

the drastic intensification in the militarization of the economy and the expansion of the defense following the 1967 War, and the shift into high technology military production; from the requirements for sustaining military occupation of Arab territories and probably, from the mushrooming of the service sector, requiring more skilled persons. The massive penetration of Palestinian-Arabs into the Israeli labor market since 1967 therefore continues to provide for flexibility and substitution effects in the use of Jewish labor. This is so, in spite of the fact that the citizen Palestinian-Arab segment, belonging in 1975 to the labor force, makes up only 10 percent of Israel's total civilian labor force, and together with non-citizen Palestinians, 15 percent.<sup>31</sup> More importantly, according to the Jerusalem Post, citizen Palestinian-Arabs have, in 1976, reached 25 percent of the productive (produces surplus value, not in service and circulation branches) segment of the Israeli civilian labor force. If we consider the share of all citizen and non-citizen Palestinian-Arabs (exchanging their labor power against capital through the Israeli labor market during the same year) in the total citizen Palestinian-Arab population of working age (14+), who are residents of Israel, then one can say Palestinian-Arabs participated in Israel's civilian labor force at a rate of 66 percent.<sup>32</sup> This is especially significant later in assessing the reproduction cost in respect of this labor power.

In sum, the massive penetration of Palestinian labor into the Israeli economy in recent years must be analyzed, partly in the context of this concomitantly declining rate of Jewish participation in the civilian labor force, in response to the drastic expansion of the defense sector. This may help in revealing the meaning of "labor shortages", justifying the