



כ"ב בתמוז תשע"ז  
16 ביולי 2017

לכבוד  
מריה לוינסון – אור  
מרכזת הוועדה  
האגף להערכת איכות והבטחתה  
המועצה להשכלה גבוהה

מריה שלום רב,

מצורפת בזה תגובתנו לדו"ח הוועדה להערכת איכות הלימודים בכלכלה.

בברכה,

פרופ' עדי פוזנר  
ראש ביה"ס



**Berglas School of Economics'**  
**Reply to the Report of the Evaluation Committee**

July 2017

We begin with the Summary of Recommendations. Recommendations (1) and (2) were classified as "Essential", while (3) – as "Important" (no. 1 on the committee report, p. 7):

Committee Recommendation	Steps toward implementation (including time table)
1. Reestablish Trust  a. New Budgeting Model          b. New Model for Undergraduate and Graduate Education	1. By and large, this is a problem of the past. The new administration of TAU has a very different attitude and relationship with the School, and we feel that the general issue is resolved. As for the specific issues:  a. A new budgeting model has been established, following conversations between the (new) Rector (Prof. Yaron Oz) and the (new) Chair of the School (Prof. Ady Pauzner). The details are provided in Appendix A. The main message is, however, that the School's hiring decisions are now understood to be independent of this budget, so that the School will be able to make offers to top candidates irrespective of the internal accounting of TAU.  b. The School has been conducting internal discussions about the new model for undergraduate and graduate education. The feeling is that opening programs in English at this point is unadvisable. The detailed arguments are given in Appendix B. In a nutshell, it is suspected that (i) a competitive graduate program in English would require the addition of at least 9 FTE positions; (ii) in return, the School is likely to attract international students who are of lower quality; (iii) because in economics the reliance on graduate students for research is rather limited, the costs of such an endeavor seem to outweigh the benefits.



2. Reduce Teaching Load	<p>This seems to be a university-wide problem, and it is recognized as one that's hard to solve, especially at the level of individual units. The School would obviously welcome such a reduction, which will surely make it more attractive to faculty (and be able to match HUJI's offers on this criterion), but there is little that it can do on its own.</p> <p>It should be noted, though, that as far as student/faculty ratio is concerned, the situation has improved over the past two years, due to the (fortunate) additions to the school's faculty, and the (unfortunate) reduction in the number of students enrolling.</p>
3. Offer a Direct PhD Track	<p>This track does, in fact, exist now, though it is not often the path of choice for many students. The direct PhD track does not save much in terms of the student's work, and seems to be perceived more as a prestigious track that lures students to make an early commitment, however renegotiable, to the School.</p>

We devote Appendix C to more minor comments in the committee's report that were not explicitly listed in (the report's) Chapter 4.



## **Appendix A: Relationship with the Administration** **and the New Budgeting Model**

The report is based on a self-evaluation submitted (9/15) and on a visit made 12/16. A new rector was appointed (8/15). The description of the relations with and attitude of the administration relates to the period under the previous rectors. The new administration has a different attitude and a fruitful dialog with the school. The new rector recognizes the top quality of the school (which, in terms of quality-adjusted publications per faculty is a top-20 department) and expressed commitment to strengthen the school. In particular, the unsuitability of the PBC's budgetary model for economics is recognized and the school will be allowed to grow as long as good candidates are present.

It should be noted, however, that the school is about to lose 4.25 positions by 2020 due to retirements (not including uncertainty over non-tenured faculty and potential early retirements). Even with the cooperation of the administration, growing to the range of 25+ FTE faculty is practically impossible in the near/medium term. It requires 2-3 good hires per year, an unlikely scenario given the conditions in the market for economists considering a position in Israel.



## **Appendix B: The Graduate Program and a Possible International Track**

1. A substantial number of students graduated recently, and got good academic placements. They are considered a success for the school. However, the pool of PhD students hasn't been replenished in recent years.
2. Nevertheless, it should be emphasized that we cannot expect the numbers to be very large. The reason is that the vast majority of students who do a PhD in economics aim at an academic career, and most of them prefer to do their PhD in a top-ten US department. This is usually a wise career choice, not just for students from Tel-Aviv but also for students from anywhere. For better or worse, the state of the economics discipline is such that if a student can get into a top-ten PhD program, it is usually a good decision for him/her to take it. This was also the case during the school's "days of glory". Every year, graduates of our MA program (which is jointly run with the Hebrew University) are admitted into top-ten PhD programs, and this is considered a success for the school.
3. The small number of PhD students is a symptom of a long-term decline in the numbers of students in our MA program. The school has identified **this decline** as the strategic problem that the school faces, and this has been the target of our strategic plan. We believe that an increase in the number of high-quality MA students is what the school should aim at, and we should leave it for the students to decide whether they want to do a PhD in Israel or abroad, or find a job in the public or private sector. A growing base of good MA students will be a tide that lifts all boats, including the number of Israeli PhD students in local or international programs abroad, which is necessary for the continual success of economics as an academic discipline in Israel.
4. Based on this diagnosis, the school has designed a strategy for increasing the number of MA students. To implement the strategy, we have taken a number of steps: vigorous "marketing" of the program among top BA students, revival of the excellence program that enables students to



start their MA in the third year of their BA, optimizing the various forms of financial support for first- and second-year MA students, new honors courses and workshops for excellent third-year BA students, and revival of the direct PhD program.

5. The pool of applicants to our MA program has improved in the last two years, resulting in larger and better cohorts. Whether this is a reversal of the negative trend due to the above steps remains to be seen, but there is every reason to be optimistic in this regard. A substantial increase in the number and quality of our MA students will lead to an increase in the number of Israeli economics PhD students, both in Israel and abroad, and this will help sustaining economics as a high-quality academic discipline in Israel.
6. We do not think of a large number of local PhD students as a **condition** for a high-quality department. Economics has always been a rather individualistic discipline, and researchers generally do not work with teams of doctoral or post-doctoral students. On the contrary; supervising PhD students is a benefit to the researcher only when the student is of high quality – otherwise, it is a pure cost for the researcher. Therefore, there is no reason to think that an increase in the number of PhD students per se will lead to an improvement in the school's overall academic quality.
7. It is not even clear that a large number of PhD students will be a **consequence** of a high-quality department. As mentioned above, even in the school's "glory days", student numbers were not big. Most high-quality students who were able to get into top US programs did so; many of those who did not often had no choice (because they did their PhD during mandatory military service).
8. To attract good international students, who would prefer TAU to a US department below top-20 or to a top European school, we must give a full program in US standards, with 35-60 four-hour classes per year (i.e. 140-240 "shas" requiring an addition of 9-18 FTE positions just for that). Even if we were allotted so many slots, growing to a size of 30-35 faculty members in not feasible in terms of recruiting. Otherwise, with a partial program that we can administer with a



department of 25 FTE, we would only attract students that were not admitted to a top-50 department. Such students will be a burden on the school.

9. Given the above analysis, one should question the value of a strategy for "importing" foreign students. The faculty has repeatedly discussed this strategy, which is very costly in terms of physical resources as well as the faculty's time and energy. In addition, the switch from teaching in Hebrew to teaching in English will be perceived by many students as a discomfort and make the experience less attractive. The faculty believes that it is unlikely that we will be able to attract foreign students who will be good enough so that the benefits from their presence will outweigh the cost. The faculty is familiar with the quality of student pools at international programs, and we believe that our assessment is realistic.
10. Moreover, the Hebrew University has begun experimenting with such an international orientation. There is no first-mover advantage in this respect. If the Jerusalem experiment succeeds, we can reexamine this strategy at Tel Aviv, and we will not lose anything from the lag. We believe the experiment will not succeed, and in any case we can benefit from it if it does (contrary to our expectations). There is no reason to move quickly on this front.
11. As to teaching in English, the current practice is to teach the core graduate courses in Hebrew, and teach elective courses in English in case there is at least one non-Hebrew speaker in the audience. Some of the elective mini-courses are given by distinguished lecturers from abroad, in English. In our assessment, this is the optimal mix and we do not think that it should be changed. As mentioned above, a switch to English in core courses when the professors and virtually all students are not native English speakers will be experienced by the vast majority as a discomfort, and potentially as an additional hindrance for students who anyway struggle with the material while running the rest of their lives (including jobs and often families).



## **Appendix C: Replies to Comments in Chapter 3 of the Report**

(which were not explicitly listed in Chapter 4)

“The school seems to be stuck in a bad equilibrium”: As mentioned above, the relationship with the administration has changed dramatically since the report was written. In particular, the School felt much more trust and support in recent hires (such as in facilitating the hiring of Nittai Bergman coming from MIT where he was a tenured professor – a hiring made possible by an aggressive promotion to full-professorship). While the committee acknowledges the strength in economic theory, it describes the state of the school as “still dire”. While school is definitely too small, relative strength is building also in empirical IO. In macro, a field in which there is a systemic problem in Israel, the School is also building a lively group. We have hired Nittai Bergman, who will join the school as of the coming year (in macro/finance,); additionally, given the recent advancement in publications of Ofer Setty and the School voted to begin his tenure process. With Nittai, Ofer and the existing faculty, the School will have a good group in macro, and will probably be the only school in Israel with a *group* in macroeconomics.

“The dire student-faculty ratio”: With the recent hires on the one hand and the decrease in student enrollment on the other – a phenomenon that is observed in all disciplines and all universities in Israel – this problem has been alleviated. The ratio of faculty to students has gone up from 1:88 to 1:50. Having said that, it should be emphasized that additional hiring will be needed: in the coming four years the school will lose as many faculty, who reach retirement age.

“Conditions that are not favorable to conduct research”: Some incentives for submitting research grants do exist in PBC’s rules, such as salary increases. These, however, are relatively small in economics as the size of grants is usually small. “Buying out” teaching time with the university’s overhead or PBC’s matching is not practiced in TAU – and the only possibility is in case the grant allows for that directly. The school now encourages and facilitates submission of grants and a research-grants coordinator has been appointed (Kfir Eliaz). As for teaching credit for advising graduate students – this practice is, again, not allowed at TAU.