

The Herzliya Indices

National Security Balance
The Civilian Quantitative Dimension

Herzliya Conference 2013

Development of the Economic Dimension in Israel

1990-2012



Multiple Indicators Approach



- N indicators are measurable; they affect and are affected by national security, which is an unobservable latent variable.
- The presence of multiple indicators allows (under defined assumptions) one to quantify national security.
- A rise in each indicator means improvement in national security, in the corresponding dimension.

Components of the Economic Indicator

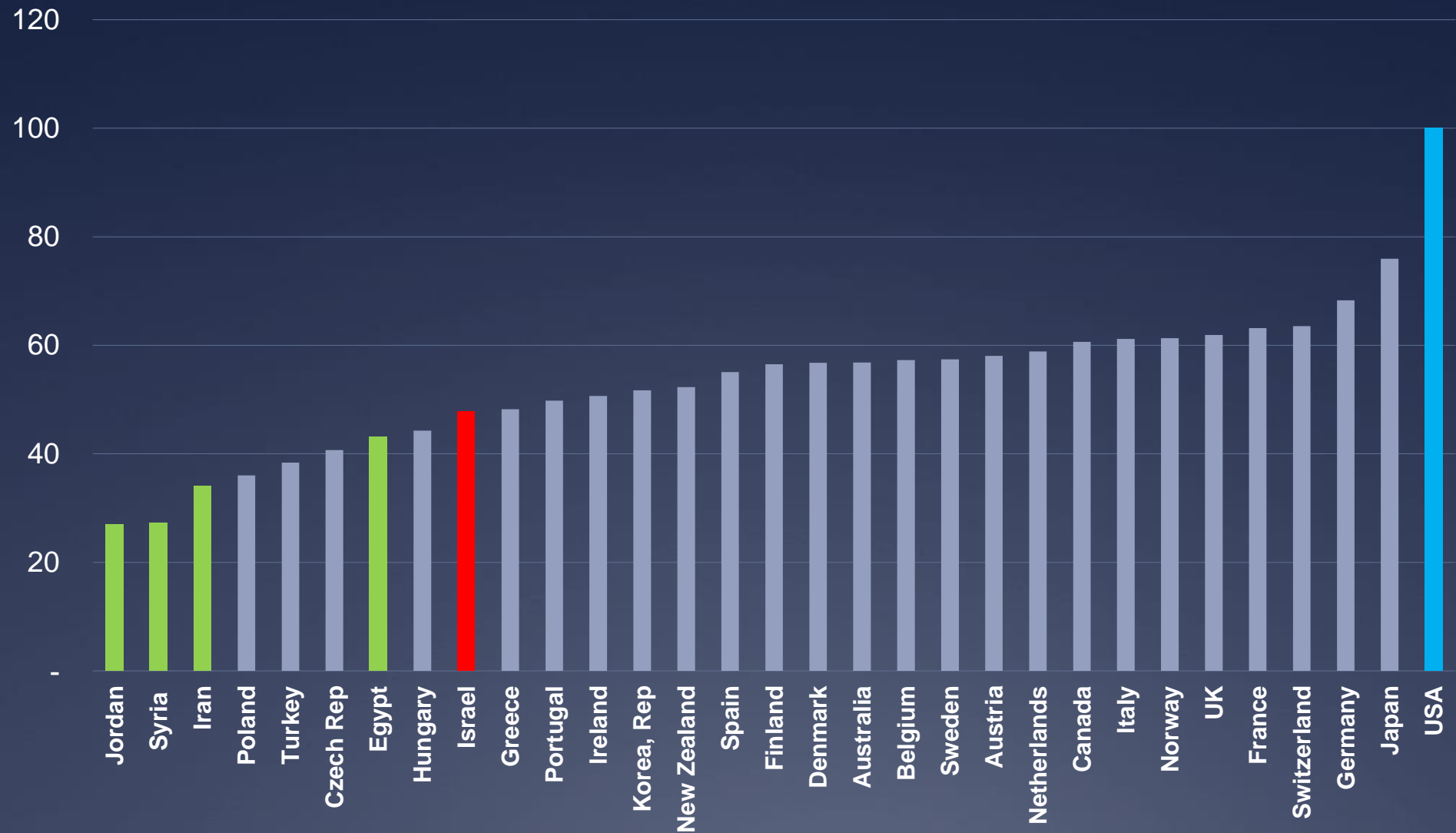
(Relative Weight in Parenthesis)

1. GDP Per Capita, PPP (16%)
2. GDP, PPP (15%)
3. Unemployment (15%)
4. High-Technology Exports – % of Manufactured Exports (11%)
5. General Government Gross Financial Liabilities (11%)
6. Inflation Rate (11%)
7. Current Account Balance (11%)
8. Foreign Currency Reserves (10%)

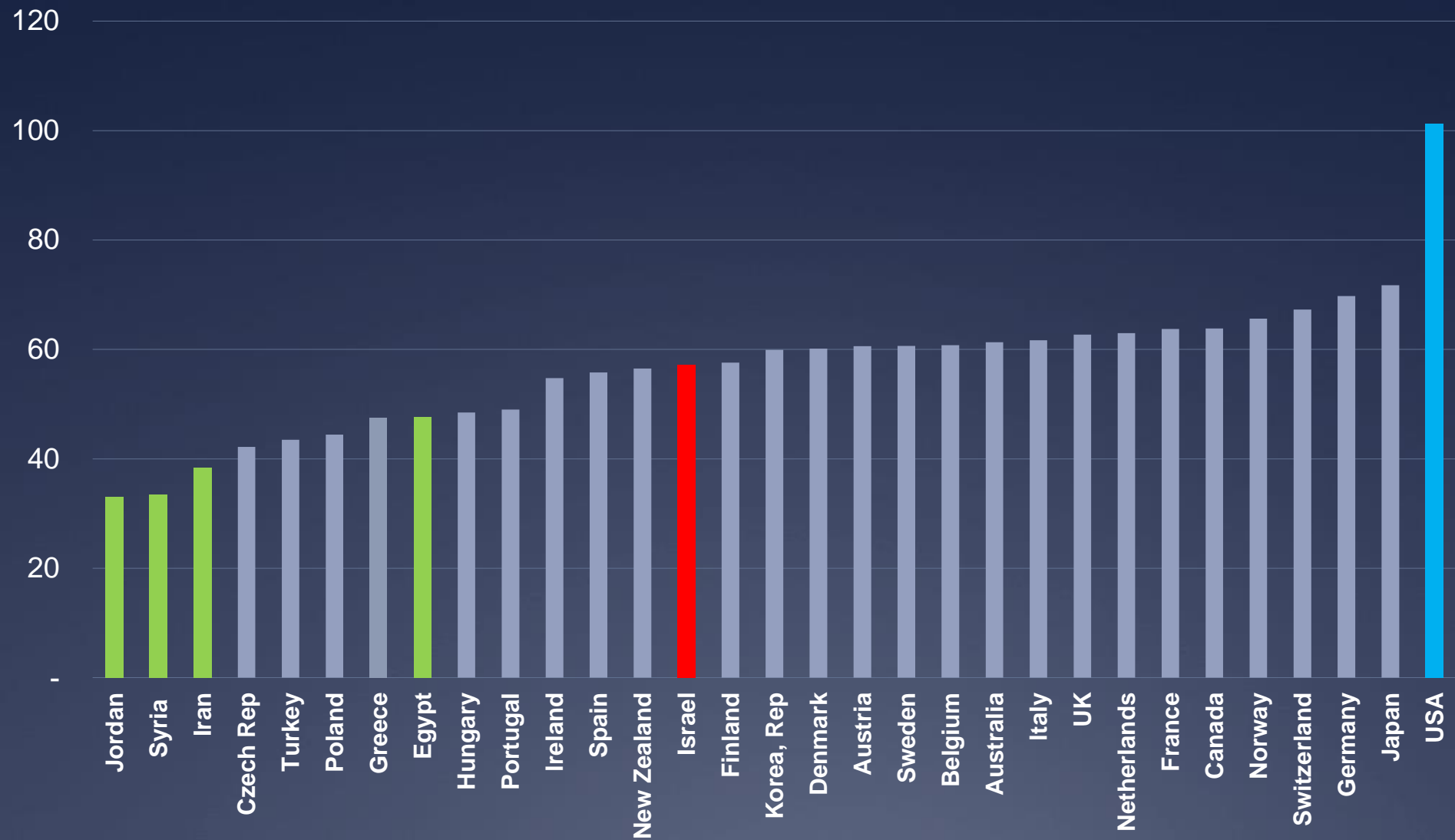
The Herzliya Indices

2013 Results

Economic Base - 1990

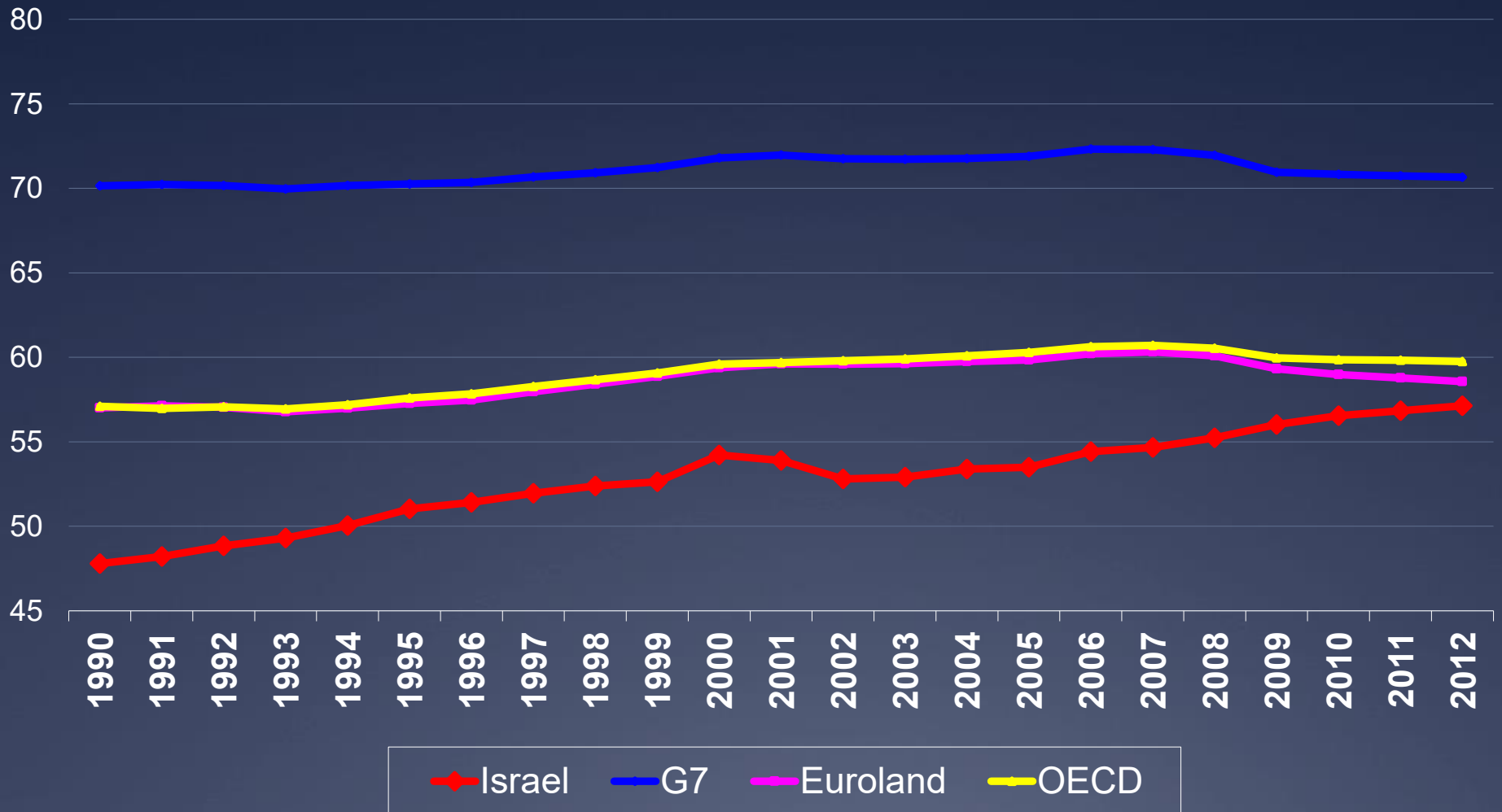


Economic Base - 2012

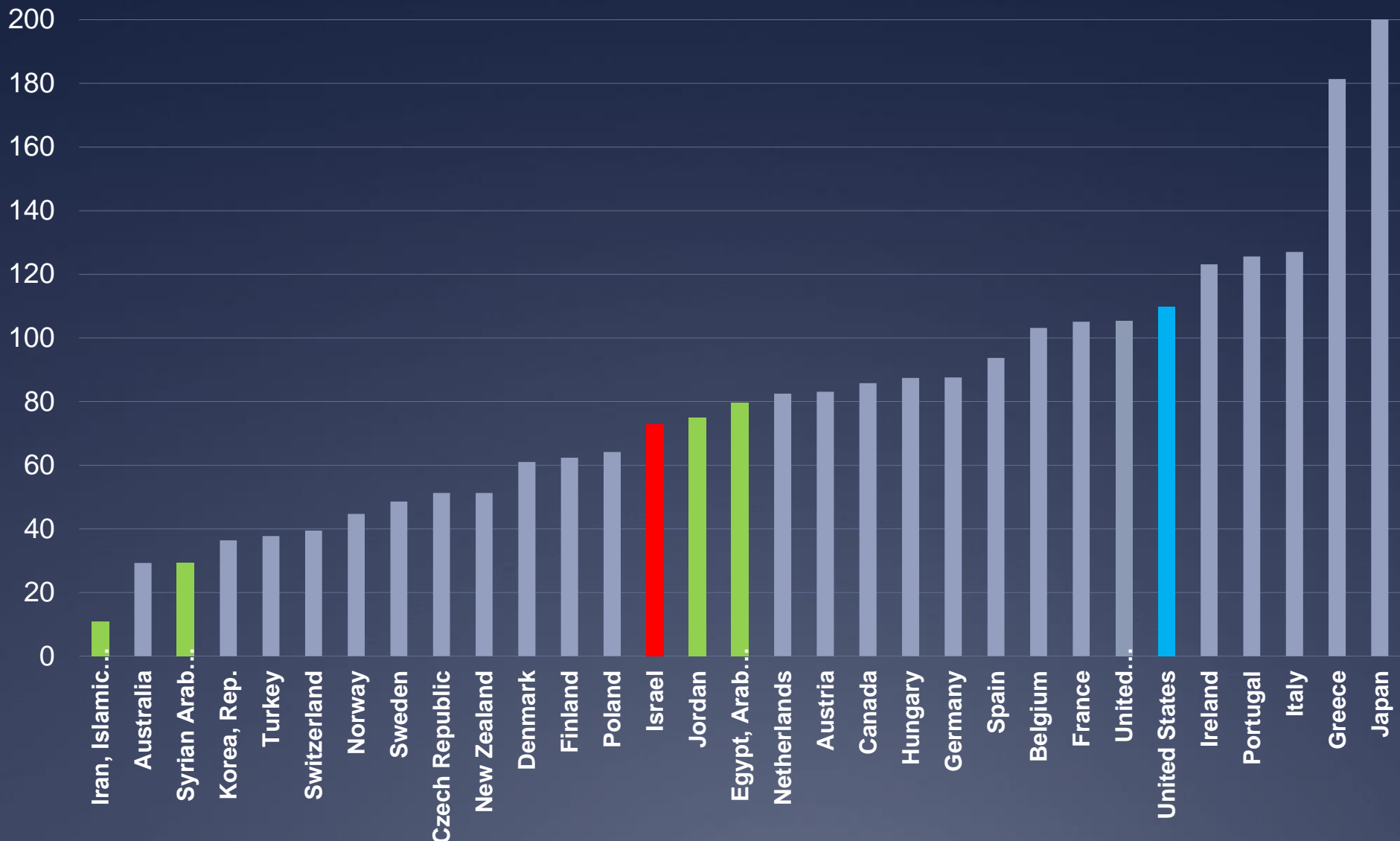


Development of the Economic Dimension

Israel and the Developed Countries

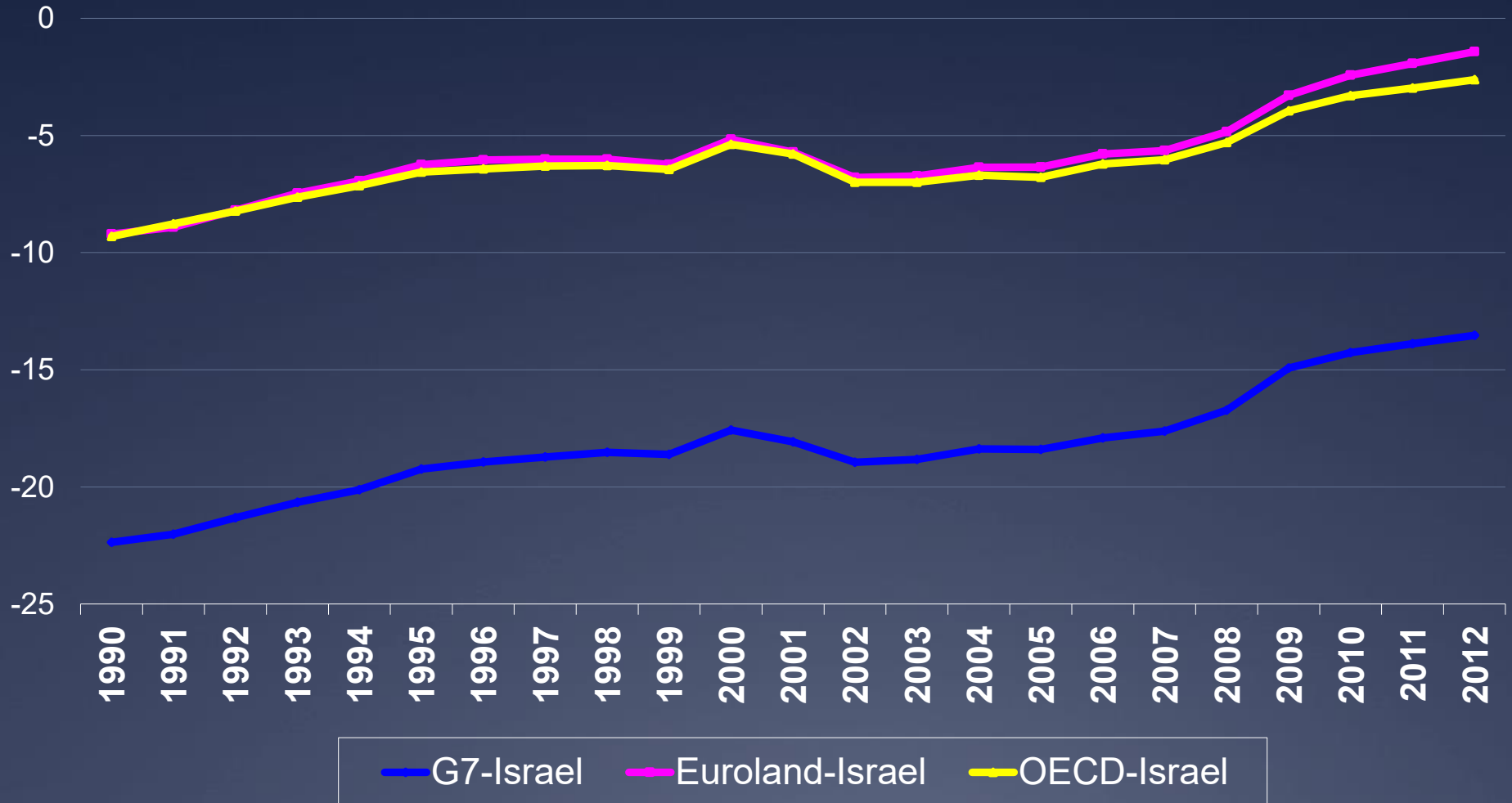


General Government Financial Liabilities 2012 (Gross – percent GDP)



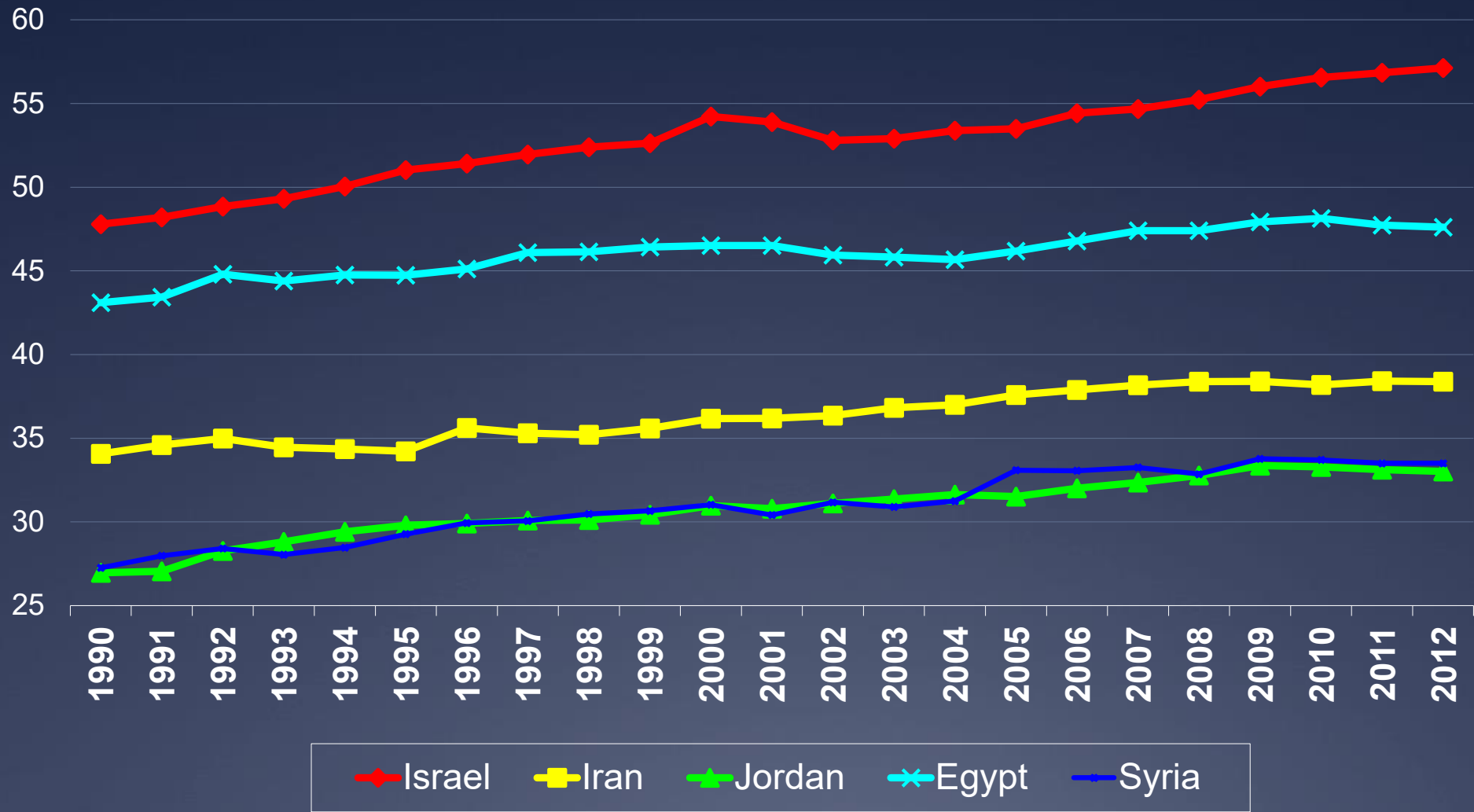
Economic Dimension Gap

Israel and the Developed Countries



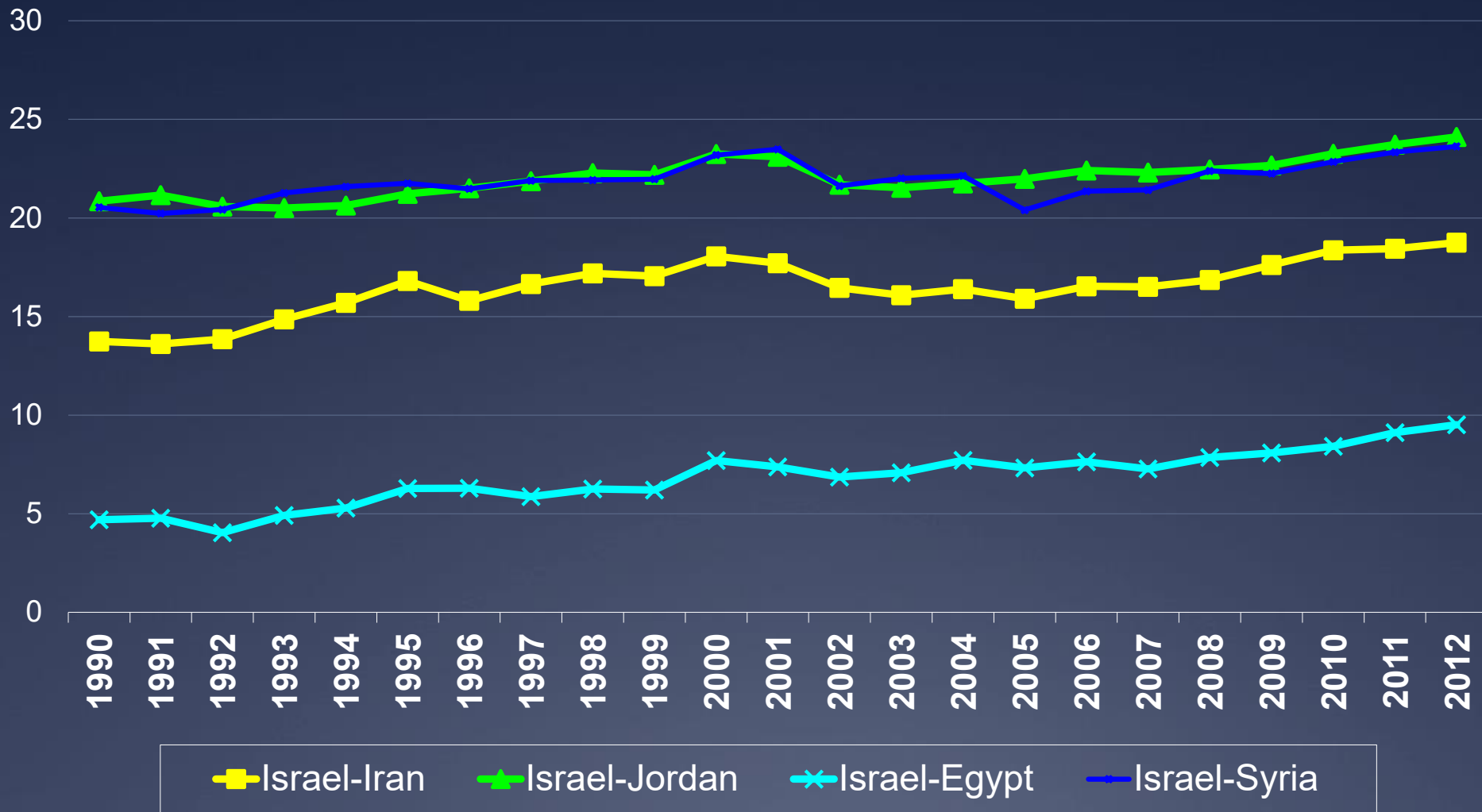
Development of the Economic Dimension

Israel and Regional Countries



Economic Dimension Gap

Israel and Regional Countries



Economic Index 2012

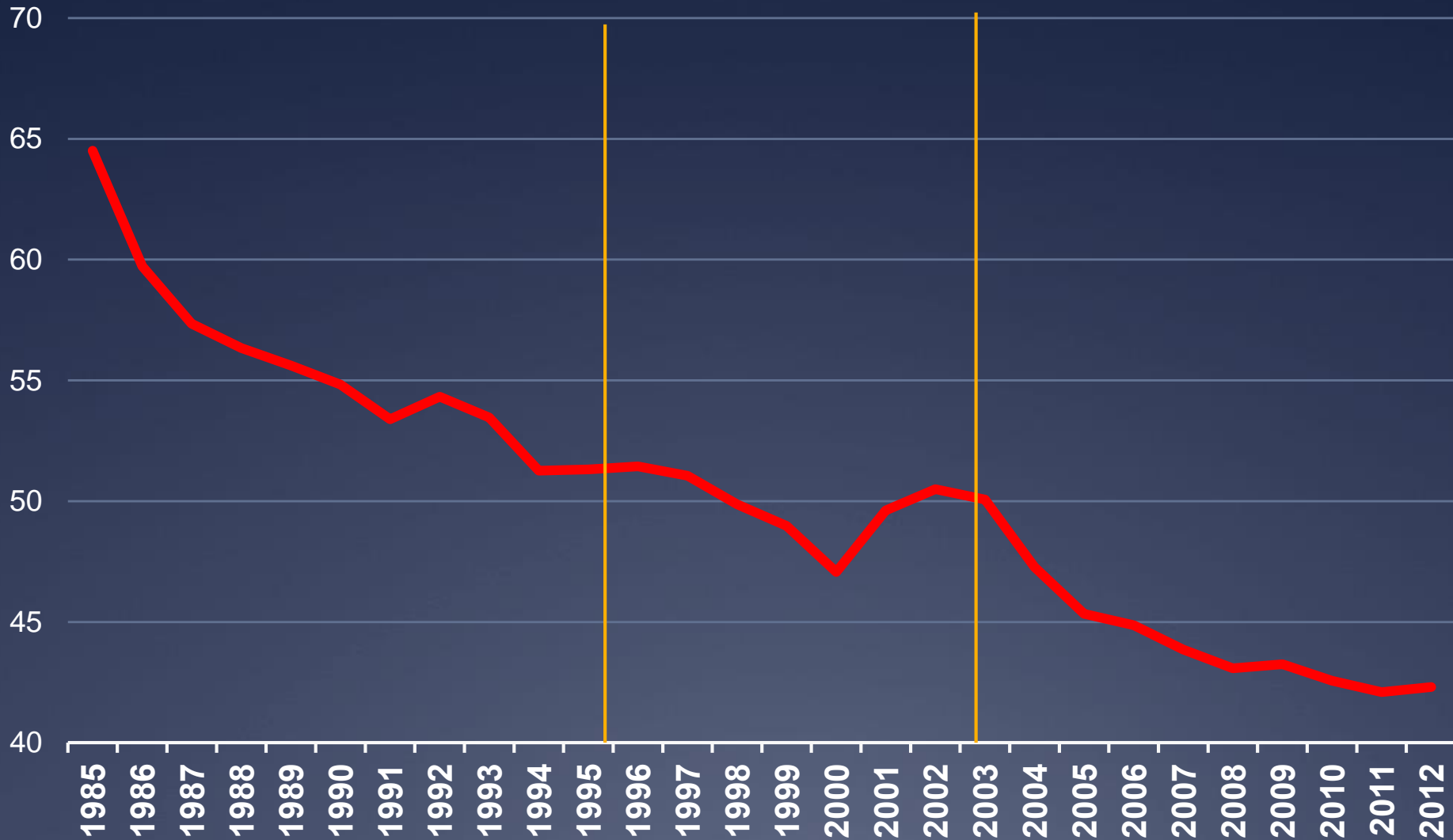
1	USA	101.22	17	Finland	57.57
2	Japan	71.73	18	Israel	57.13
3	Germany	69.74	19	New Zealand	56.52
4	Switzerland	67.29	20	Spain	55.79
5	Norway	65.61	21	Ireland	54.77
6	Canada	63.82	22	Portugal	49.00
7	France	63.73	23	Hungary	48.47
8	Netherlands	62.98	24	Egypt	47.61
9	UK	62.71	25	Greece	47.51
10	Italy	61.66	26	Poland	44.44
11	Australia	61.33	27	Turkey	43.49
12	Belgium	60.79	28	Czech Rep	42.21
13	Sweden	60.64	29	Iran	38.38
14	Austria	60.59	30	Syria	33.50
15	Denmark	60.15	31	Jordan	33.02
16	Korea, Rep	59.92			

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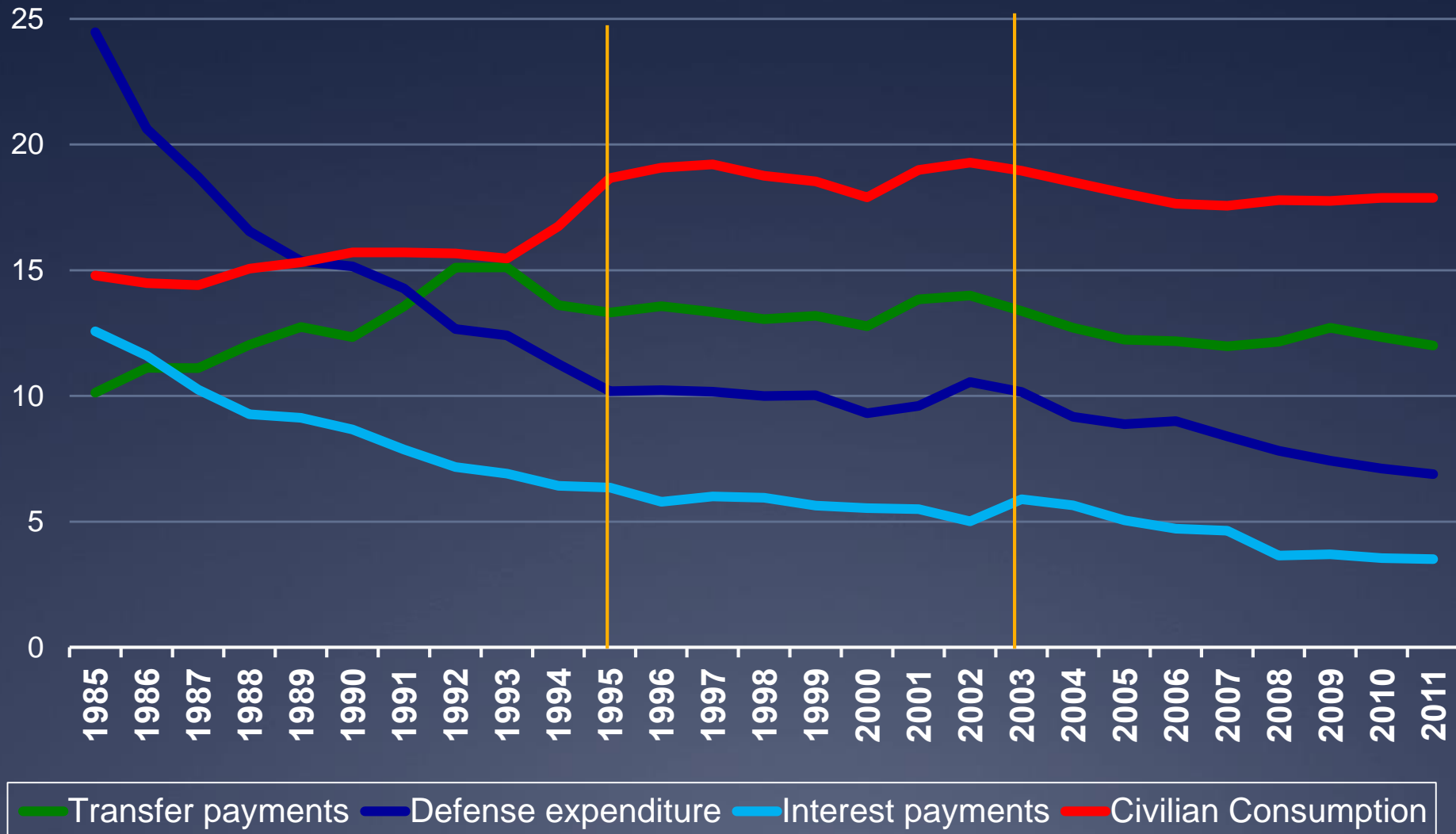
Future Challenges

General Government Expenditure 1985-2012

(Percent of GDP)



Composition of General Government Expenditure 1985-2011 (Percent of GDP)

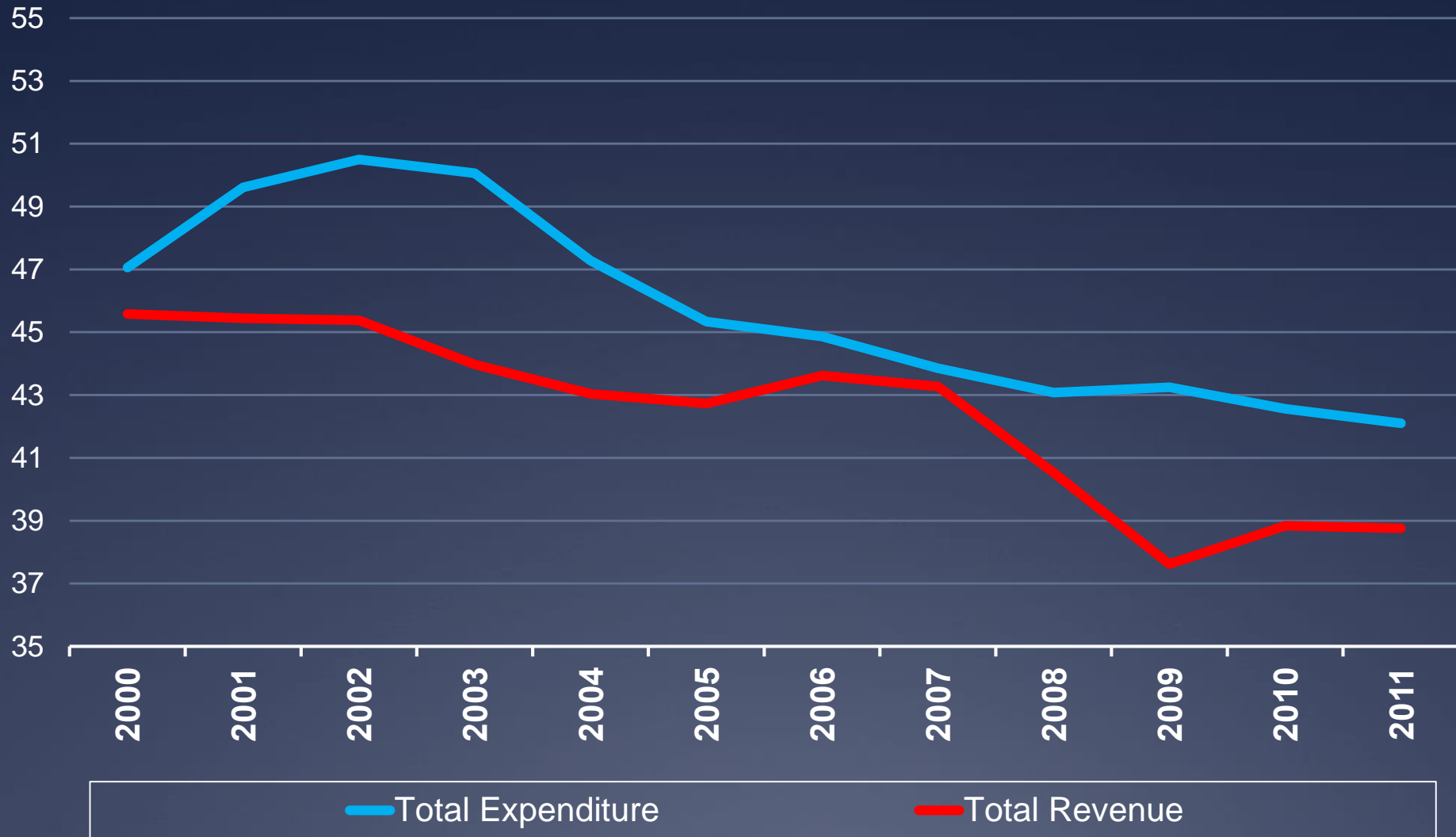


The Structural Deficit

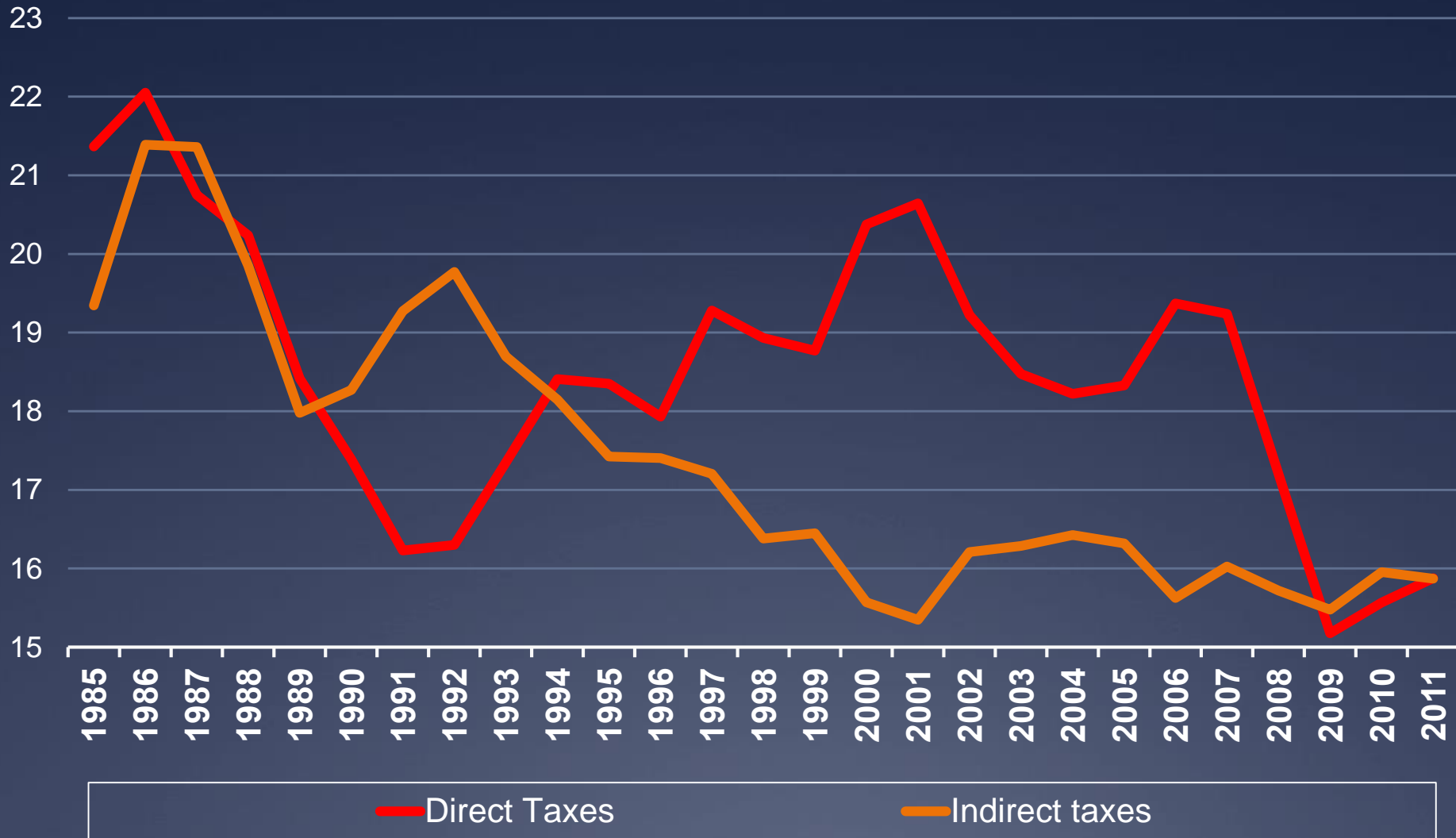
An Illustration

Fiscal Deficit	Unemployment	Growth	
-4.2	11.7	-0.2	2001
-5.6	9.5	1.1	2009
-4.2	6.9	3.3	2012

General Government Expenditure and Revenue 2000-2011 (Percent of GDP)

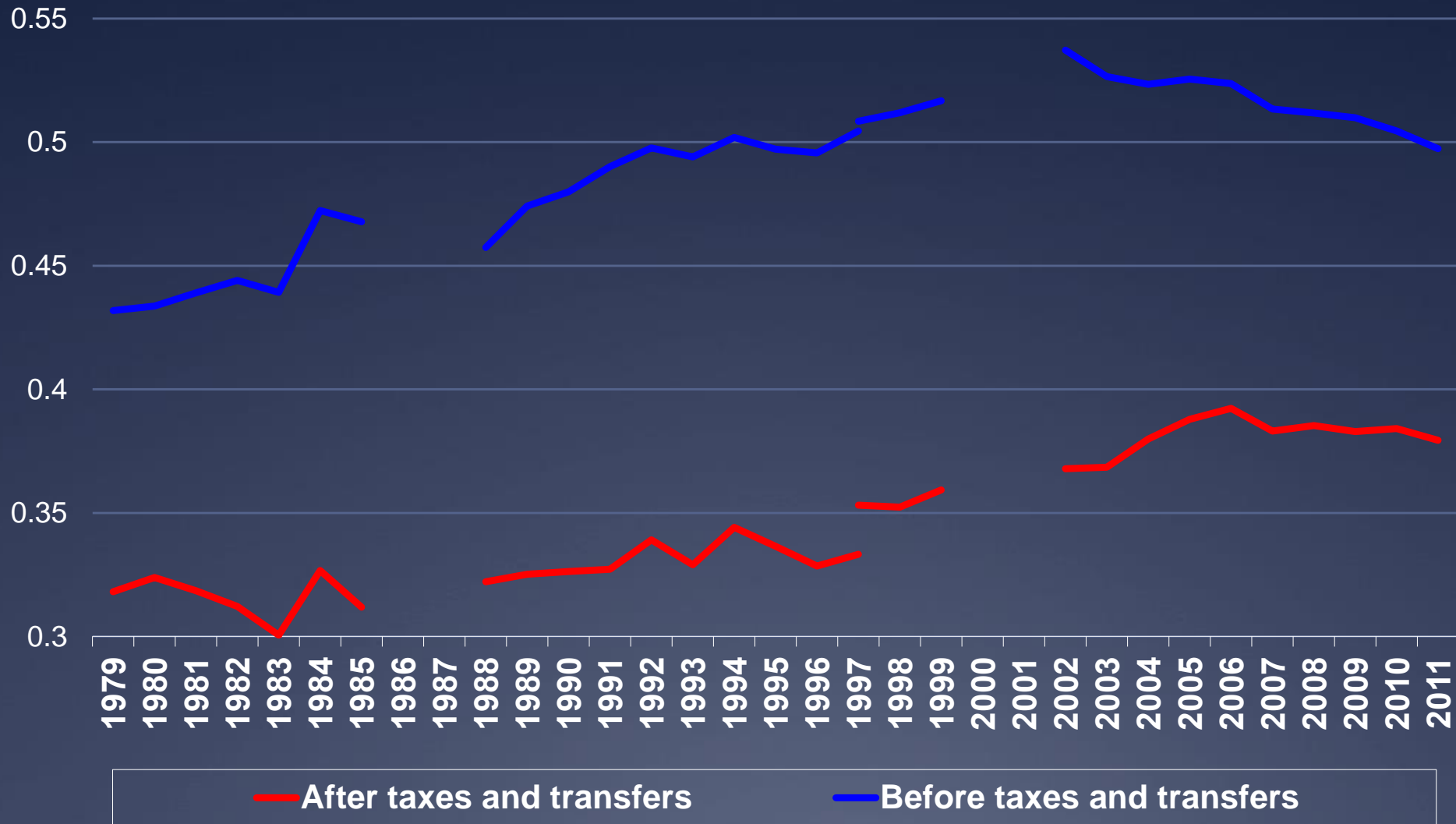


Composition of Tax Collection, Israel 1985-2011 (Percent of GDP)



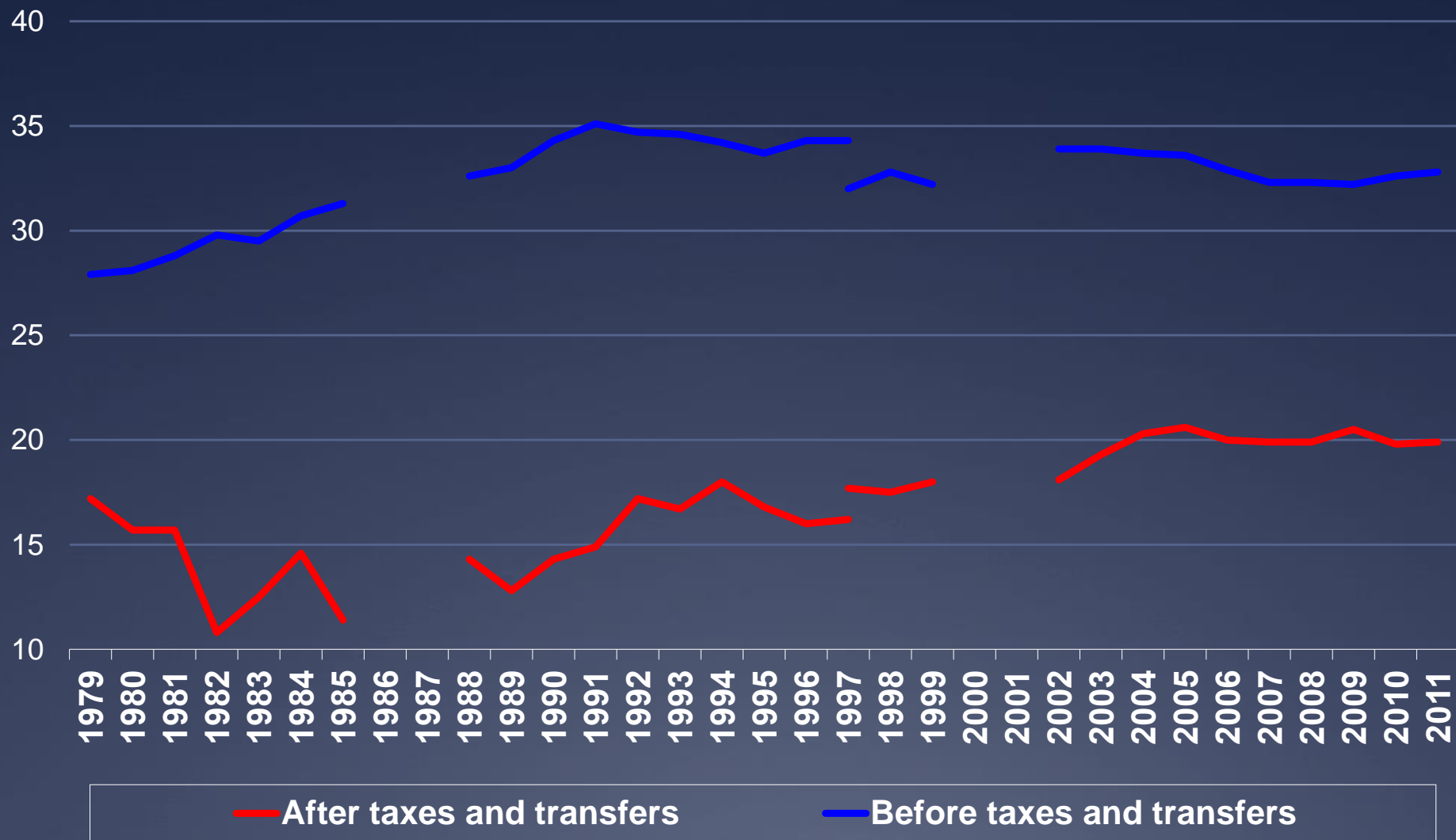
Inequality, Gini Coefficient Israel 1979-2011

(Population, Families, Percent)



Poverty Incidence Israel 1979-2011

(Population, Families, Percent)



Thank you