

University of California, San Diego

*Syllabus*

***Topics in the Israeli Economy***

ECON182

**COURSE AND CONTACT INFORMATION**

Course: Topics in the Israeli Economy

Q: Spring, 2017

Time: TTh 2:00-3:20

Location: HSS 2321

**INSTRUCTOR**

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Office hours: Tuesday 3:30-4:30, ECON 106 (please send email before if you plan to come)

**COURSE DESCRIPTION**

This course is designed to expose students to the unique story of the Israeli economy and to provide them some practice in applying economic concepts to understanding economic processes. The course analyzes the main economic processes which shape the Israeli economy. This is not a regular course in economics. It takes an applied approach and discusses day-to-day economic issues using economic theory. The Israeli economy is a great case study to discuss macroeconomic issues like economic growth, balance of payment, income inequality and the public sector, as well as microeconomic topics like the labor market, human capital and the High-Tech sector. The course also covers a brief overview on a number of economic models (which are relevant for the aforementioned topics) and some background on the Israeli-Arab conflict and the Jewish immigration to Israel (the two main factors in designing the Israeli economy). In addition, the course includes economic comparisons between Israel and other countries. Prerequisite: ECON 100C.

**READINGS**

Unfortunately, there is no English textbook which fully meets the needs of the course. Hence, all the course material will be covered in lectures and a few recommended readings will be accessible through the course website on [TritonEd.ucsd.edu](http://TritonEd.ucsd.edu).

## **GRADING**

The maximum final grade in this course is 100 points and it will be calculated as the follow:

- First midterm exam (4/27) – 25 points
- Second midterm exam (5/23) – 25 points
- Final exam (6/13) – 50 points

\*Optional: A five-page paper for extra credit – 15 points

## **COURSE TOPICS**

*All lectures notes will be accessible through the course website on TritonEd.ucsd.edu*

### **Chapter 1: Introduction - The Israeli Economy**

- Introduction - Israel's profile
- The Israeli economy in a nutshell from 1948 until today
- The background for the modern Israeli economy:  
*The two main factors in designing the Israeli economy:*
  - o The Jewish immigration (Aliya)
  - o The Israeli-Arab conflict

### **Chapter 2: Economic growth**

- Global growth data
- A short review on Solo growth model.
- Analyzing the economic growth of Israel:
  - o The rapid economic growth in Israel between 1920 and 1970.
  - o Why is Israel so different from its neighbors?
  - o The economic growth in Israel after 1970.
  - o A comparison of economic growth between Israel other Western countries.

### **Chapter 3: The Israeli-Arab conflict**

- Review on the Israeli-Arab conflict: from the end of WWI until now
- The Economic cost of the Conflict:
  - o Defense expenditure
  - o The additional costs of the conflict

### **Chapter 4: Israel as an Open Economy – the Balance of Payment**

- A short review of the theoretical model of the balance of payments
- Israel balance of payments:
  - o From deficit to surplus.
  - o How the theoretical model explains the dynamics in the balance of payments.

### **Chapter 5: The Public Sector**

- The role of the public sector according to the economic theory
- The global changes in the role of the public sector in developed countries
- The public sector in Israel: why is it shrinking?

### **Chapter 6: The Labor Market**

- The Israeli labor market's characteristics
- International comparison
- Discrimination in the Israeli labor market

### **Chapter 7: Education and Human Capital**

- Mincer equation
- Empirical studies on Mincer equation
- Education and human capital in Israel
- Empirical studies on Mincer equation that used unique data from Israel

### **Chapter 8: Inequality, Poverty and Cost of Living**

- The GINI index and the Lorenz curve
- How to measure inequality, poverty and cost of living
- Inequality, poverty and cost of living in Israel

### **Chapter 9: The High Tech Industry – “Start-up” Nation**

- Investment in research and development in Israel
- Venture capital
- Government support and incentives