17.9	24.3	17.2	20.3	65.5	61.1	-7
4 or more children	30.4	27.6	29.2	23.0	55.4	45.1	-19
Employed	27.2	22.8	26.2	19.1	53.0	41.5	-22
Unemployed	(3.1)	(4.7)	(3.0)	(3.9)	(93.3)	(78.7)	(-16)
One-parent families	(3.5)	7.8	(3.4)	6.5	(24.0)	36.6	(53)
Employed	(2.0)	(3.1)	(2.0)	(2.6)	(21.6)	(23.8)	(10)
Unemployed	(1.5)	(4.7)	(1.4)	(4.0)	(28.4)	(56.2)	(98)

[a] See Table 9.2, footnote

**Table 9.4 After-transfer Poor Families and All Families by Family Type and Labor Force Participation of Head, 1964, 1969, Jewish Population**

Family type	All families				Poor families; Per cent employed and unemployed			
	Number (ths)		Per cent distribution		In poverty		In near-poverty	
	1964	1969	1964	1969	1964	1969	1964	1969
All families	544.9	602.3	100.0	100.0	100.0	100.0	100.0	100.0
Employed head	472.8	491.1	86.8	81.5	50.0	44.0	62.0	57.0
Employee	376.9	389.0	69.2	64.6	-	-	-	-
Self-employed	95.9	100.0	17.6	16.7	-	-	-	-
Unemployed head	72.0	111.2	13.2	18.5	50.0	56.0	38.0	43.0
Aged head <sup>a</sup>	76.0	104.3	14.0	17.3	100.0	100.0	100.0	100.0
Employed	33.3	35.1	6.1	5.8	20.0	11.0	25.0	16.0
Unemployed	42.7	69.2	7.8	11.5	80.0	89.0	75.0	84.0
Non-aged head	468.8	498.0	86.0	82.7	100.0	100.0	100.0	100.0
Employed	439.5	456.1	80.7	75.7	69.0	66.0	79.0	77.0
Unemployed	29.3	41.9	5.4	7.0	31.0	34.0	21.0	23.0
Head from Asio-Africa	181.0	221.0	33.2	36.7	100.0	100.0	100.0	100.0
Employed	153.8	181.2	28.2	30.1	57.0	54.0	72.0	66.0
Unemployed	27.3	39.8	5.0	6.6	43.0	46.0	28.0	34.0
4 or more children	54.8	61.1	10.1	10.1	100.0	100.0	100.0	100.0
Employed	51.4	55.1	9.4	9.2	85.0	71.0	90.0	84.0
Unemployed	(3.4)	6.0	(0.6)	1.0	(15.0)	29.0	10.0	16.0
One-parent families	14.6	21.3	2.7	3.5	100.0	100.0	100.0	100.0
Employed	9.5	12.9	1.7	2.1	(52.0)	26.0	(58.0)	(43.0)
Unemployed	(5.1)	8.4	(0.9)	1.4	(48.0)	74.0	42.0	57.0

[a] See Table 9.2, footnote

Table 9.5 After-transfer Poor Families and All Families by Number and Composition of Earners, 1964, 1969, Jewish Population

Earners	Number of families (ths)				Per cent distribution				Incidence of poverty (%)	
	All families		Poor families		All families		Poor families		1964	1969
	1964	1969	1964	1969	1964	1969	1964	1969	1964	1969
No earners	53.2	82.2	26.7	34.5	9.8	13.6	43.8	51.4	50.1	42.0
One earner	325.7	323.0	30.1	27.6	59.8	53.6	49.4	41.1	9.2	8.6
Head	313.1	303.5	26.5	25.1	57.5	50.4	43.5	37.3	8.5	8.3
Spouse	6.9	6.7	(2.9)	(0.8)	1.3	1.1	(4.7)	(1.1)	(41.3)	(11.2)
Other	(5.7)	12.8	(0.7)	(1.8)	(1.0)	2.1	(1.2)	(2.7)	(12.7)	(13.9)
Two earners	142.7	159.8	(3.8)	(3.9)	26.2	26.5	(6.2)	(5.7)	(2.6)	(2.4)
Head and spouse	130.2	106.9	(3.2)	(0.6)	23.9	17.7	(5.3)	(0.8)	(2.5)	(0.5)
Head and other	7.2	45.2	(0.5)	(2.1)	1.3	7.5	(0.9)	(3.1)	(7.4)	(4.6)
Others	(5.3)	7.7	( 0 )	(1.2)	(1.0)	1.3	(0.0)	(1.8)	(0.0)	(16.0)
Three or more earners	23.3	37.3	(0.4)	(1.2)	4.2	6.2	(0.6)	(1.8)	(1.7)	(3.3)
Total	544.9	602.3	60.9	67.3	100.0	100.0	100.0	100.0	11.2	11.2

**Table 9.6** After-transfer Poor Families and All Families by Number of Weeks Worked by Head, 1964, 1969, Jewish Population

Number of weeks worked	Number of families (ths)				Per cent distribution				Incidence of poverty (%)	
	All families		Poor families		All families		Poor families		1964	1969
	1964	1969	1964	1969	1964	1969	1964	1969	1964	1969
1 - 49	52.9	50.3	11.0	9.3	11.2	10.2	36.0	30.8	20.8	18.5
1 - 39	36.6	31.4	9.8	7.8	7.7	6.4	31.9	25.9	26.7	24.8
40 - 49	16.3	18.9	(1.2)	(1.5)	3.4	3.8	(4.1)	(4.9)	(7.7)	(7.9)
50 - 52	419.9	440.9	19.6	20.9	88.8	89.8	64.0	69.2	4.7	4.7
Total	472.8	491.2	30.6	30.2	100.0	100.0	100.0	100.0	6.5	6.1

the employed. However, here the decline is of far greater significance, since the majority of large families belong to this group. As a result the drop in overall incidence in large families is twice that among the aged. Furthermore there is no offsetting rise in the share of large families in the total population, and the decline in labor force participation is very small.

These findings are sensitive to some extent to the level of the poverty line. When the near-poverty line is used, we find that there is no change in incidence either among the aged or the non-aged. Among large families, however, there is an equally significant decline and the changes in the composition of the poor are similar.

#### Changes in Labor Force Participation and Family Size

Given the change in the weight of large families and of working families, we consider more closely the changes in the incidence of poverty by labor force participation and by family size, and the trends in the distribution of the poor by family size. As we have noted, labor force participation of family heads declines between these years. The decline in labor force participation is reflected mainly in the increase of the proportion of families with no earners (9.8 - 13.6%, (see Table 9.5). The decline concentrates mainly among families with one earner, while the percentage of families with two or more earners increases. This is due to a slight increase in the participation of secondary earners. In the distribution by weeks of work there is little change and in fact the percentage employed 50 to 52 weeks increases (Table 9.6; see also Appendix Tables B.7 and B.8 for near-poverty line). These changes may be related to the fact that the decline in labor force participation is largest among the aged poor, and to the fact that the proportion of the aged among the working poor declines from 15 to 11 per cent. The majority of families in which the head is aged and employed have one earner, and a less regular employment pattern. Thus the decline in the proportion of aged families reduces the percentage of one earner families and increases the weight of families whose head is fully employed.

The decline in the weight of large families among the poor takes place both among families with 4-5 and 6 or more children. Correspondingly, the share in the percentage of families with no children and 1-3 children rises. In the latter the rise is particularly sharp (17.8 - 23.1%). There is no parallel shift in the composition of the overall population and thus this pattern is a result of the pattern of changes in incidence. There is a significant decline in incidence both among families with 4 or 5 (24.4 - 17.1%) and 6 or more children, (40.0 - 36.8%), while among families with 1-3 children there is an increase from 4.0 to 5.6 per cent (see Table 9.7, see also Table B.9 for near-poverty).

#### Changes in Poverty by Area of Residence and Continent of Origin

The distribution of the poor by area of residence undergoes no dramatic change over this period, though there is a decline in the share of large cities from 36.6 to 28.9 per cent and a rise from 34.4 to 41.4 per cent in that of new towns. The rise in the share of new towns is concentrated in towns with a population of 10,000 or over, while the [2] share of towns with a population of less than 10,000 declines. These changes in the distribution of the poor are consistent with the trends in the area distribution of the overall population. They are reinforced however by trends in the incidence of poverty. The incidence of poverty declines in large cities, is stable in veteran towns but increases in immigrant towns. (See Table 9.8 and B.10 for near-poverty).

Despite the increase in the share of families from Asia-Africa in the total population, there is little change in the composition of the poor by ethnic origin (see Table 9.9). The reason is that there is a small decline in incidence of poverty among Asia-Africa (20.6% to 18.1%) and a rise among Europe-America (6.6% to 7.5%) while incidence among Israeli-born is constant. The change in the incidence of poverty varies with the period of immigration. For Asia-Africa the decline for example is much greater among those who immigrated after 1961 (37.0% to 24.3%) and for Europe-America there are declines in some groups and rises in others (see also Table B.11 for near-poverty).

Table 9.7 After-transfer Poor Families and All Families, by Number of Children in the Family 1964, 1969, Jewish Population

Number of children	Number of families (ths)				Per cent distribution				Incidence of poverty (%)	
	All families		Poor families		All families		Poor families		1964	1969
	1964	1969	1964	1969	1964	1969	1964	1969		
No children	215.2	256.5	32.7	38.2	39.5	42.6	53.8	55.5	15.2	14.9
1 - 3 children	274.9	284.8	10.9	15.9	50.5	47.3	17.8	23.1	4.0	5.6
1 child	110.5	111.8	(3.6)	(4.8)	20.3	18.6	(5.8)	(7.0)	(3.2)	(4.3)
2 children	120.9	117.0	(4.2)	6.1	22.2	19.4	(6.9)	8.9	(3.5)	5.2
3 children	43.4	56.0	(3.1)	(5.0)	8.0	9.3	(5.1)	(7.3)	(7.2)	(8.9)
4 or more children	54.8	61.1	17.2	14.7	10.1	10.1	28.3	21.3	31.5	24.0
4 - 5 children	36.0	39.7	8.8	6.8	6.6	6.6	14.5	9.9	24.4	17.1
6 or more children	18.8	21.4	8.4	7.9	3.4	3.6	13.9	11.5	45.0	36.8
Total	544.9	602.3	60.9	68.7	100.0	100.0	100.0	100.0	11.2	11.4

**Table 9.8 After-transfer Poor Families and All Families, by Area of Residence 1964, 1969, Jewish Population**

Area of residence	Number of families (ths)				Per cent distribution				Incidence of poverty (%)	
	All families		Poor families		All families		Poor families		1964	1969
	1964	1969	1964	1969	1964	1969	1964	1969	1964	1969
Three largest cities	234.5	240.5	22.3	19.4	43.0	39.9	36.6	28.9	9.5	8.1
Tel-Aviv	130.7	123.9	11.9	9.4	24.0	20.6	19.5	14.1	9.1	7.6
Jerusalem	48.8	52.6	(5.8)	(5.2)	9.0	8.7	(9.6)	(7.8)	(12.0)	(9.9)
Haifa	55.0	64.0	(4.6)	(4.7)	10.1	10.6	(7.5)	(7.0)	(8.3)	(7.4)
New towns	131.3	148.6	21.0	27.8	24.1	24.7	34.4	41.4	16.0	18.7
Up to 10,000 persons	57.3	18.1	11.0	(4.9)	10.5	3.0	18.1	(7.3)	19.2	(27.1)
Over 10,000 persons	74.0	130.6	10.0	22.9	13.6	21.7	16.3	34.1	13.4	17.6
Veteran towns	179.1	213.2	17.6	20.1	32.9	35.4	29.0	29.9	9.8	9.4
Up to 10,000 persons	47.3	14.6	6.4	(1.9)	8.7	2.4	10.5	(2.8)	13.6	(12.7)
Over 10,000 persons	131.8	198.5	11.2	18.2	24.2	33.0	18.4	27.1	8.5	9.2
<b>Total</b>	<b>544.9</b>	<b>602.3</b>	<b>60.9</b>	<b>67.3</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>11.2</b>	<b>11.2</b>

Table 9.9 After-transfer, Poor Families and All Families by Continent of Origin and Period of Immigration of Head, 1964, 1969, Jewish Population

	Number of families (ths)				Per cent distribution				Incidence of poverty (%)	
	All families		Poor families		All families		Poor families		1964	1969
	1964	1969	1964	1969	1964	1969	1964	1969	1964	1969
All Europe-America	309.5	303.2	20.5	22.7	56.8	50.4	33.7	33.8	6.6	7.5
Up to 1947	138.8	119.3	6.8	(4.0)	25.5	19.8	11.1	(6.0)	4.9	(3.4)
1948 - 1954	124.5	127.3	8.7	10.7	22.8	21.1	14.3	15.9	7.0	8.4
Since 1955	46.2	56.6	(5.0)	8.0	8.5	9.4	(8.3)	12.0	(10.9)	14.2
Since 1961	33.5	28.4	(4.1)	(4.4)	6.2	4.7	(6.7)	(6.5)	(12.2)	(15.3)
All Asia-Africa	181.0	221.2	37.3	40.0	33.2	36.7	61.3	59.4	20.6	18.1
Up to 1947	27.7	28.8	(5.0)	(3.1)	5.1	4.8	(8.2)	(4.6)	(18.1)	(10.8)
1948 - 1954	106.9	123.6	21.9	20.6	19.6	20.5	35.9	(30.6)	20.5	16.7
Since 1955	46.4	68.8	10.4	16.3	8.5	11.4	17.1	24.2	22.4	23.7
Since 1961	17.9	38.4	6.6	9.3	3.3	6.4	10.9	13.8	37.0	24.3
All Israel born	54.4	77.9	(3.1)	(4.6)	10.0	12.9	(5.0)	(6.9)	(5.6)	(5.9)
Total Immigrants	490.5	524.4	57.9	62.7	90.0	87.0	94.9	93.3	11.8	12.0
Up to 1947	166.5	148.1	11.8	7.1	30.6	24.6	19.3	10.6	7.1	4.9
1948 - 1954	231.4	250.9	30.6	31.3	42.4	41.6	50.2	46.5	13.2	12.5
Since 1955	92.6	125.4	15.5	24.3	17.0	20.8	25.4	36.2	16.7	19.4
Since 1961	51.4	66.8	10.7	13.7	9.2	11.1	17.6	20.3	20.8	20.5
Total	544.9	602.3	60.9	67.3	100.0	100.0	100.0	100.0	11.2	11.2

## FOOTNOTES

[1] Data on income before transfers are not available for 1963/64. Taxes have been imputed, for both years, however the information required to make these imputations is not available in full. During this period there were significant changes in the tax base by income groups, that cannot be ascertained from the surveys. Thus the most reliable basis for evaluating changes over time is income before taxes.

[2] Part of the shift of poverty out of small towns may simply reflect the reclassification of these towns as a result of population growth. In a number of towns the population grew from below to above 10,000, requiring their reclassification.

## 10. LOW INCOME AND OTHER MEASURES OF DISADVANTAGE, 1969

In this section we consider additional indicators of socio-economic status: consumption patterns, housing density and ownership, health insurance and participation in school and labour force of youth age 14-17. This list is by no means conclusive and our discussion of those items included in it will be cursory.

The examination of these factors is of interest from various points of view. They provide us with a more complete picture of the life style of the poor as compared to that of the non-poor. We also get some notion of the degree of overlap of the various components of economic welfare and in particular of their link with income. This has direct implication for the distribution of welfare in the population as a whole: To what extent are the problems of the poor multifaceted, and to what extent do the non-poor have problems other than income. Finally we are informed as to the effectiveness of income and family size in predicting other dimensions of low socio-economic status.

In Table 10.1 we present the consumption expenditures of the poor and non-poor by category. The definition of consumption employed here is quite extensive and it includes the imputed value of services from ownership of a home or motor-vehicle as well as goods received in kind from the employer or from self-employment. The lower level of consumption among the poor is associated with a shift in the pattern of consumption. On the average, the consumption of a poor family is 43.2 per cent of that of the non-poor. The poor devote a much larger portion of consumption to food than the non-poor. They spend relatively more on housing and less on all other items. One way of expressing these differences is in term of the ratio of consumption between the poor and the non-poor. The consumption of food of the poor is 65 per cent of that of the non-poor while it declines to approximately 20 per cent for education, entertainment, transportation, cigarettes and other services.

Table 10.1 Pre-transfer Poor [a] and Non-poor Families by Consumption Patterns, 1969 [b]

	Average consumption (IL per month)			Per cent distribution		
	Poor	Non-poor	Poor relative to non-poor (%)	Poor	Non-poor	Total
Total consumption [b]	439.8	1,018.6	43.2	100.0	100.0	100.0
on food	179.3	274.0	65.4	40.8	26.9	28.1
on housing	114.4	198.6	57.6	26.0	19.5	20.1
on furniture	25.9	77.9	33.2	5.9	7.6	7.5
on clothing	39.1	100.9	38.8	8.9	9.9	9.8
on health	15.3	44.6	34.3	3.5	4.4	4.3
on education and entertainment	29.5	142.8	20.7	6.7	14.0	13.4
on transportation	14.4	82.9	17.4	3.3	8.1	7.7
on cigarettes and other services	21.9	96.9	22.6	5.0	9.5	9.1

[a] Poverty line IL 100 p.s.p. per month

[b] Including imputed value of services from ownership of a house or motor-vehicle as well as goods received in kind from employer or from self-employment, and not including organizational dues and donations to institutions

**Table 10.2 Pre-transfer Poor [a] and Non-poor Families by Selected Indicators of Standard of Living, 1969**

	Number (ths)			Per cent distribution		
	Poor	Non-poor	Total	Poor	Non-poor	Total
3 or more persons per room	18.0	40.0	58.0	16.2	7.9	9.4
Head possesses health insurance	98.2	474.3	572.5	88.4	94.3	93.2
Home owned by family	38.7	337.4	376.1	34.8	67.1	61.2
Total	111.0	503.2	614.2	100.0	100.0	100.0

[a] Poverty line IL 100 p.s.p. per month

**Table 10.3 Pre-transfer Poor <sup>(a)</sup> and Non-poor Families by Family Type and Selected Indicators of Standard of Living, 1969: Percentage Incidence of Housing Density, Health Insurance and Home Ownership**

Family type	3 or more persons per room		Head possesses health insurance		Head owns home	
	Poor	Non-poor Total	Poor	Non-poor Total	Poor	Non-poor Total
No children	(0.8)	(1.1) (1.0)	87.3	90.8 90.0	38.1	61.5 55.7
1-3 children	(19.7)	6.4 7.5	84.3	96.3 95.3	27.8	73.9 70.2
4 or more children	56.1	48.2 51.0	95.6	97.6 96.9	33.6	49.4 43.7
Employed head	31.8	8.1 10.5	87.3	95.7 94.8	33.0	67.2 63.8
Unemployed head	(4.1)	(4.1) (5.0)	89.4	82.6 86.2	36.6	65.2 50.0
Aged head <sup>(b)</sup>	(2.2)	(3.0) (2.6)	86.8	85.8 86.3	37.9	61.7 50.7
Non-aged head	30.7	8.6 11.1	90.1	95.4 94.8	33.7	67.6 63.8
Total	16.6	7.9 9.4	88.4	94.3 93.2	34.9	67.1 61.2

[a] Poverty line IL 100 p.s.p. per month

[b] Men 65 or over, women 60 or over

**Table 10.4** Pre-transfer Poor [a] and Non-poor Youth Age 14-17 by Participation in Schools and Labor Force, 1969.

	Number (ths)			Per cent		
	Poor	Non-poor	Total	Poor	Non-poor	Total
Total	35.6	166.1	201.7	100.0	100.0	100.0
In school	22.0	126.4	148.4	61.8	76.1	73.6
Primary school	7.5	22.3	29.8	21.1	13.5	14.8
Secondary school	14.5	104.1	118.6	40.7	62.7	58.8
Academic	7.2	69.9	77.1	20.2	42.1	38.2
Technical or agricultural	7.3	34.2	41.5	20.5	20.6	20.6
Not in school	13.6	39.7	53.3	38.2	23.9	26.4
Not in school and not in labor force.	9.9	17.2	27.1	27.8	10.4	13.4

[a] Poverty line IL 100 p.s.p. per month

There are of course many factors associated with these patterns. Their interpretation is complicated, for example, by the availability of health education and housing services at subsidized prices. Thus there is no simple link between expenditures on housing, education and health and the real quantity or quality of consumption on these items. In Table 10.2 we consider three additional indicators that in and of themselves have welfare significance and that shed some light on the expenditure data.

Health insurance in Israel is very wide spread. It is provided through the Histadrut, the major labor union and through a number of semi-private health insurance funds. In most cases the availability of health insurance is directly linked to the provision of health services. The rate of payment to these services is geared to the level of family income. In the overall population 93.2 per cent of family heads were insured while among the poor 88.4 per cent. The rate of insured persons varies somewhat with family type. It is higher among large as opposed to small families and among the non-aged as opposed to aged families. It must be remembered that in focusing only on the number insured we do not take into account differences in the coverage of the various insurance plans or the quality of the services provided.

Housing density is one measure of the quality of housing services. We use 3 or more persons per room as the criterion for overcrowding. On this basis we find that 7.9 per cent of the non-poor were in over-crowded conditions as opposed to 16.2 per cent of the poor. Home ownership may be significant as an indicator both of the economic security of the family and of its accumulated assets or net-worth. It has particular significance in Israel because of the limited availability of adequate low rental housing and a popular predisposition for home ownership. In addition the ownership of a home has been one of the few means available for protecting oneself against the high rates of inflation that are common. Here too, we find that there is a significant difference between the poor and the non-poor. Almost twice as many non-poor families own their own home. It should be emphasized that the vast

majority of families who do not own their homes are subject to a special form of rental known as key-money which does offer them some of the privileges and benefits associated with ownership. [1] Even if we exclude this group, however, we find a similar gap between the poor and the non-poor: 12.7 per cent of the poor live in rental units as opposed to 3.6 per cent of the non-poor. (See Tables B.12 and B.13 for the overall distribution by housing density and B.14 for the distribution by residential status.) There are significant differences by family type. The incidence of overcrowding is much higher for families with 4 or more children reaching 56.1 per cent among the poor, and it is only a bit lower among the non-poor. For small families the incidence of overcrowding is much lower, but there are very significant differences between the poor and the non-poor. With respect to home ownership the relative position of large and small families is somewhat different. Among the non-poor 73.9 per cent of small families own their home as opposed to 49.4 per cent of large families. Among the poor the rate is much lower for both groups, however, a larger percentage of large families own their homes. As with density and health insurance the gap between the rich and poor is much greater for small families. Thus low income would seem to be a much more effective indicator of low economic status for small families than it is for large families. Among the aged the overall rate of home ownership is 50.7 per cent to 63.8 per cent for the non-aged. There is a significant gap between poor and non-poor for both groups, however, it is greater for the non-aged.

The measures that we have employed up to now relate to the present status of the poor. Educational achievement of one's children is also related to a families' current welfare, however it is also associated with the future welfare of one's children. As such it provides a measure of the extent to which poverty status is inherited and of the extent of equality of opportunity. As may be seen from Table 10.4 the percentage who drop out of school and labour force is much higher among the poor. 38.2 per cent of youth aged 14-17 are not studying and the majority of these are also not employed representing 27.8 per cent of all poor youth. Among the non-poor only 10.4 per cent

are not studying and not employed. Among those studying there are significant differences in type of school. For example 42.0 per cent of the non-poor are in a college oriented curriculum as opposed to 20.0 per cent of the poor. . These differences suggests a significant link between poverty status and the life-time prospects of the children of the poor. Any attempt to deal with the problem of poverty must address itself to this link.

## FOOTNOTES

[1] Rights to key-money - When the family who lives in a rented dwelling has rights to key-money, they are entitled on leaving the dwelling to receive key-money in an amount equal to two-thirds of the selling price from the next occupant or owner. In most cases this right is available to occupants who paid "key-money" when they entered the dwellings, but there are additional cases of families living in their dwellings a long time. In addition, the Tenants Protection Law applies to them enabling them to remain in their dwellings for for as long as they so desire and setting a maximum to the rent that may be requested by the owner.

## APPENDIX A: THE REPORTING OF TRANSFERS IN THE FAMILY EXPENDITURE SURVEY

### Transfers

All transfer estimates in this study are based on direct reporting by families, with the exception of Employees' Children Allowances which were imputed. Similar surveys carried out in other countries, have revealed that there is a large extent of under reporting of transfers. We have found thus that it necessary to test the reliability of the reporting in the Family Expenditure Survey, and hence the accuracy of our estimates of the effect of the transfer system on poverty and inequality. For this purpose, a comparison has been made between the reporting in the survey and official reports on transfer payments and recipients and a similar comparison has been made for taxes which are presented in Tables 1 and 2. Discrepancies between the two sources may be due either to failure to report receipt of a specific transfer or to misreporting of teh sum received. We have therefore compared both the sum of the payments and the number of recipients. Furthermore, the family may have reported the transfer in the wrong category.

Such a comparison has certain limitations:

- a) The survey includes the urban population only, while the available official figures on transfers refer to the population as a whole.
- b) The official data are not directly consistent with the period of the survey and we have therefore made some adjustments which may not be entirely satisfactory.
- c) The definitions of transfers do not always coincide. In the case of welfare, for example, the distinction between regular monthly support and other forms of support in the survey does not entirely coincide with the information from official sources.

### Taxes

Income tax and National Insurance contributions alone have been compared. The original data on taxes in the survey were based on annually imputed estimates by the Central Bureau of Statistics. We made our own estimates by computer, using the same instructions and

assumptions, but correcting for some errors in the original estimates.

### Summary of Comparisons

Taxes In the case of National Insurance contributions reporting reached 90 per cent, which is equivalent to the share of urban families in the total population. Reporting of income tax was lower, 75 per cent. The difference may stem from the fact that we did not include in the tax base income from property, pensions or National Insurance benefits.

Transfers Sum of payments: in the total, there was large similarity between the sources. In total Welfare payments, the reporting was almost complete, and in total National Insurance reporting was high. However, within specific categories the differences were often greater. The correspondence was greatest for Employees' Children Allowances and somewhat lower for Old-Age benefits. Reporting of Disability benefits is far lower, possibly because they were included in part in other transfers. The reporting of Large Family Allowances may appear to be low, however, it should be born in mind that relative to other transfers, urban families here comprise a lower portion of the recipients. It was found that 74 per cent of total recipients of Large Family Allowances belonged to the urban population as compared to 94 of recipients of Old-Age and Survivor benefits. Thus the reporting of Large Family Allowances was in effect no lower than reporting of Old-Age and Survivor benefits.

In the reporting of Welfare, differences were again found to be larger with respect to the specific categories, and in particular Old-Age Grants. This category involves special problems, since in the period included in the survey, the payment of Old-Age Grants was transferred from the Ministry of Welfare to the National Insurance Institute.

Number of recipients: The ratio between the number of recipients in the two sources is similar to that between the payments. This explains the similarity of the average transfer per recipient in both cases. Thus, the amounts reported by recipients appear to be accurate and to the extent that there is under-reporting it is due to non-reporting.

Table A.1 Taxes as Reported in Family Expenditure Survey and Official Sources, 1969

Type of tax	<u>Total tax (IL million per month)</u>		
	Survey reporting	Official sources [a]	Rate of reporting (per cent)
Income tax and compulsory loans	79.8 <sup>[b]</sup>	108.5	73.5
National Insurance contributions:			
Employee's share	9.6	11.0	87.3
Employer's share	24.5	26.0	94.1

[a] Source: For income tax, compulsory loans and property tax: State Revenue Administration, Annual Report, 1969/70.  
 1968/69 data were weighted as 7/12, and 1969/70 as 5/12.  
 For National Insurance: National Insurance Institute, Annual Report 1970/71.

[b] Does not include taxes on income from property

**Table A.2 Transfers, Total Amount, Number of Recipients and Average Sum per Recipient, as Reported in Family Expenditure Survey and Official Sources, 1969**

	Total amount per month			Number of recipients			Average monthly sum per recipient		
	Survey (IL million)	Official (IL mill.)	Reporting rate (per cent)	Survey (ths)	Official (ths)	Reporting rate (per cent)	Survey (IL)	Official (IL)	
Total National Insurance benefits [a]	21.1	28.4	74.5	384.0			55.0		
Old age benefits	9.7	12.6	77.0	91.5	118.1	77.4	105.8	106.3	
Survivors benefits	1.6	3.3	48.6		31.0			105.9	
Disability benefits [b]	0.5	1.7	29.1		6.0				
Child allowances	9.0	10.8	83.3	292.7			30.7		
Employees' children allowances	6.8 [c]	7.4	92.3		229.1			32.4	
Large family allowances	2.1	3.4	63.4	61.3	84.8	72.4	34.8	38.1	
Miscellaneous	0.4	—							
Total transfers from Ministry of Welfare	4.0	4.8	84.3						
Old-age grant	0.5	1.9	28.7	6.9			77.9		
Monthly support	2.2	1.9	119.3	26.8	50.9		44.2		
Other [d]	1.2	1.0	122.3	38.5					
<b>Total</b>	<b>25.2</b>	<b>33.2</b>	<b>75.9</b>	<b>414.6</b>			<b>66.9</b>		
Transfers from other government offices	2.6			18.6			138.5		

[a] Sources of National Insurance - amounts: National Insurance Institute, Yearly Statistics, 1971/72. Recipients: Average of April 1968 and 1969, National Insurance Institute, Quarterly Statistics 1972

[b] Official amount includes monthly benefits only, disability grant, medical treatment and rehabilitation expenses were not included. Recipients (official) do not include persons who have capitalized their monthly benefit, while capitalizations were included in amount, thus it was not possible to calculate the average benefit per person

[c] Imputed

[d] Includes income from various types of support for special needs such as food basket, rent of apartment, clothing and education

Table B.1 Poor Families, Children and Persons and the Poverty Gap by Family Type before and after Receipt of Public Transfers, 1969

	Total families		Non-aged head			Aged head		Employed head	Self employed head	Unemployed	With 1-3 children	With 4 or more children	One-parent families		
	With children	Childless	Male	Female		Male	Female								
				Total	Total									Total	
<b>Poverty line [a]</b>															
<u>Before transfers</u>															
Families (ths)	109.6	38.4	7.3	45.7	9.0	54.7	33.1	21.8	54.9	38.8	10.1	60.7	22.7	23.6	6.7
Children (ths)	189.3	170.5	-	170.5	12.1	182.6	(5.5)	(1.2)	6.7	124.1	27.7	37.5	47.4	141.8	17.4
Persons (ths)	401.0	263.3	15.5	278.5	24.8	303.3	71.8	25.9	97.7	208.5	52.4	140.1	98.4	199.1	28.5
Poverty gap (IL mill)	14.2	6.0	0.6	6.6	1.2	7.8	4.1	2.3	6.4	4.3	1.3	8.6	3.0	4.5	1.2
<u>After transfers</u>															
Families (ths)	73.2	28.9	(5.8)	34.7	6.1	40.8	18.5	13.9	32.4	25.9	7.5	39.8	17.0	17.2	(4.6)
Children (ths)	142.1	128.6	-	128.6	9.4	138.0	(3.2)	(0.9)	(4.1)	85.1	23.3	33.7	35.7	106.4	12.4
Persons (ths)	282.8	197.4	11.5	208.9	17.7	226.6	39.8	16.4	56.2	140.3	41.6	100.9	73.3	147.3	19.1
Poverty gap (IL mill)	5.3	3.2	0.3	3.5	0.4	3.9	0.9	0.5	1.4	2.2	0.7	2.4	1.7	1.9	0.4
Per cent taken out of poverty	63	47	50	47	67	50	78	78	78	49	46	72	43	58	64
<b>Near poverty line [b]</b>															
<u>Before transfers</u>															
Families (ths)	153.3	63.6	11.7	75.3	13.0	88.3	39.6	25.4	65.0	66.4	17.0	69.9	39.2	34.4	8.8
Children (ths)	286.0	261.3	-	261.3	17.3	278.6	6.2	(1.2)	7.4	196.9	46.6	42.6	83.1	202.9	24.4
Persons (ths)	595.9	415.7	26.6	442.3	37.7	480.0	86.4	29.5	115.9	343.2	90.2	162.5	175.3	286.4	41.3
Poverty gap (IL mill)	27.4	13.9	1.3	15.2	2.2	17.4	6.7	3.3	10.0	11.1	2.9	13.3	6.6	9.8	2.1
<u>After transfers</u>															
Families (ths)	125.2	55.3	4.7	66.0	11.1	77.1	29.2	18.9	48.1	56.3	14.5	54.5	33.8	30.4	8.3
Children (ths)	235.5	230.0	-	230.0	17.0	247.0	(5.2)	(1.2)	6.4	171.8	41.9	39.7	71.4	182.0	23.0
Persons (ths)	507.1	363.0	23.1	386.1	34.6	420.7	63.7	22.8	86.5	295.1	77.6	130.8	149.4	255.1	38.4
Poverty gap (IL mill)	15.6	9.5	0.9	10.4	1.2	11.6	2.7	1.3	4.0	7.6	2.0	6.0	4.6	6.3	1.2
Per cent taken out of poverty	43	31	31	31	46	33	60	60	60	32	32	55	30	36	43
<u>All families</u>															
Families (ths)	614.2	329.6	126.4	456.0	39.3	495.3	78.5	40.4	118.9	396.0	103.7	114.2	289.3	65.6	23.1
Children (ths)	878.5	825.7	-	825.7	33.5	859.2	17.5	1.8	19.3	666.8	149.0	62.3	524.5	353.9	49.5
Persons (ths)	2,239.2	1,599.3	296.3	1,895.6	99.2	1,994.8	194.8	49.5	244.3	1,555.0	409.7	272.1	1,194.5	517.0	93.9

[a] Poverty line - IL 100 p.s.p. per month

[b] Near-poverty line 1.1 IL 135 p.s.p. per month

**Table B.2 Families by Pre-transfer Poverty and Near-poverty Status by Family Type and Labor Force Participation, 1969**

Family type	Poor families			Non-poor families		
	Number (ths)	Head employed		Number (ths)	Head employed	
		Number (ths)	Per cent distribution		Number (ths)	Per cent distribution
Aged head	65.0	12.5	15.0	53.9	26.9	49.9
Male 65 or over	39.6	10.0	12.0	38.9	24.1	62.0
Female 60 or over	25.4	(2.5)	(3.0)	15.0	(2.8)	18.7
Non-aged head	88.3	71.1	85.0	407.0	390.5	95.9
Male under 65	75.3	66.1	79.1	380.7	371.2	97.5
Female under 60	13.0	(5.0)	(5.9)	26.3	19.3	73.4
With children	73.6	60.3	72.1	281.4	272.4	96.8
1 - 3 children	39.2	31.0	37.1	250.1	242.3	96.9
4 - 5 children	16.4	13.7	16.3	24.6	23.6	95.9
6 or more children	18.0	15.7	18.7	6.6	6.4	97.0
4 or more children	34.4	29.4	35.2	31.2	30.0	96.2
One parent	8.8	(3.8)	(4.5)	14.4	9.6	66.7
Total	153.3	83.6	100.0	460.9	417.4	90.6

[a] Near-poverty line, IL 135.- p.s.p. per month

Table B.3 Pre-transfer Poor [a] and Non-poor Families in which Head is Employed by Occupation of Head, 1969

Occupation of head	Poor families			Non-poor families			Total families	
	Number (ths)	Per cent distribution	Incidence of poverty (%)	Number (ths)	Per cent distribution	Number (ths)	Per cent distribution	
Professional, scientific technical and related workers	(0.5)	(1.0)	(0.8)	67.4	14.9	67.9	13.6	
Administrative, executive managerial and related workers	(1.8)	(3.6)	(1.9)	93.1	20.6	94.9	18.9	
Traders, agents, salesmen	(5.8)	(11.9)	(14.3)	35.1	7.7	40.9	8.2	
Farmers, fishermen and related workers	6.6	13.4	36.9	11.2	2.4	17.8	3.6	
Workers in transport and communication	(1.8)	(3.8)	(5.1)	34.5	7.6	36.4	7.3	
Construction workers, quarrymen and miners	(3.2)	(6.5)	(10.0)	28.6	6.3	31.7	6.3	
Craftsmen, production process and related workers	14.0	28.4	10.6	118.5	26.2	132.5	26.4	
Services, sport and recreation workers	12.1	24.5	20.2	47.8	10.5	59.9	12.0	
Unskilled workers	(3.3)	6.7	27.9	8.6	1.8	11.9	2.4	
Unknown	-	-	-	7.1	1.5	7.1	1.4	
<b>Total workers</b>	<b>49.1</b>	<b>100.0</b>	<b>19.8</b>	<b>451.9</b>	<b>100.0</b>	<b>501.0</b>	<b>100.0</b>	

[a] Poverty line IL 100.- p.s.p. per month

**Table B.4** Average Earnings per Full Work Week [a] of Employed Head and of Spouse for Pre-transfer Poor [b] and Non-poor Families by Occupation of Head, 1969

(IL)

Occupation of head	Poor families		Total families	
	Average earnings: of head	of spouse	Average earnings: of head	of spouse
Professional, scientific, technical and related workers	(136.9)	-	265.9	185.0
Administrative, executive managerial and related workers	(153.9)	(55.1)	221.5	160.3
Transfers, agents, salesmen	(85.0)	-	143.0	129.9
Farmers, fishermen and related workers	88.0	50.1	106.1	136.0
Workers in transport and communication	(328.8)	-	242.8	110.8
Construction workers, quarrymen and miners	(126.8)	(54.0)	153.1	117.1
Craftsmen production process and related workers	96.4	79.4	160.2	118.8
Services, sport and recreation workers	72.2	150.0	130.0	107.6
Unskilled workers	(117.3)	(76.0)	130.7	70.7
Unknown	-	-	164.7	113.8
Total workers	104.0	74.9	187.9	142.9

[a] See F.N. Table 5.6

[b] Poverty line IL 100 p.s.p. per month

Table B.5 All Families, Persons and Children by Continent of Origin and Period of Immigration of Head, 1969

Continent of origin and period of immigration of head	Families		Persons		Children	
	Number (ths)	Per cent distribution	Number (ths)	Per cent distribution	Number (ths)	Per cent distribution
All Europe-America	303.2	49.4	869.1	38.8	233.7	26.6
Up to 1947	119.3	19.4	338.4	15.1	89.5	10.2
1948-1954	127.3	20.7	382.2	17.1	113.3	12.9
Since 1955	56.6	9.2	148.5	6.6	31.0	3.5
Since 1961	28.4	4.6	74.5	3.3	16.4	1.9
All Asia Africa	221.0	36.0	1,026.6	45.9	491.2	55.9
Up to 1947	28.9	4.7	105.5	4.7	37.5	4.3
1948-1954	123.3	20.1	588.5	26.3	282.8	32.2
Since 1955	68.8	11.2	332.6	14.9	171.0	19.5
Since 1961	38.4	6.3	190.6	8.5	98.2	11.2
All Israel born	89.8	14.6	343.1	15.3	153.6	17.5
Jews	77.9	12.7	272.5	12.2	111.9	12.7
Non-Jews	11.8	1.9	70.7	3.2	41.7	4.8
Total	614.2	100.0	2,239.2	100.0	878.5	100.0

Table B.6 All Families, Persons and Children by Period of Immigration of Head, 1969

	Families		Persons		Children	
	Number (ths)	Per cent distribution	Number (ths)	Per cent distribution	Number (ths)	Per cent distribution
Total	614.2	100.0	2,239.2	100.0	878.5	100.0
Up to 1947	148.0	24.1	444.3	19.8	127.0	14.5
1948-1954	250.9	40.9	970.7	43.4	395.9	45.1
Since 1955	125.4	20.4	481.1	21.5	202.0	23.0
Since 1961	66.8	10.9	265.1	11.8	114.7	13.1
Israel-born	89.8	14.6	343.1	15.3	153.6	17.4

**Table B.7** Families by After-transfer Poverty and Near-poverty Status by Number of Weeks Worked by Head, 1964 : 1969,  
Jewish Population

Number of weeks worked	<u>Families in poverty or near poverty (ths)</u>		<u>Per cent distribution</u>		<u>Incidence of poverty (%)</u>	
	1964	1969	1964	1969	1964	1969
1 - 49	20.6	17.3	31.5	26.8	38.9	34.3
1 - 39	16.4	14.3	25.1	22.2	44.8	45.5
40 - 49	(4.2)	(3.0)	(6.4)	(4.6)	(25.7)	15.8
50 - 52	44.6	47.1	68.4	73.1	10.6	10.6
Total	65.2	64.4	100.0	100.0	13.7	13.1

[a] Near-poverty line - 1969 - IL 135 p.s.p. per month, 1964 - IL 90 p.s.p. per month

**Table B.8** Families by After-transfer Poverty and Near-poverty Status by Number and Composition of Earners, 1964: 1969, Jewish Population

Earners	<u>Families in poverty or near-poverty (ths)</u>		<u>Per cent distribution</u>		<u>Incidence of poverty (%)</u>	
	1964	1969	1964	1969	1964	1969
No earners	33.9	45.6	32.7	38.1	63.8	55.5
One earner	56.7	60.0	54.6	50.2	17.4	18.6
head	52.7	54.3	50.7	45.4	16.8	17.9
spouse	(2.9)	(2.2)	(2.7)	(1.9)	(41.3)	(33.4)
other	(1.1)	(3.5)	(1.1)	(2.9)	(19.6)	(27.3)
Two earners	12.5	11.7	12.0	9.8	8.7	7.3
head and spouse	10.4	(3.6)	10.0	(3.0)	8.0	(3.4)
head and other	(1.3)	6.2	(1.3)	5.2	(18.4)	13.7
others	(0.8)	(1.9)	(0.8)	(1.6)	(14.9)	(24.1)
Three or more earners	(0.8)	(2.3)	(0.8)	(1.9)	(3.4)	(6.1)
Total	103.9	119.7	100.0	100.0	19.1	19.9

[a] See F.N. Table B.7.

**Table B.9 Families by After-transfer Poverty and Near-poverty Status by Number of Children, 1964 : 1969,  
Jewish Population**

Number of children	<u>Families in poverty or near-poverty (ths)</u>		<u>Per cent distribution</u>		<u>Incidence of poverty (%)</u>	
	1964	1969	1964	1969	1964	1969
No children	48.7	59.9	46.8	50.0	22.6	23.3
1 - 3 children	24.8	32.2	24.0	26.9	9.1	11.3
1 child	8.8	9.3	8.5	7.8	8.0	8.4
2 children	9.8	11.4	9.5	9.6	8.1	9.8
3 children	6.2	11.4	6.0	9.5	14.3	20.4
4 or more children	30.4	27.6	29.2	23.0	55.4	45.1
4 - 5 children	16.6	13.1	13.1	10.9	37.8	32.9
6 or more children	13.8	14.5	13.2	12.1	73.2	67.5
Total	103.9	119.7	100.0	100.0	19.1	19.9

**Table B.10 Families by After-transfer Poverty and Near-poverty Status by Area of Residence, 1964 : 1969, Jewish Population**

Area of residence	Families in poverty or near-poverty (ths)		Per cent distribution		Incidence of poverty (%)	
	1964	1969	1964	1969	1964	1969
Three largest cities	36.8	36.9	35.4	30.9	15.7	15.4
Tel-Aviv	18.7	17.2	18.0	14.4	14.3	13.9
Jerusalem	11.1	11.3	10.7	9.5	22.7	21.5
Haifa	7.0	8.4	6.8	7.0	12.9	13.1
New towns	40.1	47.6	38.6	39.8	30.5	32.0
up to 10,000 persons	22.7	8.3	21.9	6.9	39.7	45.8
over 10,000 persons	17.4	39.3	16.7	32.8	23.4	30.1
Veteran towns	27.0	35.1	26.0	29.3	15.1	16.5
up to 10,000 persons	10.0	3.7	9.6	3.1	21.1	25.1
over 10,000 persons	17.0	31.4	16.4	26.3	12.9	15.8
Total	103.9	119.7	100.0	100.0	19.1	19.9

[a] See F.N. Table B.7

**Table B.11 Families by After-transfer Poverty and Near-poverty Status by Continent of Origin and Period of Immigration of Head, 1964, 1969 Jewish Population**

	<u>Families in poverty or near-poverty (ths)</u>		<u>Per cent distribution</u>		<u>Incidence of poverty (%)</u>	
	1964	1969	1964	1969	1964	1969
<b>All Europe - America</b>						
Up to 1947	36.3	38.8	34.9	32.4	11.7	12.8
1948-1954	10.3	8.2	9.9	6.8	7.4	6.9
since 1955	17.4	19.1	16.8	16.0	14.0	15.0
since 1961	8.5	11.5	8.2	9.6	15.5	20.3
	6.6	6.6	6.4	5.8	21.0	20.4
<b>All Asia - Africa</b>						
Up to 1947	62.8	72.4	60.5	60.5	34.7	32.8
1948-1954	7.9	6.5	7.6	5.1	28.3	22.6
since 1955	35.6	35.7	34.3	28.0	33.3	28.9
since 1961	19.3	30.2	18.6	25.3	41.7	44.0
	9.9	17.6	9.5	14.7	55.0	45.8
<b>All Israel born</b>						
	(4.8)	8.4	(4.6)	7.0	(8.8)	10.8
<b>Total Immigrants</b>						
Up to 1947	99.0	111.2	95.4	92.9	20.2	21.2
1948-1954	18.2	14.7	17.5	11.9	10.9	9.9
since 1955	53.0	54.8	51.1	44.0	22.9	21.8
since 1961	27.8	41.7	24.8	36.9	30.0	33.2
	16.5	24.2	15.9	20.5	33.0	36.2
<b>Total</b>	103.9	119.7	100.0	100.0	19.1	19.9

[a] See F.N. Table B.7

Table B. 12 Pre-transfer Poor [a] and Non-poor Families by Housing Density, 1969

Housing density (persons per room)	Number			Per cent distribution		
	Poor	Non-poor	Total	Poor	Non-poor	Total
up to 2.99	93.0	463.2	556.2	83.7	92.1	90.5
up to 1.99	65.0	355.4	420.4	58.5	70.6	68.4
2 - 2.99	28.0	107.8	135.7	25.2	21.5	22.1
3 or more	18.1	39.9	58.0	16.3	7.9	9.5
3 - 3.99	9.2	23.0	32.2	8.2	4.6	5.2
4 or more	8.9	16.9	25.8	8.1	3.4	4.2
Total	111.1	503.1	614.2	100.0	100.0	100.0

[a] Poverty line IL 100 p.s.p. per month

**Table B. 13 After-transfer Poor [a] and Non-poor Families by Housing Density, 1969**

Housing density (persons per room)	Number (ths)			Per cent distribution		
	Poor	Non-poor	Total	Poor	Non-poor	Total
up to 2.99	60.1	495.9	556.2	82.2	91.7	90.5
up to 1.99	40.4	379.9	420.4	55.2	70.3	68.4
2 - 2.99	19.7	116.0	135.8	27.0	21.4	22.1
3 or more	13.0	45.0	58.0	17.8	8.3	9.5
3 - 3.99	(5.4)	26.8	32.2	7.4	5.0	5.2
4 or more	7.6	18.2	25.8	10.4	3.3	4.2
Total	73.1	541.1	614.2	100.0	100.0	100.0

[a] Poverty line IL 100 p.s.p. per month

**Table B. 14** Pre-transfer Poor [a] and Non-poor Families by Residential Status, 1969.

	Number (ths)		Per cent distribution			
	Poor	Non-poor	Total	Poor	Non-poor	Total
Home owned	38.7	337.4	376.1	35.1	66.9	61.2
Home rented or key-money [b]	71.4	166.6	238.0	64.9	33.1	38.8
Home rented	13.9	21.8	41.7	12.7	5.6	6.8
Key-mone	57.5	138.8	196.3	52.2	27.5	32.0

[a] Poverty line IL. 100 p.s.p. per month.

[b] See FN 1 Section 10.

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