

**The Israeli Economy**  
**Dr. Paul Rivlin**  
**TAU International Study Abroad**  
**Autumn Semester, 2024-2025**

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**Instructor Contact Information:** [paulrivlin@gmail.com](mailto:paulrivlin@gmail.com)  
**Office Hours:** available by appointment (email to set up time)  
**Course Credits:** 3 TAU Semester Credits

**Course Description**

This course is suitable for all students but those who have completed an introductory course in economics will find it easier. Those who have not, should be prepared to add supplementary reading.

The course covers the history of the pre-independence and modern economy; the role of population growth and immigration; problems of inflation and stabilization; the balance of payments; sectoral developments; the Histadrut, defense spending; the economics of the peace process and Israel's integration into the world economy. It concludes by examining recent socio-economic developments including the problems of the Arab and Ultra-orthodox communities.

**Course Requirements and Expectations**

The course requires attending lectures, reading materials and making class contributions in small groups.

**Learning Outcomes**

For students with a background in economics, this course is an opportunity to apply the theory. For those without such a background, the course offers an introduction to economics. Students will learn how the Israeli economy has developed.

**Evaluation Criteria**

Assignments/Activities	% of Final Grade
Attendance	15%
Class presentation	15%
Final Assignment: Final paper	70%

**Absence Policy**

Please note the TAU International Absence Policy as outlined on the next page.

## **Course Schedule**

### Week 1: The Pre-State Economy

(Ben Porat: chap 1; Halevi and Klinov-Malul: chap 2, Zeira: Chaps 1 & 2, Rivlin Chap 2)

### Week 2: Demographic Trends, 1948-2020

(Halevi and Klinov-Malul: chap 4 and other references on Page 3 below)

### Week 3: Economic Development 1948-1973

(Halevi and Klinov-Malul: chaps 1,3; Patinkin: chaps 1,2; Rivlin: chap 3)

### Week 4: The Economic Crisis of the 1980s and the 1985 Stabilization Program

(Ben Porath: chaps 14,15,17; Rivlin: chap 3; Bruno: chaps 2,4,5)

### Week 5: The Defense Burden

(Ben Porath: chap 8; Rivlin: chap 6, Zeira: chaps 5 & 6)

### Week 6: Hi-tech, Industry, Agriculture and Services

(Rivlin: chap 5, Chap 5; Bank of Israel: Annual Reports, Rosenberg: chap 1, Zeira: chaps 3 & 4; Ben Bassat et al 2021: Chap 17)

### Week 7: The Balance of Payments, Foreign Debt, Exchange Rate Policies

(Ben Porath: chap 14-17; Rivlin: chap 5, Rivlin (1992): Zeira: chap 8, Ben Bassat et al 2021: Chap 17)

### Week 8: The Labor Movement and the Histadrut

(Halevi and Klinov-Malul: chap 5; Rivlin (1992): chap 7)

### Week 9: The Budget and the Public Sector

(Ben Porat: chap 9; Rivlin (1992): chap 8, Ben Bassat: chap 1, Zeira: chap 12)

### Week 10: The Palestinians, The Peace Process, Immigration in the 1990s and Israel's Integration in the World Economy

(Bank of Israel: Annual Reports, Rivlin: Chap 7)

### Week 11: The Haredim, The Arabs of Israel, Poverty and Inequality

(Rosenberg; websites: mof.gov.il; bankisrael.gov.il; <http://taubcenter.org.il/> Zeira: chaps 11 & 13, Rivlin: chaps 8 & 9, Ben Bassat 2021: chaps 12 & 16.

### Week 12: The Economy since 2023

Political and legal changes, the effects of war

(Itai Alter et al Israel Economic Review, Vol 21. No. 2, 2023; Bank of Israel Annual Report 2023, Chap 1)

## **Readings**

### **Introduction to economics:**

Rudiger Dornbusch, Stanley Fischer and Richard Startz,

Macro-Economics, 8<sup>th</sup> edition (McGraw-Hill Higher Education)  
Chapters 1, 2, 3, 7.1, 7.2, 12.1, 18.4 (not in 7<sup>th</sup> edition)  
N. Gregory Mankiw, Principles of Economics, (Worth Publishers) Chapters 22 and 29

### **Israeli Economy:**

Alter Itai, Itzhak Tzachi Raz and Yannay Spitzer  
The Economic Consequences of Democratic Backsliding Israel's Judicial Overhaul  
Israel Economic Review Vol. 21, no 2 (2023) pp. 77-138

Ben Bassat, Avi. ed.  
The Israeli Economy 1985-1998 (Cambridge, Mass. MIT Press, 2002)

Ben Bassat Avi, Gronau Reuben, Zussman Asaf. eds.  
The Israeli Economy, 1995-2017 (CUP, 2021) E-Book in TAU Library.

Ben Porat, Yoram. ed.  
The Israeli Economy: Maturing Through Crisis (Cambridge, Mass: Harvard University Press, 1986)

Bruno, Michael  
Crisis, Stabilization, and Economic Reform: Therapy by Consensus  
(Clarendon Press, Oxford, 1993)

Halevi Nadav and Klinov Malul Ruth.  
The Economic Development of Israel (New York: Praeger, 1968)

Patinkin, Don.  
The Israeli Economy: The First Decade (Jerusalem: Falk Institute, 1967)

Rivlin, Paul.  
The Israeli Economy (Boulder: Westview, 1992) on Moodle

Rivlin. Paul.  
The Israeli Economy from the Foundation of the State through the Twenty-First Century (New York: Cambridge University Press, 2010)  
This is a useful introduction to the course. E-Book in TAU library.

Rosenberg David  
Israel's Technology Economy (London: Palgrave Macmillan, 2018)  
Digital version in TAU library.

Zeira, Joseph  
The Israeli Economy: A Story of Success and Costs (Princeton: Princeton University Press, 2021)  
Digital version in TAU library.

Zilberfarb, B. in *Israel Affairs*

Vol. 1. no.1, Autumn 1994, The Effects of the Peace Process on the Israeli Economy

Vol. 5. no.1, Autumn 1996, The Israeli Economy in the 1990s

Vol. 11, no. 1, January 2005, From Socialism to Free Markets, The Israeli Economy 1990-2003

Vol. 12, no.1, April 2006, From Boom to Bust: The Israeli Economy 1990-2003

### **Demography**

[www.cbs.gov.il/en/mediarelease/Pages/2020/Population-of-Israel-on-the-Eve-of-2021.aspx](http://www.cbs.gov.il/en/mediarelease/Pages/2020/Population-of-Israel-on-the-Eve-of-2021.aspx)

[worldpopulationreview.com/countries/israel-population](http://worldpopulationreview.com/countries/israel-population)

[strategicassessment.inss.org.il/en/articles/israeli-demographics/](http://strategicassessment.inss.org.il/en/articles/israeli-demographics/)

### Websites

[cbs.gov.il](http://cbs.gov.il)

[mof.gov.il](http://mof.gov.il)

[bankisrael.gov.il](http://bankisrael.gov.il) (Annual Report)

<http://taubcenter.org.il/>

### **Instructor Biography**

Paul Rivlin is a senior research fellow at the Moshe Dayan Center for Middle East and African Studies, Tel Aviv University. He studied at Cambridge, London and Harvard Universities and is the author of five books as well as other publications on economic development in the Middle East, international energy markets, defense and trade economics. He has taught at London and Ben Gurion Universities and has been a visiting professor at Emory University, Atlanta and Reichman University, Herzliya.

### **TAU International Academic Guidelines**

Students may only attend classes which they are officially registered for. No auditing of courses is permitted. Students are responsible for reading and adhering to all policies and procedures in the TAU International Academic Handbook [posted here](#) at all times. Below is a summary of some of these relevant policies and procedures.

### **Learning Accommodations**

In accordance to university guidelines, TAU International may be able to accommodate students with learning disabilities or accommodation requests if these requests are also honored at the student's home university or home school. To be considered, students must submit official documentation from their home school or university (if not in English, a notarized official copy translated into English is required) to TAU International in advance of arrival describing in detail any specific needs and how these are accommodated at the home school or university. Students must also bring a copy of this documentation with them on-site and give it to their faculty on the first day of class while introducing themselves so that the faculty know who they are and what sorts of needs or accommodations they may have. **Without official documentation from the home school submitted on or before the first day of courses, TAU will not be able to honor accommodation support.**

With supporting documentation and by following the correct procedure as outlined above, TAU International and its faculty will do the best it can to make any suitable

accommodations possible. However, we cannot guarantee that all accommodations received at the home school can be similarly met at TAU. For example, TAU is usually not able to offer note-taking services in English, private testing rooms, or advance viewing of classroom presentations, exams, or assignments.

It may be an option to provide a student with additional tutoring or support outside the classroom as needed. Students should be aware that this additional support cannot be guaranteed and is based on teacher availability in the subject as well as the specific student level. If available, the cost of additional tutoring or support will be the sole responsibility of the student.

### **In-Class Exams**

TAU does not permit, under any circumstances, taking any in-class (including mid or final) exams early or later than the scheduled exam day. When selecting courses, it is thus very important to note if there is an in-class midterm or final exam as this date/exam cannot be changed. It is also the student's responsibility to clarify exam dates with the professors at the beginning of a course, with the understanding that not all exam dates can be decided up front as it can sometimes depend on the pace of the course and class learning. It is the student responsibility to plan to be present for all courses including the final day of class for this reason. Early departures from the program are not approved, nor are early or exception in-class exams.

### **TAU International Absence Policy**

Attendance is mandatory in all of the courses including Hebrew Ulpan. Faculty can and will take attendance regularly. Missing classes will be reflected in the final grade of the course. Up to three justified and properly documented absences from classes may be accepted (for example: emergency matter or illness, both of which will require a doctor's note). Such cases of absence should be reported to the faculty immediately and again, a doctor's note is required. Teachers are entitled to treat any lateness or absence without documentation as unexcused. Some of our courses such as Service Learning or the Internship Seminar require more practical in-class work; thus, attendance policies may be stricter in some courses and students then must adhere to the stricter attendance policy as outlined by the faculty/syllabus.

Students are required to arrive on time for classes. Teachers are entitled to treat any single case of lateness and/or repeated lateness as an unjustified absence.

Please note that according to official TAU Academic Policy, if a student's behavior or attendance during is disagreeable his/her course participation may be cancelled at the discretion of TAU with no due refund.

### **Grade Appeals**

Students are responsible for checking grades once posted or distributed by faculty. The limited grade appeals window and the detailed procedure for appealing a grade – whether a graded assignment, exam or final grade – is outlined clearly in the policies and procedures in the TAU International Academic Handbook [posted here](#).