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RESEARCH ARTICLE

EMPLOYMENT SHOCK, HOUSEHOLD BURDEN, AND PUBLIC HEALTH IN ISRAEL DURING COVID-19 AND THE SWORDS OF IRON WAR, 2020–2024: A SECONDARY POLICY ANALYSIS

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Israel; labour market; COVID-19; Swords of Iron War; public health; social determinants of health; economic resilience

Abstract

Background: Israel experienced two successive but analytically distinct labour-market shocks within a short period: the COVID-19 pandemic and the Swords of Iron War. Each disrupted employment through different mechanisms and carried different implications for public health.
Methods: This study uses a secondary policy-analysis design based on public annual indicators for 2020–2024 from the Bank of Israel and the Central Bureau of Statistics, supplemented by OECD and Taub Center analyses. It examines unemployment, employment among adults aged 25–64, inflation, and nominal monthly wages, and interprets the results through a social-determinants-of-health framework.
Results: Unemployment rose from 4.4% in 2020 to 5.0% in 2021, then declined to 3.8% in 2022, 3.4% in 2023, and 3.0% in 2024. Employment among adults aged 25–64 recovered from 75.7% in 2021 to 78.5% in 2024. Inflation moved from -0.7% in 2020 to 5.3% in 2022 and remained elevated at 3.2% in 2024, while nominal monthly wages rose from NIS 11,201 to NIS 13,271. The pandemic initially operated mainly through demand contraction and mobility restrictions, whereas the war operated mainly through labour-supply constraints, reserve mobilization, evacuation, school disruption, and a reduction in access to Palestinian and foreign workers.
Conclusion: Israel's labour market showed macro-level resilience, but that resilience coexisted with sectoral bottlenecks, unequal household burdens, and health-relevant pressures related to financial strain, caregiving disruption, occupational overload, and mental stress. A health-oriented reading therefore yields a more cautious interpretation than unemployment alone suggests.

Introduction:-

Employment conditions affect income security, housing stability, nutrition, access to care, stress exposure, and the capacity of households to sustain routine life. For that reason, labour-market disruption is also a public-health issue. The Israeli case is especially valuable analytically because two different crises occurred in rapid succession and affected work through different mechanisms.

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COVID-19 primarily disrupted work through demand contraction, mobility restrictions, temporary closures, and furloughs. By contrast, the Swords of Iron War that began in October 2023 generated a labour-supply shock: reserve mobilization, civilian displacement, school disruption, security uncertainty, and reduced access to Palestinian and foreign workers in several sectors limited the effective supply of labour. The fact that these two shocks occurred close together makes Israel a strong case for examining how similar macro outcomes can mask different social and health consequences.

This article focuses only on Israel and treats the country as a self-contained case study rather than as part of a broad international comparison. Its central argument is that Israel's labour market appeared resilient at the macro level by 2024, but that this resilience coexisted with sector-specific shortages, household strain, inflationary pressure, and unequal exposure across social groups. For a health and medicine audience, the key implication is that employment resilience should be interpreted together with care burdens, mental health, material security, and access to stable daily routines.

Materials and Methods:-

This study is a secondary policy analysis based on aggregated public data and institutional reports. The quantitative backbone is drawn from annual indicators published by the Bank of Israel and the Central Bureau of Statistics for 2020–2024. The core indicators are unemployment, employment among adults aged 25–64, annual inflation, and nominal monthly wage per employee post.

These statistical series are interpreted alongside the Bank of Israel Annual Report 2024, the OECD Economic Survey of Israel 2025, and the Taub Center's 2025 assessment of the labour market in 2024 in the shadow of war. The analysis is narrative rather than econometric. It classifies each crisis by dominant shock type, traces the mechanism by which it affected work and income, identifies the sectors and groups most exposed, and then interprets the likely public-health implications.

No individual-level data were used and no human participants were recruited. Ethical approval was therefore not required. The main limitation is that annual indicators compress sharp within-year changes. That limitation is partly offset by the use of institutional reports that describe the timing and mechanisms of the shocks in greater detail.

Results:-

The aggregate trajectory shows recovery, but not a cost-free one:-

The annual data show three broad phases. First, the pandemic period was associated with higher unemployment, lower employment, and very weak price pressure. Second, the reopening phase produced rapid labour-market tightening alongside a strong inflationary episode. Third, the wartime period combined low unemployment with continued labour scarcity, elevated household pressures, and persistent price pressure.

Unemployment increased from 4.4% in 2020 to 5.0% in 2021 and then fell to 3.8% in 2022, 3.4% in 2023, and 3.0% in 2024. Employment among adults aged 25–64 declined from 76.2% in 2020 to 75.7% in 2021 and then recovered to 78.6% in 2022, 78.9% in 2023, and 78.5% in 2024. Inflation moved from -0.7% in 2020 to 2.8% in 2021 and 5.3% in 2022, before moderating but remaining above target at 3.0% in 2023 and 3.2% in 2024. Nominal monthly wages rose continuously from NIS 11,201 in 2020 to NIS 13,271 in 2024.

Pandemic shock versus wartime shock:-

The two crises differed sharply in mechanism. During COVID-19, the most affected sectors were those dependent on face-to-face demand and mobility, especially hospitality, tourism, retail, and parts of transport. The main policy problem in that phase was how to preserve jobs and incomes while restrictions remained in force.

During the war, the dominant mechanism shifted from demand to labour supply. The Bank of Israel reported that in 2024 the labour market remained affected by the ongoing consequences of the war and that the main weakness was concentrated in labour supply. Reduced access to non-Israeli workers, extensive reserve duty, and disruptions to schools and daily life lowered effective labour availability even while demand for workers remained relatively high in parts of the economy. As a result, low unemployment in 2024 did not mean a frictionless labour market; it reflected a tight market under conditions of constrained labour supply.

Sectoral and social differentiation:-
Construction and agriculture were especially exposed because of their reliance on Palestinian and foreign workers. The Taub Center similarly emphasized that the war interrupted positive employment trends among under-represented groups and that significant participation gaps remained, particularly for Haredi and Arab men relative to non-Haredi Jewish men. These gaps matter because they shape both the country's long-run economic resilience and the distribution of income, material security, and health opportunity.

Women were affected through both labour-market and household channels. Even where formal employment was maintained, school interruptions, informal caregiving, and the absence of partners due to reserve service increased work-family conflict and psychological strain. These pressures are not fully visible in annual unemployment figures, yet they are highly relevant to mental health, fatigue, burnout, and the ability to maintain stable employment over time.

Public-health relevance:-
The public-health meaning of the findings is direct. Income insecurity can worsen food insecurity, housing stress, debt, and delayed healthcare use. Labour scarcity and excessive workloads can worsen fatigue, burnout, occupational injury risk, and household stress. In wartime conditions, these pressures interact with displacement, grief, insecurity, and heightened mental-health need. For that reason, employment conditions in Israel during 2020–2024 should be understood as part of the broader health-system environment rather than as a separate economic background issue.

Core annual indicators

Year	**Unemployment (%)**	**Employment 25–64 (%)**	**Inflation (%)**	**Nominal monthly wage (NIS)**
2020	4.4	76.2	-0.7	11,201
2021	5.0	75.7	2.8	11,445
2022	3.8	78.6	5.3	11,765
2023	3.4	78.9	3.0	12,503
2024	3.0	78.5	3.2	13,271

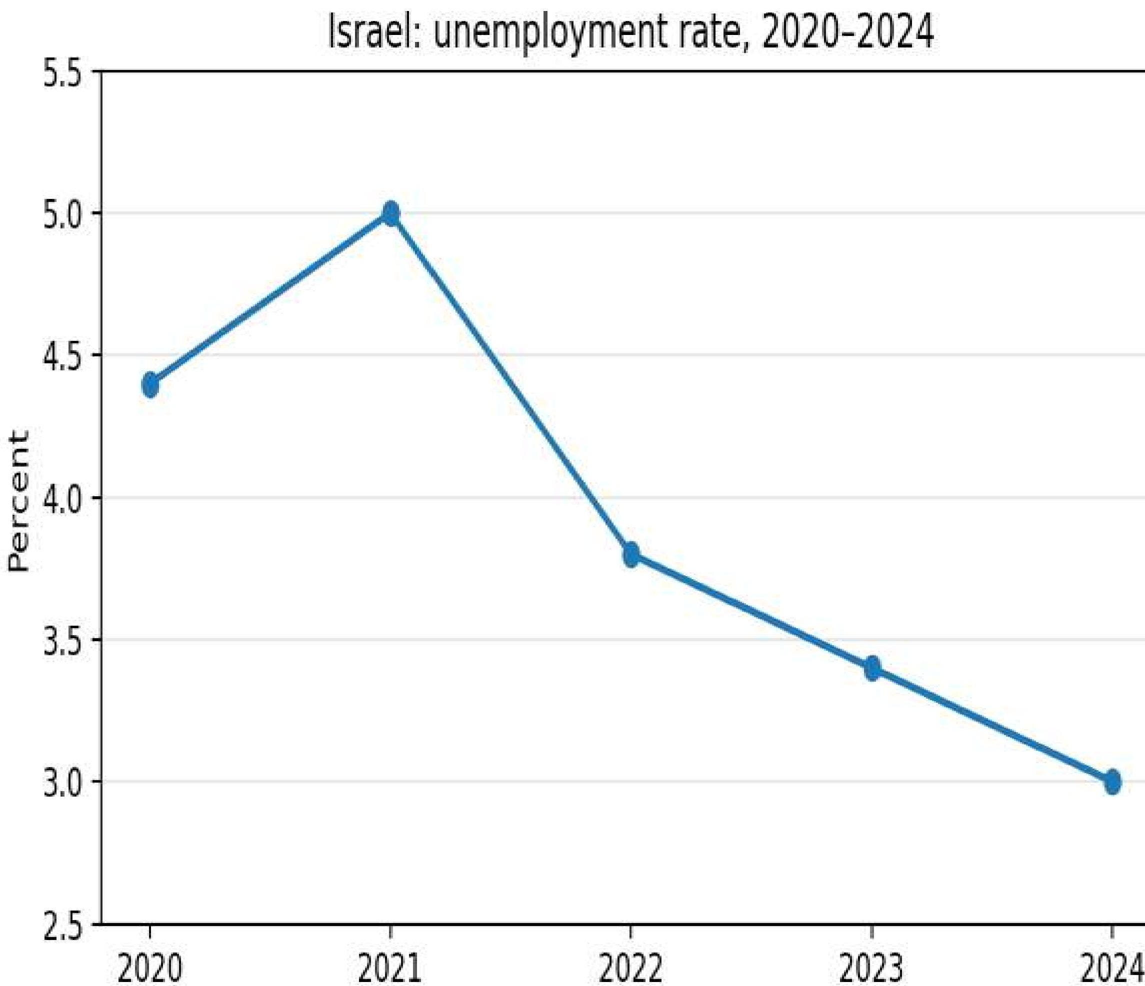

Figure 1. Israel: unemployment rate, 2020–2024.

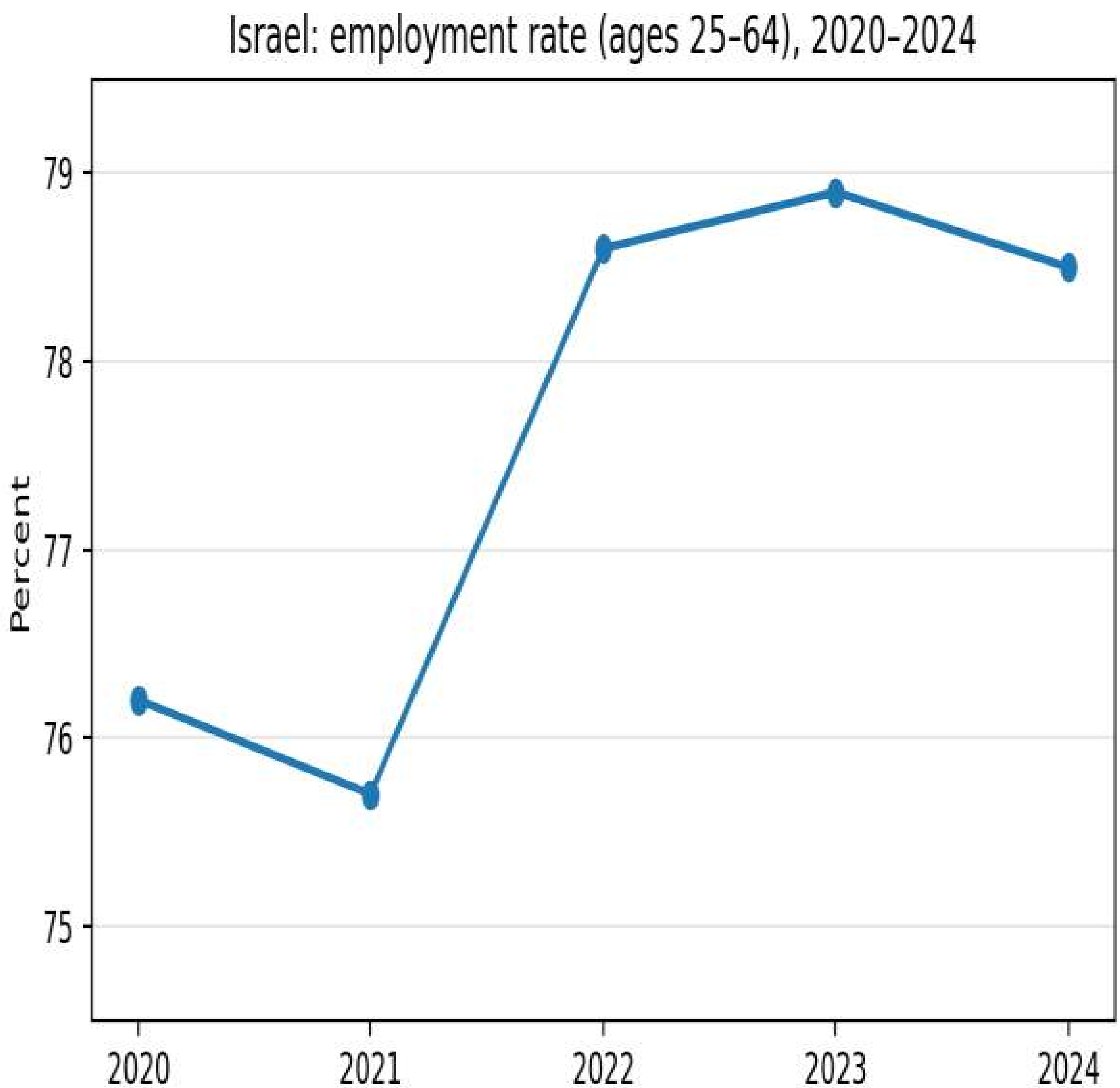

Figure 2. Israel: employment rate among adults aged 25–64, 2020–2024.

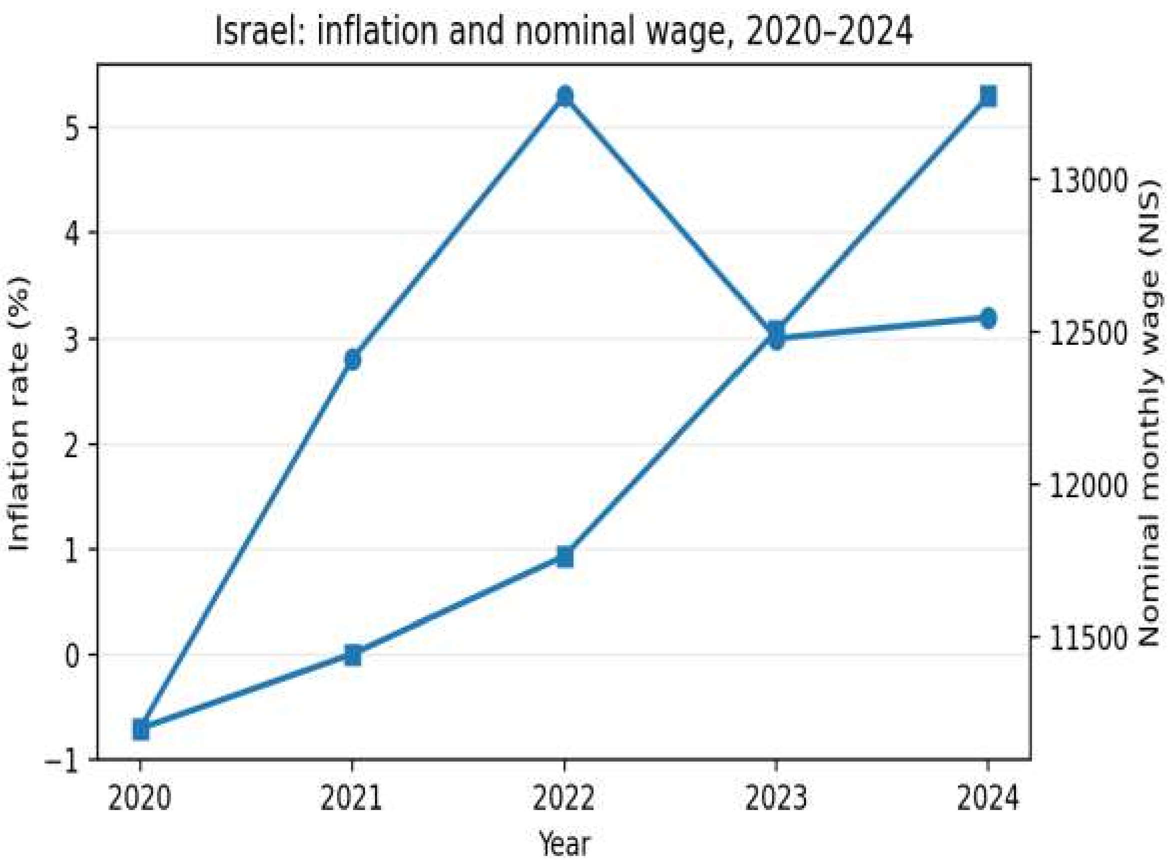

Figure 3. Israel: inflation and nominal monthly wage, 2020–2024.

Discussion:-

The analysis supports a clear conclusion: Israel's labour market cannot be judged solely by unemployment. By 2024, the macro indicators looked strong in narrow terms. Unemployment was low, employment among adults aged 25–64 had recovered, and nominal wages continued to rise. However, a broader reading shows that these outcomes coexisted with labour scarcity, sectoral bottlenecks, inflationary pressure, and unequal household burdens.

The contrast between the pandemic and the war helps explain why shock-specific policy design matters. COVID-19 required income replacement, business continuity support, and public-health restrictions compatible with employment protection. Wartime conditions require a different package: childcare continuity, support for reserve-service households, rapid replacement of missing workers where possible, occupational-health protection for overstretched workers, and mental-health services that recognize prolonged uncertainty and cumulative fatigue.
The Israeli case also points to a structural issue that predates both crises. Long-term resilience depends on reducing barriers to stable employment among under-represented groups and on improving productivity without deepening insecurity. From a public-health perspective, inclusive employment is not only a growth strategy; it is also a health-equity strategy because employment affects income, housing, food security, social participation, and the resources available to households during crisis.

This article does not estimate causal health effects at the individual level, and its annual data smooth month-to-month volatility. Even so, the policy significance is strong. The evidence demonstrates that a labour market can appear resilient in aggregate while still transmitting strain into households, workplaces, and the wider health environment.

Conclusion:-

Between 2020 and 2024, Israel experienced two successive but fundamentally different labour-market shocks. COVID-19 disrupted work mainly through demand contraction and mobility restrictions, while the Swords of Iron War disrupted work mainly through labour-supply constraints, reserve mobilization, displacement, and restricted access to key worker groups.

The market showed resilience by 2024, but this resilience was partial and uneven. Low unemployment coexisted with inflation, sector-specific shortages, care burdens, and health-relevant stress that are not captured by unemployment alone. For health and medicine readers, the main lesson is that labour policy, social policy, and health policy should be interpreted as interconnected domains.

A more health-sensitive crisis strategy for Israel would combine employment stabilization with childcare continuity, support for evacuated and reserve-service households, stronger occupational and mental-health protections, and long-term inclusion reforms that expand access to stable work without increasing precarity.

Comparison of crisis mechanisms in Israel:-

Crisis	**Dominant labour-market mechanism**	**Groups/sectors most exposed**	**Health-relevant implication**
COVID-19	Demand and mobility shock: closures, furloughs, reduced face-to-face consumption	Hospitality, tourism, retail, temporary workers, self-employed households	Income loss, financial stress, deferred care, household insecurity
Swords of Iron War	Labour-supply shock: reserve duty, displacement, school disruption, reduced access to non-Israeli workers	Construction, agriculture, reserve-service households, evacuees, peripheral communities	Work overload, burnout, caregiving strain, inflation pressure, mental stress

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Conflict of Interest:-
The author declares no conflict of interest.

Ethical Statement:-
This study used only aggregated public data and published reports. No ethical approval was required.

Data Availability:-
All data used in this manuscript are available from public publications and statistical series issued by the Bank of Israel and the Central Bureau of Statistics.

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