11 Interregional Disparities in Israel: Patterns and Trends

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11.1 Introduction

At the end of the 1960s, Israel joined the exclusive club of the world’s most developed countries. On the average, the country’s per capita GDP grew by some US$ 350 annually, reaching US$ 19,700 in 2003 (ICBS 2002; CIA 2003).

When development occurs, it is almost unavoidably localized geographically: major cities, the main loci of capital and human resources, pick up the development pace first, whereas smaller localities and peripheral areas often lag behind. Spatial inequality is thus a side effect of any development. Viewing these two trends together (rapid economic growth and the spatial concentration of development), it is unsurprising that regional development in Israel is considerably uneven.

The present study attempts to answer two main questions:

What are the general patterns of interregional inequalities in Israel? Do they change over time?

The underlying assumption of this chapter is that notwithstanding the presence of regional disparities resulting from historical reasons, culture, government policies, ecology etc., the effects of location may explain much of the difference in development rates among different regions.

The chapter starts with a brief overview of previous studies of interregional inequalities in Israel, followed by an in-depth analysis of temporal changes observed in them. The aim of the latter analysis is to determine whether interregional inequalities in Israel have tended to converge or to diverge over time.

Throughout, it is assumed that different measures of inequality, such as education, income, ethnic composition, etc. may result in different evaluations of spatio-temporal changes in development patterns. To test this assumption, we employ factor analysis to determine general (or underlying) patterns of interregional inequalities. In the concluding section of the paper, the results of the analysis are summarized in brief, and development strategies designed to reduce the extent of interregional inequalities are proposed.
11.2 Interregional Inequalities in Israel: Background Studies

Since the foundation of the State of Israel in 1948, numerous attempts have been made to evaluate changes in interregional inequalities, and the effects of development policies on various aspects of the country’s development (Drabkin-Darin 1957; Gradus and Krakover 1977; Soen 1977; Shachar and Lipshitz 1981; Sonis 1988; Shefer 1990; Kipnis 1996; Lipshitz 1996; Krakover 1998; Anson 1993; Portnov 1999; Portnov and Pearlmutter 1999). These studies have been focused on two distinctive aspects of interregional disparities: a) population distribution and b) regional economic development.

Drabkin-Darin (1957) analysed changes in the geographic distribution of the country’s population between 1948 and 1955. He concluded that the country’s population appeared to shift towards the periphery, particularly to the south. The population of this region increased between 1948-55 by 1,130 percent (though from a very low base of some 21,000 residents). During the same period, the population of the core districts of the country (Haifa, Tel Aviv and Jerusalem) increased by less than twofold. Based on these data, he concluded that substantial convergence in the population distribution had been achieved.

Soen (1977) reached a similar conclusion in another study carried out 20 years later, which tracked the location of the centre of gravity of the Jewish population. He concluded that between 1948 and 1967, this centre of gravity had shifted some 11 km southwards. He attributed this change to the establishment of new towns and villages in the periphery, and interpreted it as a clear sign of ongoing population dispersal.

Shefer (1990), however, questioned whether any substantial redistribution of population and development had actually been achieved in Israel. In particular, he argued that though the percentage of those residing in the core Tel Aviv district fell sharply from 1948 to 1983 (from 37.7 to 24.8 percent), the combined percentage of those in Tel Aviv and in the adjacent Central district decreased only marginally, from 49 percent in 1948 to 45.4 percent in 1983. He also pointed out that since Greater Tel Aviv was gradually expanding in area, even this marginal decrease of population within the static boundaries of the Tel Aviv district might have been misleading.

Shachar and Lipshitz (1981) analysed regional inequalities in Israel during 1962-1976, using two measures of welfare: motorization rates and personal income levels. This analysis indicated that regional inequalities tended to increase over time, a trend that the authors attributed to the backwash effects that occurred in the country’s major metropolitan areas.

In a later study, Lipshitz (1996), using the same indicators, came, somewhat surprisingly, to the opposite conclusion. According to his analysis of data for 1983-1995, inequalities in the rate of motorization and income per employee tended to diminish over time. The values of these two indicators were plotted using a spatial cross-section of sub-regions, from the Hula Basin in the north to the Southern Arava in the south. This representation of economic development in