

The Herzliya Indices

National Security Balance
The Civilian Quantitative Dimension

Herzliya Conference 2012

The Israeli Paradox 2011

STANDARD
& POOR'S

Sep 9, 2011

Standard & Poor's Ratings Services (S&P) raised its long-term foreign currency sovereign credit ratings on the State of Israel. Also, S&P's outlook is stable.

THE JERUSALEM
POST

Sep 3, 2011

'March of the Million'



Over 460,000 protest across the country demanding social justice.

Development of the Economic Dimension in Israel 1990-2011

2011



Multipule 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

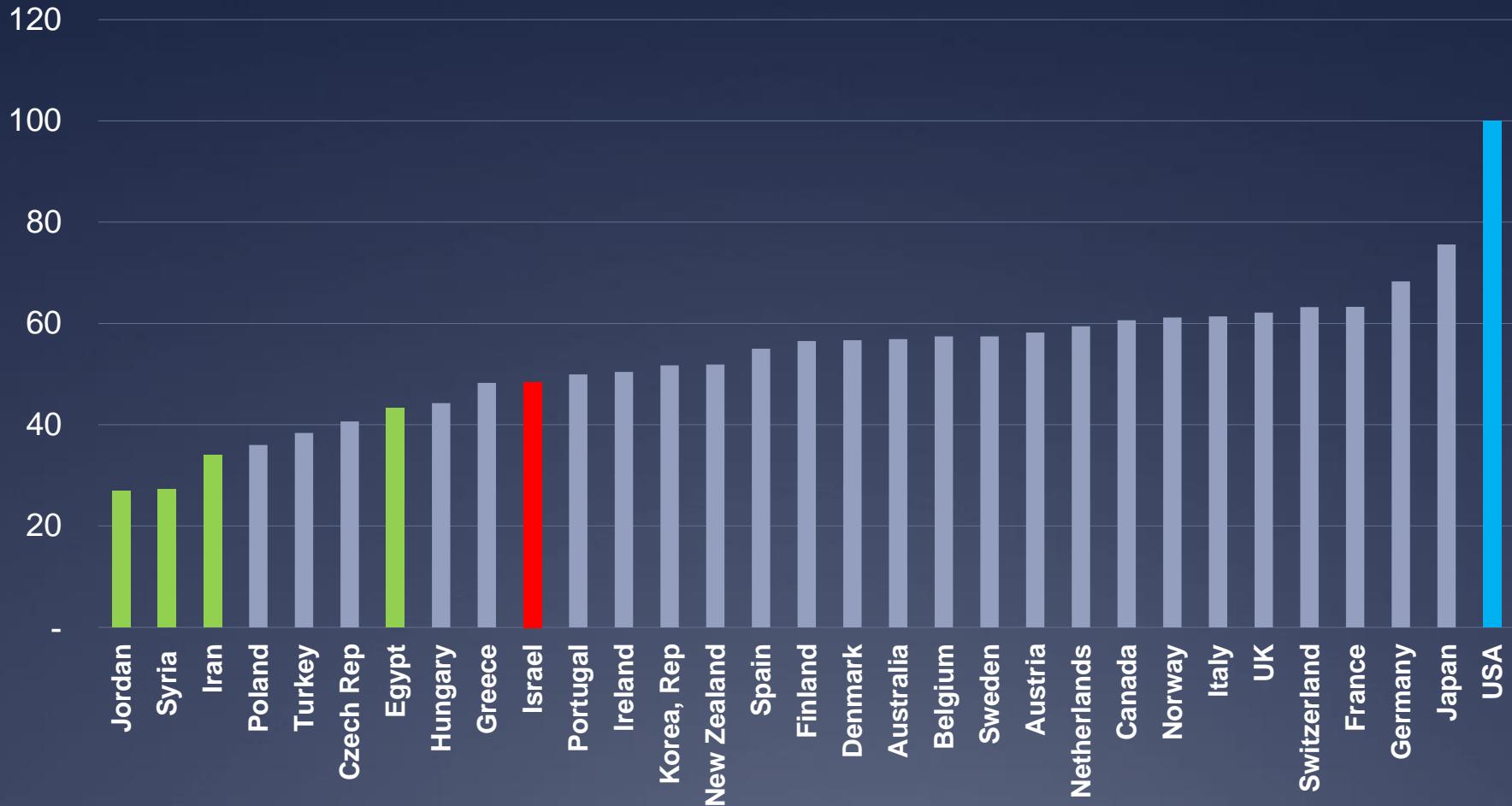
(Relative Weight in Parenthesis)

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%)

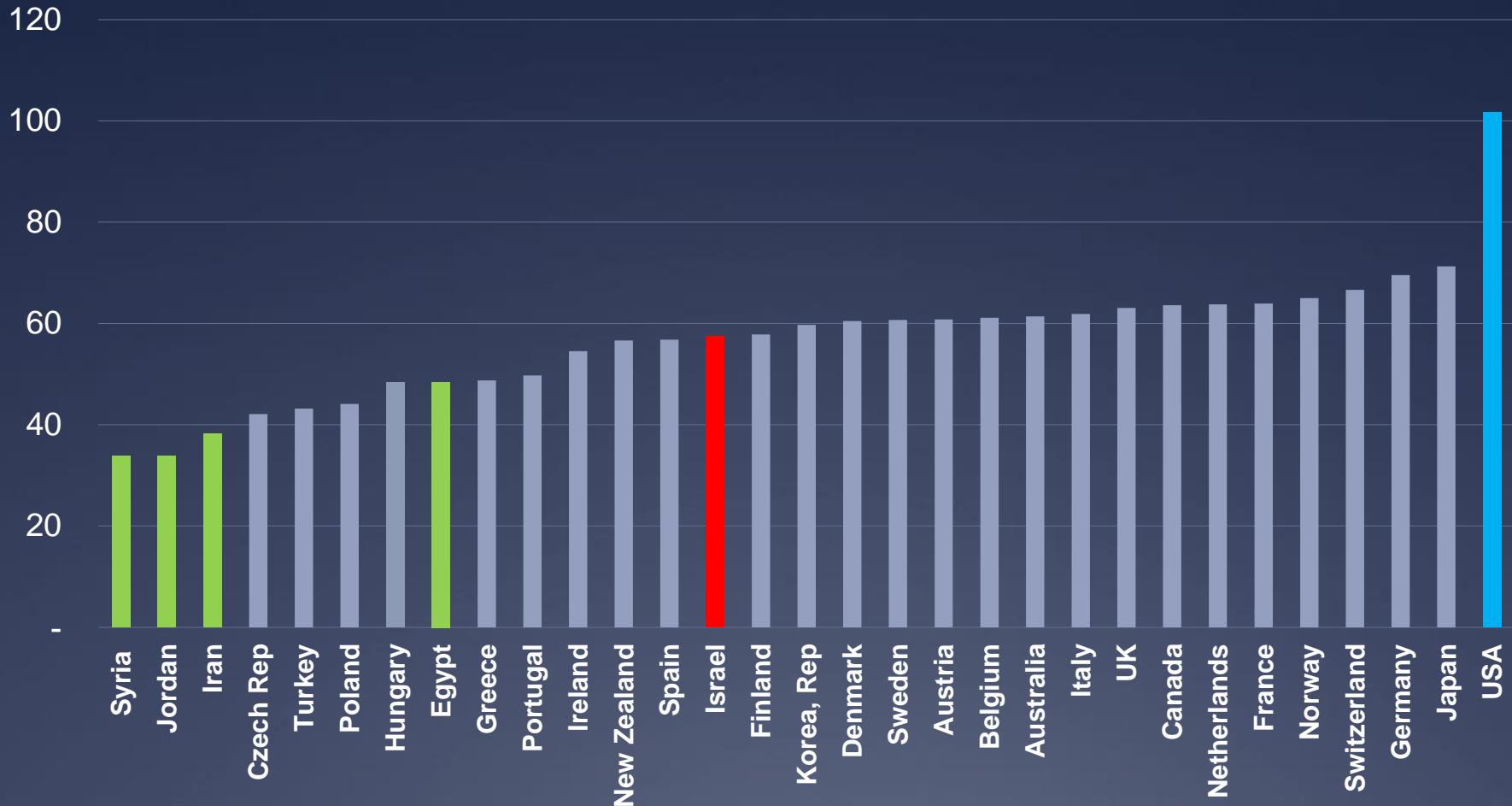
The Herzliya Indices

2012 Results

Economic Base - 1990

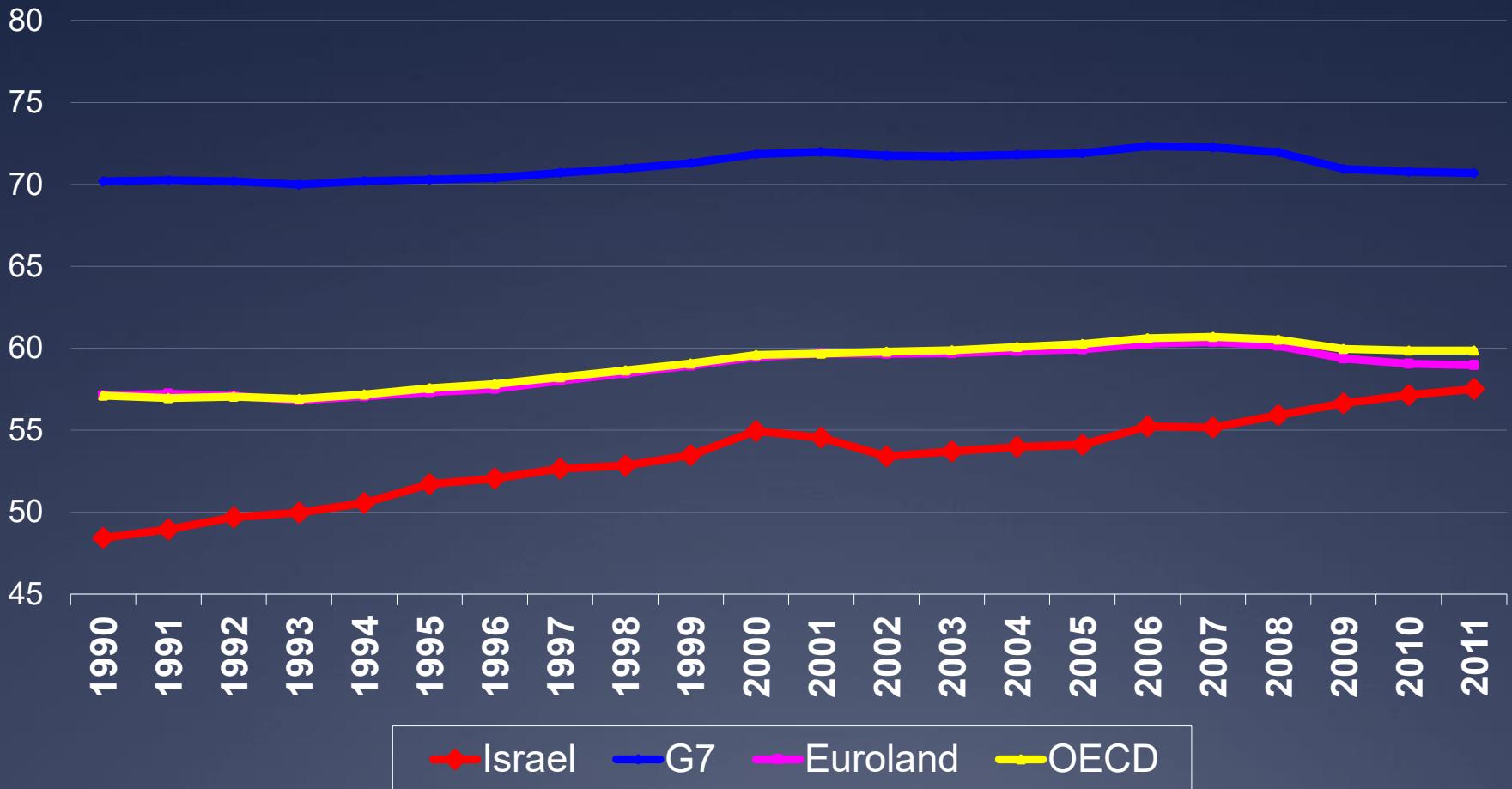


Economic Base - 2011

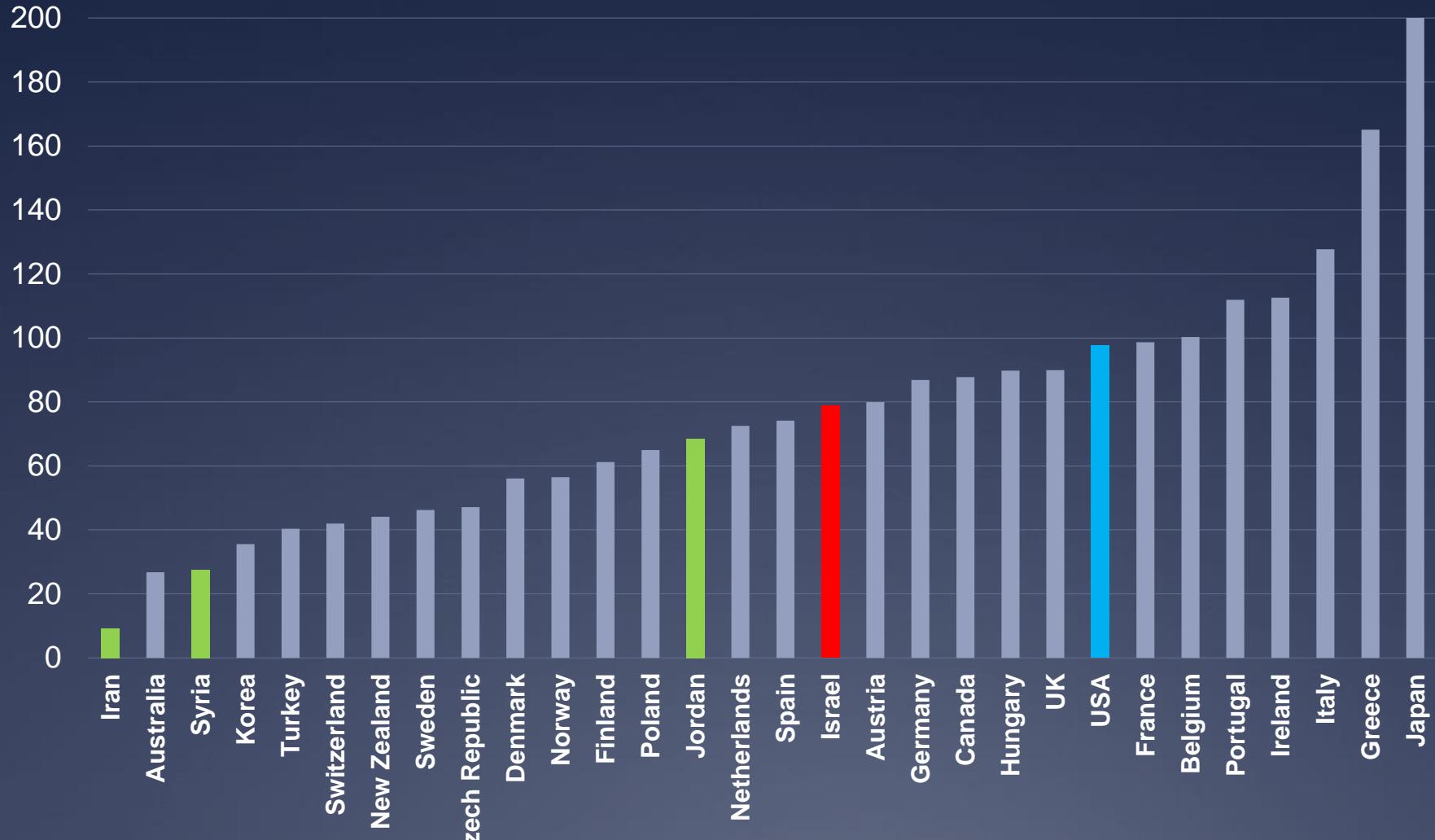


Development of the Economic Dimension

Israel and the Developed Countries



General Government Financial Liabilities 2011 (Gross – percent GDP)



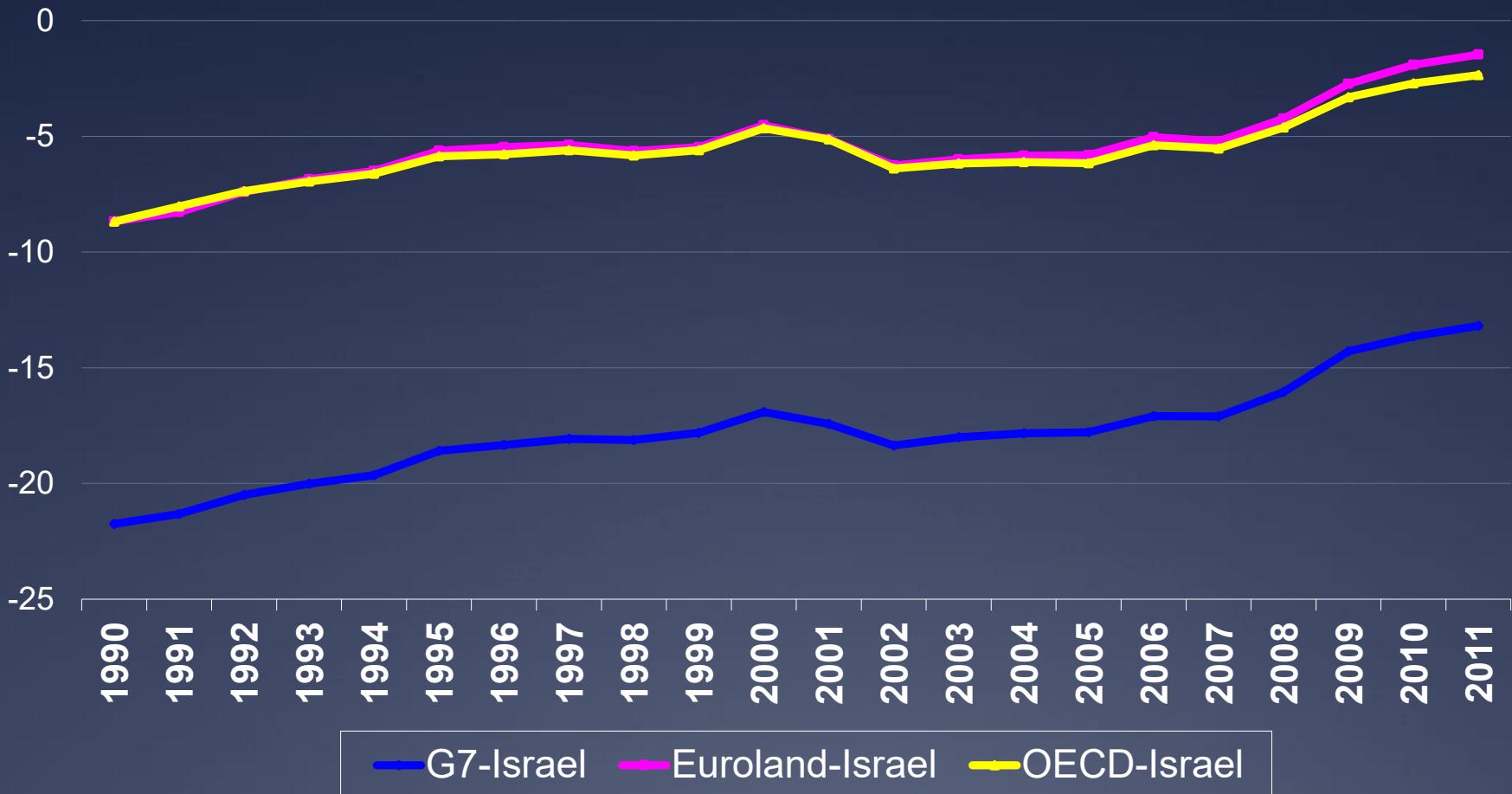
Government deficit 2011

(percentage of GDP)



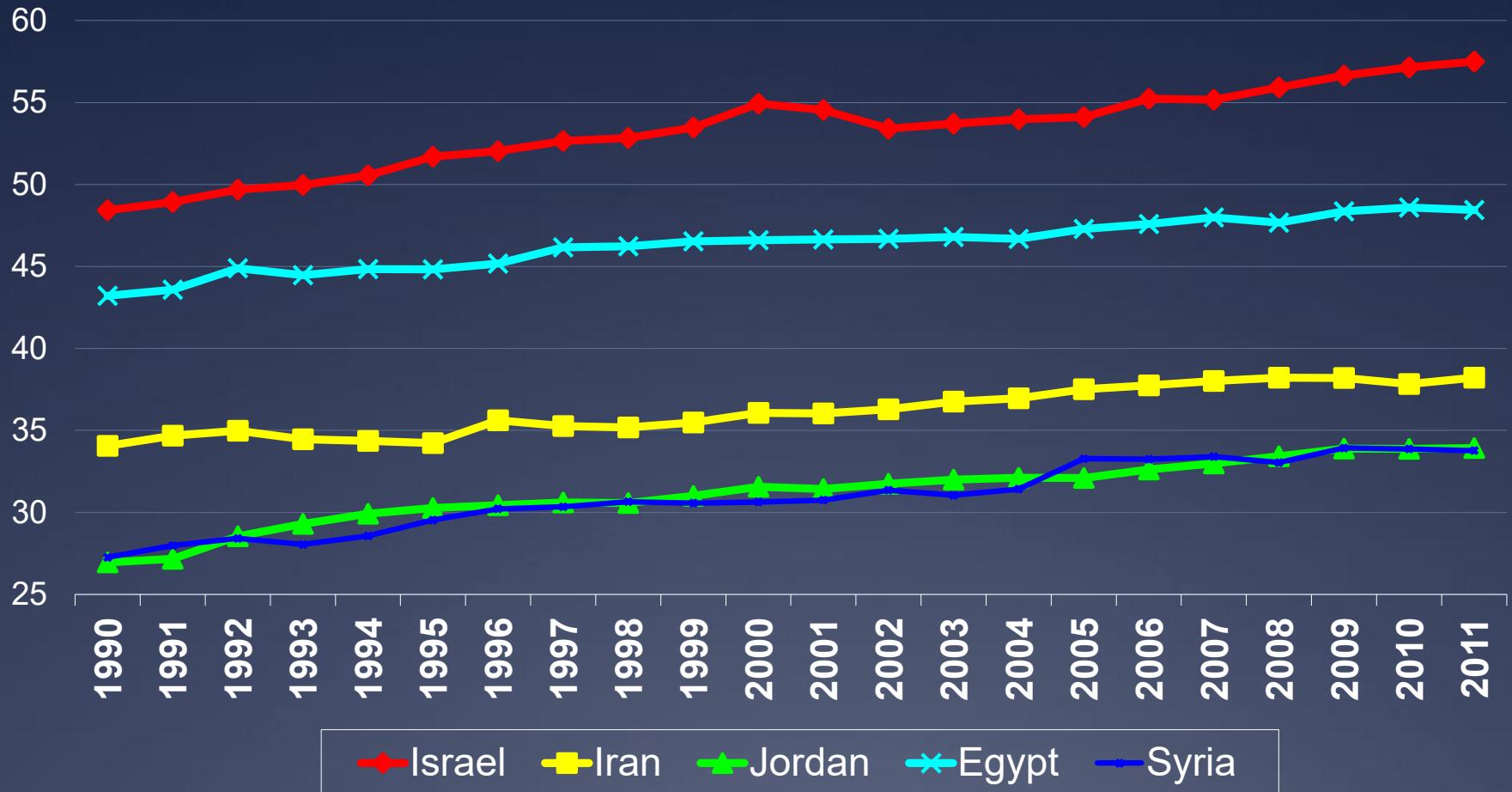
Economic Dimension Gap

Israel and the Developed Countries



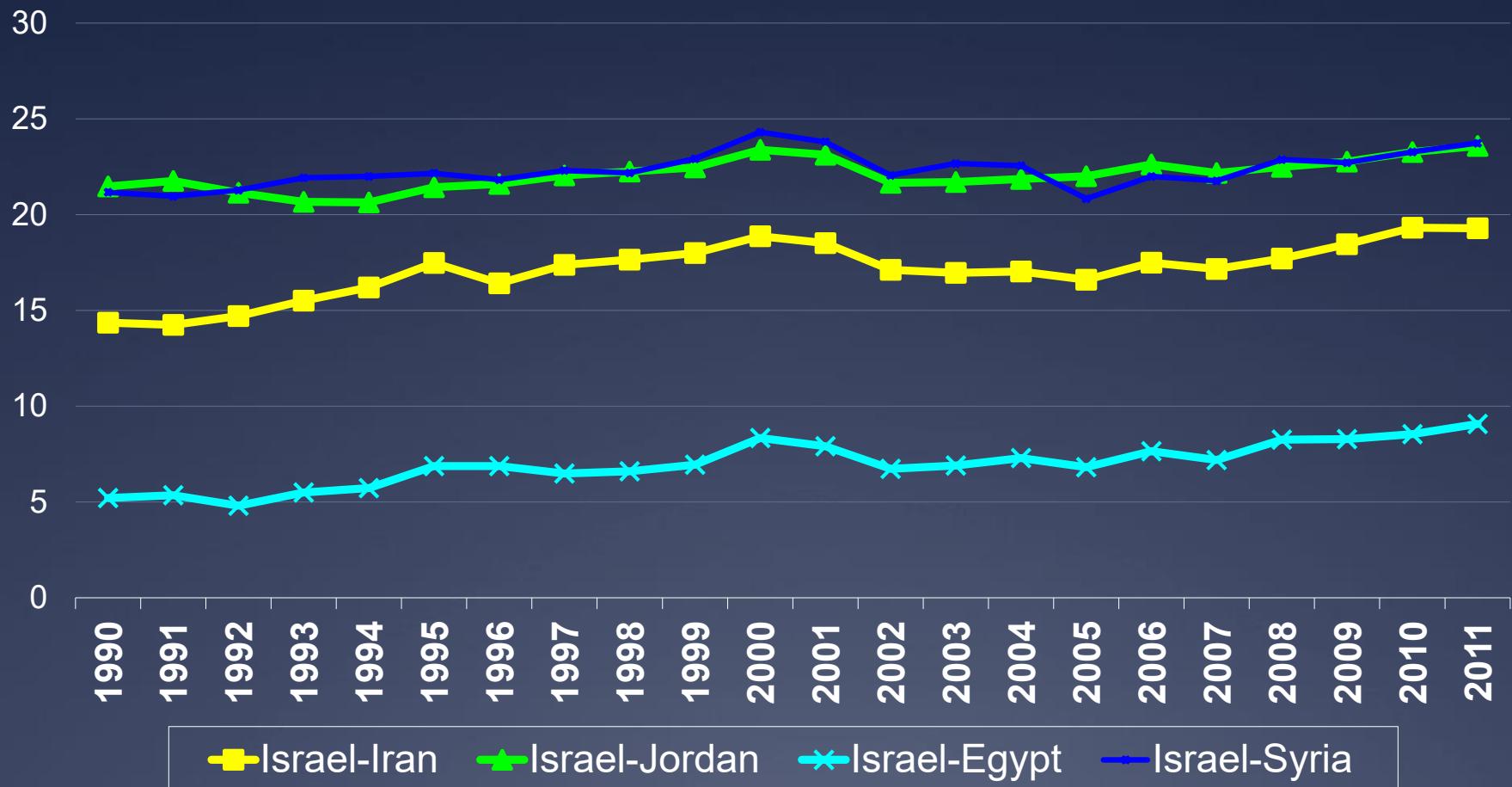
Development of the Economic Dimension

Israel and Regional Countries



Economic Dimension Gap

Israel and Regional Countries



Economic Index 2011

1	USA	101.59	17	Finland	57.84
2	Japan	71.27	18	Israel	57.51
3	Germany	69.56	19	Spain	56.77
4	Switzerland	66.64	20	New Zealand	56.65
5	Norway	65.00	21	Ireland	54.50
6	France	63.95	22	Portugal	49.71
7	Netherlands	63.75	23	Greece	48.74
8	Canada	63.57	24	Egypt	48.44
9	UK	63.04	25	Hungary	48.33
10	Italy	61.88	26	Poland	44.11
11	Belgium	61.38	27	Turkey	43.17
12	Australia	61.13	28	Czech Rep	42.08
13	Austria	60.79	29	Iran	38.22
14	Sweden	60.69	30	Jordan	33.92
15	Denmark	60.44	31	Syria	33.77
16	Korea, Rep	59.71			

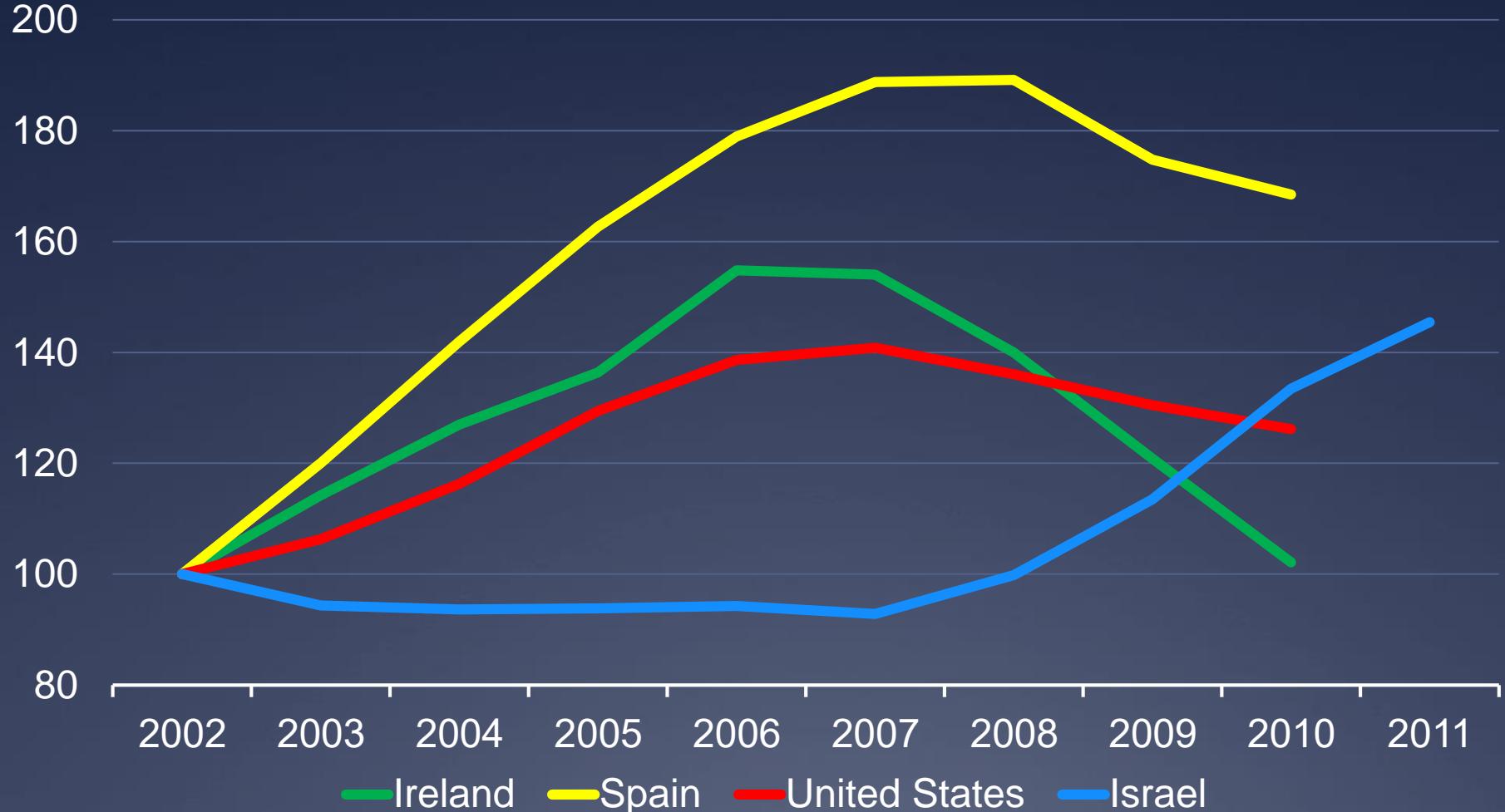


The Sources of Protest



Housing Price Index International Comparison

(2002 – 2011, 2002=100)

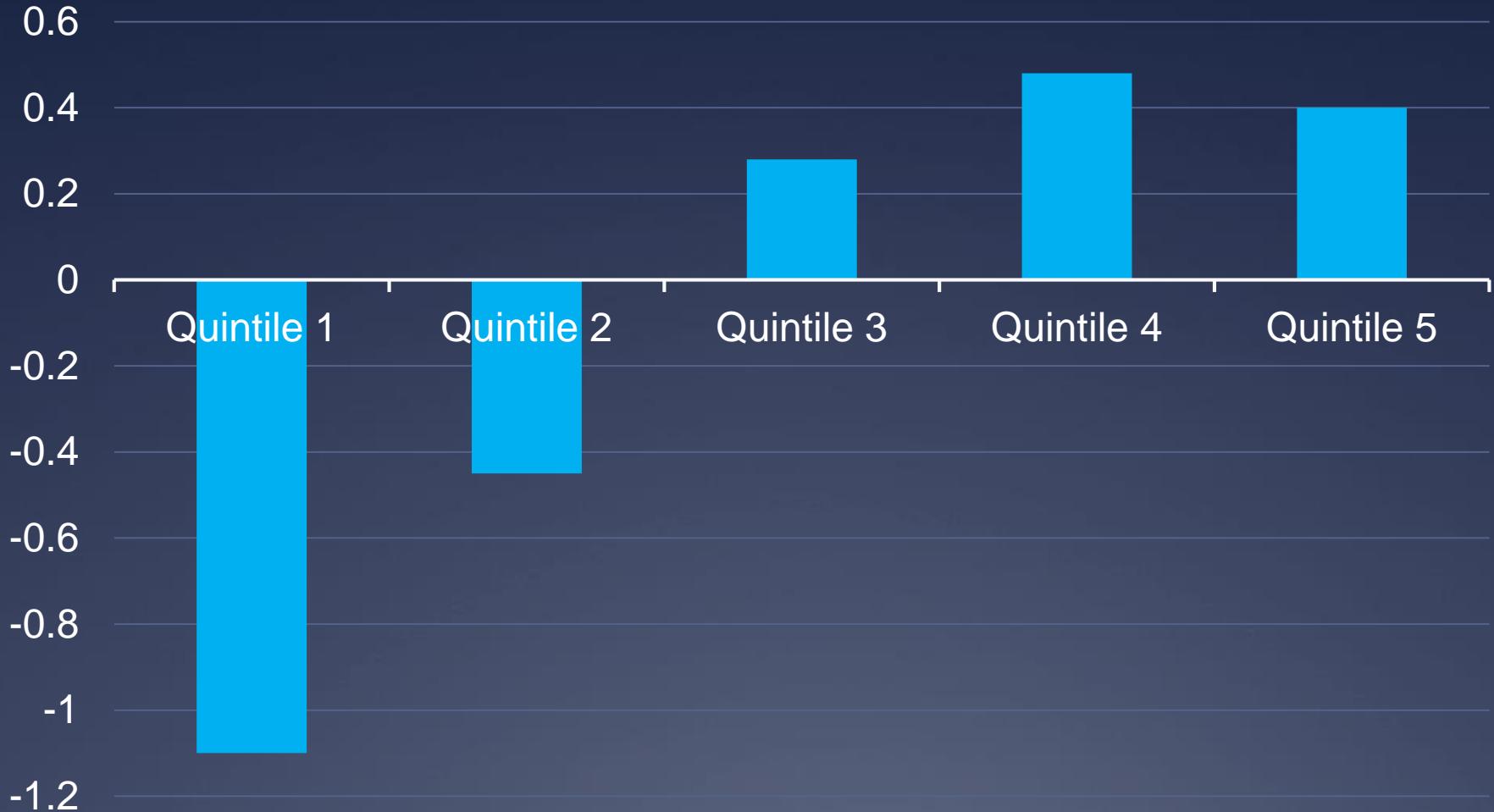


Real per capita GDP and Average real wages per employee post 2004-2010 (2004=100)



Change in net wages by quintiles 2000-2008

(Average, percent change)



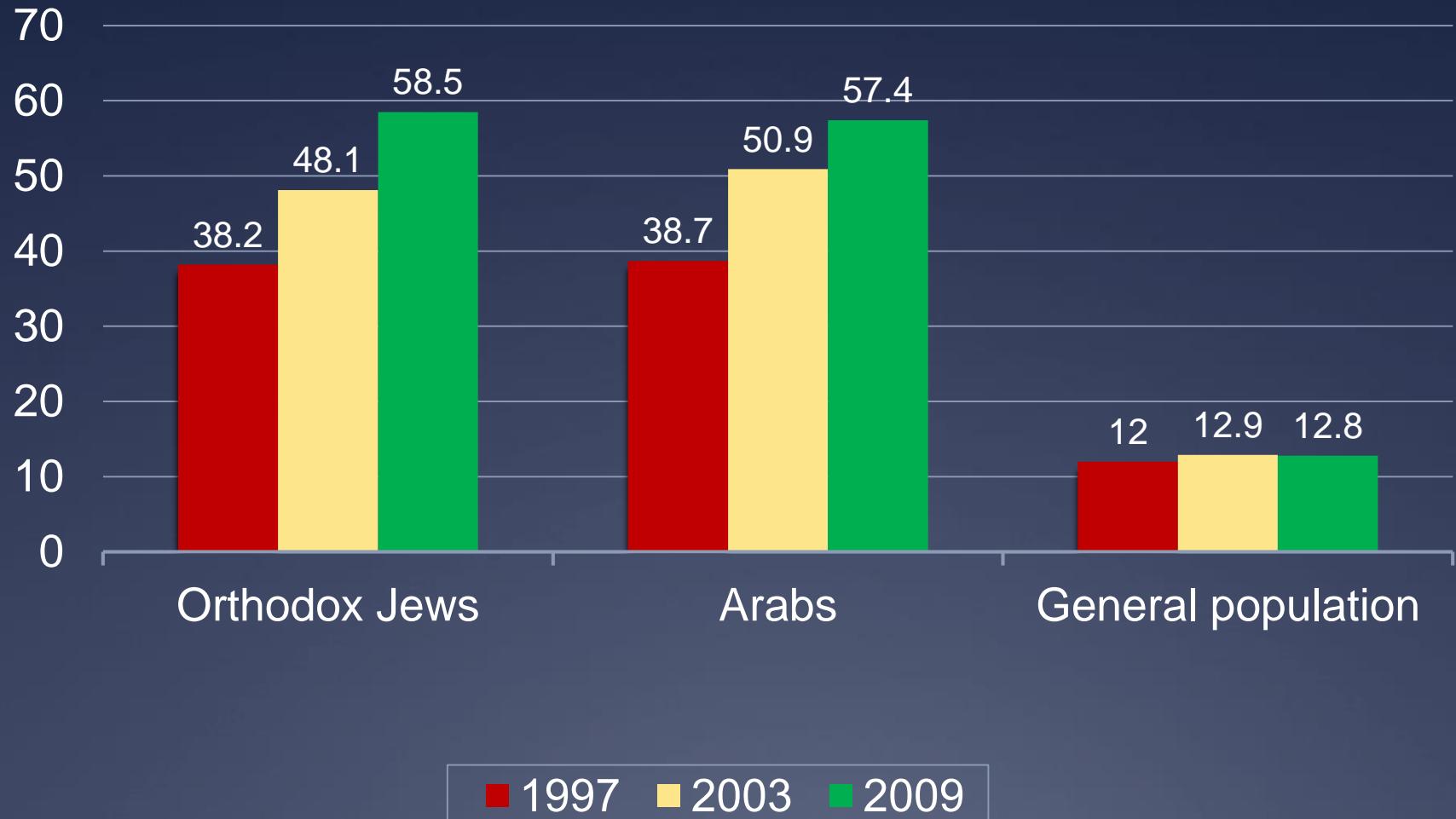
Poverty Incidence Israel 1979-2009

(Population, Families, Percent)



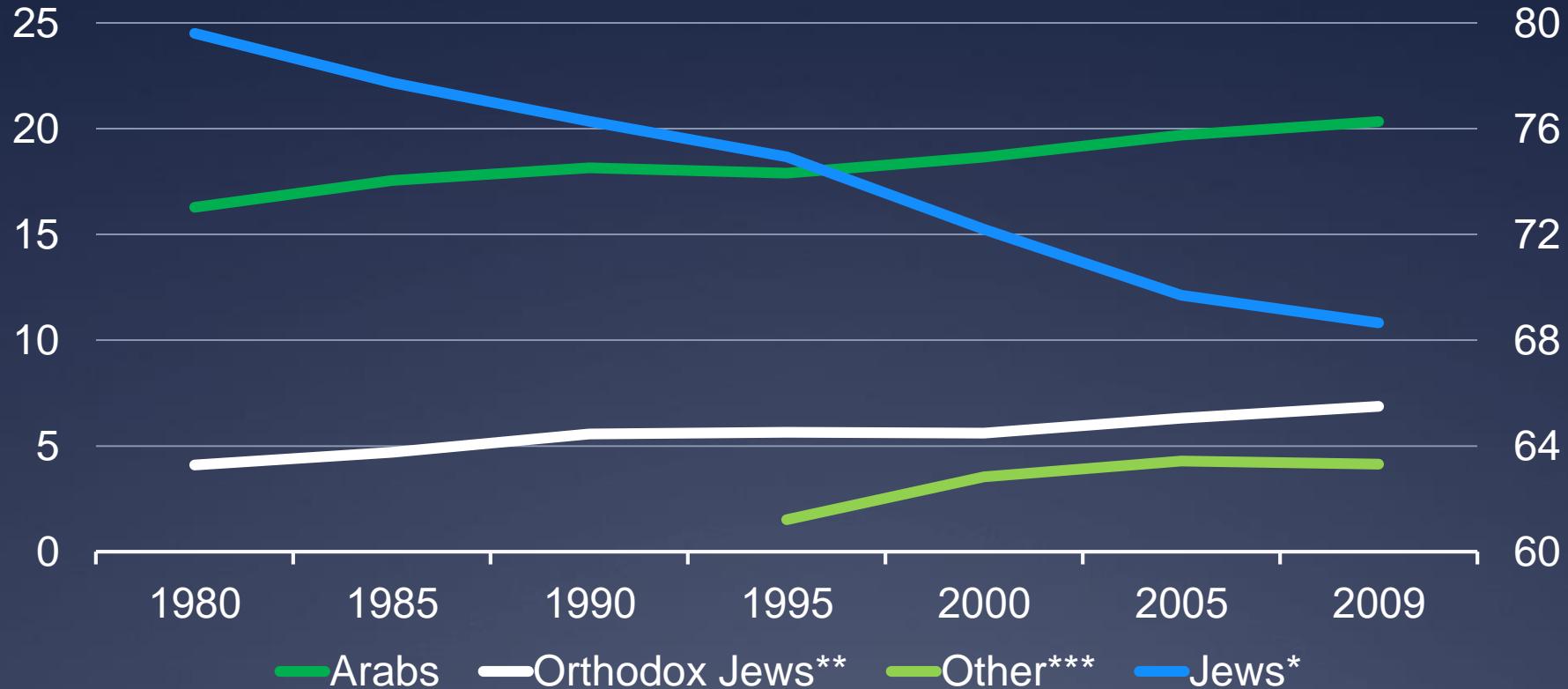
Incidence of Poverty by Population Groups

(individuals, 1997 – 2003 – 2009)



Demographic Trends by Groups

(percent 1980-2009)



* Excluding orthodox Jews, right axis
 ** Bank of Israel calculation
 *** Till 1995 included in the Arabs

	Average rates of growth (percent)		
	Jews*	Arabs	Orthodox Jews*
1995-2009	1.5	3.1	3.5
2005-2009	1.5	2.8	4.2

Total disbursements, Gen. Government 1985-2010

(percentage of GDP)

