

Northwestern University  
Econ 315: Topics in Economic History  
The Israeli Economy  
Professor Joseph Zeira  
Spring 2019

## General Description

The course presents an overall analysis of the Israeli Economy, of how it developed in the 70 years since the establishment of the state of Israel and of how it coped with various crises over these years. The course will focus on economic growth, on the effects of migration, on the Israeli-Arab conflict, and on the experience of economic policies in Israel.

## Course Teachers:

Professor Joseph Zeira. Office hours: Tuesday, 3pm – 4pm. Office: Kellogg Building, 3361.  
Email: [joseph.zeira@northwestern.edu](mailto:joseph.zeira@northwestern.edu).

TA: Jose Flor-Toro. Office hours: Thursday, 10am – 12pm. Office: KGH 3496. Email:  
[joseflortoro2021@u.northwestern.edu](mailto:joseflortoro2021@u.northwestern.edu).

## Literature

The main source of literature are the course presentations. Those who can read Hebrew can refer to my book, which is of course not required:

Zeira, Joseph (2018), *The Israeli Economy*, Books in the Attic, Tel Aviv (in Hebrew).

The additional readings in some chapters are optional reading and not required.

## Requirements

There will be 3 problem sets during the course. The grades of the two best problem sets will be 20 percent of the final grade. There will be a midterm exam, which constitutes 30 percent of the final grade, and a final exam, which constitutes 50 percent of the final grade. The final exam will be held on May 31<sup>st</sup>, 2019.

## Structure of the Course

Following is a list of 14 chapters, which are organized in four main parts.

### 1. Historical Background

#### Part I: The Israeli Growth Miracle

##### 2. Catching Up and Staying in Course

##### 3. Explaining Israeli Economic Growth

Syrquin, Moshe, (1986). "Economic Growth and Structural Change: An International Perspective," in Yoram Ben-Porath (ed.), *The Israeli Economy – Maturing through Crisis*, Cambridge MA, Harvard University Press.

##### 4. Why Not Fully Catch-Up?

#### Part II: The Economic Effects of the Israeli-Arab Conflict

##### 5. The Costs of the Wide Conflict

Strawczynski, Michel, and Zeira, Joseph (2002). "Reducing the Relative Size of Government in Israel after 1985," with Michel Strawczynski, in Avi Ben-Bassat (ed.), *The Israeli Economy, 1985-1998: From Government Intervention to Market Economics*, Cambridge MA, The MIT Press.

##### 6. Business Cycles

##### 7. Additional Costs and Some Benefits

#### Part III: Lessons on Trade and Inflation

##### 8. The Balance of Payments: From Deficit to Surplus

##### 9. High Inflation and Stabilization: 1973-1985

Sargent, Thomas J., and Zeira, Joseph. "Israel 1983: A Bout of Unpleasant Monetarist Arithmetic," *Review of Economic Dynamics*, 14(2011), 419-431.

##### 10. The Long Road to Price Stability and the Philips Curve: 1985-1999.

## Part IV: Neoliberalism, Growth and Inequality

11. Between Nationalization and Privatization

12. Neoliberal Fiscal Policies and Economic Growth

13. Neoliberal Policies and Inequality

14. Summary