





Special Policy Paper / June 2021

This study was commissioned and funded by the Population Employment

Administration, The Directorate General of Labor, Ministry of Economy and Industry

This is a short summary, for the full paper (in Hebrew) see https://www.idc.ac.il/he/research/aiep/pages/policy-papers.aspx.

* Dr. Marian Tehawkho is a senior researcher and Head of the Center for Economic Policy for the Israeli Arab Society at the Aaron Institute for Economic Policy, IDC Herzliya. Dr. Tali Larom is a senior researcher at Aaron Institute in charge of employment policy issues. Kiril Moskalev is a researcher at Aaron Institute. Data analysis was conducted in the Israel Central Bureau of Statistics research room, and we thank the professional staff there for their fruitful cooperation and willingness to help.

The Aaron Institute's policy papers series is a product of research and policy suggestions commissioned by the institute and approved for publication by the scientific committee. The views expressed in these papers are those of the authors, and the board takes no responsibility for the suggested policy.

Aaron Institute for Economic Policy In the name of Aaron Dovrat z"l

The vision of the Aaron Institute for Economic Policy is to sustain economic growth and social strength in Israel, by researching, modelling and developing modern, innovative and up to date strategies and policy tools for the Israeli economy, based on up-to-date global knowledge.

All modern economies aim for economic growth, achieved through employment increase and a rise in workers' productivity. The Aaron Institute conducts economic research that yields proposals for innovative policy tools and reforms for promoting growth, employment and productivity. The goal of policy research is to influence monetary and fiscal policy, as well as to formulate long-term plans for economic and social issues and contribute to the narrowing of social gaps. The institute aims to affect professional discourse, spur discussion based on credible information and socio-economic research, which will ultimately provide tools that will support a growth path and create social resilience in Israel.

The main aim of the Aaron Institute for Economic Policy at the Tiomkin School of Economics is to develop policy strategies that eliminate weaknesses and empower the strengths of the Israeli economy. We propose broad reforms as well as policy changes to particular industry sectors. In this framework Israel's relative advantages in technologic innovation and advances in the public and services sectors can be maximized. At the Aaron Institute, we crucially define quantitative goals while involving some of the countries' best economists in research and policy paper discussion meetings.

Board Members:

Mr. Shlomo Dovrat (Chairman), Ms. Yael Andorn, Ms. Judith Bronizki, Prof. Zvi Eckstein, Prof. Martin Eichenbaum, Ms. Anat Levin, Mr. Zvi Limon, Prof. Rafi Melnick, Mr. Roni Naftali, Mr. Ronen Nir, Dr. Tali Regev, Mr. Haim Shani, Ms. Ofra Strauss, Mr. Erez Vigodman.

Head:

Prof. Zvi Eckstein.

Scientific Committee:

Prof. Zvi Eckstein (Chairman), Prof. Martin Eichenbaum, Dr. Assaf Eilat, Prof. Zvi Hercowitz, Prof. Rafi Melnick, Prof. Omer Moav, Dr. Tali Regev, Prof. Daniel Tssidon, Dr. Yaniv Yedid-Levi.

Contact details:

The Interdisciplinary Center Herzliya - IDC, P.O. Box 167, Herzliya, ISRAEL 4610101

Phone: 972-9-9602431

Email: aaron.economics@idc.ac.il

Website: https://www.idc.ac.il/en/research/aiep/pages/main.aspx

The Decline in Employment of Young Men in Arab Society and its Characteristics

In recent years there has been a significant decline in the employment rates of Arab men, particularly at younger ages. This trend was exacerbated during the COVID-19 crisis, along with a dramatic rise in the numbers of idle individuals (who neither work nor study) among this group. This study examines the decline in employment which had occurred prior to the crisis, in the years 2014-2019, focusing on young men aged 18 to 24, and explores the main characteristics of idle individuals. The study segments the employed and unemployed population, characterizing employment and idleness across time and according to categories of age, educational attainment level, geographic region, religion, and economic sector. Our analysis is based on data from detailed workforce surveys conducted by the Israel Central Bureau of Statistics (CBS), which can only be accessed in the Research Rooms of the CBS.¹ Our key findings:

- A decline in the employment of young Arab men as well as non-Haredi Jews; a very sharp drop among Arabs, compared to a more moderate decrease among Jews.
- This decline had been accelarated during the two years prior to the crisis, 2018-2019.
- In the Jewish society, the decrease in employment coincides with an increase in the rate of higher edcuation students.
- In Arab society, the decrease in employment coincides mainly with an increase in the rate of idle individuals, who neither work nor study.
- Idleness is a chronic, growing phenomenon a high and rising number of idle individuals who have not worked during the past year.
- A rise in the number of idle individuals who do not seek work and have no interest in working.
- An increase in matriculation eligibility rate which is not reflected in further studies or employment; an increase in the proportion of high-school graduates with matriculation eligibility among the idle population.
- The decrease in the employment of young men is across all economic sectors.
- Decreasing employment rates in all regions.
- A decrease in employment among Muslim and Christian; an increase among Druze.

¹ All analyses in this paper disregard the constant panel sample.