

Northwestern University  
Econ 315: Topics in Economic History  
The Israeli Economy  
Professor Oren Levintal  
Spring 2020

### General Description

The course provides an overall analysis of the Israeli Economy, its development in the 70 years since the establishment of the state of Israel, and how it coped with various crises during those years. The course will focus on economic growth, the effects of the Israeli-Arab conflict, the inflation crisis and stabilization policy, and on inequality in Israel. We will study those issues by applying fundamental concepts in economic analysis.

### Course Teachers:

Professor Oren Levintal. Office hours: Wednesday 10am to 12pm. Email: [Oren.Levintal@idc.ac.il](mailto:Oren.Levintal@idc.ac.il).

TA: Carl Hallmann. Office hours: Friday 3pm to 5pm. Email: [CarlHallmann2022@u.northwestern.edu](mailto:CarlHallmann2022@u.northwestern.edu)

### Class Hours:

Class: Tuesday and Thursday, 11am to 12:20pm.

Discussion section: Friday, 9:00am to 9:50am.

### Changes due to the Covid-19 Situation

Unless otherwise announced by the University, the classes and office hours will be held remotely through the Zoom app on Canvas.

In addition, we have to make a few adjustments in the course requirements compared to the original plan posted on Caesar:

1. The final grade will be Pass/No Pass.
2. In order to pass, you will need to get an average grade of 70 (in a scale of 0-100) in all the course assignments (problem sets and final exam).
3. We will not have a mid-term exam.

4. We will have 5 problem sets that constitute 50 percent of the final grade. You must submit all the problem sets.
5. The final exam will be held on June 4<sup>th</sup> and constitute 50 percent of the final grade.

## Literature

The course material includes the lectures and slides. Those who can read Hebrew can refer to: Zeira, Joseph (2018), *The Israeli Economy, Books in the Attic*, Tel Aviv (in Hebrew).

The book is not required.

## Structure of the Course

1. **Historical Background** (week 1) – Jewish immigration, Israeli-Arab conflict, building a nation.
2. **Economic Growth** (weeks 1-2) – basic facts, sources of growth, the rise in productivity.
3. **The Israeli-Arab Conflict** (week 3) – the cost of the conflict, direct and indirect costs, peace with Egypt.
4. **The Public Sector** (week 4) – expansion post the 1967 war and contraction post Israel-Egypt peace agreement, public finance in times of war.
5. **Business Cycles in Israel** (week 5) – principles of business cycle analysis, implementation to the case of Israel.
6. **The Balance of Payments** (week 6) – intertemporal approach, opening the country to foreign trade.
7. **Inflation in Israel** (week 7) – inflation crisis in the 1980s, inflation tax model, disinflation policy.
8. **Inequality** (weeks 8-9) – inequality and the labor market, the role of fiscal policy, poverty.
9. **Final exam** (June 4, 2020)