From Unemployment Benefits to Employment Insurance Accounts: Reforming Unemployment Insurance in Israel

Ofer Setty and Ido Shlomo

Unemployment Accounts are private mandatory savings accounts which can only be used during unemployment or retirement. As opposed to unemployment insurance, unemployment accounts are able to mitigate the problem of moral hazard, but at the cost of denying the unemployed any public insurance. We study a mixed approach, called Unemployment Insurance Accounts (UIA), which takes elements from both Unemployment Accounts and unemployment insurance. Under UIA, workers save in a mandatory savings account when employed and withdraw from that account when unemployed. Unemployed workers with depleted accounts receive unemployment benefits. This approach is more efficient than unemployment insurance since it can provide benefits selectively. We calibrate the model to the Israeli economy by making use of both existing and newly developed parameter estimates. We find that the transition to UIA yields a welfare gain of about 1%, measured as consumption equivalent variation.

Seclusion or Exclusion? A Field Experiment to Examine Discrimination Against Ultra-Orthodox Men in the Job Hiring Process

Moshe Lau, Iren Reznikov, Or Hart, Hezi Cohen and Harel Pradelsky

The low participation of Ultra-orthodox men in the labor market is well-known in Israel. It is commonly argued that one of the main reasons for the low numbers of Ultra-orthodox men in the work force is that these men do not serve in the Israel Defense Forces, as do most Israeli citizens. This paper examines the possibility that the low participation of Ultra-orthodox men is also influenced by discrimination against them in the labor market. We conducted a field experiment to examine the probability of getting a callback after sending four different curricula vitae of secular and Ultra-orthodox candidates, with different background of army service, to potential employers in the low-wage services sector. We found that Ultra-orthodox candidates had a 50% lower probability of receiving a callback than the secular candidates. In addition, Ultra-orthodox candidates that were

Using Spatial Distribution of Outlets to Estimate Gambling Incidence

Momi Dahan

The paper proposes a simple and innovative methodology for measuring the incidence of gambling expenditure in countries for which household survey data is unavailable or unreliable. A first application of this methodology is presented by merging data on the geographical location of gambling outlets, together with residents' socio-economic and demographic characteristics around that location across all of the 1,600 statistical areas in Israel. It was found that the Israel National Lottery (Lotto) and Toto tend to set up significantly more sales points in disadvantaged neighborhoods after controlling for standard list of factors such as population size and composition. The Suit Index is calculated based on the spatial estimation results and yields a measure of -0.42, which implies that the implicit tax associated with gambling is highly regressive.

Key words: Incidence, Gambling, Location policy

Economic Classes in Israel, 2002–2014

Zoya Nissanov

This paper analyzes the evolution of the income distribution in Israel during the 2002–2014 period, using data from income and expenditure surveys of Israeli households collected by the national Central Bureau of Statistics.

The analysis is based on a semi-parametric method, the "mixture model," which allows for the exploration of the income distribution when the number of groups in the population is not pre-defined.

The results show that the Israeli population is divided into four distinct classes, not only in terms of income and expenditure, but also in their socio-demographic characteristics. In addition, there was a rise in inequality in Israeli society throughout the period as seen from larger gaps between the richest and the poorest segments of society.

Key words: economic classes, income distribution, mixture model, Israel

ABSTRACTS

Municipal Authorities Ranking by the Socio-Economic Index

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The ranking of municipal authorities is performed by the Central Bureau of Statistics for the purpose, among other things, of providing a criterion for the allocation of resources to these authorities. The index is based on advanced professional techniques and examines a large number of variables that test the socioeconomic level of the population in view of a wide range of variables.

The purpose of this study is to determine what the income variable contributes to the ranking of the authorities, i.e., to gauge the difference between the current ranking and that which would be obtained were the ranking based on one variable, income, given our assumption that income corresponds to the other variables and is readily available due to the filing of income tax returns.

The main finding of the study is that there is little difference in the ranking of municipal authorities between that based on mean per-capita income only and that based on additional variables. This outcome was obtained on the basis of both 2006 data and 2008 data. The main differences in the rankings are manifested in weak localities. Two factors explain this result: the correlation between income and other variables and the fact that the ranking work is done in respect of the average population of the locality; this reduces the weight of random errors. When regional authorities are added to the equation, the relation between the rankings becomes weaker but remains strong. The advantage in replacing the existing index is that it can update the index every year, because the existing system requires a census, while the suggested one is based on administrative data.

Key words: Municipal Authority, ranking, income