

THE ISRAELI FRESH-START POLICY IN BANKRUPTCY

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By

Rafael Efrat

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ABSTRACT

This thesis focuses on the social perspectives of the fresh-start policy in the Israeli bankruptcy system. A fresh-start policy in bankruptcy legislation provides the honest and the financially troubled individuals an opportunity for a second chance in their financial affairs. Traditionally, the Israeli bankruptcy law has been rather punitive and limited in providing meaningful opportunities for financially troubled individuals to have a financial second chance. However, more recently significant changes in the Israeli bankruptcy laws have made the prospects of a financial fresh-start more of a reality.

This project attempts to trace the social changes in the Israeli society that may have contributed to the evolution of the fresh-start policy in bankruptcy law in Israel. Among other things, the project examines the relationship between the recent liberalization of the fresh-start policy in Israel and the recent growth in entrepreneurship, individualism and consumerism. Moreover, the thesis analyzes some political changes in Israel that may have contributed to the recent liberalization trend. Additionally, the thesis explores the relationship between illegalism or the perceived illegalism in Israeli society and the legislators' traditional negative pre-disposition towards the fresh-start policy in Israel.

Next, this project considers the potential impact of informal sanctions on the propensity of individuals in Israel to resort to bankruptcy protection. In particular, the thesis focuses on the potential impact of social peer pressure, as well as, the impact of internalized moral code on the decision making process of financially troubled individuals, who may consider filing for bankruptcy protection.

Lastly, this thesis evaluates the effectiveness of the existing bankruptcy laws in Israel in fulfilling the normative goals of the fresh-start policy. It concludes with several suggested reform features.