

tributes to the higher participation rate of the Arabs. Contrasted with this, in the older age groups the participation rate declines to a low level. The rate for old Arab men is low, even when compared with the rates of highly developed countries, and it is certainly much lower than the rates in some of the less developed countries of the region. Ben Porath attributes this to a combination of large family structure and market conditions; specifically, the character of the demand for hired labor, which comes mostly from the Jewish sector.

These reasons are accurate; however, more is needed for a fuller explanation. For example, the special alienation and humiliation the older Palestinian-Arab generation had to face in the job-seeking process, when they were made overnight into strangers in their own country, not knowing the language of the imposed foreign regime of the alien employers, let alone the estrangement consequent upon forceful proletarianization of a generation who have historically subsisted from self-employment. This is on the supply side of labor. On the demand side, however, one must also consider the savings in terms of social security and similar benefits the employer makes by not hiring older Arabs and the profitability implied in selective hiring of Arabs in their most productive years. The fact that Arab labor most in demand falls in the 18-34 age group, when Jewish labor during these most productive years is absorbed either in non-productive activity (education) or non-civilian productive and non-productive activity, is indicative of the substitution effect of, and flexibility provided by, Arab labor in Israel. In this sense, the use of Arab labor makes it easier to invest in Jewish human capital and to release Jewish labor power to the military; as a result, Jewish labor, upon military and/or educational training, becomes more