

Northwestern University
Econ 315: Topics in Economic History
The Israeli Economy
Professor Oren Levintal
Spring 2024

General Description

In this course, we will study the Israeli economy from its early period as a poor developing economy to current days as an advanced high-tech economy. We will explore how the economy has navigated through various challenges, including the Israeli-Arab conflict, the inflation crisis and the transition from a centralized economy to a market economy. Through an application of core economic concepts and theories, we will analyze economic growth, balance of payments and stabilization policies. By the end of the course, you will have a comprehensive understanding of the Israeli economy and its place in the global economic landscape.

Course Teachers:

Professor Oren Levintal, Email: Oren.Levintal@runi.ac.il.

Office hours: Tuesday 1-3pm on [Zoom](#) (Email if you would like to meet in person).

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Office hours: Friday 1-3pm on [Zoom](#) (Email if you would like to meet in person).

Class Hours:

Class: Tuesday and Thursday, 11:00am to 12:20pm (Tech Institute LR4).

Discussion section: Friday, 11:00am to 11:50am (University Hall 102).

Requirements

The course includes 3 problem sets, a midterm exam and a final exam. The grades of the two best problem sets constitute 20 percent of the final grade. The midterm exam will be held on April 25 (during class time) and constitute 40 percent of the final grade. The final exam will be held on May 28 (during class time) and constitute 40 percent of the final grade.

Literature

The course textbook is:

Zeira, Joseph, *The Israeli Economy, A Story of Success and Costs*, Princeton University Press 2021. <https://press.princeton.edu/books/hardcover/9780691199450/the-israeli-economy>

Lecture slides will be available on the course website.

Structure of the Course

1. **Introduction** (week 1) – Jewish immigration, Israeli-Arab conflict. (Zeira, Ch. 1)
2. **Economic Growth** (weeks 1-2) – Basic facts, sources of growth, the rise in productivity. (Zeira, Ch. 2-3)
3. **The Israeli-Arab Conflict** (week 3) – The cost of the conflict, direct and indirect costs, peace with Egypt. (Zeira, Ch. 5-6)
4. **Startup Nation** (week 4) – The rise of Israel high-tech sector. (Lecture Slides and Zeira Ch. 4).

April 25, 2024, 11am-12:20pm - Midterm Exam on topics 1-4.

5. **The Public Sector** (week 5) – Expansion post the 1967 war and contraction post Israel-Egypt peace agreement, public finance in times of war. (Zeira, Ch. 12)
6. **Inflation and money** (week 6) – Inflation crisis in the 1980s, inflation tax model, disinflation policy. (Zeira, Ch. 9-10)
7. **The Balance of Payments** (week 7) – Intertemporal approach, opening the country to foreign trade. (Zeira, Ch. 8)
8. **Inequality** (week 8) – Inequality and the labor market, the role of fiscal policy, poverty. (Zeira, Ch. 13)
9. **Arabs in Israel** (week 8) – economic and social challenges (Lecture slides).

May 28, 2024, 11am-12:20pm - Final exam on topics 5-9.