



Committee for the Evaluation of Economics Study Programs

General Report

Economics in Israel: From Dire to Critical

November 2017

Contents

Chapter 1:	Background.....	3
Chapter 2:	Committee Procedures.....	4
Chapter 3:	General Report Regarding Economics Study Programs within the Israeli System of Higher Education.....	5
	1. FROM DIRE TO CRITICAL.....	5
	Outsourcing: A benign interpretation	6
	A Critical Juncture	7
	2. THE REASONS OF THE DEMISE.....	8
	Money.....	8
	Globalization	8
	Geopolitics.....	9
	3. RECOMMENDATIONS.....	10
	Short-term measures	11
	Medium-term remedies	13
	4. Summary.....	Error! Bookmark not defined.

Appendices: Appendix 1 – Letter of Appointment

Chapter 1: Background

The Council for Higher Education (CHE) decided to evaluate study programs in the field of Economics during the academic year of 2016-2017.

Following the decision of the CHE, the Minister of Education, who serves ex officio as Chairperson of the CHE, appointed a Committee¹ consisting of:

- **Prof. Georg Winckler** - former Rector of the University of Vienna, Austria - committee chair (Emeritus).
- **Prof. Russell Cooper**² - Department of Economics, Penn State University, USA.
- **Prof. David Dillenberger** - Department of Economics, University of Pennsylvania, USA.
- **Prof. Philippe Weil** - Solvay Brussels School of Economics and Management, Université Libre de Bruxelles, Belgium.
- **Prof. Eyal Winter**³ - Department of Economics, Hebrew University of Jerusalem, Israel.

Ms. Maria Levinson-Or served as the Coordinator of the Committee on behalf of the CHE.

Within the framework of its activity, the Committee was requested to:⁴

1. Examine the self-evaluation reports, submitted by the institutions that provide study programs in Economics, and to conduct on-site visits at those institutions.
2. Submit to the CHE an individual report on each of the evaluated academic units and study programs, including the Committee's findings and recommendations.
3. Submit to the CHE a general report regarding the examined field of study within the Israeli system of higher education including recommendations for standards in the evaluated field of study.

The entire process was conducted in accordance with the CHE's Guidelines for Self-Evaluation (of September 2015).

¹ Prof. Oded Galor, who was appointed by CHE for this Committee, could not participate in the Committee's visits and work, due to personal reasons.

² Due to scheduling constraints, Prof. Russell Cooper did not participate in the site visits to the University of Haifa, Ben-Gurion University and Bar-Ilan University.

³ In accordance with the CHE's policy, Prof. Eyal Winter did not participate in the evaluation of the Economics department at the Hebrew University to prevent the appearance of a conflict of interests.

⁴ The Committee's letter of appointment is attached as **Appendix 1**.

Chapter 2: Committee Procedures

The Committee held its first meetings on 18.12.2016, during which it discussed fundamental issues concerning higher education in Israel, the quality assessment activity, as well as Economics Study programs in Israel.

In December 2016, the Committee held its visits of evaluation, and visited the Academic College Tel-Aviv Yaffo, the College of Management Academic Studies, Tel-Aviv University, Ruppin Academic Center, the Open University, Tel-Hai Academic College, the Max Stern Academic College of Emek Yezreel, the Hebrew University, University of Haifa, Bar-Ilan University and Ben-Gurion University. During the visits, the Committee met with various stakeholders at the institutions, including management, faculty, staff, and students.

In addition, the Committee held an additional visit in February 2017 in order to meet with additional representatives of the Hebrew University of Jerusalem, and to conclude the Committee's work.

This general report examines field of study within the Israeli system of higher education including recommendations for standards in the evaluated field of study.

Chapter 3: General Report Regarding Economics Study Programs within the Israeli System of Higher Education

1. FROM DIRE TO CRITICAL

Almost ten years ago, the Helpman et al. report on economics in Israel issued a stark warning to the Council of Higher Education that “the state of the discipline of economics education in Israeli higher education institutions is dire.”⁵ That assessment emphasized, in particular, the state of the Economics Departments at Tel Aviv University and Hebrew University. That report attributed the dire situation in these key research departments to the lack of resources.

In the intervening years, the situation has been allowed to deteriorate from dire to critical. As Table 1 makes clear, the top departments in Israel have fallen even further behind in international rankings. Tel Aviv University’s Economics Department was ranked in the top 25 until 2004 but is now ranked 73rd in the world. The same demise applies to the Hebrew University as well.

	90-94	95-99	00-04	05-09	10-16
Tel Aviv	20	18	24	49	73
Hebrew	32	32	40	53	78
Ben Gurion	130	126	103	95	166
Bar Ilan	111	145	113	160	219
Haifa	162	177	139	204	271

Table 1: Tilburg Rankings of Economics Departments in Israel.

Source: <https://econtop.uvt.nl/rankinglist.php>

Economics in Israel is best described by its fast dwindling faculty in research universities, its vanishing human capital in key fields of economics and its strikingly non-international faculty and student body. It is the view of this committee that immediate actions, laid out in detail in this report, **must** be taken to remedy this situation. Given the critical nature of this

⁵ Here we refer to the November 2008 report authored by Prof. Elhanan Helpman, Prof. David Kreps, Dr. Leora Meridor, Prof. Joel Mokyr, Prof. Ariel Pakes and Prof. Robert Pindyck.

situation, the general report is largely focused on the state of economics in research universities.

While research universities have suffered, Israel has by and large met the challenge of providing mass economics education at the bachelor and professional master levels. Israel has developed a broad, vibrant college system, and thereby has met the challenge of making education in economics available on a large scale. Overall the colleges managed to improve the quality of education while meeting ever growing demands. Nevertheless, the distinction between the colleges and research universities should be kept. Recent trends, such as the creation of MA programs at the colleges, which blur these differences ought to be considered very carefully. Detailed suggestions are provided in the college specific reports.

Outsourcing: A benign interpretation

The fall of Israel’s top departments in the global rankings was accompanied by a clear reduction in their faculty size, see Table2.

	1997-1998	2002-2003	2007-2008	2014-2015
Tel Aviv University	24.75	20.25	14.5	14.5
Hebrew University in Jerusalem	29	20	20	20
Ben Gurion Univesity	19	23	25	23
Bar Ilan University	29	29	27	25
Haifa University	17	17	13	11

Table 2: Faculty Size

Sources: General Report of the Economics Evaluation Committee of 2007⁶; Institutions’ self-evaluation reports submitted in 2015.

⁶ Data from the years 1997-1998, 2002-2003, and 2007-2008 were taken from the General Report of the Economics Evaluation Committee of 2007. Regarding this data, the Evaluation Committee stated: “*The data are supplied by the departments and are not audited. Tel Aviv explicitly indicated that they were reporting “utilized” positions; that is, they did not count faculty members on leave for one reason or another, and they counted fractions for faculty members fractionally on leave. We asked departments to report full time equivalents, so we hope the data are consistent in this fashion. That said, we suspect that the most recent numbers for the Technion are unrealistically high; in other places, they report only six faculty members in the most recent academic year.*”

One could see this demise of the research institutions as a natural process of international specialization whereby, willingly or inadvertently, Israel has outsourced advanced training of its students in economics to Europe and the United States and has correspondingly downsized high-level faculty, research masters and Ph.D. programs.

According to this interpretation, international specialization might have allowed Israel to redirect its scarce resources either to other fields in which it might hold a comparative advantage globally and/or to the supply of economics undergraduate education in the face of a growing population. It should be lauded as an efficient allocation of scarce higher education money.

Unfortunately, this benign interpretation is not convincing

The committee, however, believes that Israel needs economists. Without outstanding economists in the country who understand in detail the workings of the Israeli economy, it is doubtful that sufficient informed advice would exist in times of national emergencies. Foreign advice, while extremely valuable, must be scrutinized locally for adequacy to the Israeli situation. Its efficient implementation and monitoring requires the existence, in the country, of a vibrant community of academic and professional economists.

The challenge is how to build this local expertise. One model is for training to take place outside of Israel, with talented individuals recruited to academic positions in Israel. A key to this model is the ability for Israel to attract top researchers. An alternative is for the necessary human capital to be accumulated in Israeli universities. This requires the rebuilding of existing research departments.

Our recommendations, described below, promote both avenues. In particular, we insist that necessary funds and administrative support be targeted to the rebuilding of top research universities. Further, we suggest various ways to promote research on the Israeli economy.

Apparently, the travails of economics are not specific. They are shared by many major research fields in Israel – including such areas as nuclear physics that are presumably crucial for national security. Warnings have been sounded from numerous quarters besides economics, notably by recent Israeli Nobel prize-winners, about Israel's growing inability to provide the local talent needed to sustain scientific and economic growth in the long run.⁷ Current successes, it has been stressed, represent the outcome of past investment and

⁷ See <https://www.haaretz.com/israel-news/2011-nobel-laureate-israel-s-education-cuts-humiliate-scientists-1.388496>.

excellence in higher education and training and are, given the current situation, unlikely to endure.

A Critical Juncture

This committee issues, therefore, a stark warning to Israeli academic and political authorities and urges them to take emergency measures (detailed below) to save the excellence layer of the economics profession in Israel from extinction. The country's ability to conduct economic policy and thus its national economic security is gravely jeopardized by the disappearance of a wide-ranging, well-connected and outstanding economic profession in the country itself.

As far as we know, no major OECD country has ever abandoned, as Israel has done, a field as strategic as economics in which it was once a major world competitor. Israel should not continue down this path.

2. THE REASONS OF THE DEMISE

Implementable recommendations for improvement require a diagnosis of the cause of the demise of the excellence layer of Israeli academic economic profession. Several interacting factors are at play or are invoked. We provide here a short list of the essential ones.

Money

Money, the most obvious of incentives, is the reason most often invoked to explain the travails of top Israeli research universities – in economics as in other fields. The explosion since the 1980s of salaries in top US economics departments provide an ideal culprit for the current decline. Due to rigid salary scales in Israeli academia, the country has lost its ability to attract top talent. The egalitarian culture of Israeli universities (enforced by pressures from trade unions and convenient to university administrators) has prevented the country from making competitive offers required to retain, let alone attract, the stars of the profession. Confirmed researchers have left academia or the country, and many of the best young Israeli economists either leave the country or do not return from the US after getting their Ph.D. degree.

Globalization

Another (but not necessary exclusive) interpretation of the precipitous decline in Israeli frontier economic education is that, for lack of ambition or lack of self-confidence, Israel has suffered the costs of globalization without trying to benefit from it. Globalization is therefore

a drain on academia in Israel when it could, and should, be transformed into a gain (as it has been, for example, in many countries in Europe).

What distinguishes most visibly today Israeli economics departments from their counterparts in the US and in Europe is not so much the lack of money as the total absence of an international community of faculty and students. The imposition of Hebrew as a teaching language partly explains this phenomenon. University professors coming who are not native Hebrew speakers are still asked to teach in Hebrew after a few years on the payroll. This requirement effectively constitutes a formidable barrier to entry into Israeli academia. Its result is easy to observe: only native Israelis, or foreigners with a prior knowledge of or interest in Hebrew, teach in Israeli economics departments. No junior faculty, say from Sweden, Italy or Spain (with traditionally low salary levels), would accept a tenure-track six-year position in Israel if required to learn to teach in a language he or she might never use again. This is in stark contrast with most European countries where such requirements have disappeared to the benefit of English, the *de facto* lingua franca, thereby increasing dramatically international faculty mobility. The unescapable result is that faculty checks out of the Israeli academic system but it does not check in. Israeli academics flock abroad but foreign academics are effectively prevented from joining the ranks of Israeli universities.

Furthermore, offering almost exclusively programs in Hebrew has severe detrimental effects on the student population, be it at the BA or MA level. Firstly, Hebrew instruction closes off Israeli economics programs to foreign students. As US and European experience suggests, internationalization of the student body in the local country (“internationalization at home”) enhances educational outcomes and overall professional opportunities tremendously. Secondly, not teaching in English deprives universities from major resources that could alleviate the dearth of public funding: many foreign students would accept to pay substantial fees to benefit from high-level, world-class training in economics in Israel. Thirdly, English instruction would increase the demand (which now limited to a few courses) for English-speaking faculty. Fourthly, English programs would enhance the fluency of Israeli students in a language they need to master to succeed in a globalized marketplace. Finally, generalizing English speaking programs would make it possible to end the practice of segregating the few foreign non-Hebrew speaking students who are coming to Israel into “International Schools” in which contact and integration with the locals hardly exist.

Geopolitics

The geopolitical and security situation of Israel could be blamed for the demise of higher research in Israel. One could argue that the diplomatic situation, the calls to boycott and the fear of conflict have made the country unattractive to foreign academics and students.

There is evidence that these fears are unjustified. cursory examination of the composition of the student body at the Weizmann Institute exhibits the type of international diversity of the student body found nowadays in top universities worldwide. There is an abundance of students for all over the Americas, East Asia, Central Asia, Russia, Europe etc. They are clearly undeterred by the geopolitical situation and obviously are attracted by the excellence of the English-speaking programs offered by the Weizmann Institute. The same is true for the summer school in economic theory that takes place each summer in the Hebrew University. This summer school is highly popular among foreign PhD candidates.

3. RECOMMENDATIONS

The challenges facing the economic profession in Israel are interlinked. There is a clear sense that the profession has declined to such an extent that re-establishing its international stature requires simultaneous action on several fronts to avoid despair that might otherwise stem from the chicken-and-egg problem it is facing. For instance, the decline in faculty ranks makes Ph.D. programs unattractive to Israeli, let alone foreign, Ph.D. students. Further, the almost complete absence of international students who have no prior attachment to the country makes teaching positions in even top universities unattractive to foreign faculty.

It is tempting, of course, to argue that the way out of this situation is simply to throw money at the problems. If only top Israeli universities -- so the story goes -- could pay their economics faculty as much as their US counterparts are paid, Israeli and foreign faculty candidates would flock back to teach in Israel. And if only top Israeli university could offer graduate students generous doctoral scholarships that cover (and beyond) the high cost of living in Israel and match those top candidates can get in top US universities, foreign graduate students would beat at the door of Israeli Ph.D. programs.

The difficulty with this argument is that, while certainly needed, additional funding is not sufficient. More money would not overcome a number of non-financial and self-imposed obstacles to a thriving academic profession. To name but a few, Hebrew teaching requirements for faculty and Hebrew-taught master programs are a formidable barrier to entry of foreigners. Outdated hiring procedures effectively lock out international candidates from the Israeli job market. The failure to adopt the Bologna system prevents Israel from benefiting from the Erasmus program and stems the bi-directional flow of students that it has created throughout Europe.

Our recommendations are, therefore divided into short-term measures that are not very costly to implement and medium-term reforms that require significant extra funding. Make no mistake that the two sets of recommendation are complementary: the short-term

measures are useless if they are not quickly followed up by the medium-term remedies, and the medium-term remedies are a waste if they are not preceded by the short-run fixes. In an ideal world with infinite energy from our colleagues in Israel and infinite funding from public authorities or private benefactors, all steps - short and medium term - would be carried out at the very same time. But limited energy and finite funding requires sequencing of reforms.

This sequencing should not be, however, the pretext for any delay. While staged over time, these policy actions must be prompt, determined and efficient.

Short-term measures

The two major problems facing economics departments across the country are the difficulty of recruiting of excellent faculty members and the serious decline in both size, scope and diversity of Ph.D. programs. Simple steps can be taken by rectors, deans and chairpersons to ease both problems.

Essential Recommendations:

1) Improve faculty recruitment

- **Universities should be ready to make appointments to excellent candidates who do not have specific ties and connections to Israel and/or make no commitment to remain in the country.** Currently, such appointments are eschewed because hiring procedures in these cases are cumbersome and costly. This policy must change – radically and immediately. An excellent starting assistant professor who stays in Israel for two or three years before accepting a better offer overseas would still make a substantial contribution to the intellectual environment of a department, and would be replaced by a new excellent faculty member who would make a similar contribution.
- **Universities must make recruitment procedures for economics faculty timely and swift.** Recruitment, interviews and hiring decisions must be synchronized with the international job market, which has adopted as its focal point the annual January meetings American Economic Association. Timing offers according to internal university rules rather than to the international calendar simply slams shut the door of the Israeli market or provides it with the left-overs of the international market. Also, negotiations over job terms must be conducted swiftly to avoid losing interested candidates. University procedures for hiring economists must be revamped drastically to become nimble and agile.
- **Departments can do more to make offers more attractive in terms that are not strictly financial.** This includes reducing teaching load (the standard teaching load for

prolific economic researchers in Israel is substantially higher than that of highly ranked economics departments in the US and Europe), offering more flexibility with joint appointments and allow faculty to arrange their teaching schedule in a more flexible manner.

- **Rectors should use more freely the discretion currently offered to them by the CHE to improve the financial offers for outstanding young faculty members beyond the standard salary scale.**

2) Change the Performance Measurement Formula

Currently, CHE uses a performance measurement formula that is identical across fields and is based on the number of papers and their impact factor. Universities are funded partly according to this formula. University administrators sometimes apply this single formula to determine the funding of departments within their university. However, this formula is highly irrelevant as a measure of quality in the field of economics, where faculty members publish less papers (compared with psychology for example) and where the placement of a paper in a top journal may take years. For example, it is not exceptional for a top US school to offer tenure to a candidate with a vitae of only two papers, if these papers appear in the very top journals and have clear impact on the profession. This distortion in the publication cultures of fields creates an unfair funding bias against economics departments (prominently at Tel Aviv University).

Beyond this unfairness, applying such a performance measurement formula produces wrong incentives for faculty members in economics. The committee worries that this formula will push faculty members in economics to build a research agenda that may please university administrators (shifting from quality more to quantity), but will damage the departments' international reputation.

The committee suggests that instead of comparing an economics department with other departments within the same university, university administrators should compare a department within their own field internationally. By now there are several reliable international ranking information for almost any field of research. One of them, the Tilburg ranking, underlies Table 1.

Important Recommendations:

1) Improve Ph.D. programs

Israeli economics Ph.D. programs no longer provide an education on par with top PhD programs abroad.

The most obvious differences between a top Israeli program and a top international program are diversity and size. Ph.D. programs and research masters in Israel comprise very few students, and they are almost exclusively Israeli or Hebrew speakers. By comparison, quality economics Ph.D. programs around the world rely heavily on English-speaking international students to achieve excellence, size and diversity.

To enhance the internationalization of the Ph.D. programs, we recommend:

- Ph.D. and research master classes should be offered in English.
- English websites describing the programs should be created and kept up to date.
- Application forms, financial aid applications, program descriptions should all be available in English as well.
- Exchange or double-degree agreements at the research master/Ph.D. level must be signed with top foreign universities to widen the attractiveness of Israeli programs.

Medium-term remedies

A second wave of measures (which we call medium-term remedies as they constitute the second wave of the urgent reforms we advocate) are needed to restore or strengthen the excellence at the top of the economics profession in Israel and to better internationalize the overall system.

Important Recommendations:

1) Excellence initiatives

Enrollment of students in higher education institutions has grown fast – first after World War II in the US, then in Europe as well in Japan, and now globally. This “massification” of higher education has created tensions between research and teaching as well as between excellence and equity.

In the US, private mechanisms have allowed higher education to successfully deal with massification while maintaining excellence: successful alumni, made aware of the cost of higher education by paying tuition fees, later donate money to their alma mater, and tax incentives coupled with a culture of charitable giving lead individuals and businesses to participate in the funding of universities. In many OECD countries, such private mechanisms have been lacking, requiring public intervention. For political or budgetary reasons, frontier research or Ph.D. programs were long treated as luxury goods compared to the need to enroll ever larger cohorts of students. As a result, public funding focused on just financing mass higher education, although not necessarily to the extent needed.

Accordingly, the committee examined how to modify pecuniary incentives to broaden the severely shrinking layer of excellence in economics in research universities in Israel.⁸ Excellence initiatives can be found in three different areas: (1) at the European level within “Horizon 2020” of the EU, (2) at national levels, and (3) programs initiated and/or financed by third sources, e.g., central banks. It is important that CHE starts considering and adopting excellence initiatives at the national level.

- “Horizon 2020” of the EU, the framework program for research and innovation for the years 2014 to 2020 contains an own pillar, called “excellent science”. This pillar consists of European Research Council (ERC) grants for frontier resp. cutting edge research, of grants to develop future and emerging technologies, of Marie Skłodowska-Curie actions and of investing in specific research infrastructures. It covers nearly 31% of all means of “Horizon 2020” which has means of about 80 bio € over seven years. ERC grants are the most important part of “excellent science”, totaling up to more than 13 bio € over the seven years duration of “Horizon 2020”.

Israel as an associate country in “Horizon 2020” has already benefitted from this excellence initiative to a great extent. Since the introduction of the ERC program in 2007, researchers in Israel have been among the most successful ones in attracting grants. Out of more than 7000 projects selected, 402 ERC projects went to Israeli researchers (5-6% of all funded projects, whereas the population share of Israel in the European Research Area is only about 1.5%). This ERC success even outperforms the generally strong line which Israel has followed since 1996 when Israel became associated to EU Framework Programs (FP): since then the state of Israel contributed 1,375 bio € to finance Framework Programs for research in the EU, however, the return from the EU out of research collaborations reached 1.7 bio €! Israel’s especially strong performance in the field of ERC grants can be documented by the following facts. Among all funds (about 877 mio €) received by Israel from FP7, the last completed research program of

⁸ These recommendations do not directly apply to the economics programs at the colleges.

the EU from 2007 to 2013, 46%, or more than 400 mio €, were obtained by Israeli researchers through ERC grants alone. So far, within “Horizon 2020”, 47% of all EU funds received by Israel were ERC grants again. Obviously, there is scientific excellence in Israel and, obviously, Israeli researchers are vigorously looking to Europe for excellent grants and their positive reputational effects. (These numbers were released on January 12, 2017, when Israel and the EU celebrated 20 years of research and innovation cooperation, see also the CORDIS platform of the EU).

This overall performance of Israeli researchers is also true in the field of economics. Judged by a sample, ERC grants in economics by Israeli researchers follow this strong overall trend proportionately.

Yet, although “Horizon 2020” strengthens the excellence layer in economics at Israel’s universities, and although Israeli researchers have been quite successful in receiving such “means of excellence” from Europe, the total additional money which annually flows to economics in Israel via ERC grants remains too small to prevent the above described demise of frontier research in economics in Israel. The additional money seems to run into low one-figure million euros at best.

As a consequence, if excellence on a larger scale is to be sustained in economics in Israel, other initiatives are urgently needed.

- In Europe, excellence initiatives at the national level can be found (1) as parts of the performance based funding schemes used by governments to finance universities, (2) in programs to merge or create new universities or (3) in specific excellence schemes.
 - The best-known funding scheme is the “Research Excellence Framework” in the UK (previously the Research Assessment Exercise).
 - To gain excellence through mergers was a far-reaching policy program in Denmark ten years ago, whereas Finland resorted to the creation of a university of excellence, namely Aalto University.
 - Specific excellence schemes were introduced, e.g., in France (IDEX), Germany (“Exzellenzinitiative”), Russia (“5-100” programme) and Spain (“Campus of International Excellence”) – see the survey on European excellence initiatives by the Define Project of the European University Association.

Excellence initiatives, implemented and financed by governments, are absolutely essential in European countries where the higher education institutions are primarily state funded – less so, as already indicated, in countries, like the US, where private

sources of funding are relatively easy to get and much of the excellence is concentrated in private institutions.

Due to the reputational rewards within the academic profession and in the general public, associated with an “excellent” status of a department or of the whole university, these measures of excellence reinforced strategic planning within the university. It made universities to look out of their windows and to ensure the effectiveness of actions as only the concrete success counted. Ultimately, it may be less the money moved by these measures, but more the impact on the governance of universities and departments which made the excellence initiatives so prominent and accepted, especially in Germany. The financial impact of the German excellence initiative amounts to only about 1% of the total annual public funding of universities. Since this funding, however, is given to only around 10% of all German universities (there are over hundred universities in Germany), the extra money granted by the “Exzellenzinitiative” constitutes a 10 % increase in the annual public funding of those universities chosen as excellent. Such a focused increase and its effective use by now more strategically oriented universities make the difference. This impact is documented by the recent ranking gains of “excellent” German universities in the Shanghai - or Times Higher Education ranking lists.

- As public institutions such as the Ministry of Finance or the Central Bank are interested in having cutting-edge research and excellent Ph.D. programs in the country, there may be some programs of excellence run by these institutions, which are especially devoted to economics. As a consequence, the committee engaged in discussions with the Bank of Israel (Nathan Zussmann) and the Office of the Prime Minister (Avi Simhon) in order to find out whether these institutions are or would be willing to finance programs of excellence in economics. There is some help and more may come. Best practice in this regard is provided by the foundation “Studienzentrum (Study Center) Gerzensee”, initiated and financed by the Swiss National Bank, where academic conferences and central bankers’ courses are held and advanced courses for faculty members and Ph.D candidates are offered (www.szgerzensee.ch).

As the German excellence initiative demonstrates, huge funds are not required to make a difference if the financing of excellence is targeted to the few top units. This can be achieved if, as in the UK with the “Research Excellence Framework”, the funding schemes of universities and departments are arranged in such a way that worldwide top performance in a specific subject is receives extra weight.

2) Internationalization

In the last several decades all leading economics departments around the world moved to become truly international in terms of faculty, students and the language in which research and teaching are conducted. Israel is seriously lagging behind in this trend. Among the top 100 economics departments in the world, according to the Tilburg ranking, the two Israeli departments left in this ranking list (Tel Aviv University and Hebrew University) are the only ones that appear not to have a full graduate curriculum in English.

It is well understood by the committee that internationalization of a university or a college is just a means to improve the quality of teaching and research, and is not an end per se. Nevertheless, it is worth looking at the various dimensions of internationalization and the experiences gained across the countries and at deriving conclusions for the current state of economics at Israel's higher education institutions.

The committee recommends as a mid-term perspective that universities and colleges in Israel develop internationalization strategies. Especially, when it comes to recruiting students and staff, institutions should be aware of the chances internationalization efforts may offer. This is true at the institutional level, but also specifically in economics, since economics has become a globally connected science.

Such an institutional strategy of internationalization typically draws up or clarifies the internationalization objectives and ensures consistency within the institution with respect to quality standards when internationalizing the institution. In addition, it recommends concrete measures regarding "steering internationalization", "study and teaching" (internationalization of curricula, recommended mobility etc.), "research and innovation" and "administration" (websites in English, labor contracts offered in English, improving language skills of the administrative staff).

4. Summary

To repeat, it is our view that the state of economics education in Israel is at a critical point. The assessment and recommendations of the review committee in 2008 were evidently insufficient to remedy the situation almost 10 years ago. Unless steps are taken to support the top research economics departments in Israel, there will be no such departments for future review committees to assess.

The committee has provided some specific recommendations, targeted at the top research universities, to prevent that outcome. Action must be taken fast.

Signed by:

Georg Winckler

Prof. Georg Winckler - Chair

Russell Cooper

Prof. Russell Cooper

David Dillenberger

Prof. David Dillenberger

Philippe Weil

Prof. Philippe Weil

Eyal Winter

Prof. Eyal Winter

Appendix 1: Letter of Appointment



June 2016

Prof. Georg Winckler
University of Vienna
Austria

Dear Professor,

The Israeli Council for Higher Education (CHE) strives to ensure the continuing excellence and quality of Israeli higher education through a systematic evaluation process. By engaging upon this mission, the CHE seeks: to enhance and ensure the quality of academic studies, to provide the public with information regarding the quality of study programs in institutions of higher education throughout Israel, and to ensure the continued integration of the Israeli system of higher education in the international academic arena.

As part of this important endeavor we reach out to world renowned academicians to help us meet the challenges that confront the Israeli higher education by accepting our invitation to participate in our international evaluation committees. This process establishes a structure for an ongoing consultative process around the globe on common academic dilemmas and prospects.

I therefore deeply appreciate your willingness to join us in this crucial enterprise.

It is with great pleasure that I hereby appoint you to serve as the chair of the Council for Higher Education's Committee for the Evaluation of the study programs in **Economics**. In addition to yourself, the composition of the Committee will be as follows: Prof. Russell Cooper, Prof. David Dillenberger, Prof. Oded Galor, Prof. Philippe Weil, and Prof. Eyal Winter. Ms. Maria Levinson-Or will be the coordinator of the Committee.

Details regarding the operation of the committee and its mandate are provided in the enclosed appendix.

I wish you much success in your role as the chair of this most important committee.

Sincerely,


Dr. Rivka Wadmany
Vice Chair,
The Council for Higher Education (CHE)

Enclosures: Appendix to the Appointment Letter of Evaluation Committees

cc: Dr. Varda Ben-Shaul, Deputy Director-General for QA, CHE
Ms. Maria Levinson-Or, Committee Coordinator