original of "By Invitation" piece published in *The Economist* on Sept. 9, 2026 (graphs not included in the published article)

Whither thou goest Jerusalem, goest Israel?

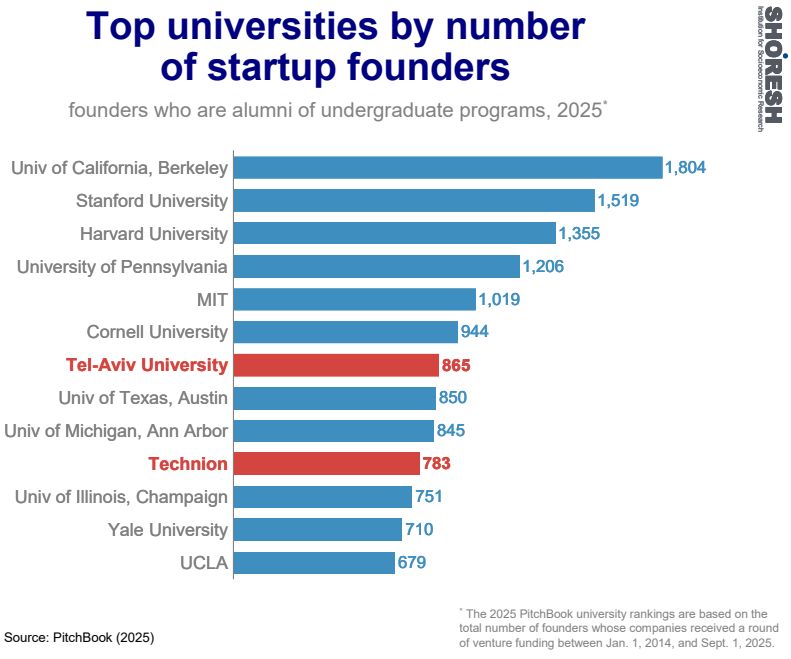
by

Dan Ben-David

Israel is a story of profound changes on massive scales at extraordinary speeds. Many have driven remarkable progress, while others, particularly in recent years, literally threaten the country's future – chief among them the exponential growth of very poorly educated parts of the population. The parliamentary elections on October 27th may be Israel's last chance to pull back from a demographic-democratic point of no return by making the policy changes needed to return the country to a sustainable trajectory.

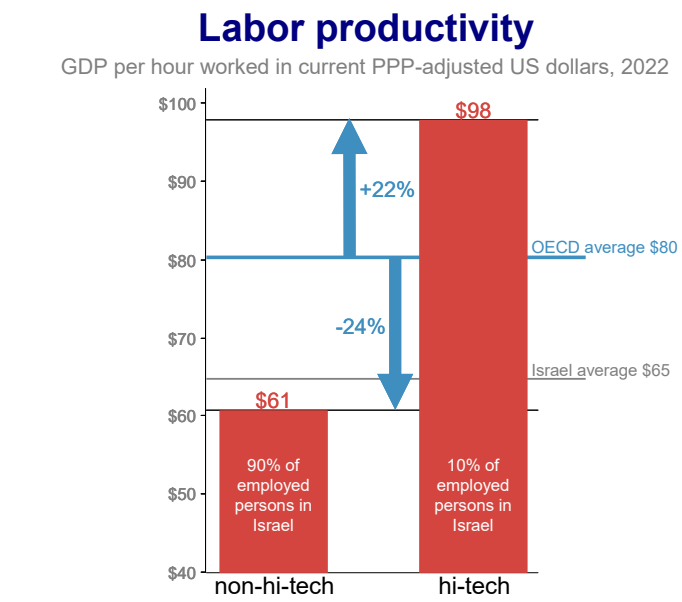
In 1949, a year after independence, agriculture comprised 64% of Israel's exports. Within seven decades that share collapsed to 0.6%. These days, high-tech is Israel's primary engine of growth, accounting for roughly half of its exports.

This outcome was not happenstance. Though relatively poor at the time, Israel built research universities during its first two and a half decades, with university faculty's share of the population rising over nine-fold. Today, two Israeli universities, Tel Aviv University and the Technion, are among the world's top ten for producing startup founders, according to Pitchbook. In recent years Israel's venture-capital investment as a share of GDP was more than twice the level in America and over 15 times the average of all other OECD countries, while its foreign-financed R&D share was 13 times the OECD average.



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And yet Israel's overall labor productivity is in the bottom half of OECD countries. In 2022 GDP per hour worked in high-tech was 22% above the OECD average. In the rest of the economy, where roughly 90% of Israelis work, it was 24% below. In 2024, 20% of Israel's workforce paid 93% of the country's income tax, up from 83% in 2000, while half the workforce was too poor to reach the income-tax threshold. In a country of 10 million, just 300,000 people work in high-tech jobs within the high-tech sector, as physicians or as senior faculty in research universities.



Source: Dan Ben-David, Shoresh Institution and Tel-Aviv University
Data: OECD and Israel Innovation Authority

A key driver of this asymmetry has been an education system that is one of the developed world's most dysfunctional. Israel ranks near the bottom of the OECD in PISA's mathematics, science and reading exams. Roughly half of Israel's children receive a core education below levels in many developing countries. Worse, this cohort belongs to its fastest-growing population groups, posing a growing threat to the nation's future. Israel's current government is, in no small measure, a product of the education provided to different population groups and their changing demographic weights over time.

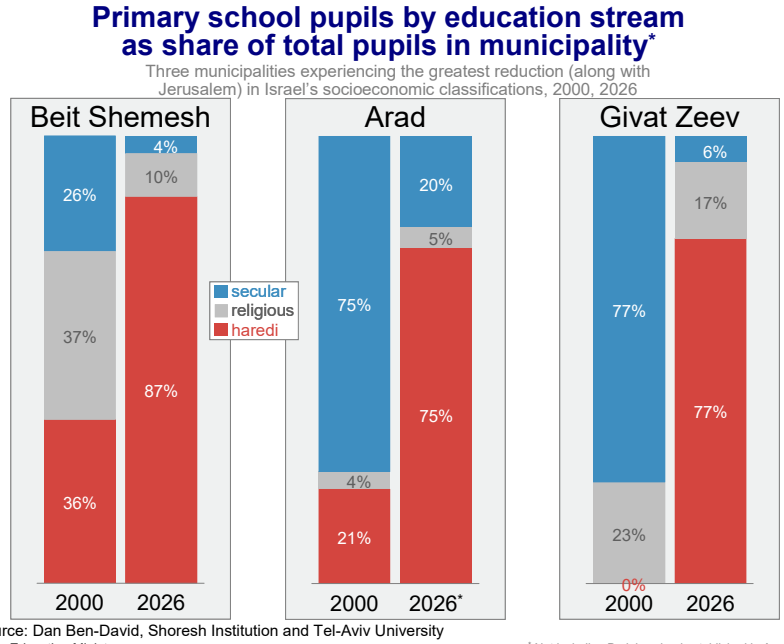
One group in particular, the Haredim, is propelling Israel's current transformation. The vast majority of these ultra-Orthodox Jews insist on a wholly separate education system that deliberately deprives their children – particularly the boys – of the core education needed for economic self-sufficiency and an understanding of basic civil rights and liberties.

Whereas most Israeli population groups have fertility rates of around two children per woman, the Haredi rate is nearly seven. Consequently, the Haredi share of the population doubles every 25 years, far outpacing all other groups. In 2023, Haredim comprised just 6% of 50-54-year-

olds (grandparent's generation), compared with 26% of children under five (grandchildren's generation).

Israel's towns provide a glimpse of the magnitude of this challenge, and the speed of the changes it is generating. The four municipalities with the greatest socioeconomic decline since 1995 all experienced rapid demographic change, driven by high fertility among the least-educated population groups and the departure of the more educated and skilled. In Jerusalem, one of these municipalities, secular Jewish students have fallen from a third of all students three and a half decades ago to just 9% today.

The town of Arad vividly illustrates this demographic transformation. In 2000, 75% of its primary-school students were in the secular Jewish stream and 21% in the Haredi stream. By 2026, the shares had reversed: 75% were Haredi and 20% secular. Haredi intolerance of all who are unlike them acts as an accelerant to the process by driving away secular Israelis.

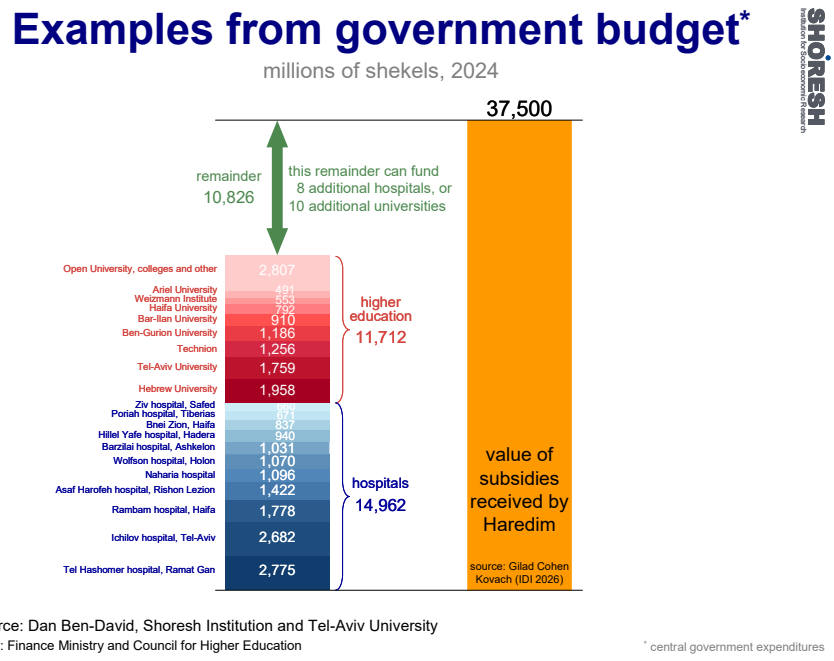


Other municipalities are heading in the same direction as these. They have Israel to fund and defend them. Whither thou goest Jerusalem, goest Israel? What will happen if the entire nation begins to resemble these towns? This issue, in its various manifestations, is the main existential challenge facing Israel in the upcoming October elections, the most consequential in the country's history.

Key to pivoting Israel onto a sustainable long-term path is a complete overhaul of its education system. A primary pillar of this overhaul must be a significant upgrade of the national core curriculum – still possible while Israel has some of the world's best universities to help shape more advanced educational programmes. But an upgrade is not enough; the curriculum must also

be compulsory for every child. While non-core curricula can and should accommodate local and parental preferences, no parent should be permitted to deny children the basic education needed to compete in a global economy and understand the fundamental principles of liberal democracy.

Incentivizing this education overhaul requires a fundamental shift in government budgetary priorities, beginning with complete defunding of schools that do not provide the upgraded core curriculum in its entirety. It continues with termination of direct and in-kind subsidies to Haredim that currently exceed total public funding for all of Israel's hospitals and universities combined. Is it any wonder that employment rates among prime working-age Haredi men are a quarter lower today than in the late 1970s?



While other developed countries are increasingly flirting with populism, demagoguery and charlatanry in their primary corridors of power, with problematic omens for their future and mankind's – Israel provides a vivid example of where this can lead. The worst four years in our history have made it clear where the nation is headed. The October elections may provide the best opportunity yet to return Israel to a sustainable path. It's on us to separate the wheat from the chaff – not throwing money at problems but dealing directly with their root causes. We need leaders with the resolve for a complete overhaul of Israel's education system and budgetary priorities while it's still possible to find a Knesset majority to do so.

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