

**BANK OF ISRAEL**

Office of the Spokesperson and Economic Information

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Press release:

**Governor of the Bank of Israel, Prof. Amir Yaron participates in a conference in memory of Governor Sanbar**

Governor of the Bank of Israel Prof. Amir Yaron spoke today at a conference in memory of Gov. Moshe Sanbar OB”M that was held in the College of Management in Rishon LeZion.

The Governor began with remarks in memory of Governor Sanbar:

**“Moshe, who lived through the suffering of the Holocaust, in which he lost his parents, immigrated on his own to Israel, and dedicated his life to diverse and significant public service. He served in a range of senior functions in public service, including Head of the Budgets Division, Minister of Trade and Industry, and Governor of the Bank of Israel in the 1970s, a challenging and defining period for the State of Israel. The decisions he reached and the policy he led impacted notably on the Israeli economy and on its development in the years that followed. I am happy to participate in this important conference, which is being held in the College of Management, where Moshe Sanbar served as its Chairman. I am certain that the panels, lectures, and discussions that will be held here today will contribute to a deeper understanding of Israel’s economic situation, and the steps that decision makers need to take in order to promote the stability and growth.”**

Further in his remarks, the Governor surveyed the recent economic developments and the background conditions facing the Monetary Committee when it made its interest rate decision this week. The Governor referred to the government announcement of the establishment of the Public Committee to Examine the Defense Budget, saying, **“Establishing a public committee to examine the defense budget is a proper step, in view of the security expenditures against the background of the war, and the defense needs going forward. It would have been better if such a committee would have been established at the beginning of the year, but it is good that it has been agreed upon now—the committee is facing a lot of important work.**

**As I said back in the beginning of January, the war’s security and civilian costs are significant, and according to our most recent assessments will likely be revised going forward, are expected to total approximately NIS 250 billion in 2023–25. This is certainly a budgetary burden. In addition, the future defense budget is expected to grow on a permanent basis, with macroeconomic impact.**

**The Committee should examine these processes from an overall multiyear perspective, with an ongoing requirement for the defense system to increase efficiency. A prosperous economy requires security, and security requires a prosperous economy. Therefore, the war must not bring with it an open check for permanent defense expenditures, and proper balances have to be found. Afterward, the government must ensure that budget adjustments will be made, and that a deficit will be set at a level that will lead to a decline in the debt to GDP ratio in the years following the war.”**