

The Israeli Economy

Dr. Paul Rivlin, Emory University, Spring 2008

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. The effects of the second Intifada.

Course outline and readings

1. The Pre-State Economy
(Rivlin: chapter 1; Halevi and Klinov-Malul: chapter 2)
2. Economic Development 1948-1973
(Halevi and Klinov-Malul: chapters 1,3,4; Rivlin: chapter 1)
3. The Economic Crisis of the 1980s and the 1985 Stabilization Program
(Rivlin: chapter 2, Bruno: chapters 2,4,5, Liviatan and Barkai: chapter 10)
4. The Defense Burden
(Rivlin: chapter 3, Bart, CBS on Defense, Sadan)
5. Industry, Agriculture and Services
(Rivlin: chapter 4; Bank of Israel: Annual Reports)
6. The Balance of Payments, Foreign Debt, Exchange Rate Policies
(Rivlin: chapter 5; Bank of Israel: Annual Reports)
7. Capital Markets and Monetary Policies
(Rivlin: chapter 6; Bank of Israel: Annual Reports)
8. The Labor Movement and the Histadrut
(Halevi and Klinov-Malul: chapter 5; Rivlin: chapter 7)
9. The Budget and the Public Sector
(Rivlin: chapter 8; Bank of Israel: Annual Reports)
10. The Peace Process, Immigration in the 1990s and Israel's Integration in the World Economy
(Bank of Israel: Annual Reports, Zilberfarb 1994, 1996)
11. The Second Intifada and the Current Situation
(see websites: mof.gov.il; bankisrael.gov.il; Zilberfarb 2005, 2006)

Readings

Introduction to economics:

Rudiger Dornbusch, Stanley Fischer and Richard Startz,
Macro-Economics, 8th edition (McGraw-Hill Higher Education)

Chapters 1, 2, 3, 7.1, 7.2, 12.1, 18.4 (not in 7th edition)

N. Gregory Mankiw, Principles of Economics, (Worth Publishers) Chapters 22 and 29

The Israeli Economy:

Bart R: Israel and American Aid: Continue Forward or Reverse Course

<http://www.inss.org.il/publications.php?cat=21&incat=&read=5>

Bruno, M: Crisis, Stabilization, and Economic Reform: Therapy by Consensus

(Clarendon Press, Oxford, 1993)

Central Bureau of Statistics: Defence Expenditure in Israel, 1950-2006

http://www.cbs.gov.il/webpub/pub/text_page_eng.html?publ=7&CYear=2006&CMonth=1&text_topic=0

Halevi N. and Klinov Malul R: The Economic Development of Israel (New York:

Praeger, 1968)

Liviatan N. and Barkai H. Eds: The Bank of Israel, Vol. 1 (Oxford, New York:

Oxford University Press, 2007)

Rivlin, P: The Israeli Economy (Boulder: Westview, 1992, available on CD)

Two Middle Eastern Inflations: Israel and Turkey, 1980-2001 in

British Journal of Middle East Studies, Vo. 30 no. 2, November 2003

Sadan E: How is Israel's Economy Affected by the Security Situation?

<http://www.jcpa.org/brief/brief004-11.htm>

Tov I: Economy in a Prolonged Conflict: Israel 2000-2003

www.tau.ac.il/jcss/sa/v6nlp5Tov.html

The Jaffee Center, Strategic Assessment, Vol. 6 no. 1, May 2003:

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.2, April 2006, From Boom to Bust: The Israeli Economy 1990-2003

Websites

www.cbs.gov.il

www.mof.gov.il

www.bankisrael.gov.il (Annual Report)

imf.org