

Israeli Economic Association Conference – Closing Panel

Roe Levy, July 17, 2025

The topic of this panel is trends in the Israeli economy, and I am going to talk about the most important trend: the war, which has now lasted for more than a year and a half.

Since the beginning of the war, close to 2,000 Israelis have been killed, about 1,000 of them civilians. Roughly 250 Israelis were taken hostage, and 50 of them are still in Gaza, where they have been held for 650 days. We are all hoping they return home quickly.

I am going to talk about something slightly different—the situation in Gaza. Why discuss Gaza as a political economist? First, economists tend to specialize in specific methods, which we can use to contribute to the discussion. Second, economists wield disproportionate influence on policy. The clearest example is the role economists played in protesting the judicial overhaul. I believe we are living in a historic moment, and the next generation will ask us where we were at this time. Finally, there is not enough discussion regarding what is going on in Gaza, although that is starting to change.

I will discuss the situation in Gaza, what explains it, and what could influence decision-makers.

I – The Situation in Gaza

A humanitarian catastrophe is unfolding in Gaza. That catastrophe is the direct result of Israeli policy at the highest levels.

The clearest example was the [decision](#) by the prime minister, after ending the cease-fire at the beginning of March, to allow nothing into Gaza—no food, medicine, or fuel needed for electricity generation and water desalination, nothing. The foreseeable result was hunger in the Gaza Strip and hospitals unable to treat patients. After more than two months, due to U.S. pressure, the government changed its policy but still allowed too little aid in.

There are many other examples of Israeli policies that have brought disaster upon Gaza: the [decision](#) that assassinating commanders justifies killing large numbers of civilians, [financial](#) incentives offered to private contractors to demolish as many buildings as possible, and the recent [plan](#) by the defense minister to concentrate Gazans in what is euphemistically called a “humanitarian city,” without allowing them to leave.

Note that every one of these cases is a governmental or senior-command decision. They do not include the vast number of horrifying incidents that are not the result of official policy but also go unpunished—for example, commanders declaring “[kill zones](#)” in which anyone entering is shot, even if unarmed and posing no threat. As a result of that policy and generally a light finger on the trigger, paramedics with sirens and even Israeli hostages waving white flags have been shot and killed. There are additional examples, such as soldiers and officers who [testified](#) that they were instructed to fire at crowds waiting for food that posed no danger, in order to disperse them or drive them away. We’ve reached a situation where shells are being fired at crowds of people who are so hungry that they are willing to keep risking their lives to reach distant food distribution centers that Israel insisted on.

The results are visible on the ground. Entire cities have been completely [destroyed](#)—Rafah, which was home to nearly 300,000 people, Jabalia, Beit Lahia, and others. Satellite images reveal that [70 percent](#) of the buildings in the Strip are no longer habitable. Worse still, more than 56,000 Gazans have been killed, and more than 10,000 are missing. Over 16,000 children have been killed, and nearly 1,000 infants under one year old. These numbers do not include children who have died of hunger.

I assume that these facts are familiar to the audience here, but if not, it is enough to open the New York Times (or any other international newspaper) or read Nir Hasson’s reports in Haaretz.

II –What Can Explain This Policy?

Of course, Hamas bears responsibility for the atrocities it committed, for firing on civilians, for harming Gaza's residents, and for abusing the hostages. But as an Israeli, I am going to talk about the Israeli responsibility.

How can it be that Israel is promoting a camp to concentrate Gazans? How can Israel implement policies that starve people?

Decision-makers - The government typically claims its actions are aimed at bringing back the hostages and defeating Hamas, and that may well be true, but their behavior also indicates additional goals that include expulsion. Evidence includes the repeated attempts to evacuate the northern Strip and designating Rafah, on the Egyptian border, as the location of the camp ("humanitarian city") to concentrate Gazans. Moreover, the massive destruction of homes has long since expanded beyond security buffer zones. The Prime Minister himself reportedly [said](#): "We are destroying more and more homes, they have nowhere to return to. The only inevitable outcome will be the desire of Gazans to emigrate outside of the Gaza Strip,"

Public opinion – Is the government reflecting the public's preferences? On the one hand, it is possible that Israelis today place a very low value on Palestinian lives. For example, based on a recent survey, a large majority of Israeli Jews [support](#) expelling Gazans. Some Israelis may even assign a negative value to Gazans' welfare out of a desire for revenge. In the same survey, many respondents agreed with the statement that, "when conquering an enemy city, the Israel Defense Forces should act as the Israelites did in Jericho under Joshua's command – killing all its inhabitants."

On the other hand, public preferences might [not be](#) so extreme. Other surveys with different samples found more limited support, and more importantly, the responses may be affected by politicians' statements and not only affect them. Furthermore, survey after survey show that a large majority of Israelis [support](#) a deal ending the war and releasing all hostages.

Public opinion may also stem, in part, from a lack of knowledge. Whereas the world sees images of the horrors in Gaza daily, in Israel, until recently, the mainstream media hardly covered the issue at all. Indeed, in a new study, Moses Shayo, Guy

Yanay, and I found that most Israelis are unaware of basic facts about the war—for example, that thousands of children have been killed in Gaza (the paper has not been published yet). At this conference, Yaniv Reingewertz presented a paper showing a correlation between factual errors and the dehumanization of Palestinians.

III – How Could We Influence Policy?

1. Protest

Political economy research shows that protest movements sometimes succeed in influencing policy and behavior—whether the effect is on decision makers, like the [effect](#) of the Tea Party Movement on the election of congressmembers, or on the public, like the [effect](#) of the MeToo movement on the reporting of sex crimes. Israel, too, has had successes in the past, from small issues like the cottage-cheese protest's [effect on](#) prices to major issues like the protests after Gallant was fired (the “Galant Night”).

Academic protests related to the situation in Gaza are beginning to form as well—for example, the “Black Flag” protest on campus and open letters from economists. It is hard to imagine a massive demonstration focused on the humanitarian situation in Gaza today, but no one predicted the huge demonstration after Sabra and Shatila either.

2. Shaping the Media Environment

We know from previous economic research that exposure to media can increase violence. A century ago, the film *The Birth of a Nation* [increased](#) hate crimes in the United States. Radio broadcasts [increased](#) violence during the Rwandan genocide, not only among those who listened to the radio but also in neighboring villages affected indirectly. Several recent studies [find](#) that content on social media can increase hate crimes.

Given these findings, it would not surprise me if [statements](#) on Channel 14 have similar effects—for example: “Now it really needs to be total annihilation. We shouldn't be afraid of terms like humanitarian disasters;” or “We need to bomb indiscriminately. This distinction [between combatants and civilians] is a bad thing. The Air Force should work harder and not distinguish between involved and uninvolved.”

For most of the war, there was almost no coverage in Israel's mainstream media of what is happening in Gaza (apart from Haaretz and important small outlets such as +972 Magazine). However, previous conflicts demonstrated that it is possible to cover this war differently—for example, in the 2008-2009 Gaza War, Shlomi Eldar interviewed Dr. Abu al-Aish on Channel 10.

In the research I conducted with Moshe Shayo and Guy Yanay, we found that the lack of coverage can shape opinions and behavior. When Israelis were shown a CNN article on victims in Gaza, their empathy increased, they became more knowledgeable, and they were more likely to support policies that take Gazans' suffering into account. Importantly, the effect occurred even among those who did not want to read the article. My conclusion is that changing the content shown on mainstream news channels can affect people who regularly watch the news and will not seek out content on Gaza.

A change in public opinion can affect decision-makers—through polls, through direct contact with politicians, through the media, and ultimately through elections. In addition, public opinion directly affects the war, because policy is often determined by field commanders. As one senior officer [said](#): “My greatest fear is that the shooting and harm to civilians in Gaza aren't the result of operational necessity or poor judgment, but rather the product of an ideology held by field commanders, which they pass down to the troops as an operational plan.”

3. International Public Opinion

Researchers [found](#) that Israeli attacks in Gaza and the West Bank in 2000–2011 were more frequent when U.S. news was focused on other topics (for example, major sporting events). That is, Israeli policy is affected by international pressure, which is in turn affected by international media and public opinion. We have seen that even the Trump administration responded to public opinion when Trump said that many people were starving in Gaza.

Only recently, Israel [agreed](#) to allow more humanitarian aid into Gaza as part of a deal with the European Union in order to avoid sanctions, demonstrating that international pressure can influence Israeli policy.

4. Talking About Gaza

Recent economics papers have [emphasized](#) the importance of second-order beliefs. People sometimes hold mistaken beliefs about others' views and act accordingly, leading to a problematic equilibrium. One example is a [study](#) showing that men in Saudi Arabia do not mind if women work outside the home, but they think other men do. When men learned that other men, on average, also did not mind, they changed their perceptions and behavior.

The same dynamic is likely at work here. In a more nationalistic atmosphere, with deliberate attempts to silence the public (the [NGO law](#), the arrest of journalists), people are more afraid to express their position, and we may think there is less desire to change policy than actually exists. When I published an [op-ed](#) about hunger in Gaza with Lior Sheffer, I discovered that many more people agreed with us than I expected. If we talk about what is happening in Gaza, we may find a critical mass willing to act.

To conclude, economists have more than once succeeded in contributing to policies that improve welfare, and I hope we can do so in this case as well.