

# National Derailment and Emigration from Israel

by

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*A pivot in national priorities during the 1970s gave birth to Israel's current reality and is accelerating the exodus from the country.*

Only when viewed through the lens of history is it possible to grasp and appreciate the extraordinary Israeli miracle built here by the founding generation. Despite wars of existence in the early decades, despite the exponential growth of immigrant populations arriving with only the clothes on their backs, despite a period of food rationing to ensure that all were fed, they built not only towns, roads, and businesses. Somehow, they had the wherewithal to find and allocate resources to build world-class universities.

From Israel's birth in 1948 until 1973, the year of the Yom Kippur War, Israel's population grew by 300%, an amazing pace in and of itself. However, the number of senior faculty members at the universities increased by 3,600%, twelve times the population growth rate. Within just 25 years, the founding generation brought Israel very close to the United States in terms of the share of university faculty in the population. Years later, these universities provided the primary foundation that enabled Israel's leap into the high-tech world, which became not only the economic locomotive for the entire economy, but also the nation's iron dome defense. However, times have changed, and national priorities were derailed. From 1973 to 2016, the population share of the universities' senior faculty members dropped by 60% (the addition of the publicly funded non-research colleges doesn't change this picture in any major way). That change is on us, Israel's subsequent generations.

In those early decades, hospitals were built at a pace that managed to keep up with the phenomenal population growth. The number of hospital beds per capita remained more or less constant until 1977. Since then, the number of hospital beds per capita has been in free fall, decreasing by 47% by 2021. The result: average hospital occupancy rates in Israel from 2017 to 2019 were the highest in the OECD. While the average rate of people dying from infectious diseases in the OECD has been declining since 1975, these rates doubled in Israel from the mid-1990s until about a decade ago. Although Israel's mortality rate from infectious diseases has decreased from its high in 2015, it is still 38% higher than that of Turkey, the country in second place among OECD countries. While approximately 300-350 Israelis are killed each year in road accidents, the State Comptroller reported roughly 4,000-6,000 deaths each year from infectious diseases. That is on us.

In 1970, road congestion in Israel was almost identical to the average of Denmark, Belgium, the Netherlands, and Switzerland. Five decades later, in 2020, the number of vehicles per kilometer of road in Israel rose to 3.4 times those countries' average – even though the number of vehicles per capita in Israel is 32% lower than their average. Neglect of infrastructure – that's on us.

And what about education in Israel? As we've shown at the Shores Institution, Israel's level of knowledge in core subjects – mathematics, science, and reading (as reflected in the average PISA exams since 2006) – is at the bottom of the developed world. This is not because of the many Haredi (ultra-Orthodox) boys who do not study the material and are not tested. Had they been tested, Israel's national average would have been even lower.

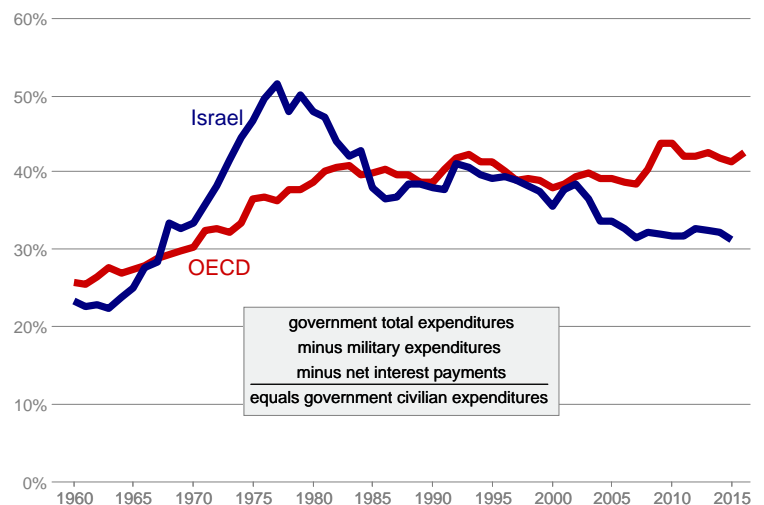
The common excuse for neglecting Israel's education, health, and transportation infrastructures is that defense expenditures were so high that not enough was left over for Israel's civilian needs. However, contrary to popular belief, from the mid-1960s to the mid-1980s – the period when Israel's internal pivot took place – the nation's public civilian expenditures (i.e., after deducting defense expenditures and interest payments) as a percentage of GDP were significantly higher than the OECD average (first graph). From the mid-1980s until the Second Intifada, about two decades ago, civilian expenditures were very similar to the OECD average.

In other words, for about four decades, Israel spent plenty of public money on civilian directions. The shift in civilian focus from the mid-1970s onwards resulted from a change in budgetary priorities, not from a lack of funds. Lack of budget transparency does not allow us to know how much civilian money was derailed from national to sectoral and personal directions, but we all see and feel the results.

Even before the last year and a half – the worst since Israel's birth – more and more educated Israelis, the backbone of the country's economy and society, are giving up and leaving. Looking at all those who obtained an academic degree in Israel from 1980 to 2010, 2.8 such academics left for every academic who returned to the country in 2014. Although the absolute number of those leaving is not high, the ratio of four emigrants per returning academic was surpassed within just four years.

## Government civilian expenditures\*

in Israel and OECD\*\* as percent of GDP, 1960-2016



Source: Dan Ben-David, Shores Institution and Tel-Aviv University  
Data: OECD, World Bank and Bank of Israel

\* General government expenditures  
\*\* average for 31 OECD countries

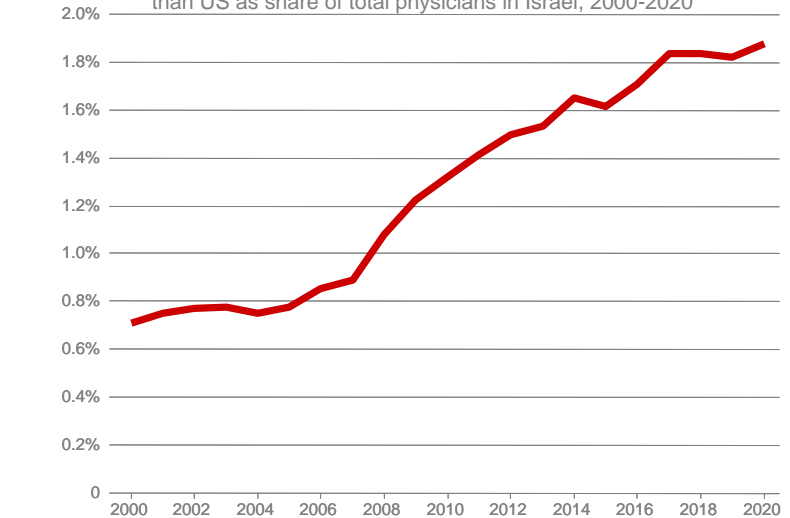
According to OECD data, the number of Israeli physicians in other OECD countries, as a percentage of all physicians in Israel, has been steadily increasing. It has more than doubled during the first two decades of this century (second graph). These rates are low (although they do not include physicians leaving for the U.S., which raises the curve even higher), but their trend is clear.

Immigration data recently published by the Central Bureau of Statistics reflects an improvement in the way that Israel measures migration to and from the country. Due to remaining methodological issues, annual migration data are less relevant than the trend (third graph). When expanding the scope from academics to the general public, the number of Israelis who left, for every Israeli who returned, grew from 1.3 to 2.0 in less than a decade and a half. It's still not possible to get a full picture regarding the departures in 2023 and 2024, but the initial signs are quite problematic.

The danger of emigration is highlighted in the fourth graph. The high-tech sector alone is responsible for about half of Israel's total exports. Only a tenth of Israel's employed persons work in this sector. In fact, only 6% of Israel's employed persons are in high-tech professions in the high-tech sector. The level of medical care we receive depends on our skilled physicians, who constitute only 0.6% of the adult population aged 25 and over. The senior faculty at Israel's research universities – constituting only 0.1% of the adult population aged 25 and over – are the ones who train the physicians, engineers, scientists, and computer scientists, all those people who keep Israel at the forefront of human knowledge.

## Israeli physicians abroad

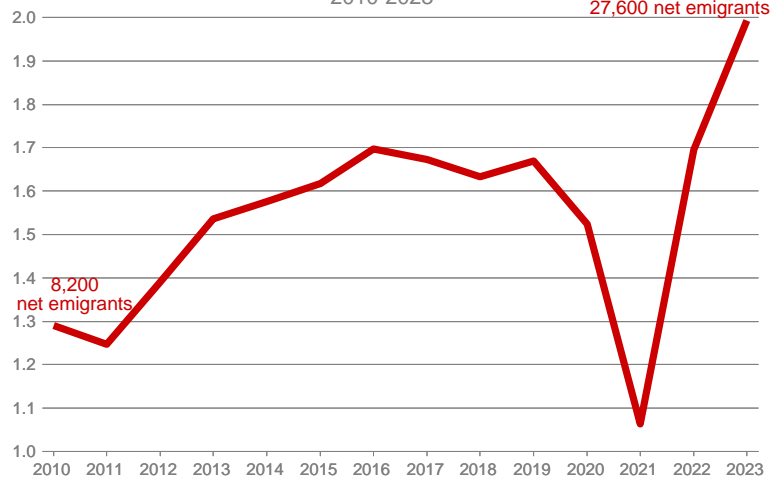
Israeli physicians in non-Israel OECD countries other than US as share of total physicians in Israel, 2000-2020



source: Dan Ben-David, Shores Institution and Tel-Aviv University  
data: OECD

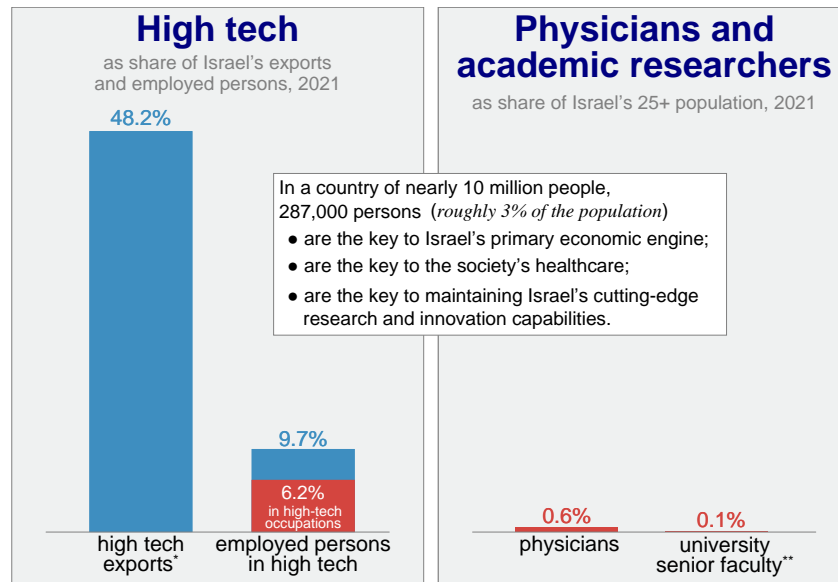
## Ratio of Israeli emigrants to returnees\*

2010-2023



Source: Dan Ben-David, Shores Instit. and Tel-Aviv Univ.  
Data: Central Bureau of Statistics

\* The number each year represents those who did return out of those who left in the preceding year. Ratio of persons not included in dataset of Israelis abroad on date of departure and who remained abroad at least 275 days total out of the 365 since their departure (with first 90 days abroad continuous) relative to persons included in dataset of Israelis abroad on date of return who remained in Israel at least 275 days total out of the 365 since their departure (with first 90 days in Israel continuous).



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

\* High tech's share of total goods and services exports  
\*\* Senior faculty in research universities

Altogether, these three groups comprise less than 300,000 people. That's it. Israel has a population approaching 10 million. But for the country to fall below the developed world, we don't need a million or two to leave. A few tens of thousands from this group are enough, and Israel will begin a spiral of collapse of the kind that 130 of the country's leading economists warned about in May of this year.

After decades of gradually increasing emigration in small doses, the past year and a half has caused many to internalize where all the long-term processes described above have been leading Israel: the attempted judicial coup from early 2023 and the continuing efforts to achieve it today; the October horrors and incomprehensible savagery when parts of the country were occupied; a divisive governing culture that turned the skilled and educated, the pilots, and families of hostages into enemies of the state; increasing destruction of Israel's diplomatic relations with other countries; an escalating war with a government whose intent to hold onto power far exceeds its concern for the overall good of the nation; and the insistence of the Haredim – whose share in the population doubles every 25 years – on evading the defense and economic burdens. Over all these flies the largest black flag in Israel's history.

In conclusion, a few select sentences from the warning letter signed by the 130 economists, including myself, at the end of May:

“Without a change in the current trajectory, these processes endanger the country's very existence. Many of those who bear the burden will prefer to emigrate from Israel. The first to leave will be those with opportunities abroad ... Israel's remaining population will be less educated and less productive, thus increasing the burden on the remaining productive population. This, in turn, will encourage further emigration from Israel. This

process of a ‘spiral of collapse’ in which increasingly larger groups decide to emigrate, will further deteriorate the conditions of those who remain, while severely impacting populations with fewer emigration options, including the Haredi population itself. The demographic and economic processes that the city of Jerusalem has undergone in recent decades – its rapid decline in socioeconomic indicators and its increasing abandonment by large segments of its secular population – clearly illustrate this spiral of collapse phenomenon and the dangers facing the entire State of Israel. Jerusalem has Israel to support it. But Israel has only itself.”

“This is a clear and present danger to the country, one that we assess has a very high probability of realization ... The danger is clear, and in our estimation, the probability of its realization is very high... This is a real alarm. History will not forgive the State’s leaders in the present and future – from all ends of the political spectrum – if they stand by.”

The coming months and years will require enormous outlays on rehabilitating and compensating the scores of physically and mentally wounded as well as those harmed economically, rebuilding and strengthening Israel’s defense systems and the areas in the northern and southern parts of the country that have been damaged and evacuated. The magnitude of the resources required for the rebuilding of Israel will not leave any degrees of freedom for the continued funding of narrow sectoral demands. If there was ever a time for Israel to reset its national priorities, it will be the Israel 2.0 that we will need to rebuild.