

THE HEBREW UNIVERSITY ECONOMICS DEPARTMENT:  
THE EARLY DAYS—A PERSONAL PERSPECTIVE

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I began studying Economics at Hebrew University in 1949, as part of the first class of students in the Economics Department. In 1955, I joined the faculty of the Department and from 1961 until 1965, served as the Head of the Department. This article describes the beginnings of the Department during those sixteen years, when its character was shaped to a large extent.

The chapters describe the Economics Department, its history and its development from my personal perspective. This memoir is not the result of research or a study of historical sources. As the title implies, I have written what I remember. It seems to me that any documentation of an important event, no matter how personal, has added value.<sup>1</sup> Clearly, memory can be unreliable and the result can be an erroneous or misleading account. The comments of a number of colleagues—my wife Ora, Aliza Argov, Haim Barkai (who recently passed away), Nahum Gross, Nadav Halevi, David Kochav, David Levhari, Yair Mondlak, Pnina Morag-Talmon, Yosef Atiah, Ephraim Kleiman and Ruth Klinov—certainly reduced the severity of this problem and for that I am grateful. For the remaining errors, I ask to be forgiven.

One problem that I dealt with was how to mention names. Most of the individuals mentioned here were of course members of the academic faculty, and they have titles and degrees. I thought that it would be best to be consistent—either to mention the degree or title each time or not at all. The former system was, in this context, complicated and perhaps even ridiculous. Therefore, I chose the latter method and mention each individual by name only, without degrees and titles, even though several of them were rarely referred to by name, and only by my generation. In general, I provided the full name of a person when mentioned the first time—and thereafter refer to the person by first name only, in most cases. There are a few exceptions in which the individual is referred to by surname only (for example, Alfred Boneh was always known as “Boneh”, rather than “Alfred”).

Many of those appearing in this memoir are no longer with us. I mention the deaths of colleagues who passed away during the period while they were still part of the Department. But I have consistently avoided (except in one footnote) adding obituary to their names to indicate that this person is no longer with us.

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<sup>1</sup> A non-personal history of the Department during part of the period can be found in an article by Nahum Gross called “The Economics Department of the Hebrew University during the 1950s,” Jerusalem, the Falk Institute, October, 2004.

## 1. FIRST STEPS: 1949–1954

I was first exposed to Economics at the Hebrew University in the fall of 1947, when I started my first year of studies (1947/48). At that time, the studies were in the same format that had been used since the establishment of the University. The studies were structured so as to earn only a Master's degree, after four years of study. The student was required to choose one major and two minor programs of study, where the former accounted for about one-half of his courses. Economics was taught as a minor, which was called "Economics and Society in Israel and the Middle East", and was part of the Faculty of Social Sciences (Social Sciences could be chosen as a major). A major in the Social Sciences primarily involved a sociological perspective (and the Faculty was headed by Martin Buber!) and this perspective was also present in the Economics minor. Economic Theory was taught to only a limited extent in the Faculty; most of the Economics courses were of a theoretical-institutional character and concerned the Economics of Israel and the Middle East. The courses were taught by Alfred Boneh, who was the only member of the Faculty of Social Sciences whose specialization was Economics.

On November 29<sup>th</sup>, 1947, the UN decided on the partition of Palestine and the establishment of the Jewish State. The fighting began immediately afterward and developed into the War of Independence. University studies were suspended and only began again in April 1949, with the end of the fighting. My university studies were interrupted from the day after the UN decision until July 1949.

Following the War of Independence, the Hebrew University (with the administration and most Humanities studies located in the Terra Sancta Building in the Center of Jerusalem) became—almost overnight—a radically different institution than it had been before the War. From its founding until the War of Independence, the Hebrew University had developed at an exceedingly slow pace (for example, there were only a little over one thousand students registered to study in 1948). Changes and additions to the academic faculty had been very gradual and the curricula remained in the same format for many years. All this, as well as the organizational structure and decision-making process at the University, changed completely after the War of Independence. The rate of growth in the number of students and faculty members increased significantly. A variety of new courses, and even new faculties, were added and the curricula in the various disciplines underwent major transformations (although the pace of development was not uniform—there were departments that underwent fundamental reform and others where the traditional frameworks were maintained).

One of the most important changes in the structure of the Faculty of Humanities (which included the teaching of the Social Sciences—a separate Faculty of Social Sciences was created only in 1953) was the shift from having only a four-year Master's program to a system of two consecutive degrees: a three-year BA degree followed by a two-year MA degree.<sup>2</sup> The BA studies consisted of a major, a minor and a collection of basic courses

<sup>2</sup> This structure, which combines elements of the structures that exist in Continental Europe, Britain and the US, was unique to the Hebrew University, and was later adopted by the other universities in Israel as well. Until today, this structure remains unique to Israel. (In the US, it exists in professional disciplines,

(most of which taught a language), which were meant to expand the student's general knowledge.

The "veteran" students who returned to their studies enjoyed a number of exemptions, which were meant to provide partial compensation for the loss of two years of studying as a result of the war. One of them was the option of determining the pace of one's studies, i.e. choosing any quantity and selection of courses (as long as the courses did not have pre-requisites) and the ability to complete a degree without a minimum of required years of study. In the Humanities, students could study according to the new format, i.e. they could learn toward a BA, but if they wished they could also adopt the old format and study toward an MA directly. The vast majority of students, if not all of them, chose the MA option, which was clearly preferable since the required minimum of four years of study did not apply to them. I too, upon returning to my studies, chose this option, and therefore studied toward an MA degree according to the old format. I chose Economics as my major, which became an option when the universities reopened.

Like many of my fellow students, my choice to study Economics was influenced by, among other things, the strong impression left by the Intro course taught by Don Patinkin, who had joined the University in the spring of 1949. A further reason for my transfer to Economics (and that of other students as well) was related to the war itself, which led to a general trend of specializing in more practical subjects. (Many of the students transferred to the Faculty of Law, which was officially opened a year later.)

Economics, which could now be studied as a major, had a basic curriculum (which I describe below), but during the first two or three years (following the war) the system of courses was, from the point of view of the student, rather complicated and multi-faceted. There was a distinction made among the "veteran students": those who registered for the 1947/48 academic year (like myself), who were "veterans" in theory but were in fact new students, were bound by the Department's new framework. This was unofficially referred to as the "Patinkin track". The more veteran students, who had registered in 1946/47 or before, had the option of choosing the old format which was based on the previous curriculum of "Economics and Society", with some additions, as their major. This was unofficially referred to as the "Boneh track". They could also choose to switch to the Patinkin track, and three or four of them did so (many of them just took Patinkin's Intro course, which was not compulsory for them). Another distinction was between the "new" students who registered for the 1948/49 academic year and who were studying toward a BA (and which also included a group of veterans—which numbered about 10 in the Economics Department—who had served in the Palmach and in the British Army before the war and who received permission to complete their BAs in two years) and the "veteran" students who, as mentioned, were studying toward an MA. Thus, one could find students from various tracks and frameworks sitting in the same course. This situation of course was gradually eliminated, over a period of about three years.

The curriculum in Economics was set as the classes progressed: not all of it had been determined when Economics became a major. The core of the curriculum was comprised of

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such as Engineering, Business Administration and Law. BA studies in the US, in contrast to those in Israel, are more general and lack specialization in a particular discipline.)

analytical courses, which were related to one another in content, and a series of additional courses, some in Economics and others outside it or on its margins. Don Patinkin taught all the core courses. Apart from the two Intro courses mentioned above, he also taught the full-year Price Theory course to second-year students in 1949/50. In the following year, 1950/51, which was the third academic year, he gave two one-semester courses (the academic year was then divided into two semesters—a longer winter semester and a shorter summer semester). In the winter semester, he taught a course on International Trade and in the summer semester a course called Measuring and Determining National Income. Since he was teaching all the courses alone (in 1950/51, Price Theory was taught by Avraham Kessler), students in the more advanced courses had to rely much more on teaching themselves. In general, the reliance on reading bibliographical sources, in addition to textbooks, received much greater emphasis than in later years.<sup>3</sup>

Apart from the core of analytical courses, two courses were given on the regional economy (in the second and third years): the Economy of Israel and the Economy of the Middle East. These two courses were taught by Boneh, in a format similar to that used before the changes (like the format of "Economics and Society"). The course on the Economy of the Middle East also dealt, to a large extent, with the principles of economic development, in the spirit of "development planning", a popular concept at the time. We also took courses on Economic History and the History of Economic Thought based solely on reading bibliographic material (Edmond Zilberger, who joined the Department after completing his studies and taught these courses at a later stage, wrote the exam questions in these courses for us). Other courses in Economics, which were not entirely part of the discipline, included Accounting, which was taught by Ernest Fuerst, and the Theory of the Cooperative, which was taught by Harry Vitalis.

Apart from the courses in Economics, the students were required to take a number of courses in other subjects. While all the courses in Economics were compulsory, there were only a few such courses outside of Economics. The most important compulsory course outside of Economics was "Mathematics for the Social Sciences", in which the theory was taught by Avraham Halevi and the exercises were taught by Shimshon Amitsur. The textbook for the course, by R.G.D. Allen, also integrated Economic Theory within the mathematics it presented. The Introduction to Statistics course (taught by Roberto Becki) was also compulsory for Economics students. The elective courses were primarily in Sociology and Political Science.

The structure of the studies in Economics was radically different from what it had been in the past, and for the most part still was, in the Humanities. First of all, it is worth mentioning that the analytic core subjects, which were taught by Don, were based on exercises (in general, courses were formally presented as "Lecture and Exercises"). The exercises in the Humanities were primarily in the advanced courses and consisted of students reading the reading material followed by a moderated discussion of the material in class. In contrast, the exercises in Economics existed at all levels (and in Introduction to

<sup>3</sup> For example, in the Price Theory course (which used the just-published book by G. Stigler and the book by K. Boulding as their basic textbooks), it was compulsory to read the following works, either in their entirety or a large part of them: A. Lerner "The Economics of Control", F. Knight "The Ethics of Competition", M. Reder "Welfare Economics" and A. Marshall "Principles of Economics".

Economics more than any other course). Very little material was conveyed in frontal lectures but rather, the student was to work on a weekly exercise that was usually formulated in the form of practical questions, without any preparation for it in class. The material was taught and internalized through discussion in the exercises class.

An additional difference was related to exams. In the Humanities, there was usually a year-end exam for the first-year courses (except, of course, for supplementary courses such as languages, in which the exams were an integral part of the learning). Beyond that, the student participated in exercises or seminars (which were sometimes called "pro-seminars") in which the student learned on his own to a large extent but did not write any exams. As a result, the student had to write exams only at the end of his studies. In order to complete his degree, the student had to pass final exams, both written and oral. This final requirement also existed in the Economics Department, but, in addition, each course had an exam and in many cases the student had to pass a number of exams during a particular course. A satisfactory grade in a basic course was a prerequisite for participating in more advanced courses in cases where understanding the advanced course required knowledge acquired in the basic course. Thus, a passing grade in the Intro course was a necessary condition for participating in the Price Theory course and a passing grade in Price Theory was a prerequisite for participating in more advanced courses, such as Public Finance or International Trade (which at that time were compulsory courses and only later became elective). Therefore, a passing grade in the Intro course was a prerequisite for continuing one's studies in Economics, which gave the course a threatening and unique status that was almost mythological in the mind of the student (more on that below).<sup>4</sup>

The difference that existed in the structure of the course schedule initially led to confusion in determining whether a student had completed his studies. Traditionally, a student's course schedule (in the Humanities) was approved by the Academic Secretary of the University. The completion of one's studies involved, as mentioned, final exams. The eligibility of a student to write the final exams was determined by the Secretary after checking two pieces of information: a. whether the student passed the first-year exam, and b. whether he submitted the required number of seminar papers. In the Economics Department, this was irrelevant since, following a few mishaps, it had been agreed that the eligibility of the student to write the final exams would be determined by the Economics Department itself and not by the Academic Secretary. This was the exception to the rule in the Faculty in those days.

In the 1951/52 academic year, I was appointed as Don Patinkin's teaching assistant. This was the first year in which this was a fulltime position. In the 1949/50 year, the position was only part-time and was filled by Nahum Gross. The same was the case in the 1950/51 academic year, when it was filled by Moshe Gilboa. In the following years, the position

<sup>4</sup> As part of the package of exemptions, the veteran students had the option of choosing between writing final exams for the MA degree or writing a final paper (instead of both). I myself passed the final exams (in March 1952) and I even started to write a final paper. However, my going abroad to study a short time after the final exams prevented me from continuing. Essentially only three final papers were written by the students in my year: Shmuel Gottlieb (Gilat), "The Price Regulation System" (1951); Nahum Gross, "Inflation and Economic Policy in Israel: The First Stage, 1949–1950" (1953); and David Kochav, "Imports without Payment" (1953).

became a permanent component of the system. (Those succeeding me were Nissan Liviatan and Yosef Atiah.) The work of the teaching assistant involved a variety of tasks. The main ones involved the Intro class: marking the assignments (and discussing them with Don); assisting in writing the exam questions; supervising the writing of the exams; marking the exams; and providing guidance to the students. Beyond this, the teaching assistant had some administrative duties in the Department, primarily filling out the "student cards" which were introduced into the system by Don a year earlier and which were for many years afterward used to determine the student's eligibility to write the final exams. Another task was to provide Don with research assistance (primarily searching for bibliographical material).

The Economics Department was undoubtedly a creation of Don Patinkin. The initial framework existed before his arrival. Even after he joined the Department, Boneh remained in the position of Head of the Department and cooperation between them was essential in carrying out the major changes in the Department and expanding it. However, Don's classes, and his general inspiration, constituted the backbone of the Department. Apart from providing the substance of the Department, they determined the methodology and analytical foundation of the system of studies. They also determined the objective of the study of Economics, i.e. to achieve command of the thinking, tools and knowledge that facilitate the understanding and management of the economy; the method of instruction, which emphasized the development of independent thinking (in contrast to rote learning and simply the accumulation of knowledge); and the respect to be shown to the student and the commitment to him in the teaching system.

This last element was undoubtedly perceived differently by many students who saw Don as strict and inflexible. However, this was a result of Don's basic philosophy that one of the obligations of the teacher is to provide the proper guidance to the student and to see that he does not waste any time during this important stage in his life. Specifically, if the student's performance shows that he is clearly not competent to learn Economics, then this is not the field for him. The way to determine this is by means of the Introduction to Economics course. If after a reasonable number of attempts, it becomes clear that the student cannot pass the Intro course with a satisfactory grade, then he should not be allowed to continue studying Economics and should be steered in a different direction.<sup>5</sup> The use of the Intro course in this way remained a cornerstone of the Economics Department for many years.

The method of teaching in Don's courses constituted a revolutionary experience for a student beginning his career in university. Based on his years in high school in Israel or his experience in other fields in university, the student was usually not prepared for such an experience. There were those who didn't get over the shock, but the majority successfully adopted the new way of thinking and working—even if some effort was required—and stuck with it during the rest of their university studies, and during their professional lives.

The students sometimes took an active role in unusual areas of the studies. For example, the students created a Hebrew dictionary of economic terms, which was a joint effort of the

<sup>5</sup> A formal limit on the number of attempts to pass the Intro exam was adopted later on. At the beginning, the only restriction was that the exam could be written only once during a given year.

students during the classes, sometimes with the participation of Don (who sometimes consulted with the Language Committee). Another example was the organization of a seminar that took place once every two weeks in the evening and was devoted to guest lecturers from outside the University, including economists (from the few there were) in Israel who were outside the university system, as well as speakers who were key figures in the economy and people from the public sector.

The special character of Economics studies was also the result of the character of the students in that period, who of course played an important part in all the fields of study, but played a particularly significant role in the Economics Department. The veterans of the War of Independence were of course older students and, more importantly, were more mature in their outlook on the world. They had a high level of motivation to accomplish as much as possible during their university studies and were prepared to invest their best efforts in doing so. The combination of these characteristics with the method of instruction created the special character of the Economics Department. The small difference in age between the students and their teacher, Don Patinkin (who was 27 when he joined the University), and Don's sincere efforts in this direction, also helped create the social connections and closeness between the students and their teacher.

Prior to the Department's adoption of its post-war format, there were almost no economists in Israel whose training was based on analytical foundations. There were a number of economists with good intuition, and often this was combined with teaching oneself "modern" Economics, which made them into serious economists even if they had not received basic academic training in this direction. However, they were few in number. (The most prominent among them was A.L. Gruenbaum [Gaathon]). The majority of the "economists" were essentially experts in Business Administration (which was the practice, at least in part, among Economics departments in several European countries). If they were involved in economic policy, then it was related to what was then called "apologetic economics", in which the role of the economist was to justify one policy measure or another in economic debates between various groups (whether national, political, social or whatever). Thus, for example, the Jewish Agency employed economists in order to provide the appropriate background for the economic demands of the Jewish population in Israel in response to the positions presented by the British economists of the Mandate government (who were also serving certain defined interests). Against this background, the first graduates of the Economics Department (and even before they had graduated) became known as "pure" economists who were not shackled to any particular interest group and whose worldview and approach were not meant to automatically justify (or negate) any given position. Together with (or based on) the type of teaching, the independence of thought that was instilled, and the character of the students, this gave the students in the Department the feeling of belonging to an elite group—one that lasted for many years. I myself did not have the feeling of belonging to a select group, which was somewhat strange in view of my recent experience in the military.

One of the results of this perception among the graduates of the Department (and including Don himself, of course) was the inevitable creation of antagonism between various groups in the economy and in Israeli society. Since previous to this, an economist was "ours" or "theirs", those who were not "ours" continued to be perceived as enemies or

rivals. This viewpoint remained widespread for many years in the Histadrut, among both the professional union people and the leaders of the Histadrut enterprises. This group, which included the economic thinkers among them, tended to view the new economists as a group whose influence should not be accepted and who should be treated with caution.

The graduates of the Department's first class, both those on the "Patinkin track" and those on the "Boneh track", found work in the public sector for the most part.<sup>6</sup> While the "Boneh graduates" often found jobs in the Ministry of Trade and Industry, the "Patinkin" graduates (who started to call themselves the "Patinkin boys") usually went to the Ministry of Finance. Contributing to this was a coincidence that was highly important for the development of Economics studies in Israel. Not only was there an "objective" need for economists in the public sector, but Levi Eshkol, the Minister of Finance, stood at the top of the hierarchy of economic policy makers. Eshkol had extensive "practical" experience. He lacked basic economic knowledge at the start but he had a thirst for learning and understood the importance of economic analysis in policy making and of including economists with analytical ability in the policy making mechanism. In contrast to the practice of many countries during the stage in which their public sectors began to take shape, Eshkol created a policy of openness to the "new" economists.

The approach of Yaakov Arnon, the Director General of the Ministry of Finance (starting in 1954), also played an important part in this. He was a professional economist (trained in Holland) who attributed the highest importance to creating formal mechanisms for economic thinking in the Ministry of Finance. In 1952, he created the Budget Division, which later became the Budget Department, headed by Arnon before he became Director General. A number of graduates from the Economics Department were absorbed into the upper echelons of the Department (including Dov ben Dror, Yoram Barzilai and Simha Sorokar). The Department became, and remains until this day, the main source of economic thinking in the government.

Also contributing to this process was the creation of the Bank of Israel, whose first Governor was David Horowitz, a professional economist (although he was mainly self-taught). He had a similar approach to that of Eshkol. The Bank of Israel Research Department, which was founded by David Kochav in 1954 together with graduates of the first class, was a major factor in the absorption of the Department's graduates and the development of their abilities as economists.

Another graduate who filled an important position (in the State Revenue Authority) was Moshe Zandberg (Zanbar).

This initial deployment in the upper echelons of the Ministry of Finance and the Bank of Israel initiated a process that generated its own momentum. Thus, the "first-generation" economists in the public sector had no reluctance in hiring professional economists (in contrast to many other countries) and indeed tended to prefer individuals with a similar background to theirs. Thus, a cycle began of growing demand in the public sector for

<sup>6</sup> The graduates of the first class of the "Patinkin track" included: Dov Ben Dror ob"m, Rafi Baruch, Yoram Barzilai ob"m, Avraham Baram ob"m, Shmuel Gottleib (Gilat) ob"m, Moshe Gilboa ob"m, Aharon Galshon ob"m, Nahum Gross, Efraim Dovrat, Moshe Zandberg (Zanbar), Aharon Cohen (Kidon) ob"m, David Kochav, Emanuel Levi ob"m, Amotz Morag ob"m, Micha Michaely, Simha Sorokar ob"m and Aviezri Frankel.



graduates of the Economics Department and as a result, the status of economists and Economics studies grew increasingly stronger.<sup>7</sup>

## 2. EXPANSION: 1955–1959

During its first years, the Department was a one-man show: that of the founder of the Department—Don Patinkin. This remained so until 1955. Until then, Don taught most of the analytical courses alone, although he got some help from lecturers outside the Department. For example, the Price Theory course was given for two years by an external lecturer, Avraham Kessler, and following that by Haim Barkai (in 1954/55), who was then a teaching assistant in the Department.

It was clear to Don that rapidly expanding the teaching faculty was a necessary condition for the Department to survive. His vision—although it did not involve detailed planning—was of a seven- or eight-member faculty for the core subjects (apart from the supplementary subjects). It was also clear to him that expansion must be based on the graduates of the Department rather than on outside hiring.

The first step of the expansion was accomplished by the hiring of two new faculty members—Amotz Morag and myself—the only graduates of the first class to seek employment in academia.<sup>8</sup> Following the visit of Fritz Machlup, the most prominent faculty member in the Economics Department at Johns Hopkins University (which was officially called the Department of Political Economy), as a guest lecturer, Machlup organized two scholarships in his department for graduates of the Hebrew University Economics Department, with the goal of training them to become members of the faculty in Jerusalem on their return. Thus, Amotz and I started our doctoral studies at Johns Hopkins University in Baltimore in the fall of 1952. We completed our studies and joined the faculty of the Economics Department in 1955—Amotz in the spring and myself in the fall. Amotz specialized in public finance and I specialized in international trade. These areas constituted about half of the courses we taught. Our teaching schedules were similar: a basic class and an advanced class (usually a "seminar") in our areas of specialization, and teaching an Intro group (with Don teaching an additional group during most of this period). Thus, specializations were created in the Department, which were in addition to the courses that were essentially compulsory. The specialized courses were elective, but two basic courses were defined as "advanced elective courses" and a student had to take at least one of the two as part of his elective courses. (Later, the framework of "advanced" courses was expanded.) The students often chose both of these courses.

The Economics Department was by then already part of an independent faculty: the Faculty of Social Sciences, which had separated from the Faculty of Humanities in 1953

<sup>7</sup> A comprehensive description of the absorption of the Department's graduates in the public sector and the influence of that generation of economists can be found in Ephraim Kleiman, "Israel: Economists in a New State", in A.W. Coats (ed.), *Economists in Government*, Durham: Duke University Press, 1981, pp. 210–241.

<sup>8</sup> Another graduate, Nahum Gross, went on to do a Ph.D. and entered academia after a long hiatus.

and was in several ways unique. On the one hand, it constituted the "Eliezer Kaplan School of Economics and Social Sciences" (and so it was referred to), an entity that was created and administered (at least in practice) in partnership with entities outside the University. (This difference between it and other faculties at the University blurred, and basically disappeared within a few years.) On the other hand, the Faculty did not have full independence. In several important aspects (such as the existence of a Joint Teaching Committee) it remained part of the Faculty of Humanities and, although it had its own Faculty Council and Dean, there were important decisions concerning structural changes and teaching frameworks that were subject to the decisions (or approval) of the Dean of the Faculty of Humanities and the Joint Faculty Council. The Council was defined as the "Council of the Faculty of Humanities and the Faculty of Social Sciences" and it included members who were also on the Council of the Faculty of Social Sciences. (It was headed by the Dean of the Faculty of Humanities.) This arrangement reflected the opposition of senior members in the Faculty of Humanities to the existence of an independent faculty for the Social Sciences, and was essentially an expression of the lack of confidence in the abilities of the social sciences departments to function together as an independent faculty. This arrangement remained intact much longer than seemed reasonable based on objective considerations (such as the size of the Faculty). It came to an end only in the spring of 1968, when the Faculty of Social Sciences became completely independent and was freed from the "custodianship" of the Faculty of Humanities.

During the 1955/56 and 1956/57 academic years, the Price Theory course was taught by Abba Lerner, a visiting professor. (Lerner was then in Israel as part of an economic advisory delegation to the government.) The scope of courses taught by Boneh shrank to a large degree during these years. In 1955, Boneh replaced Roberto Becki, the first Dean of the Faculty of Social Sciences and served as the Dean of the Faculty until the end of 1957/58. (At the same time, he continued serving as the Head of the Economics Department—more on that below). The course on the Economy of the Middle East, previously taught by Boneh, was now taught by Yehuda Hershlag, Boneh's teaching assistant in the early 1950s, who completed his Ph.D. a few years before we joined the Department. The course on the Economy of Israel was in theory given by Boneh but in reality, during most of the period, was taught by substitute lecturers. (During the late 1950s, Uri Baharel was the actual lecturer.) Fuerst continued to teach the Accounting course and Edmond Zilbrenner taught the courses on Economic History and the History of Economic Thought, which the students in our year had learned from reading material only. On our return, an additional course on Labor Relations was given by Ferdinand Zweig, who was from the outset slated to become a permanent member of the Department. However, at the end of the year (1956/57) Zweig left the Department and the course was no longer taught in the Department. As such, prior to our return, there were only four permanent<sup>9</sup> lecturers in the Department: Boneh, Patinkin, Zilbrenner and Hershlag. By coincidence, Don was also absent during the first year following our return, while on Sabbatical in the US. Our joining

<sup>9</sup> The term "permanent" is not meant to indicate formal tenure but rather full long-term membership on the faculty. The status of tenure was awarded to me in 1958 and Amotz shortly thereafter. During that period the process of awarding tenure was separate from that of promotions.

the Department's teaching staff was therefore a significant change, essentially the first since the creation of the Department in the late 1940s.

Another significant change took place with respect to the teaching facilities. During the first half of the 1950s, the Department's activity (and that of the Faculty) took place partly in the Terra Sancta building and partly in the north wing of the King David Hotel. (Some of the activity also took place in an office building in the same area.) For the 1956/57 academic year, the Faculty moved to the Kaplan Building in the new University complex at Givat Ram. This was the first building for lectures to come into use on the new campus. (Until then, only laboratory buildings had been in use.)<sup>10</sup> The move created a feeling of spaciousness, which gradually disappeared over the years, as the building (like other parts of the campus) became increasingly crowded.<sup>11</sup>

One of the main additions to the Department was that of Aliza Argov, who joined the Department in 1952/53. In theory, she was, at the beginning, Boneh's and Patinkin's secretary. However, in reality she also dealt with Departmental matters and indeed within a short time she was named as the Department's Secretary.<sup>12</sup> Her unique traits, which were a combination of professional skills, efficiency, dedication and loyalty, meant that there was a solid foundation for the Department's administration for more than two decades.

As mentioned, Boneh remained the Head of the Department. During my first year in the Department, in 1955/56, with Don on Sabbatical, Boneh filled the position of Head of the Department not only in theory but also in practice. Departmental meetings were attended by Lerner and Zweig, in addition to the permanent lecturers, but these meetings were rare. Apart from one issue, which I will discuss below, I don't remember any matter of significance that was discussed and then decided on in the Departmental meetings. In practice, the Department was run by Boneh and Hershlag. In the following year and subsequently, upon Don's return, the situation changed completely. Essentially, Boneh transferred the management of the Department to Don, including day-to-day administration, as well as decisions on hiring, structure and long-term policy. Hershlag, whose source of authority was Boneh's endorsement, no longer filled any real function, apart from teaching, while the status of Amotz and myself, as well as others who joined the faculty in the late 1950s, became more significant.

<sup>10</sup> The dedication ceremony for the Kaplan Building took place in October 1956, prior to completion, and there were some phenomena typical of "Salah Shabati" at the ceremony. For example, just before the ceremony, a grove of oak trees appeared around the building, which consisted of saplings in cans that were buried in the ground. The next day, the grove had completely disappeared.

<sup>11</sup> The Givat Ram Campus was planned for a population of 4000 students (and a corresponding number of academic and administrative staff). In the final years before the move to the Mount Scopus campus (in 1981), the student population on the campus was three times that number. The Department, when it entered the Kaplan Building, was allocated one secretarial office and four offices for lecturers. The Department then consisted of five full faculty members. That same number of offices was available to the Department in 1970, when the number of faculty members had grown threefold. The crowding was eased by the presence of the Falk Institute, as will be described below.

<sup>12</sup> This was rare in those days. Department secretariats were established in non-experimental faculties only at a later stage. It is reasonable to assume that the appointment was a result of the fact that the Economics Department was much larger than any other department in the University.

In one of the Departmental meetings, Amotz and I put forward a proposal to hold an evening seminar once every month for the Department's lecturers and graduates. The model that Amotz and I were familiar with was a similar seminar at Johns Hopkins, which was very successful. The proposal was met with opposition from Boneh (moderate opposition) and from Hershlag (determined opposition). It was clear that such a seminar, which would be a joint enterprise of the Department as a whole, would strengthen a certain faction in the Department, which Boneh and Hershlag feared. In this context, the discussion was an expression of an already-lost battle between the "old" school and the "new". The decision in favor of creating the seminar was achieved thanks to Lerner's unambiguous support for the idea. The seminar was indeed a success for about a dozen years. During its initial years, the seminar often met in Beit Shalom and the intimate atmosphere of the place helped make the seminar a social gathering as well.

Apart from the confrontation between the "Boneh" and "Patinkin" factions in that first year (1955/56), which essentially occurred in Don's absence and to a large extent was related to Hershlag's position in the Department, the relations between the two Department heads were harmonious. Boneh was happy to concentrate on his role as Dean, in which he was very active, and there was no doubt that Don was the leader of the Department, regardless of his title, and that the analytical dimension of Economics had become the heart and soul of the Department.

As mentioned, in 1955/56 the non-analytical part of the Department's studies included a course on Labor Relations given by Zweig. This course was in theory given as part of the "Labor and Cooperation" studies (which in the past had included courses taught by Vitalis and Einfeld). In the following year, neither this course nor a substitute for it was offered, thus essentially canceling the "Labor and Cooperation" studies.<sup>13</sup> At a later stage, Yitzhak Galfet gave a course on Cooperation, but it was clear that this was not in any way a separate framework that was meant to exist within the Department. Since these courses were not analytical, and not even regional or historical, it seems that from the beginning "Labor and Cooperation" courses, in the form they took then, could not exist as an important component of Economics studies. The disappearance of this framework within the space of a few years was thus an outcome that was expected and essentially inevitable.

In the late 1950s, there was an additional expansion of the Department, with the return of four more graduates: Nissan Liviatan (who studied at Oxford and returned in 1956/57); Haim Barkai (LSE, 1958/59); Yehuda Greenfeld (Chicago, 1958/59); and Yosef Atiah (Chicago, 1959/60). The drowning death of Yehuda Greenfeld, a promising economist, in the summer of 1960 was a major loss to the Department. This expansion (and the reliance on a number of external lecturers) made it possible to offer a larger number of basic courses, which became essential with the constantly growing number of students and the important addition of specialized courses to the curriculum, including Econometrics, the History of Economic Thought, Consumer Theory and the Economy of the USSR.

On my arrival at the Department, and for four years afterward (until 1958/59 inclusive), I taught an Intro course as part of the School for Social Sciences in Tel Aviv, which was under the auspices of the General Federation of Labor (the Histadrut). This was the

<sup>13</sup> Part of the Department's budget continued to be provided under this category for a number of years.

beginning of an arrangement between the University and the School, in which courses in other disciplines were also given, and which would in the future constitute one of the elements in the founding of the "extension" in Tel Aviv. The Intro course in Tel Aviv was identical to that in Jerusalem (the fact that I taught in both places of course meant that this principle was adhered to). The exams in the course (both mid-term and final) were identical (and were marked by the same person). There was one difference, however: The course (which was a year long in Jerusalem) was given over two years in Tel Aviv, in recognition of the time constraints of the students in Tel Aviv, who were learning in the evenings while working fulltime. Once they completed the Intro course, the students could continue studying within the regular framework in Jerusalem. Some of them, including some exceptional students, indeed did so and a few of them did so during the Intro course (in other words, after a year of study in Tel Aviv). The experience acquired in this framework was very helpful, both to me and to the Department, with the creation of the "extension" in Tel Aviv, which will be discussed further below.

Apart from this, I was employed in part-time work at the Bank of Israel as an advisor to the Research Department during the second half of the 1950s. Similarly, Amotz was working part-time as an advisor to the State Revenue Authority in the Ministry of Finance. Within these frameworks, we both participated—to a limited extent of course—in processes that determined economic policy. But that was essentially the extent of the Department's involvement, and that of its members, in economic policy in Israel. During that period, there were no public discussions within the Department on issues of economic policy (except, on and off, during the Departmental evening seminar). The Department's teachers (in this context, Don, Amotz and myself) did not participate in public discussions of economic policy and we took almost no part in government committees related to economic policy, except for the participation of Amotz and myself in discussions and committees as part of our functions as advisors.<sup>14</sup> In other words, during those years the Department had an important indirect impact (which was almost decisive) via its students, who went on to serve in important positions in the public sector. However, the Department did not have much direct involvement or influence through its teachers, which we will see below. This situation changed in the 1960s.

During those years, the methods for dealing with students, their problems and their guidance began to take shape. On my arrival, the position of Advisor to BA students was created. I filled this position until 1958/59, when I was replaced by Haim Barkai. I then became the Advisor for MA students (and was responsible for, among other things, determining the framework for MA final papers and the approval for a student to start working on an MA paper). I served in this capacity (in parallel to being the Head of the Department for part of the time) until 1963/54, when Nissan Liviatan took over the position.<sup>15</sup> Similarly, in 1964 the position of Department Coordinator was created (which

<sup>14</sup> Don was more involved in economic policy during the early 1950s. His participation in the committee that discussed the exchange rate regime in 1953 had a particularly large impact.

<sup>15</sup> Later, in 1968, the position of Advisor to PhD students was created. At the end of the 1960s, this position had become particularly relevant.

was filled by Yosef Atiah for many years). This function included, among other things, responsibility for dealing with students' affairs and issues related to teaching and exercises.

How the faculty members related to the students, which was determined by Don, was certainly perceived differently by members of the faculty than by the students. On the one hand, the function of teaching was treated with respect: ensuring that the correct material was taught, fulfillment of the teaching commitment (and, among other things, never replacing a lecturer with his teaching assistant—something that was not always adhered to in the University), maintaining a high level in the exercises, writing exam questions with precision (with exams prepared and checked by lecturers in most cases and in some important instances marked by more than one teacher) and in general respecting the rights of the students. On the other hand, due to the large number of students in the Department and in most of the courses—which was exceptional in the University—there was a large degree of inflexibility. Thus, requests by students for special treatment were granted to a lesser extent than in most other departments, due to the fear that exceptions would lead to dozens of additional requests. In general, and again as a result of the size of the Department, the students viewed the Department as providing a rather small amount of individual attention.

One interesting chapter was the relationship between the Department and the Falk Center (which would later become the Falk Institute for Economic Research). The Center was founded in 1953, thanks to a large extent to the initiative and assistance of Simon Kuznets, one of the world's great economists, who took an active interest in the Center for a long period of time. The Center operated as part of a five-year allocation from the Falk Foundation in Pittsburgh, which was renewed in 1958 for an additional five years. During its initial years, there was no connection between the Center and the Economics Department.<sup>16</sup> The first research directors (H. Lubell and D. Creamer) were not connected in any way to the Department. The researchers were not part of the Department nor were there any advanced students from the Department (apart from one or two exceptions), although later on several of the researchers joined the Department. The third research director, who took up the position in 1956, was Don Patinkin. This of course created a merger of personnel between leading figures in the Department and the administration of the Falk Center. However apart from this connection at the start, none of the Department's teachers were involved in the work of the Falk Center. With one exception—the research study by Nissan Liviatan on consumption, which was also his PhD thesis—the Department's teachers did not carry out their research as part of the Falk Center until the beginning of the 1960s. The only "Departmental" research program that was carried out during the second half of the 1950s, i.e. a program that some of the Department's teachers were involved in, was in fact carried out at the initiative and under the direction of Boneh. The program took shape in 1957 (financed by the Ford Foundation) and examined growth processes in the Israeli economy. Among the participants were Boneh himself, whose area of interest was public finance in Israel; Uri Baharel, who was then a teaching assistant at the Department and was working on the topic of wages; David Kochav, the Director of the

<sup>16</sup> There was also a physical separation, since the Falk Center was located in offices in the downtown area.

Bank of Israel Research Department, who was working on the development of the financial system; and myself, who was working on the topic of international transactions in the economy.<sup>17</sup>

In contrast to the first half of the 1950s, in which only a few final MA papers were written, during the period being discussed there were quite a few research papers written as final MA papers on topics related to the Israeli economy. Some of them were written within the framework of the Falk Center, and in these cases Don was almost always the advisor. For other papers, which were not connected to the Falk Center, Amotz and I served as advisors, until new members joined the Department's staff in the late 1950s. These papers were usually research studies carried out on a very high level and they set a high standard—perhaps too high—for future MA papers.<sup>18</sup>

In contrast to the intense activity in MA papers, only two doctoral theses were written until the early 1960s. One of them, by Nissan Liviatan, was only formally carried out at the Hebrew University (following years of work on the thesis at a university abroad) and the other was written by Uri Baharel, which was mentioned above and for which Don was the advisor. The few doctoral theses written in the Department and the fact that doctoral students were sent to study abroad, was the result of Don's explicit policy (which was justified in my opinion). The intention was that the candidate would return to the Department to teach after expanding his horizons. It would also get him involved in international academia and would avoid the danger of "inbreeding".<sup>19</sup> Only many years later, when the Department was much larger and more diversified, did doctoral theses become more common in the Department.

Similarly, there was the question of the directions for research and in particular to what extent the research by members of the Department should be related to the Israeli economy, as opposed to more general subjects (such as, for example, those that occupy the typical academic economist in the US), which were being studied by the scientific world at that time. On this issue, Don gave mixed messages. On the one hand, he always declared the need to emphasize research on the Israeli economy (which was consistent with the position of the Head of the Falk Center, whose goal was explicitly to encourage research on Israel). On the other hand, if this type of research did not demonstrate some general problem in Economics, then it is unlikely that it would be published in the international journals and would not become known outside of Israel. At the very least, the chance of it getting published was far smaller than for research on a general economic problem. Therefore, when the time would come to discuss the promotion of a candidate, there wouldn't be much

<sup>17</sup> Of these five research projects, only two were completed and published: that of Amotz ("Government Finance in Israel: Development and Problems", Magnes, 5727) and my own ("Foreign Trade and the Import of Capital in Israel", Am Oved, 1962). Boneh himself passed away in 1959 before getting very far into the research. Uri Baharel changed the topic of his research to some extent and actually carried it out through the Falk Center during the late 1950s and early 1960s. David Kochav took a leave of absence from his work at the Bank of Israel in order to carry out his research, but it was not long enough for him to finish the work.

<sup>18</sup> Since writing a thesis took several years after the student had completed his courses, they were usually written within the framework of the institutions where the writers were employed, which was usually an economics-related government institution.

<sup>19</sup> Don even tried to diversify the locations where the doctoral candidates would study. As a result, Haim Barkai and Nissan Liviatan were sent to study in England (at LSE and Oxford, respectively).

attention paid to research on Israel by those from the outside. It was therefore as if Israeli research almost did not exist. In other words, there was a kind of "penalty" for being involved in research on Israeli problems.

This dilemma exists until today, even though there is now a large number of economists who focus on the economy of Israel, a situation that did not exist in the 1950s. Amotz and I, each on his own, solved the problem with a similar compromise: most of our research focused on general economic problems but a respectable minority of the research dealt with problems specific to Israel. From time to time, although not that often, the two elements could be combined, which was of course ideal in this case.

During this period, there was rapid and uninterrupted growth in the number of students in the Department. This required increasing the number of groups in the basic courses (and later on, several of the specialized courses were offered with more than one group as well). The existing faculty, even after the addition of Liviatan, Barkai, Greenfeld and Atiah towards the end of the period, was having difficulty teaching the course load, in addition to the time spent advising students or carrying out administrative tasks. Nonetheless, there was no plan for increasing the academic staff. Only one candidate, Yosef Atiah, was sent to do his doctorate abroad during that period, with the intention that he would join the faculty (and he indeed joined the Department towards the end of the period). This was the background for the development of the Department during the first half of the 1960s, which will be discussed below.

One important development that is not directly related to the Economics Department, though dependent on it to a large extent, was the creation of the Department of Business Administration. This was the initiative of Boneh who, as mentioned above, was Dean of the Faculty during this period, and was made possible mainly due to his persistence and efforts in this direction. Boneh's position was derived to a large extent from his view of the process of economic development, which attributed a major role to management and entrepreneurial abilities in an economy. There was fierce opposition to creating the new department, primarily from some central figures in the Humanities who did not feel that such practical learning, which is not a scientific discipline, had a place in a university setting. The creation of the new department became possible through the unambiguous support of Benjamin Mazar, who himself was a Humanities person and was the President and Rector of the University at that time, and with the assistance of the Economics Department. The main contribution of the Economics Department was the channeling of a number of its most gifted graduates to doctoral studies in Business Administration abroad, so that on their return they could provide the core of the new department's teaching staff. This phenomenon, which was certainly a two-way street, was related to the fact mentioned above that the Department did not itself send many candidates abroad in order to reinforce its own teaching staff.

Another department whose development was partially dependent on the Economics Department was the Department for Agricultural Economics in the Faculty of Agriculture in Rehovot. When Yair Mondlak joined that Department in 1956/57, analytical studies began to dominate, as had occurred in the Department in Jerusalem. However, the change in the direction of the Department (in parallel to the shift in Jerusalem from the "Boneh school" to the "Patinkin school") was more problematic than it had been in Jerusalem. This



process had the support of the Department in Jerusalem, both within the discipline and within the institutions of the University, which was of critical importance.

To conclude this chapter, it is worth mentioning the level of the Department's students during those years. To a large extent, as in the early 1950s (though certainly not in the same proportions) these were students who, after years of working in other frameworks (members of kibbutzim, army officers, etc.), had decided to engage in academic study. Naturally, these students tended to be older (a not insignificant number were older than I was) and with a more mature view of the world and, like the students in the early 1950s, they had a particularly high level of motivation. But even the younger students of that period were on average of very high quality and the proportion of gifted students among them was higher than in later years. This was partially the result of a preselection process, since the proportion of the population who completed high school, and the proportion of those who then continued on to higher education, were much lower than in the following generation.

### 3. CONSOLIDATION: 1960–65

During the period between the fall of 1959 and the fall of 1961, there were some unfortunate changes in the staff. Boneh, who had been diagnosed with cancer a year earlier, died in late 1959. Yehuda Greenfeld, as mentioned, died of drowning in the summer of 1960. Amotz Morag was diagnosed with a malignant growth in the summer of 1961 while on Sabbatical in the US. He underwent surgery and returned to teaching and research, although with reduced capacity. He passed away in the fall of 1966, a difficult loss both for the Department and for me.

In 1961/62, Don went on Sabbatical to the US. Amotz was meant to temporarily replace him as Head of the Department during that year. But soon after Don left, Amotz's illness was diagnosed and Don asked me to fill the position.<sup>20</sup> In practice, I served as the Head of the Department for a period of four years. But I should briefly explain a number of matters that are related to the definition and status of "Head of the Department".

A department in the Faculties of Humanities and Social Sciences was not a defined administrative unit, but rather a teaching framework.<sup>21</sup> The character of a department was not defined in any procedural documents of the University and the position of Head of Department did not exist in the University's Constitution. Nonetheless, the Head of the Department often had decisive influence. In the smaller departments, in particular, the department's character and image were often determined by its head for many years.<sup>22</sup> Since

<sup>20</sup> At first, we were unaware of the seriousness of Amotz's illness and assumed that he would return to fulltime work within a short time. I was meant to serve as acting Head of the Department for only a few months.

<sup>21</sup> In the Faculties of Natural Sciences and Agriculture, a distinction was made between a department as a teaching framework and a department as an administrative framework. In the Faculty of Law, there were no departments and the Faculty of Medicine also possessed a unique structure.

<sup>22</sup> In some cases, parallel departments were created by the University in order to get around barriers of this type.

the function was not defined in the Constitution, there was also no procedure for replacing the head of a department. Often, this was a lifetime position (in academic terms), unless the individuals willingly resigned from the position.

As mentioned, Boneh was the Head of the Economics Department since its founding in 1949. Formally, Boneh remained the Head of the Department until his death in late 1959, after which Don (who had effectively been the Head of the Department since Boneh became Dean in 1955) filled the position in name as well as in practice. I am not aware of any procedure that was followed to appoint him. In any case, it is clear that there was no “selection” process, not within the Department nor in any larger framework, such as the Faculty Council or the Senate. It was clear that Don’s status as Head of the Department was not time-limited and the assumption certainly was that change was possible only if Don himself wished to resign from the position.

I became the acting Head of the Department, as mentioned, for one year—1961/62 (Don’s Sabbatical year). As mentioned, we first thought that my appointment would only be for a few months. Towards the end of that year, Don was selected to be Dean of the Faculty for two years (1962/63 and 1963/64), a term which was later extended, which was the general practice, for an additional two years (1964/65 and 1965/66). On his return from Sabbatical and prior to taking up his position in the fall of 1962, Don asked me to replace him as the Head of the Department during the period that he would be serving as Dean. This time, there were some procedural aspects to the appointment which I had to go through, primarily due to a protest by Zilbrenner, at the same meeting of the Faculty Council at which Don was chosen to be Dean. The protest was a result of the improper and laconic manner in which “he was notified” of the appointment of the Head of the Department. (“One day I receive a letter stating, in one paragraph, that the Head of the Department is Amotz Morag; a short time later, I receive a similar letter stating that the Head of the Department is Micha Michaely.”) I felt that his claim was quite justified and as a result, the extension of my term as Head of Department was accomplished by means of a notification from Don at the first meeting of the Department in 1962/63 that he wished for me to replace him in the position. This was only a “notification”, which opened the door for appeals (in fact none were submitted), although it wasn’t a “selection” process. It was completely clear that the function of Head of Department was not a position open for selection by the Department. This situation changed in 1967, as I will describe below. Thus, my status was originally “acting” Head of the Department. However, at the end of 1963, Don decided to resign from the position of Head of Department and asked me to become the permanent Head of the Department, that is, even after he was to complete his term as Dean (this was a request of the type that is “impossible to refuse”). Thus, I was no longer the acting Head of Department and became the formal Head of the Department.

In the summer of 1965, I was meant to leave for a two-year Sabbatical in the US (1965/66 and 1966/67). Don made the approval of my Sabbatical conditional on finding a replacement to serve as Head of the Department during this period. Haim Barkai agreed to my request to fill the position and the replacement was carried out in a similar manner to my appointment: I announced at the last meeting of the Department in 1964/65 that Haim had agreed to my request to replace me for two years. I was pleased to realize after a short amount of time that Haim viewed the appointment as permanent, for two years, but not as

“acting” Head. Thus, I was thereafter exempt from serving as Head of the Department and being responsible for finding another replacement when the time came. At the end of two years, in the summer of 1967, the Department held a meeting (I had not yet returned from Sabbatical) at which Haim’s term was extended for another year. That was the first time that the position of Head of the Department was decided on by the Department. From that point on, a routine existed for choosing the next Head of Department at a departmental meeting, a procedure which has remained in place until today. Clearly, a necessary condition for creating such a procedure was the existence of a large number of faculty members in the Department, a condition that was already in place in the late 1960s.

The division of work between Don and myself was not explicitly stated, but was nonetheless clear. This was partly because some matters in any case had to be taken care of by Don, in his position as Dean. The management of day-to-day affairs in the Department was my responsibility and included the curricula, allocating the teaching staff, student problems and the departmental budget. In contrast, Don was responsible for appointments and promotions of faculty members. That Don would deal with promotions was almost taken for granted—not just because it was inevitable for the Dean to be involved, but also because I myself was only a “Senior Lecturer” during almost my entire term as Head of the Department. At this early stage of the Department’s existence, promotions had less quantitative importance.<sup>23</sup> In this area, Don would keep me informed but this did not constitute “consulting with me” or involving me in the decision. The subject of appointments was, in the end, subject to Don’s decision. However, in this case, I was involved in the deliberations and the decisions, both as a matter of principle and on the personal level. In fact, in this area I made a significant contribution to changing the image of the Department.

Don had a clear viewpoint regarding the scope and composition of the Department’s faculty and the character of the appointments to the faculty. According to his approach, the Department at the end of the 1950s and early 1960s had reached its planned size. Beyond that, additional appointments would be justified only if it was clear that the individuals were of the highest caliber of scholarship and their presence in the Department was not necessarily a function of the Department’s specific needs. At least in part, this approach was the result of the age breakdown of the existing faculty members. Since all of us were quite young, Don feared that too many appointments in the short term, would “clog” the Department for many years to come.

Without detracting from the importance of these considerations, I felt that there were other factors in favor of increasing the size of the faculty. One of them was the need to create a greater degree of diversity and more possibilities of specialization in the curriculum. Another was the heavy teaching and administrative burden that was necessarily the result of the large number of students and the relatively small number of faculty

<sup>23</sup> During my years as Head of the Department, there were only a few promotions. It so happened that all the processes were completed in 1965, towards the end of my term. Amotz and I were promoted to the level of full Professor and Haim Barkai, Nadav Halevi and Mordecai Koretz were promoted to the level of Senior Lecturer. Nissan Liviatan became a Senior Lecturer in 1963, but formally this was a (first) “appointment” rather than a promotion.

members. I also felt (and I expressed this later on as well when determining Faculty policy as Dean) that it was difficult to identify with certainty the future top performers during the process of completing a doctorate, with the exception of course of clear outliers. Individuals who look promising at the beginning of their careers are liable to disappoint and vice versa. Therefore, I felt that it was better to maintain a “reserve ratio”, i.e. appoint promising individuals, on the assumption that not all of them would fulfill their “promise”, rather than restrict appointments only to those who are certain to be among the top scholars in the future.

These decisions, as mentioned, were made by Don. However, in the discussions on appointments I succeeded in persuading him of the importance of these considerations. (I assume that the pressure from the growing number of students and the recognition that this was not a passing phase also helped to accomplish this.)<sup>24</sup> As a result, there was greater openness to appointments and a significant expansion of the faculty, primarily during the 1963/64 and 1964/65 academic years. Some of the expansion was planned ahead of time, based on the students who were sent to complete their doctorates abroad in order to return and join the faculty, such as David Levhari (1964/65) and Giora Hanoch (1965/66). However, most of the appointments to the staff were not planned ahead of time: Nadav Halevi (1960/61); Michael Bruno, Mordecai Koretz and Ephraim Kleiman (1963/64); Robert Sharshovski (1964/65); and Ruth Klinov (1965/66). Sharshovski, who had great promise as a teacher, researcher and thinker, fell in the Six Day War and Mordecai Koretz returned to the US after a few years. The rest of the newcomers remained in the Department over time. During the years that I served as Head of the Department, the academic faculty grew significantly, despite the death of some of our colleagues. From the point of view of teaching capacity, the Department reached maturity during the mid-60s.

During this period, candidates were sent for doctoral studies abroad and returned to join the faculty during the second half of the 1960s. These included Nahum Gross (1966/67); Yoram ben Porath, Reuben Gronau and Eytan Sheshinski (1967/68); and Gur Ofer (1968/69). During that same period, Menahem Ya'ari (1966/67) and Michael Keren (1968/69) also joined the Department. Thus, the Economics Department reached its desired size. Financial support for doctoral studies became available once we had convinced the Executive of the University that the policy for the Economics Department should differ from that for most other departments. The grants available for doctoral studies were often distributed according to the recommendation of the advising teacher, who tried to make it possible for his doctoral student to travel for advanced studies (usually with partial funding) regardless of where the student would eventually end up. The policy of the Economics Department, on the other hand, was to direct the funding for doctoral studies towards candidates who would be returning to the Department (with full funding, though not generous, for the living expenses of the doctoral candidate and his family). This pattern was the norm starting from the early 1960s.

There were also major changes in the curriculum during this period, although the overall framework remained more or less unchanged. The most significant change, which involved

<sup>24</sup> Related to this is the creation of the extension of the Faculty in Tel Aviv, which will be discussed below.

the expansion of the faculty (and which, as mentioned, was one of the justifications for this expansion), was the addition of a large number of specialized courses. Another major change was the addition of the Macroeconomics course.<sup>25</sup> The process of change was not simple. The changes had to be discussed and approved by the Joint Teaching Committee of Humanities and Social Sciences (of which I was a member), which naturally had a variety of different views and approaches of its own. The Committee was not prepared—to some extent justifiably—to approve a change in the overall number of compulsory course hours in the Department. This meant that in order to add the Macro course, we would have to suggest a course that would be removed as a compulsory course. The course that was chosen was the Economy of the Middle East, which appeared to me to be justified—not only in order to remain within budget constraints but also because it was anachronistic for the course to be compulsory.<sup>26</sup> However, influential members of the Teaching Committee, some of whom saw themselves as more qualified to determine the subjects to be taught in Economics, did not see it that way and were tending toward rejection of our request. It is possible that the approval that we ultimately received from the Committee was, at least partially, the result of the recognition that "tightening the reins" on the Department would increase the motivation of the Faculty of Social Sciences to pursue full independence. This occurred in any case five years later as a result of the inflexibility and archaic views of the Joint Teaching Committee. The Macroeconomics course was offered for the first time in the 1963/64 academic year, and has since remained one of the foundations of the curriculum. The course was constructed by Don and myself, and during its initial years it included a major component of national accounting and input-output analysis, although this component shrank in importance over the years.

Another addition (which occurred in 1963/64), though unrelated to teaching, was the creation (at the initiative of Nissan Liviatan) of a seminar for the Department's lecturers, as opposed to the evening seminar which was also intended for graduates of the Department. This institution also became an important element in the life of the Department.

Prior to the 1962/63 academic year, Yehudah Hershlag left the Department for Tel Aviv University. This ended the Boneh tradition in the Department. The Economy of the Middle East course, which as mentioned was removed from the list of compulsory courses shortly afterward, remained a popular course (and sometimes was taught in two groups). From that point onward, the course was taught by lecturers in the Department instead of Hershlag (primarily, by Eliezer Sheffer, a graduate of the Department who returned from his doctoral studies in 1959 and taught the course for over twenty years). During the next few years, and even after that, the Department did not manage to recruit a teacher to the full faculty whose main specialty was the Economy of the Middle East.

During this period, the Department also began hosting important economists from abroad, who taught courses that lasted from a few weeks to a semester, in the areas of their expertise. This became a practice that the Department maintained for many years. The first economists to visit were Milton Friedman (1962/63) and Lawrence Klein (1963/64).

<sup>25</sup> It was a minor failure of mine that I was unable to find an appropriate translation of macroeconomics in Hebrew and therefore the name of the course remained a kind of hybrid in Hebrew.

<sup>26</sup> The Economy of Israel, on the other hand, remained a compulsory course over the years.

The relations between the Department and the Falk Institute changed dramatically during this period. The connection between the two institutions was officially recognized when the Falk Center (which, as mentioned, depended on two separate five-year allocations) became the Falk Institute, a permanent institution whose budget came from an endowment. The endowment was established on the basis of an allocation from the American Falk Foundation and a parallel allocation from the Friends of the Hebrew University. The University thus achieved constitutional status within the Institute, with its representatives, i.e. the Rector, the Dean of the Faculty and the Head of the Department, as well as others, becoming members of the Institute's Board with significant weight. Paradoxically, perhaps, the Constitution of the Institute does not require that the Research Director (in other words the Head of the Institute) be a member of the University staff, although in actuality the Institute has been managed since its creation by one member or another of the Economics Department. (Don, who was the Research Director of the Center, continued as the Research Director of the Institute for close to another decade.) Starting from the early 1960s, even before the creation of the Institute, several members of the Department's staff (myself included) became research directors at the Falk Institute, and within a few years, it became difficult to find research directors who were not members of the Department. MA papers done within the framework of the Institute were advised by members of the Department's staff (and not necessarily, as in previous years, by only the Research Director). In other words, in practice, the Falk Institute became the research arm of the Department, although the members of the Board from outside the University (theoreticians from abroad, led by Simon Kuznets, and practical economists in Israel) had real influence on the affairs of the Institute.<sup>27</sup>

A matter that took up much of my time and was an important element in the life of the Department during that period, was the "extension" in Tel Aviv. The School for Law and Economics had existed in Tel Aviv for many years. During the period of the Mandate, the teaching of Law at the School had been very important. Alongside the two-year courses taught in Jerusalem, which were administered by the government, this was the only place in the Tel Aviv area that offered these studies (with the title of "attorney" being granted at the end of the process by passing the Mandatory government's exams). In contrast, the Economics courses were a secondary element, since they were not required for any professional degree and, for the most part, were not on a very high level. In 1959, it was

<sup>27</sup> Members of the Department who were research directors at the Falk Institute (or Center) had a place to work at the Institute (i.e. half of a room for two). Starting from approximately 1963, the partnership between the Department and the Institute became more than that. Due to the limited space (relative to the size of the Department) that was available to the Department in the Kaplan Building, the Faculty offered me 3 rooms in a building rented by the University downtown. This location appeared to me to be totally inappropriate. However, a short time after this offer was made, the Falk Institute had the possibility of purchasing a 3-room apartment in the building (and on the same floor) in which the Institute was located (on Keren Hayesod Street). For the Institute itself, the addition was unnecessary, but then we put the pieces together. The Faculty agreed to rent three rooms from the Institute and make them available to the Department and the Board of the Institute agreed to purchase an additional apartment and to rent out 3 rooms to the University. In this way, members of the Department who were not among the Institute's research staff gained access to its working space. This arrangement remained in place until the Institute moved (as did the Department) to the Mount Scopus Campus in 1980.

decided that the School would be dismantled and merged with the Hebrew University. Another body that was also merged was the School for the Social Sciences in Tel Aviv, which was maintained by the Histadrut (where, as mentioned, I taught Intro for four years and administered the Economics studies). The result of the merger was the creation of two "extensions" of the Hebrew University in Tel Aviv: one for Law and the other for the Social Sciences. Each extension had an Assistant Dean whose actual job (in the Social Sciences) was not that important. There were no departments or separate heads of departments; the studies in each department were part of those of the department in Jerusalem (and were identical in the two locations). The main component of the Social Sciences extension in Tel Aviv was the Economics program (another significant component was Business Administration). The actual creation of the extension and deciding how it would operate were my responsibility. In this task, I benefited from the experience I had accumulated in administering the Economics program in the School for Social Sciences.

Four of the staff members—Nadav Halevi, David Levhari, Yosef Atiah and Robert Sharshevski—were assigned to teach at the extension. (During 1959/60 and 1960/61, Yosef served as the Administrator of the extension.) Their appointments were in every aspect made within the Hebrew University; however, most of the teaching as well as most of the lecturers' places of residence were in Tel Aviv. Yitzhak Gelfat was added, and moved (as part of the agreement) from the School for Law and Economics to the Hebrew University. Gelfat was not a typical member of the Department's faculty. He was much older, had different academic training and had been active in various endeavors prior to his focusing on the academic world. His specialization was in the areas of Cooperation and the History of Economic Thought. Despite being different from the rest of the staff, he was successfully absorbed into the Department and his presence contributed to its diversity.

In 1965/66, a reverse process began, involving the merger of the extensions with Tel Aviv University, which had begun to consolidate its position during this period and declared its wish to offer studies in the Social Sciences. The transition was not problematic from a practical point of view. It was accomplished gradually, with the cooperation and agreement of the institutions involved. The members of the Economics Department who were previously defined as being part of the extensions moved to Jerusalem and veteran external teachers, in a similar framework, began working at Tel Aviv University (some of whom, within a few years, became members of its permanent faculty).

On the other hand, the process was accompanied by some hesitation within the Hebrew University, beyond the faculties directly involved. A strong faction within the Hebrew University staff (including several senior members of the Faculty of Social Sciences) felt that the existence of another completely independent university was not desirable, and that it was preferable for there to be partially separate entities united under one roof, such as, for example, the public system of the University of California. (This was the Hebrew University's position during the decade following the mid-1950s.) In order to encourage this, it would be preferable to continue having an extension of the Hebrew University in Tel Aviv. In the end, the decision was made to transfer the Tel Aviv extensions of the Hebrew University to Tel Aviv University. My opinion was similar to those who supported the transfer; however, my considerations were more pragmatic and based less on principal. In my work (and my experience in this case was certainly extensive), I came to realize that it

is very difficult and perhaps impossible to administer one institution within another and to ensure that they are treated equally (particularly with respect to the appointments in each) when decisions are made by only one of them, a condition that is almost self-contradictory. With this approach, I did my best—both as the Head of the Department and later as Dean—to avoid any arrangement involving extensions at the young universities or at institutions that were on their way to becoming universities. I felt that the Hebrew University should help in any way possible but should avoid formal partnership arrangements.<sup>28</sup>

The issue of the extension and its separation from the Hebrew University also had implications for the Department of Business Administration and its relationship with the Department of Economics. When it appeared that the extension was going to be separated, it was clear that—in contrast to the situation of the Economics Department—not all of the Business Administration teachers in Tel Aviv would be moving to Jerusalem. It appeared likely that Tel Aviv would naturally be more attractive than Jerusalem for Business Administration studies. The possibility of dismantling Business Administration studies at the Hebrew University was then brought up and seriously discussed. The teachers who were close to Economics in their specialties would be absorbed into the Economics Department and the others, or at least some of them, would join Tel Aviv University. I took part in these discussions and I had a different opinion. I felt that the Business Administration Department should continue to exist; however, and particularly in light of the new conditions, a special effort should be made to strengthen and consolidate the Business Administration Department, in order to eliminate any threat of it being dismantled. The decision made by the Faculty (primarily by Don) was in this spirit, or at least declared as such. As Dean some years later, I invested a great deal of effort to move things in this direction.

During that period, i.e. the first half of the 1960s, there was a radical shift in the involvement of faculty members in Israel's economic policy. As mentioned, there had been very little involvement in the 1950s (perhaps only because of the small size of the Department's faculty). In the early 1960s, this changed and most of the staff became involved in economic policy, although during that period faculty members were still not taking a leave of absence from their academic posts in order to be formally involved in economic policy. Involvement in policy making occurred on four main levels: The first was meetings of faculty members in various formats (individually or with the participation of up to 4 or 5 faculty members) with policy makers (ministers, Knesset committees, senior

<sup>28</sup> Haim Lubin's memoir, "The Economics Department at Tel Aviv University: 25 Years and Counting" (1991), contains the following sentence: "In 1964(!), the Head of the Department (then Micha Michaely) responded to a question of one of the teachers at the extension—'Will I be teaching next year?'—by stating as follows: 'I am willing to sign a contract with you for 10 years'. So strong was the level of confidence."

It is hard for me to think of a more inaccurate quote. In the summer of 1964, in preparing for the 1964/65 academic year, I initiated a meeting in Tel Aviv with three "permanent" external teachers: Eitan Berglas, Haim Lubin and David Pines. In view of the news and rumors concerning the relations between the extension and Tel Aviv University, my goal was to make the facts clear to these staff members in order for them to be able to plan their next steps. I told them: a. During the next year (1964/65), the extension would continue to operate and they were invited to continue teaching there; and b. Beyond that, I had no certainty (nor expectation) about what would happen and therefore they should not consider employment in the extension as a certainty in the long run.



government officials, Histadrut leaders and the private sector). The most important and frequent of these meetings were those that took place with Levi Eshkol, while he was the Minister of Finance. (The meetings with Eshkol ended completely when he became Prime Minister in 1963, since at that point he left the management of economic policy completely in the hands of Pinhas Sapir.) The second involved public discussions of current economic policy issues by members of the faculty. The third was the use of petitions published in the media, which was infrequent but, perhaps for that very reason, effective. The fourth was the writing of newspaper articles and interviews by reporters, although this became more common only in the late 1960s. The result was the creation of a perception among the public that there was a group of professors that should be consulted in the determination of policy.<sup>29</sup> Rather than having an immediate effect on specific decisions, this tended to be an investment that bore fruit in the long run through the education of policy makers and of the public as a whole.

During my last year as Head of the Department, the Department adopted the development plan that I had prepared. The plan was based on the expected number of students, the optimal format for teaching and the optimal number of specializations. The bottom line of the plan was a department with thirty faculty members (approximately double the number at that time).<sup>30</sup> The plan was only a guide and was not formally adopted by the Faculty or by other bodies in the University. However, in practice, and perhaps by coincidence, the Department reached that size within a few years (by the early 1970s) and remained at that level for a long period, with only small variations.

More than 40 years have passed since the end of the period I have described here, that is, since the mid-1960s. None of the individuals mentioned here are still actively part of the Department's faculty. Some have passed away; most are still with us, but have retired from the University, although almost all have continued with their professional lives. Nevertheless, it appears to me that most of what was built in those early days remains and the current Department reflects to a large extent the character and principles it took on then.

<sup>29</sup> Over the years, faculty members from other universities, particularly Tel Aviv University, also became part of this group.

<sup>30</sup> The full members of the Department in 1964/65 were: Michael Bruno, Haim Barkai, Yitzhak Gelfat, Nadav Halevi, Edmond Zilbrenner, David Levhari, Nissan Liviatan, Amotz Morag, Micha Michaely, Yosef Atiah, Don Patinkin, Mordecai Kurtz, Ephraim Kleiman and Robert Sharshovski.