

Concentration for higher productivity, for economies of scale and as the inevitable consequence of the essential capitalist competition. This process was further stimulated by the requirements of military industrialization for the international market.

With this military industrialization, the Great Transformation in Israel's economy begins, a turning point in the development of Israel's social formation.

In light of dynamics in this larger context, including the crisis of Aliyah, of Jewish labor supply (Chapter IV), that concentration, its causes and implications, can be comprehended.

Concentration of production is illustrated here by comparing the 1963 structure of industry (Table S) with that of 1972/1973 (Table SS). The comparison of the two tables indicates that total number of industrial establishments has decreased from 10,430 in 1963 to 6,600 in 1972/1973 (a decline of 37 percent), while the number of workers engaged in industrial production increased from 166.5 thousands in 1963 to 234 thousands in 1972/1973 (29 percent increase).

(a) The food industry:

In the food, tobacco and beverage industry, for example, the number of establishments decreased during the same period from 1,199 to 785, while the number of persons employed increased from 248,001 to 338,000. This is the leading industry in terms of both its share in the gross output as well as its share of total revenue and labor force.

(b) The textile industry:

Similarly, the number of establishments in the textile industry has declined by 40 percent, from 203 to 422, with slight increase in the number of workers.