

Press Release

As the Knesset begins its Winter session, in which it will approve the new government's budgetary priorities, the Shoresh Institute releases its new

Shoresh Handbook on Israel's society and economy

by Prof. Dan Ben-David

- In the 1970s and early 1980s, Israel underwent a significant change in national priorities, moving to new, very steady, multi-decade socioeconomic trajectories that are simply unsustainable in the long-run.
- The Shoresh Handbook provides a seminal big-picture perspective of contemporary Israel: where it was, where it is today, where it is headed (and how fast), what this means, and what can be done about it
- The Shoresh Handbook shows that much of the prevailing wisdom regarding Israel is simply wrong, while some of the key paradigms need to be redefined.

to download the complete [Shoresh Handbook](#)

to download the [executive summary](#) to the Shoresh Handbook

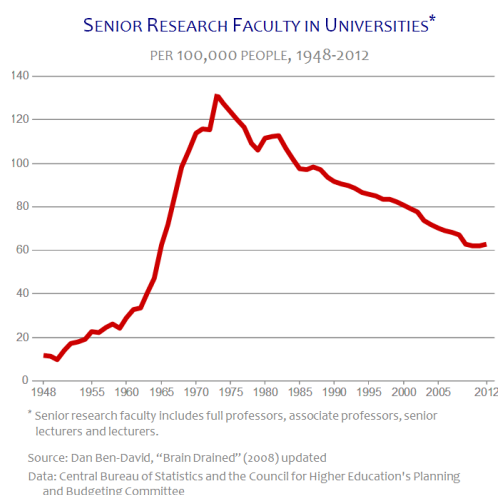
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The *Shoresh Handbook*, with one graph per page and brief accompanying analysis, is a first of its kind publication that begins with some of the main misconceptions and fundamental problems regarding Israel's society and economy, continuing with an examination of key underlying factors and implications, outlining budgetary contexts and priorities that need to be recalibrated, and concluding with the limited window of opportunity that Israel currently has to turn things around.

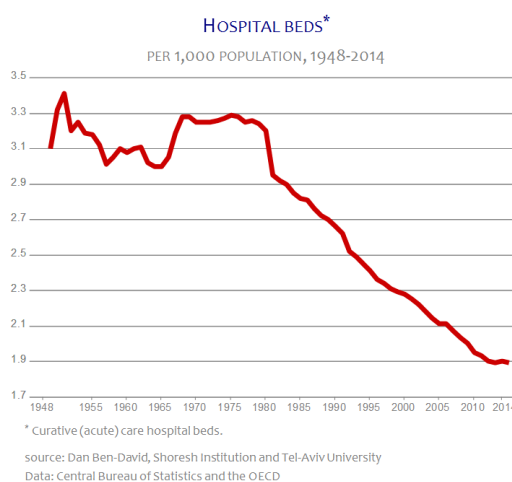
Some of the highlights from the Handbook include:

1. The turnaround in Israel's long-run socioeconomic trajectories

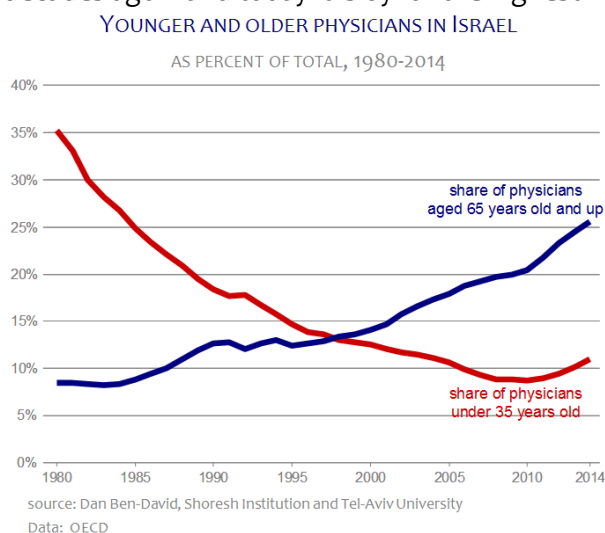
- The number of senior faculty per capita in Israel's research universities has fallen by more than 50% during past four decades.



- The number of hospital beds per capita today is almost half of what it was four decades ago.

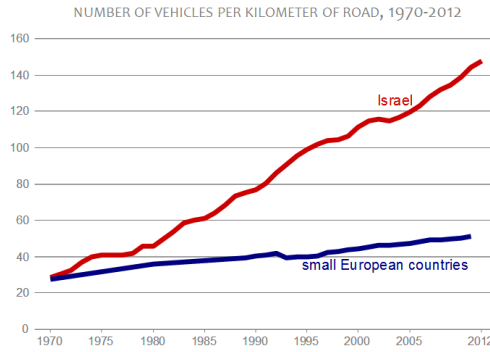


- The share of elderly physicians in Israel was among the lowest in the developed world three and a half decades ago – and today it is by far the highest.



- Congestion on Israel's roads was nearly identical to small European countries in 1970 – and today it is three times their congestion, though Israel has many fewer vehicles per capita

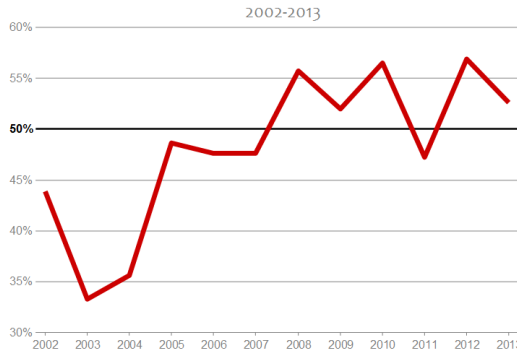
CONGESTION ON ROADS IN ISRAEL AND IN SMALL EUROPEAN COUNTRIES*



* Belgium, Denmark, Netherlands and Switzerland
 Source: Dan Ben-David, Shores Institute and Tel Aviv University
 Data: Central Bureau of Statistics, World Bank and Ingram and Liu (1999)

- Contrary to conventional wisdom, the share of Haredi men with no more than an 8th grade education has risen steadily over time and has surpassed the 50% mark.

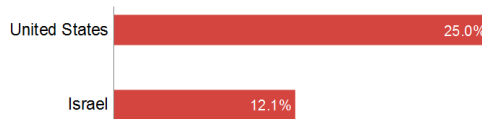
SHARE OF HAREDI MEN WITH NO MORE THAN AN EIGHTH GRADE EDUCATION



Source: Dan Ben-David, Shores Institute and Tel Aviv University
 Data: Central Bureau of Statistics

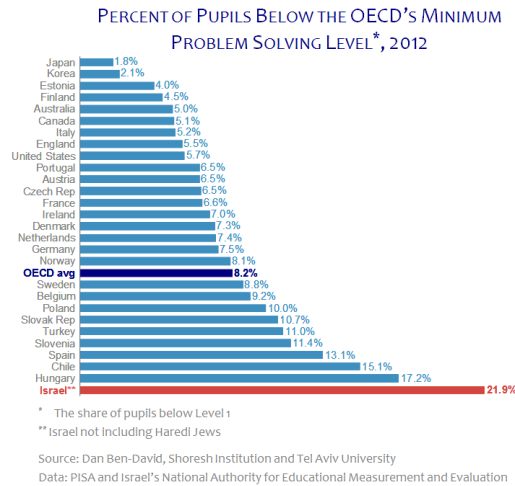
- The share of Haredi Jews with academic degrees in the US is twice that of Haredi Jews in Israel – an indication that the primary problem is political rather than religious.

SHARE OF HAREDIM WITH AN ACADEMIC DEGREE, 2013*

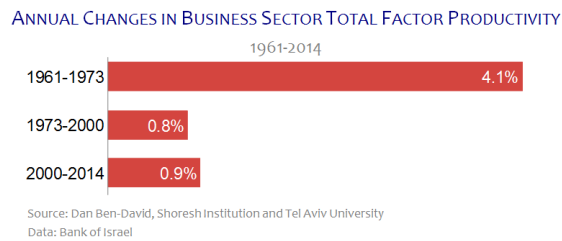


* Adults 18 and up in the US and 20 and up in Israel.
 Source: Dan Ben-David, Shores Institute and Tel Aviv University
 Data: Central Bureau of Statistics and Pew Research Center

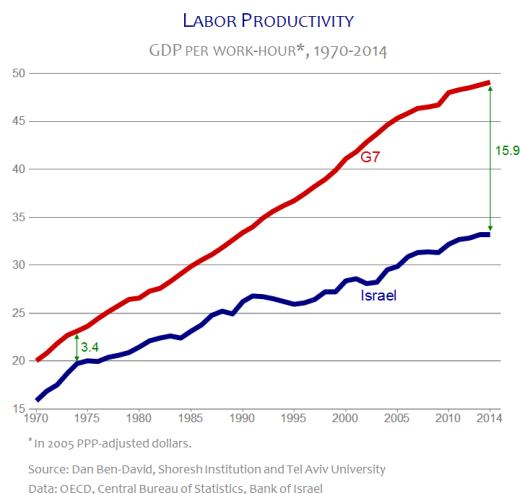
- Not only are achievements in math and science near the bottom of the developed world, the share of Israeli children with less than the minimal level of problem-solving abilities is by far the highest in the developed world.



- Total factor productivity – a key determinant of economic growth – is less than one-fourth its pre-1973 level.



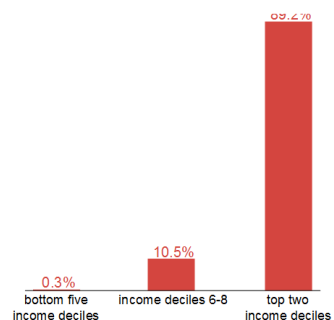
- Labor productivity in Israel has been steadily falling further and further behind the G7 countries over the past four decades – with major implications on the country's future ability to retain its most gifted and educated young people.



2. A look at the future – if no change in the present

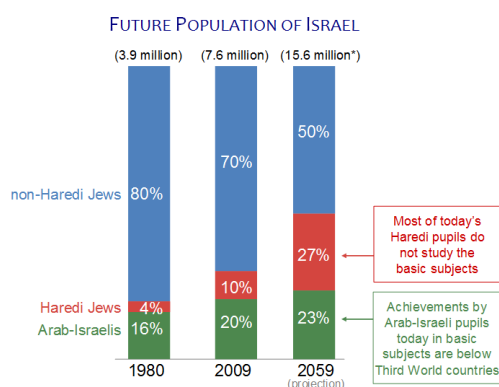
- Already today, half of Israel's current population does not pay any income tax while 20% of the population accounts for 89% of total income taxes paid.

SHARE OF TOTAL INCOME TAX REVENUE
PAID BY INCOME DECILES, 2011



Source: Dan Ben-David, Shoresh Institution and Tel Aviv University
Data: Finance Ministry

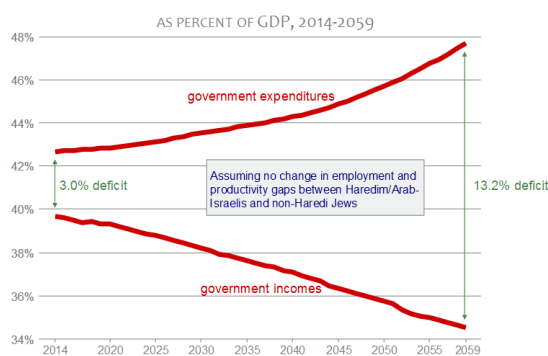
- Half of Israel's future population is receiving a Third-World education in core subjects today.



Source: Dan Ben-David, Shoresh Institution and Tel Aviv University
Data: Central Bureau of Statistics and Bank of Israel

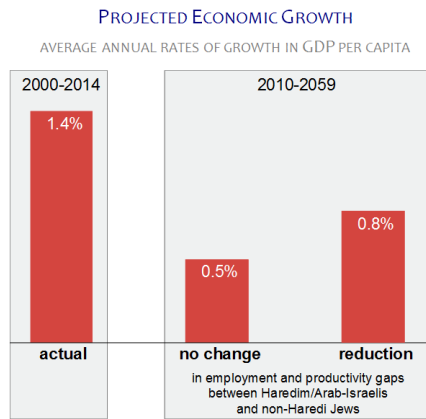
- If employment and productivity levels among Haredim and Arab-Israelis do not converge to the levels among non-Haredi Jews, the budget deficit (as a share of GDP) is expected to increase more than four-fold while the debt-GDP ratio will skyrocket to bankruptcy levels.

PROJECTED FUTURE GOVERNMENT INCOMES AND EXPENDITURES*



* based on Central Bureau of Statistics' middle projection.
Source: National Economic Council, Prime Minister's Office
Data: Assaf Geva (2015), Finance Ministry

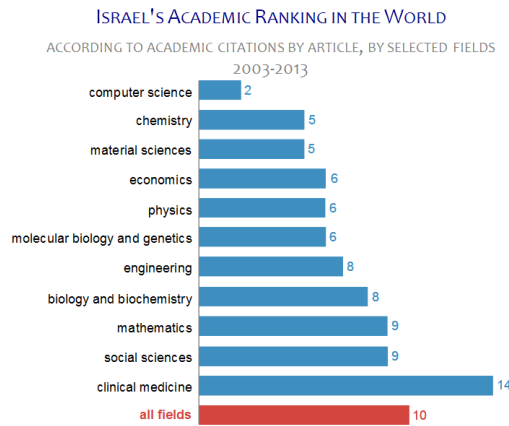
- If Israel does not significantly upgrade its physical and human capital infrastructures, the rate of future economic growth will be less than half the country's currently low rate.



Source: Karnit Flug (2015), Bank of Israel

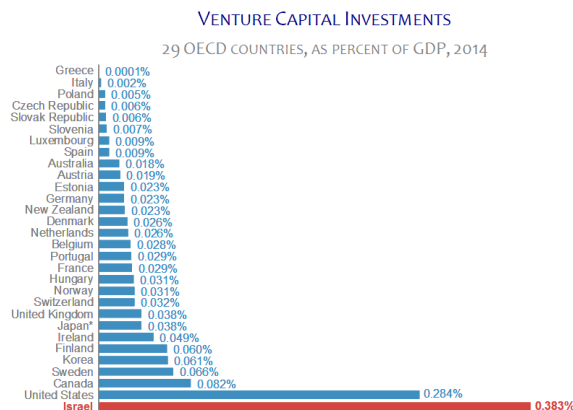
3. The opportunity

- Israel has the knowledge: In key academic fields, Israel's universities are ranked among the best in the world.



Source: Uri Kirsh, Technion
Data: ISI Web of Knowledge

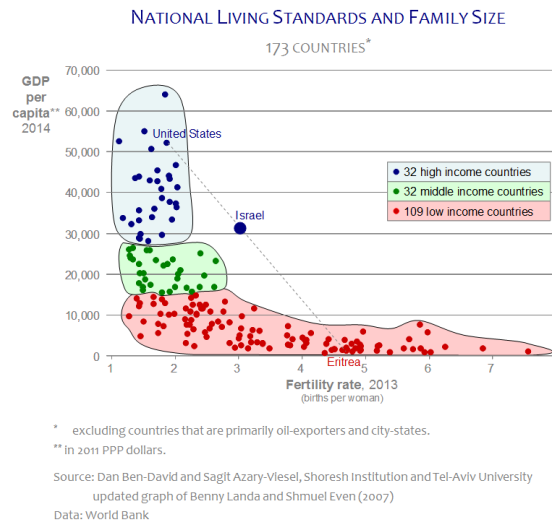
- Israel's unique capabilities are drawing foreign direct investments at rates (relative to GDP) that exceed the G7 average while venture capital investments are at levels above every other developed country – by far.



* In 2013.

Source: OECD

- In a grouping of 173 countries according to national living standards and family size, Israel is the lone outlier nation – a weighted average between the US and Eritrea. Its national priorities today will determine where it will be in the future.



The Shoresh Handbook shows how partial perspectives of data often lead to misleading conclusions. It highlights the fact that Israel is facing existential issues that are primarily socioeconomic in nature. Prof. Dan Ben-David adds that Israel is also a country that still has time to adopt policies reflecting a turnaround in budgetary priorities – if it begins to comprehend the scope and magnitude of the long-run issues not currently on its national radar.

The Shoresh Institution for Socioeconomic Research, headed by Professor Dan Ben-David, is an independent, non-partisan policy research center providing evidence-based analyses of Israel’s economy and civil society. The Shoresh Institution informs Israel’s leading policymakers and the general public, both inside and outside the country, through briefings and accessible publications on the source, nature and scope of core issues facing the country, providing policy options that ensure and improve the well-being of all segments of Israeli society and create more equitable opportunities for its citizens.

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