

“The Herzliya Indices”

**National Security Balance
The Civilian Quantitative
Dimension**

Herzliya Conference 2011

Herzliya Indices Team

Team Leader

Prof. Rafi Melnick - IDC Herzliya

Team Members

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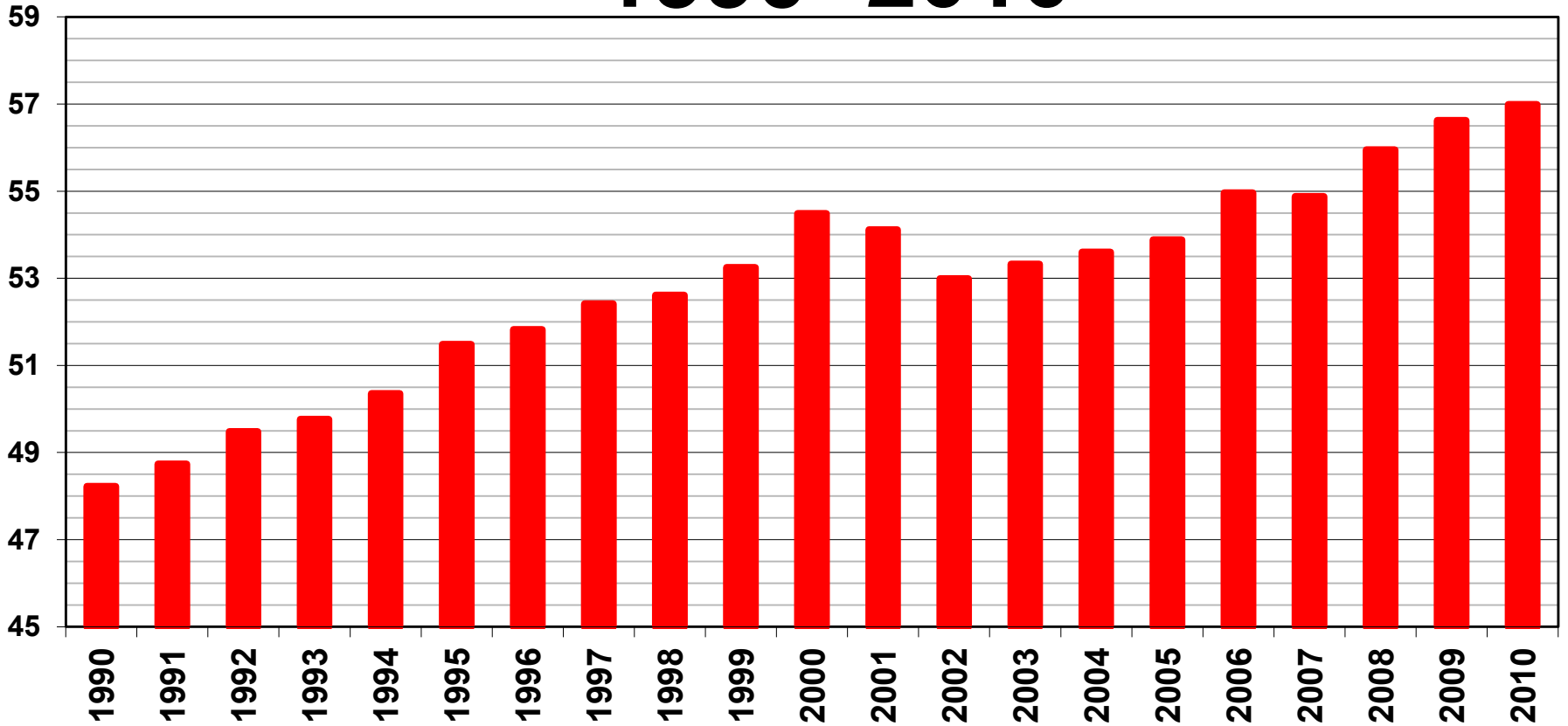
Dr. Zalman Shiffer – Economic Advisor

Dr. Tommy Steiner – IDC Herzliya

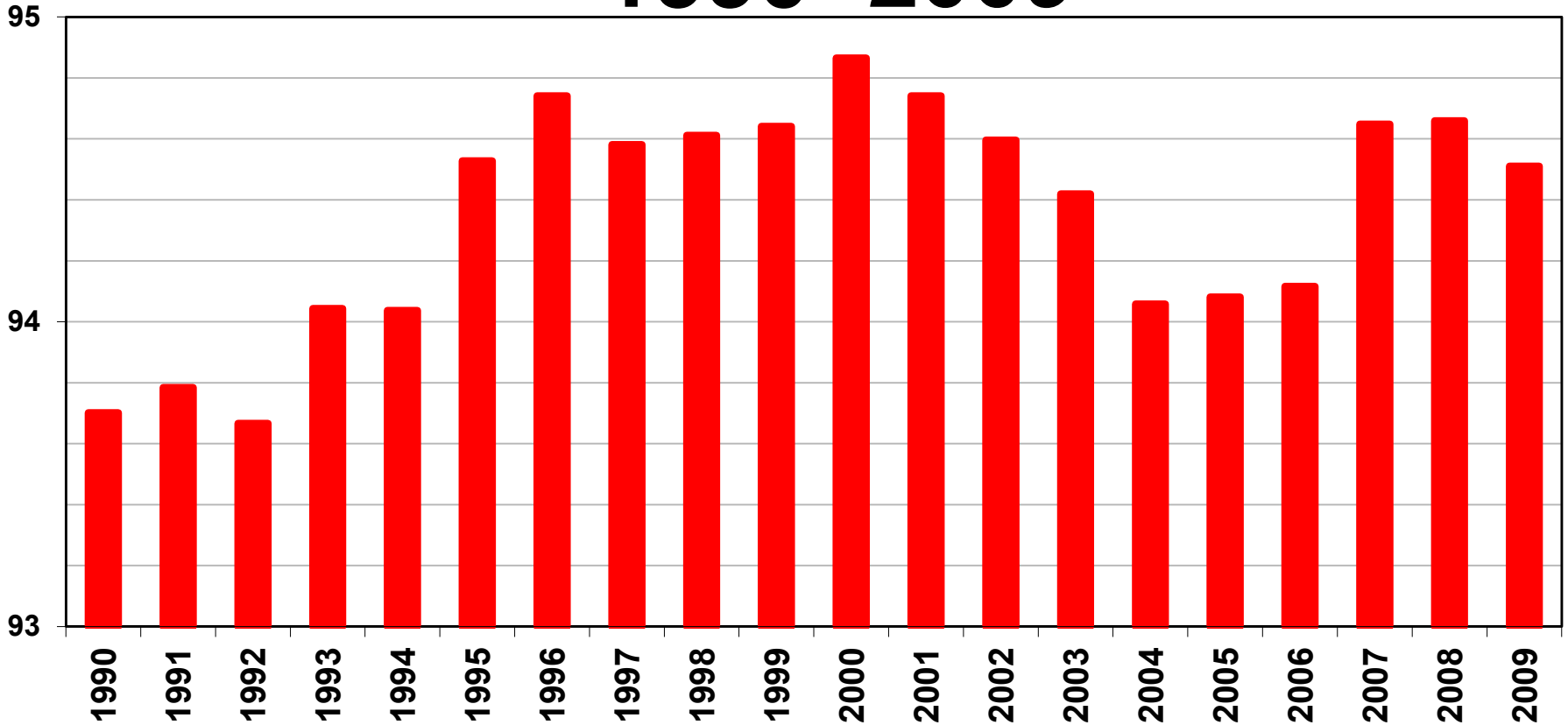
Dr. Michel Strawczynski – Bank of Israel

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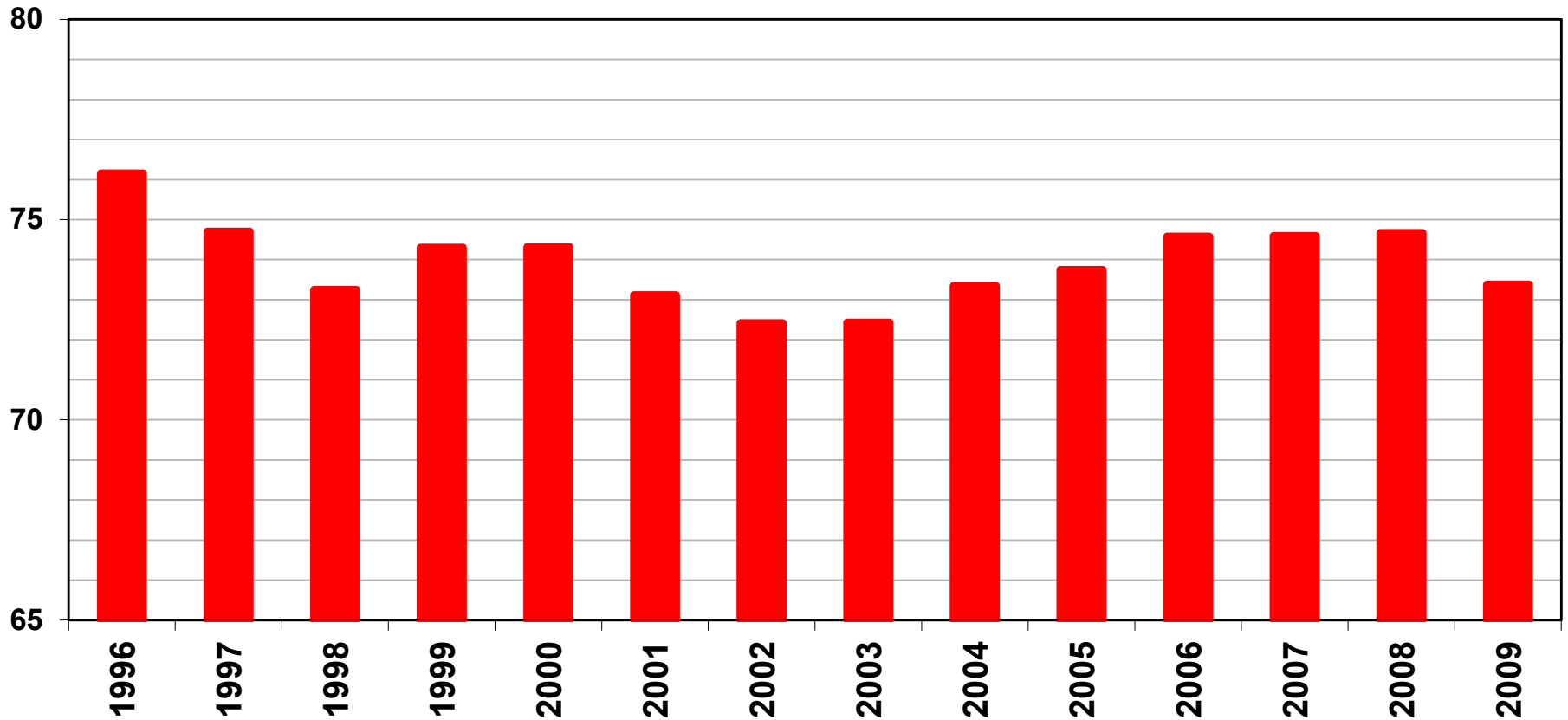
Development of the Economic Dimension in Israel 1990- 2010



Development of the Social Dimension in Israel 1990- 2009



Development of the Governmental/ Political Dimension in Israel 1996- 2009



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%)**

Components of the Social Indicator

(relative weight in parenthesis)

1. **Poverty Incidence (14%)**
2. **Gini Inequality Coefficient (12%)**
3. **Human Development Index – Education (11%)**
4. **Chronic Unemployment (10%)**
5. **Human Development Index – Life Expectancy (10%)**
6. **Rate of Participation in Labor Force – Men (10%)**
7. **Rate of Participation in Labor Force – Women (10%)**
8. **Human Development Index – Income (9%)**
9. **Population Aged 65+ (7%)**
10. **Population Aged 15- (7%)**

Components of the Social Indicator - Remark

Due to changes in the methodology of Human Development Index published by the UN , the 2009 version of the Social dimension of the Herzliya Indices is not comparable to versions presented in the past .

Our assessment is that the HDI improvement is reflected in a better Social dimension of the Herzliya Indices.

Components of the Governmental/ Political Indicator

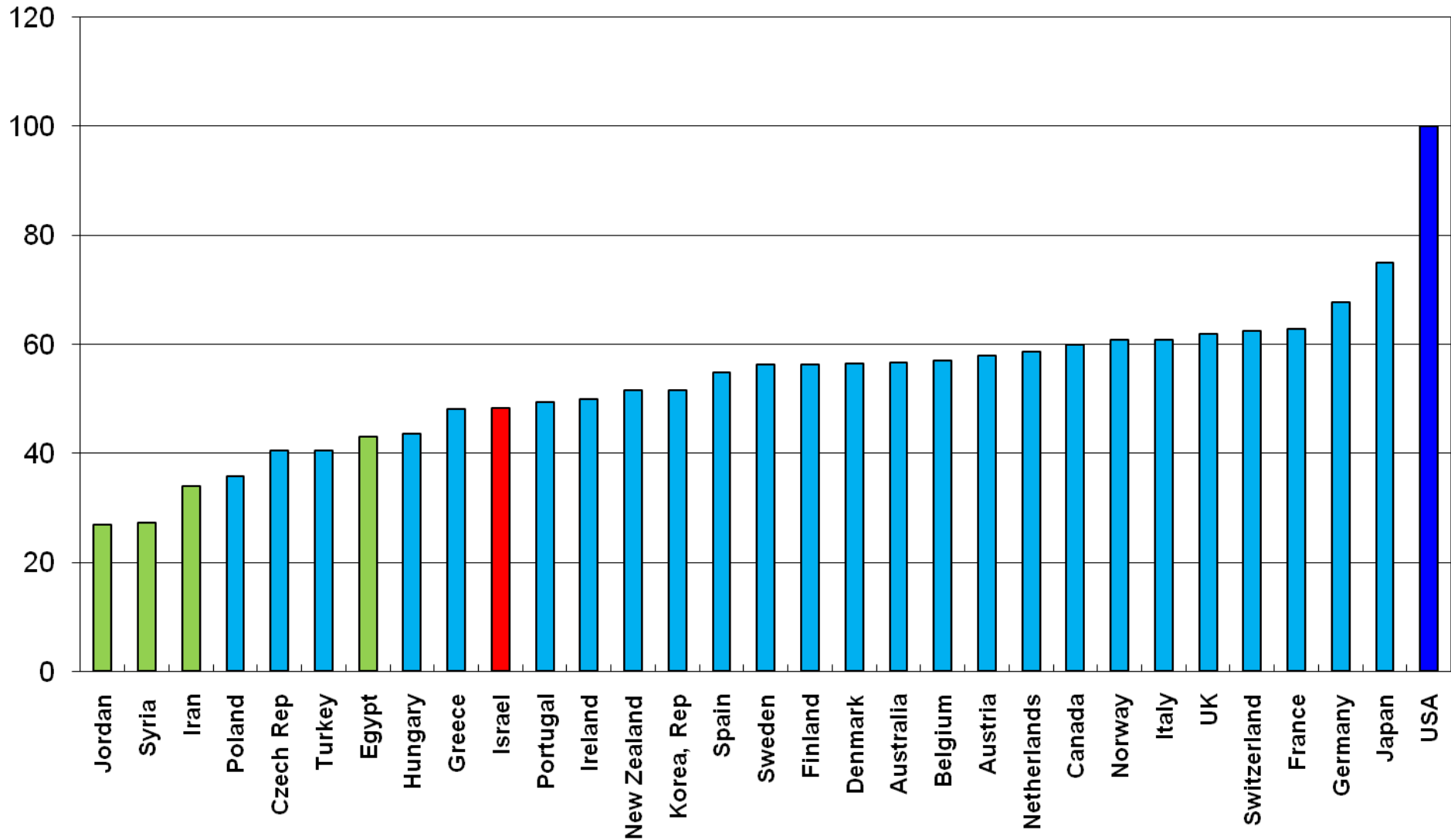
(relative weight in parenthesis)

- 1. Political Stability and the Absence of Violence (11%)**
- 2. Rule of Law (11%)**
- 3. Democracy (10%)**
- 4. Political Rights (9%)**
- 5. Civil Liberties (9%)**
- 6. Control of Corruption (8%)**
- 7. Quality of Regulation (8%)**
- 8. Efficiency of Government (8%)**
- 9. Voice and Accountability (8%)**
- 10. Alliances (6%)**
- 11. Membership in International Organizations (6%)**
- 12. Hosted Embassies (6%)**

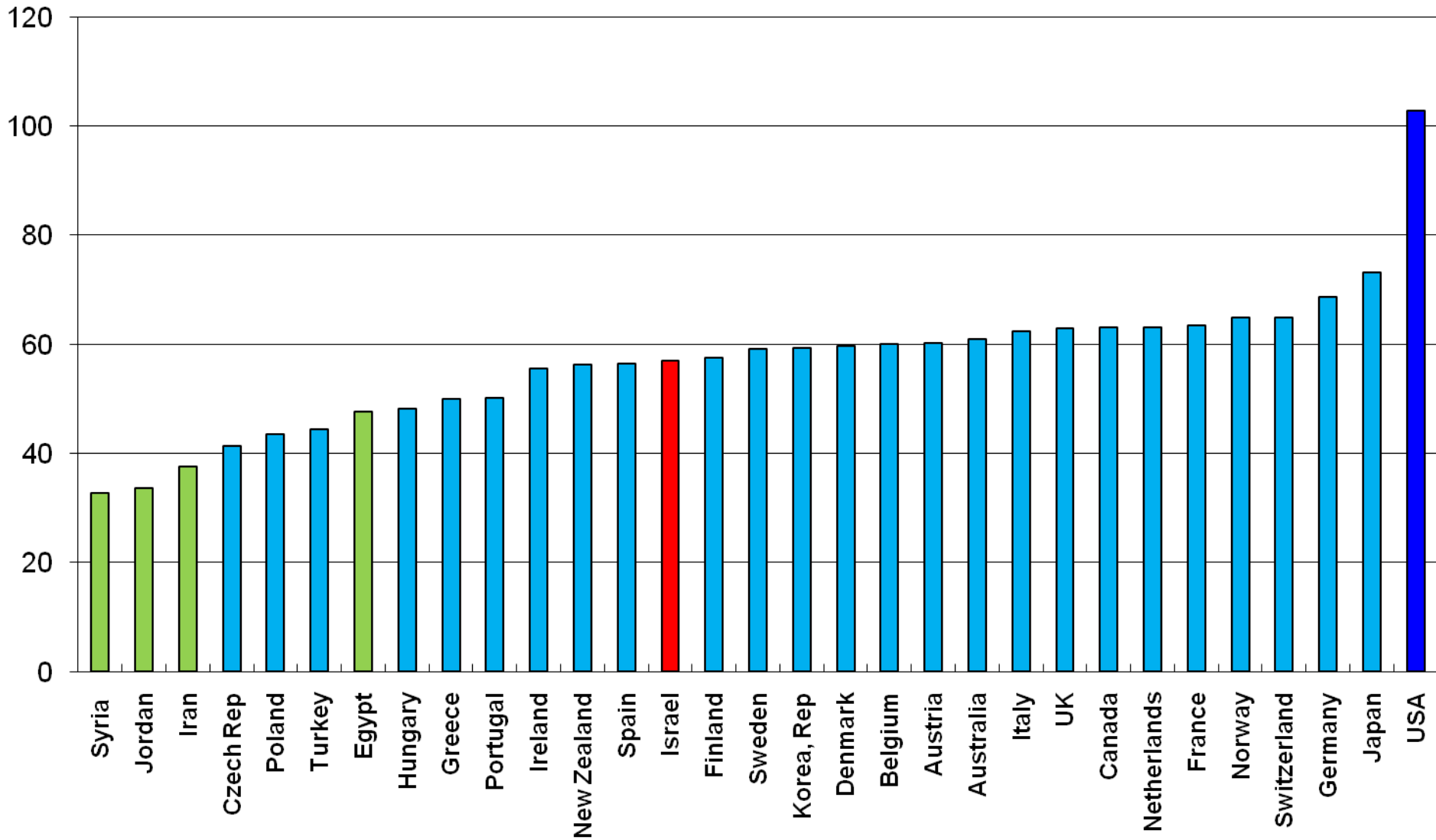
Herzliya Indices 2011

Results

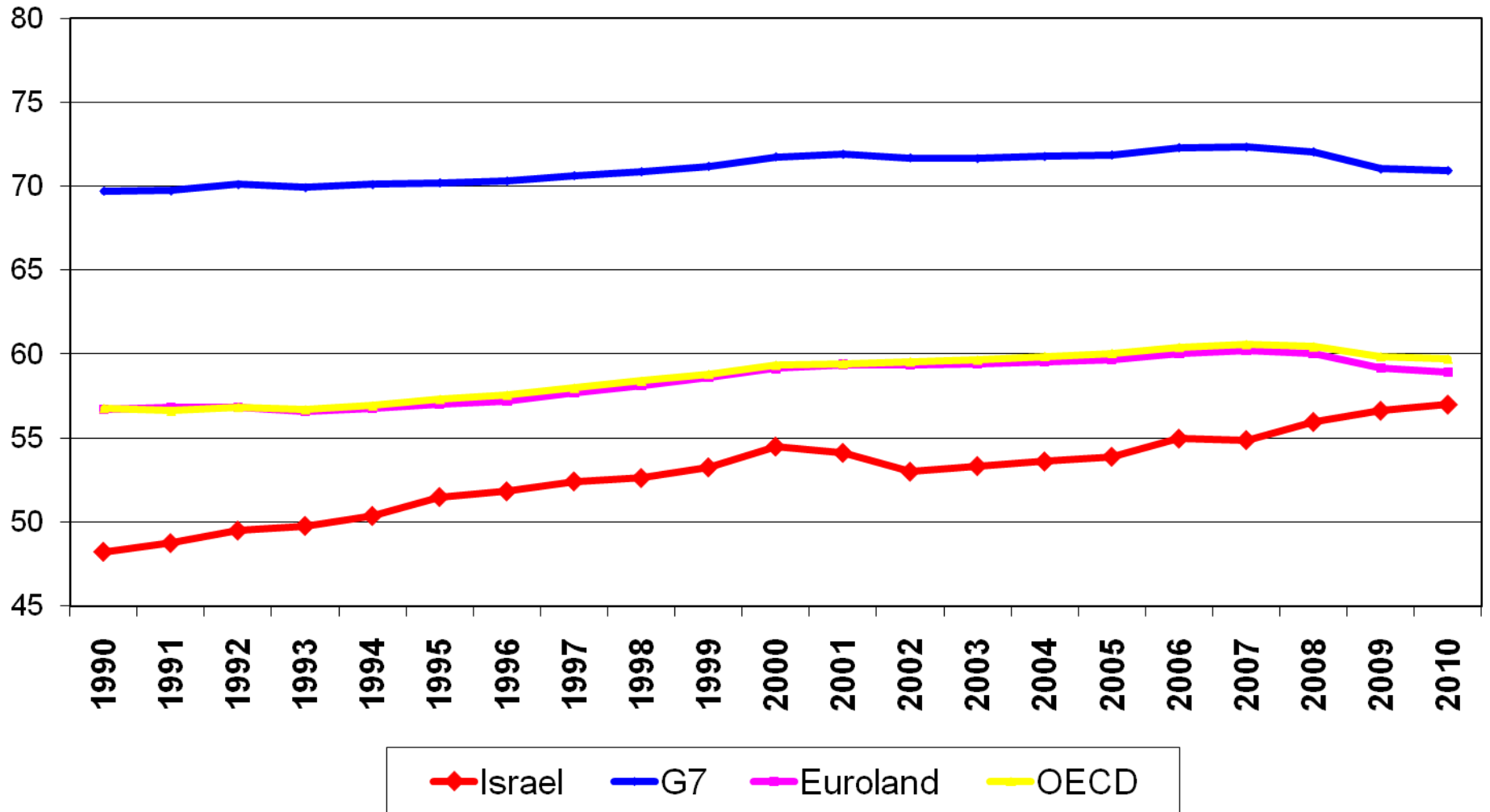
Economic Base | 1990



Economic Base | 2010

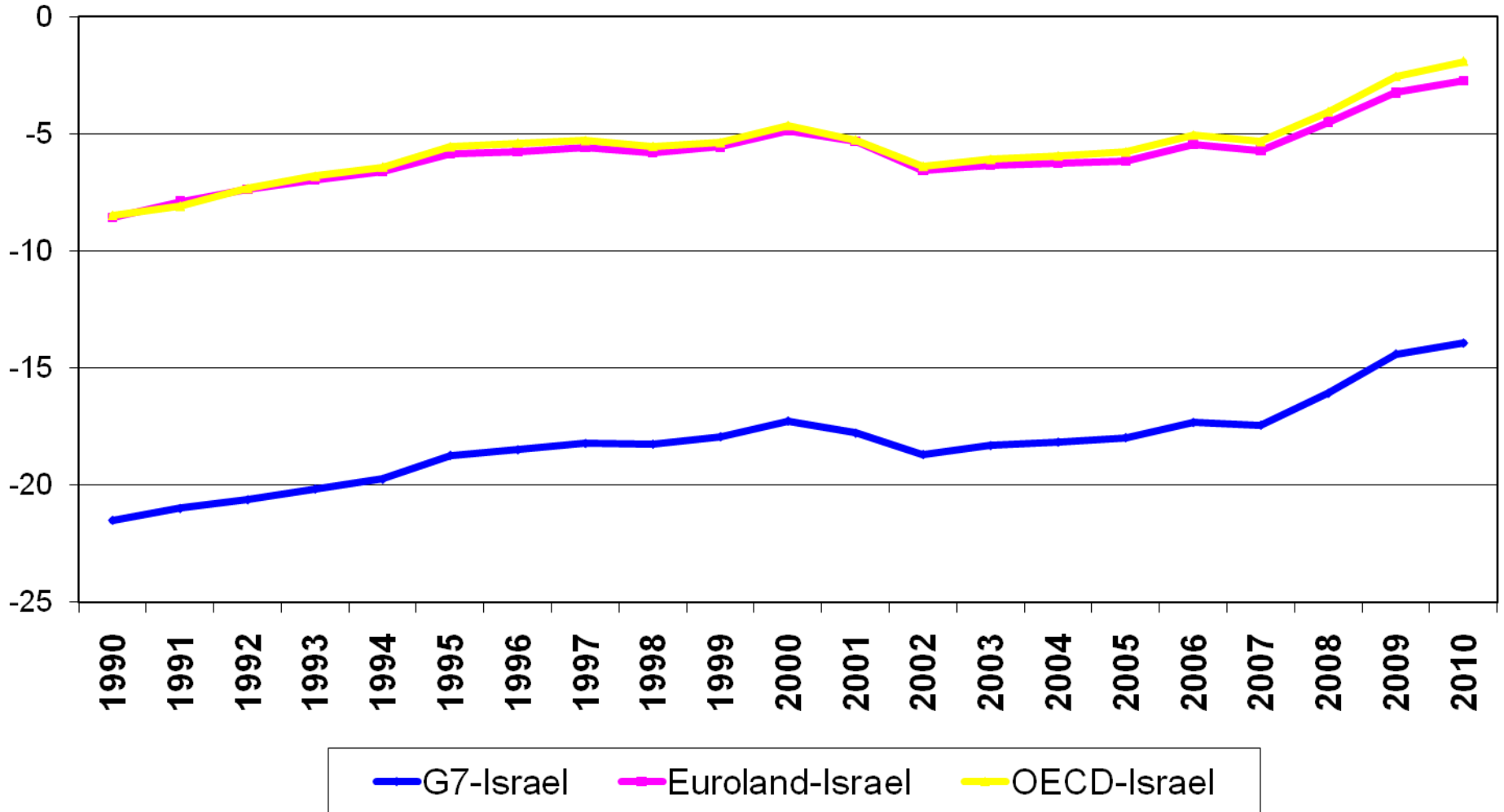


Development of the Economic Dimension Israel and the Developed Countries



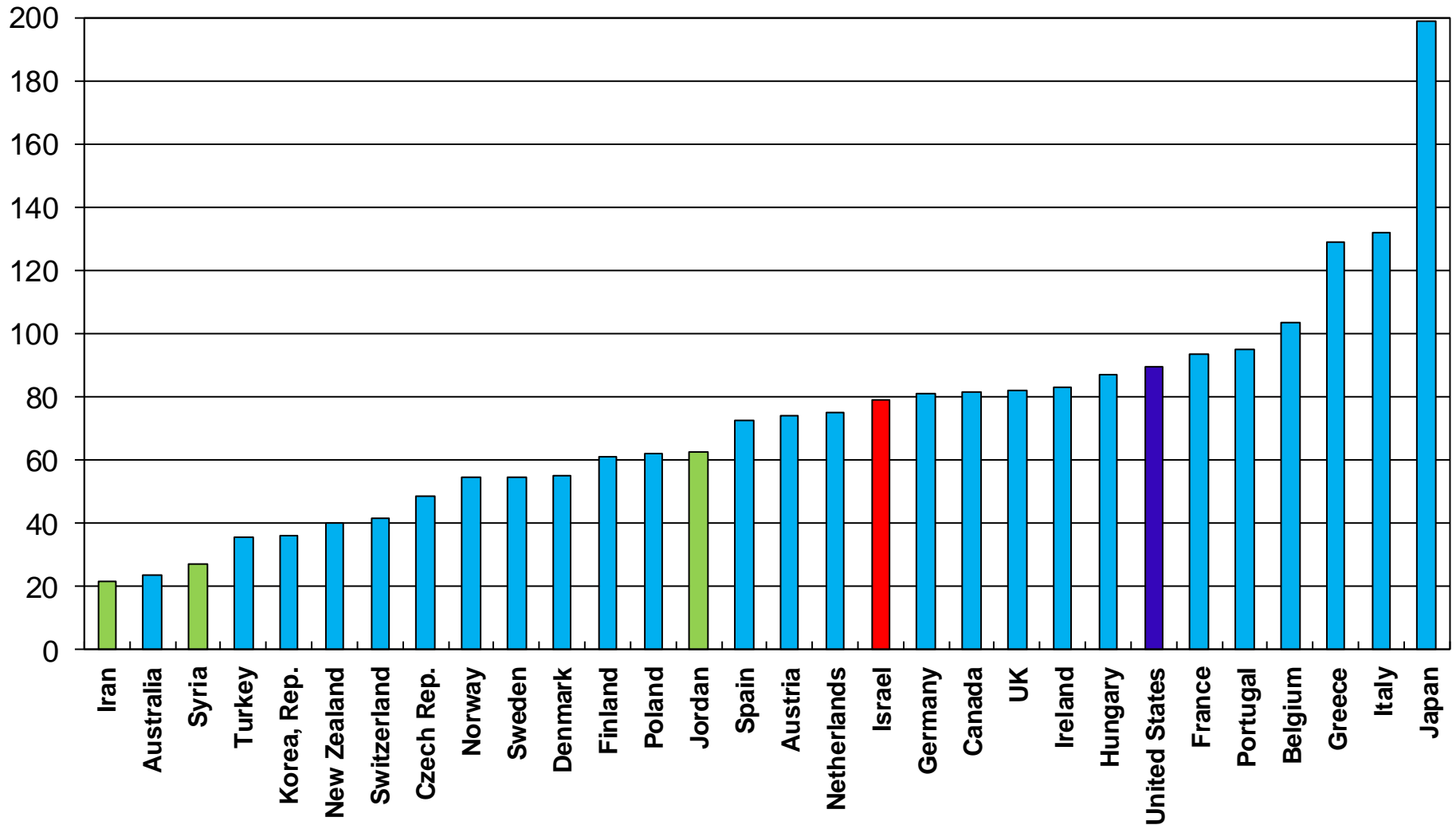
Economic Dimension Gap

Israel and the Developed Countries

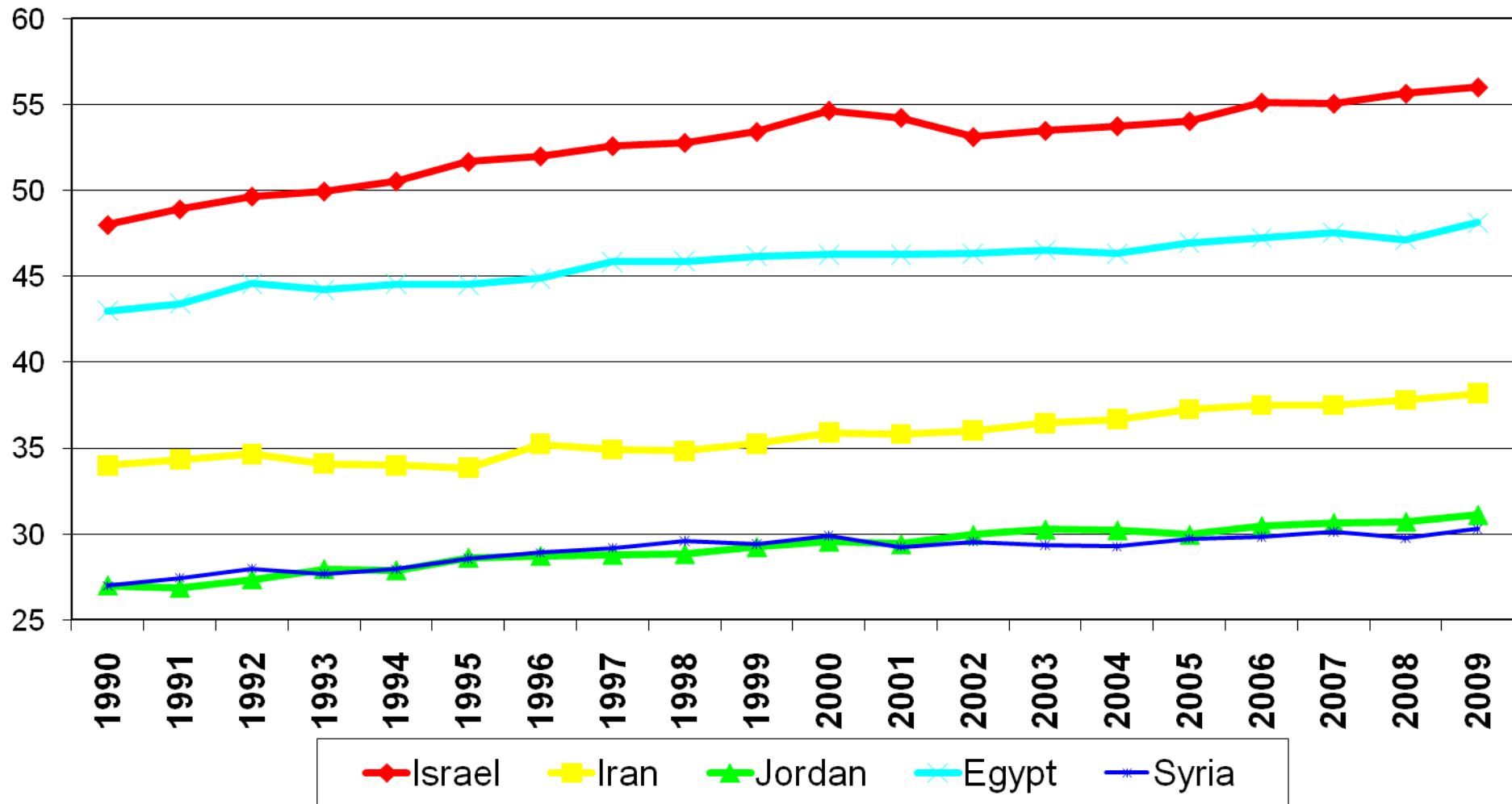


General Government Financial Liabilities 2010

(Gross – percent GDP) |

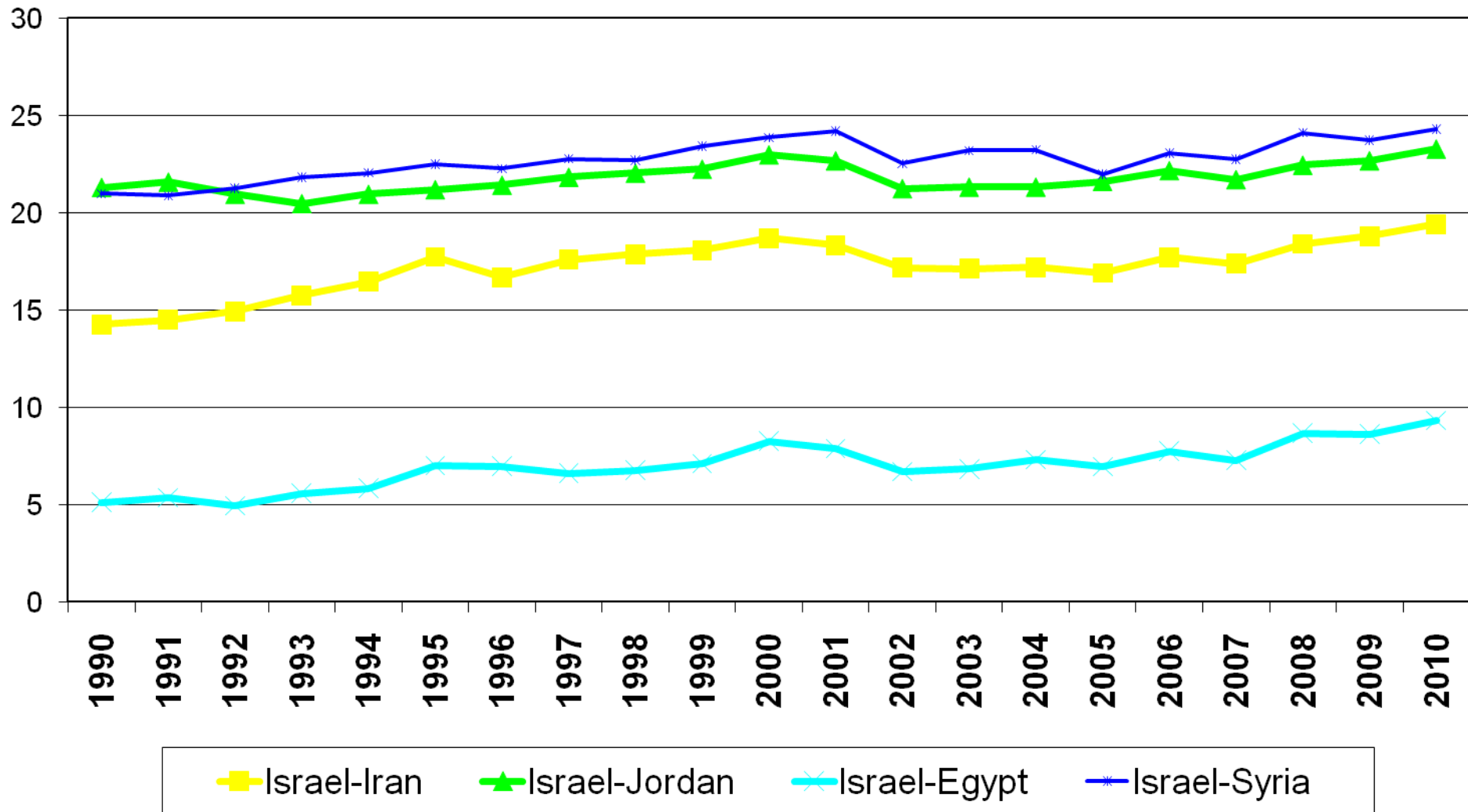


Development of the Economic Dimension Israel and Regional Countries



Economic Dimension Gap

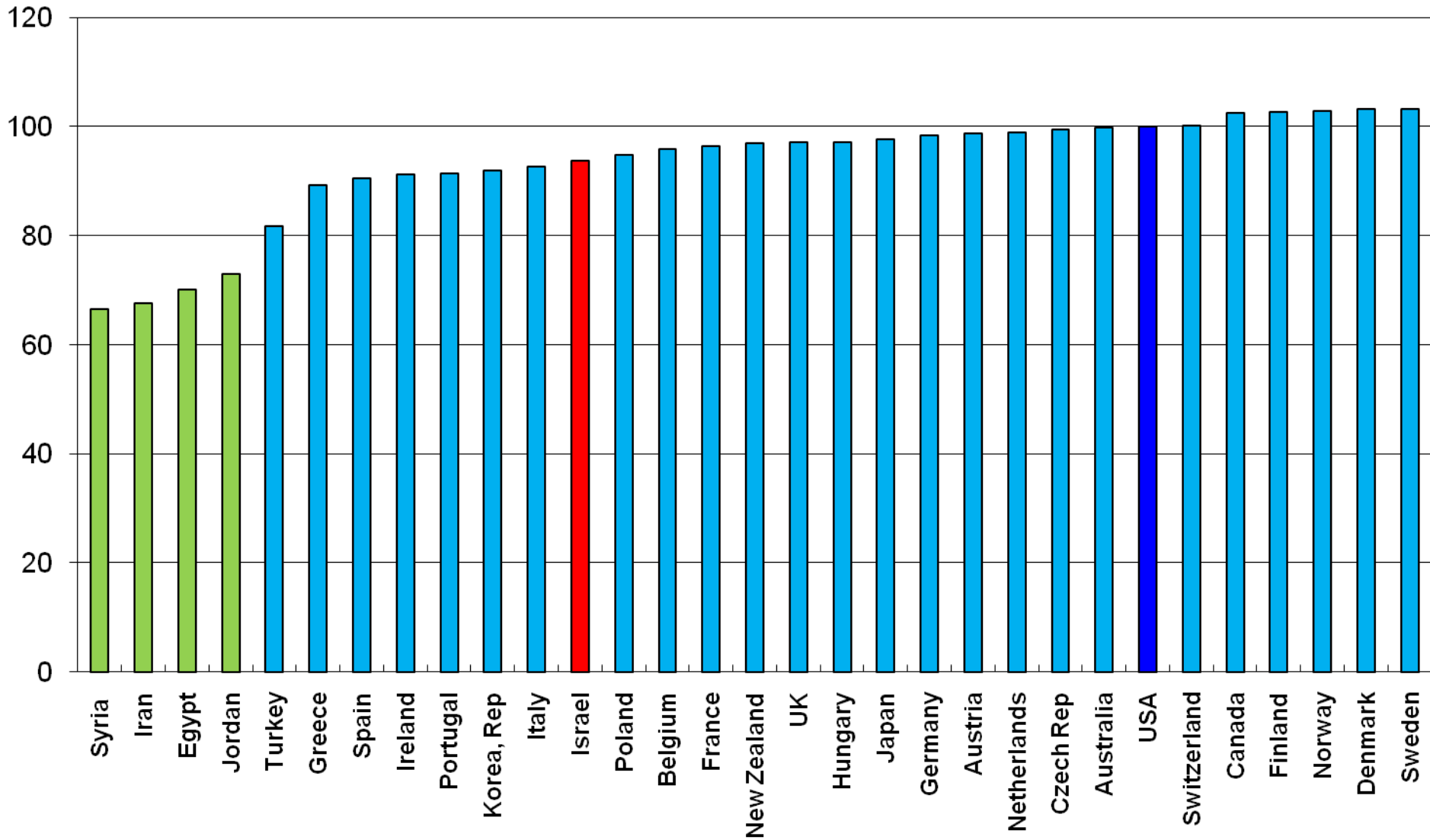
Israel and Regional Countries



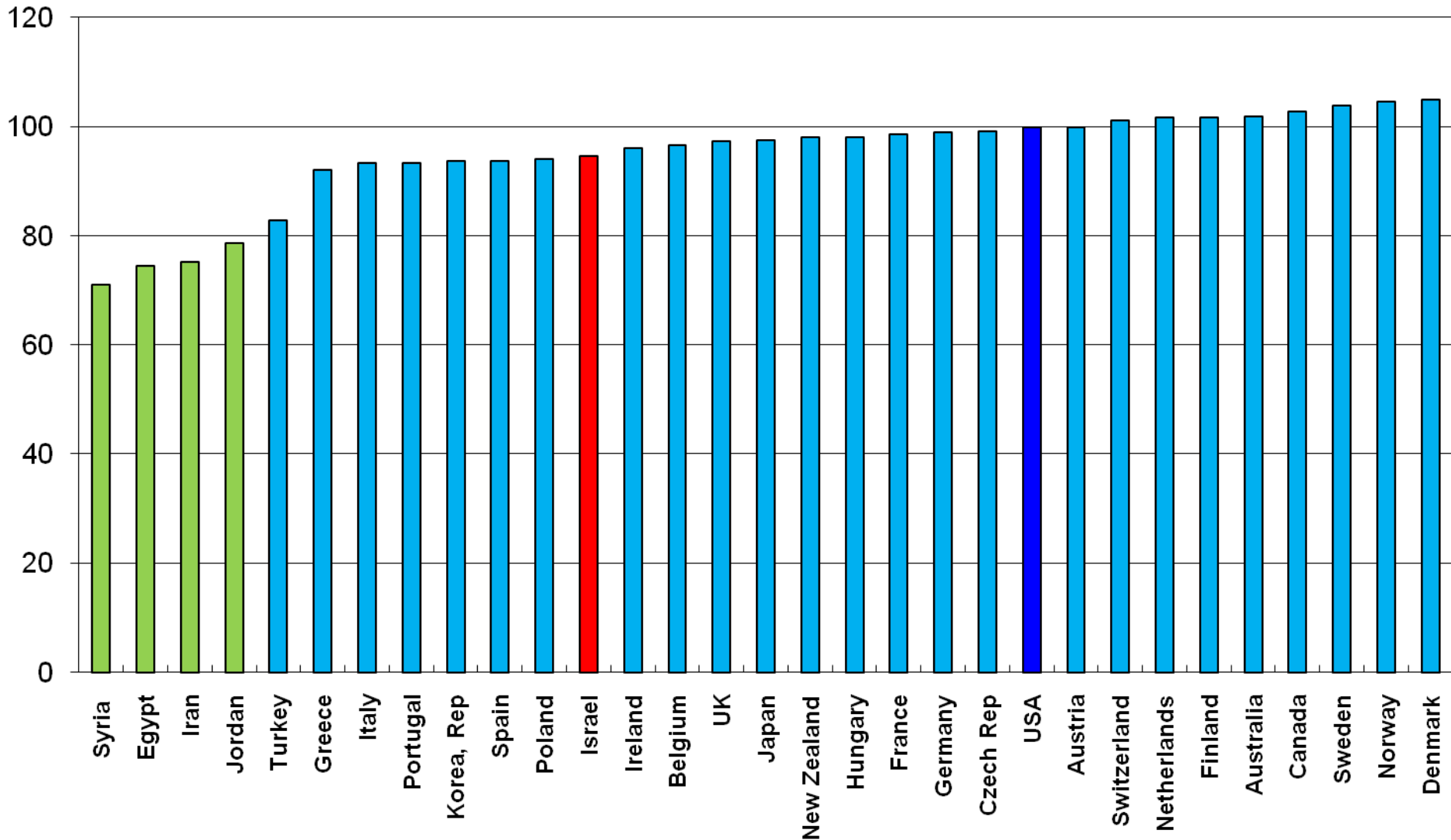
Economic Index 2010

1	USA	102.85	17	Finland	57.61
2	Japan	73.12	18	Israel	56.99
3	Germany	68.77	19	Spain	56.50
4	Switzerland	64.96	20	New Zealand	56.36
5	Norway	64.92	21	Ireland	55.52
6	France	63.42	22	Portugal	50.21
7	Netherlands	63.08	23	Greece	50.07
8	Canada	63.06	24	Hungary	48.17
9	UK	62.90	25	Egypt	47.66
10	Italy	62.38	26	Turkey	44.44
11	Australia	60.90	27	Poland	43.56
12	Austria	60.27	28	Czech Rep	41.43
13	Belgium	60.08	29	Iran	37.58
14	Denmark	59.61	30	Jordan	33.69
15	Korea, Rep	59.27	31	Syria	32.69
16	Sweden	59.19			

Social Base | 1990

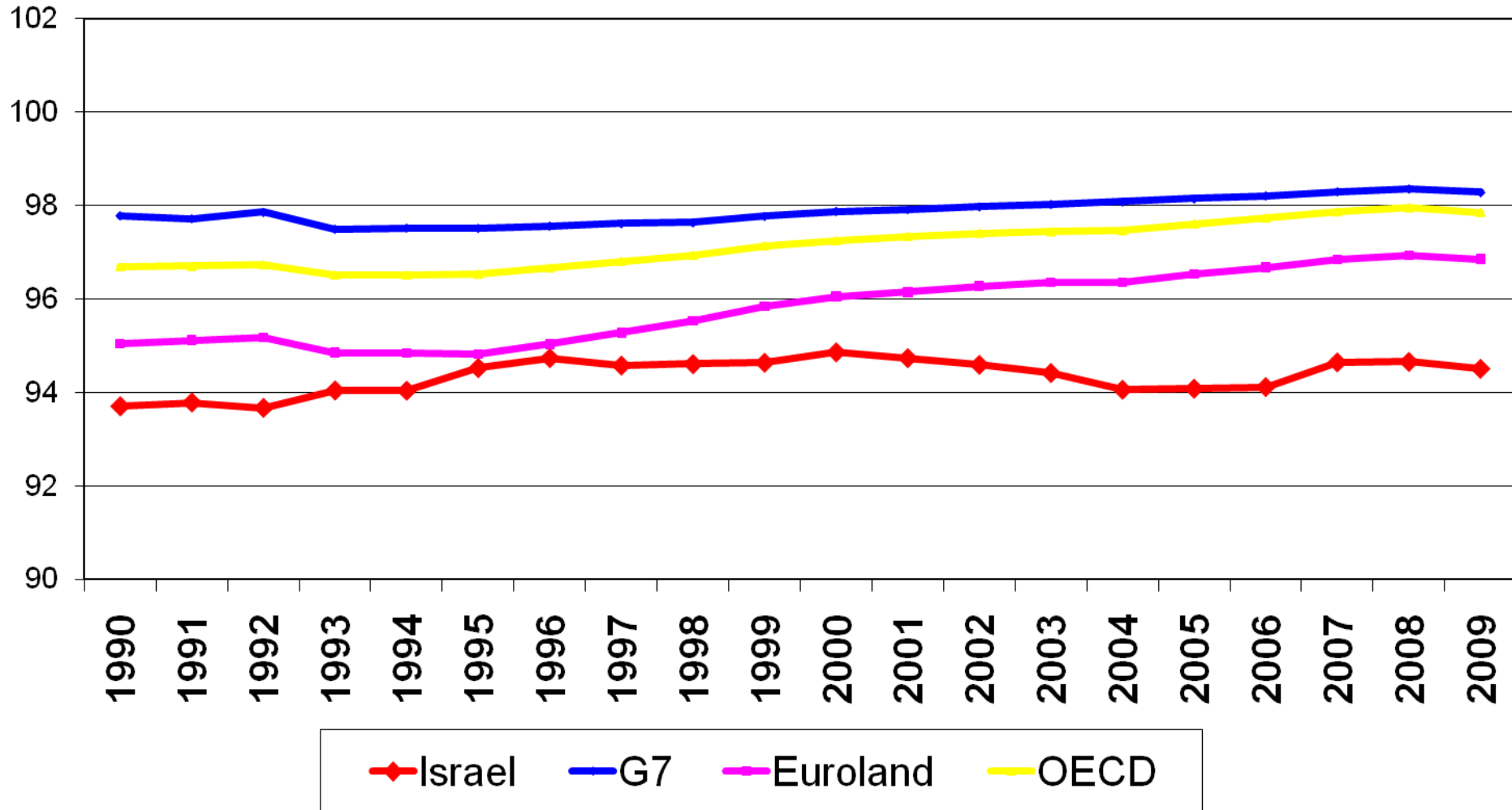


Social Base | 2009



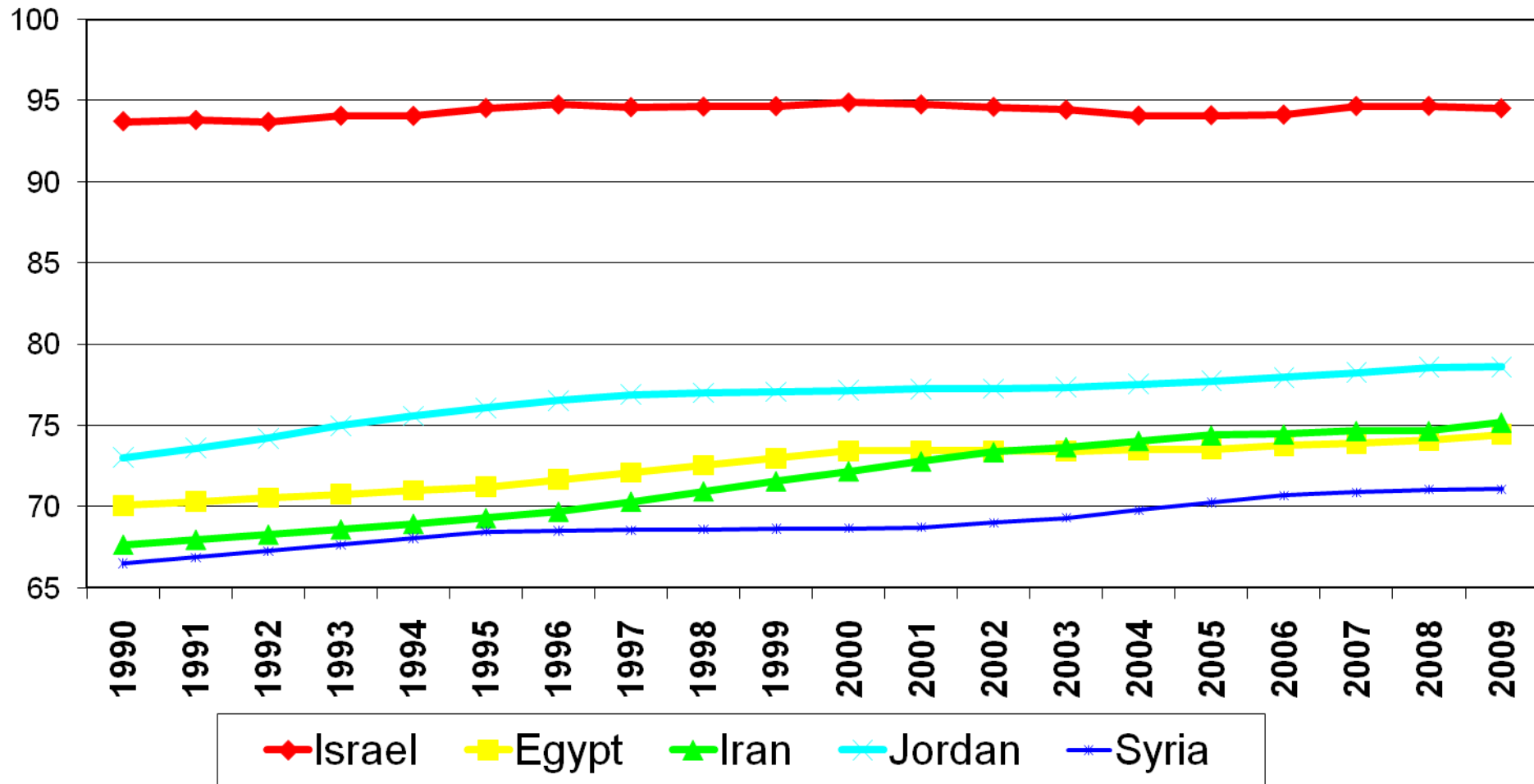
Development of the Social Dimension

Israel and the Developed Countries



Development of the Social Dimension

Israel and Regional Countries

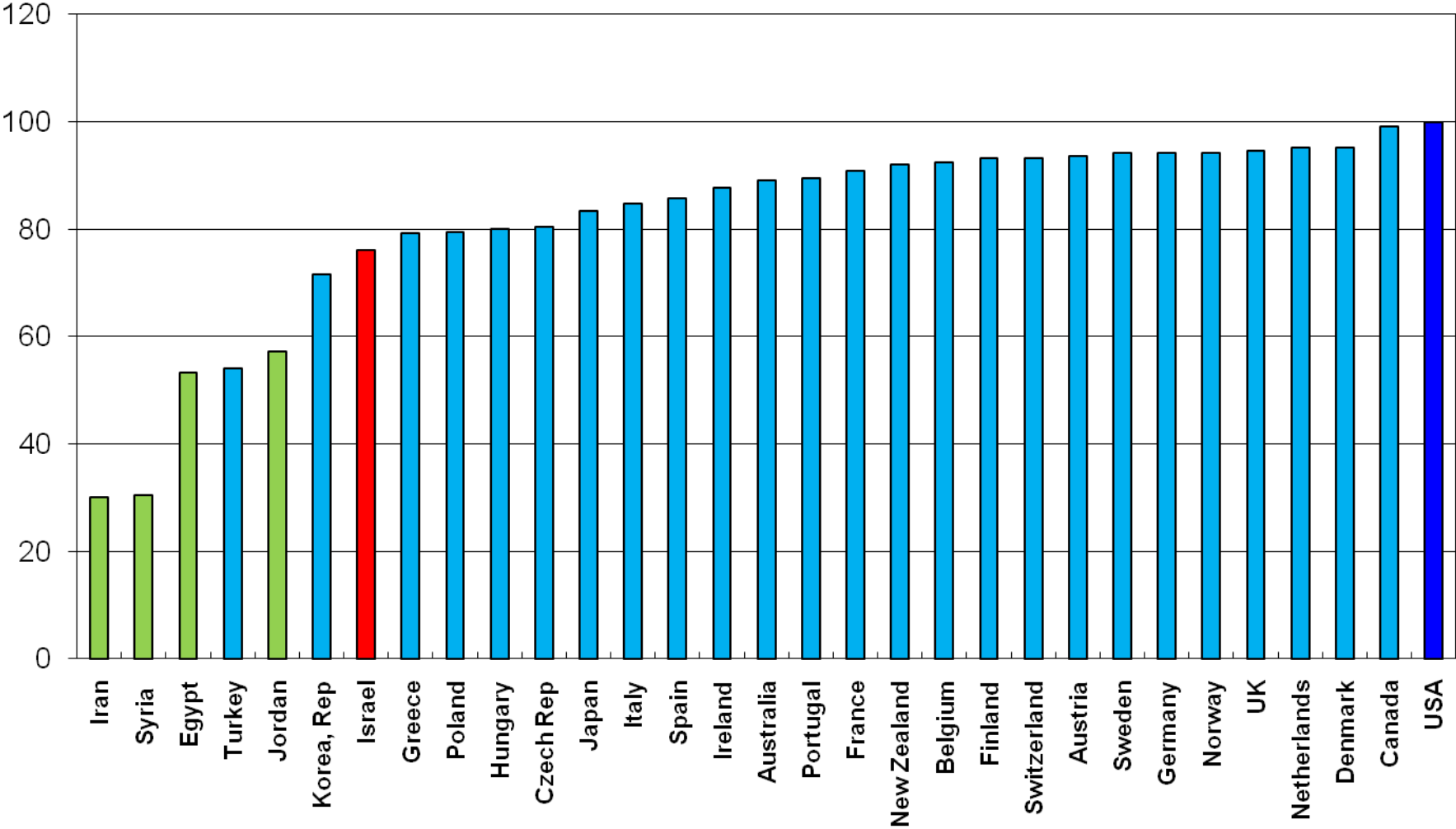


Social Index 2009*

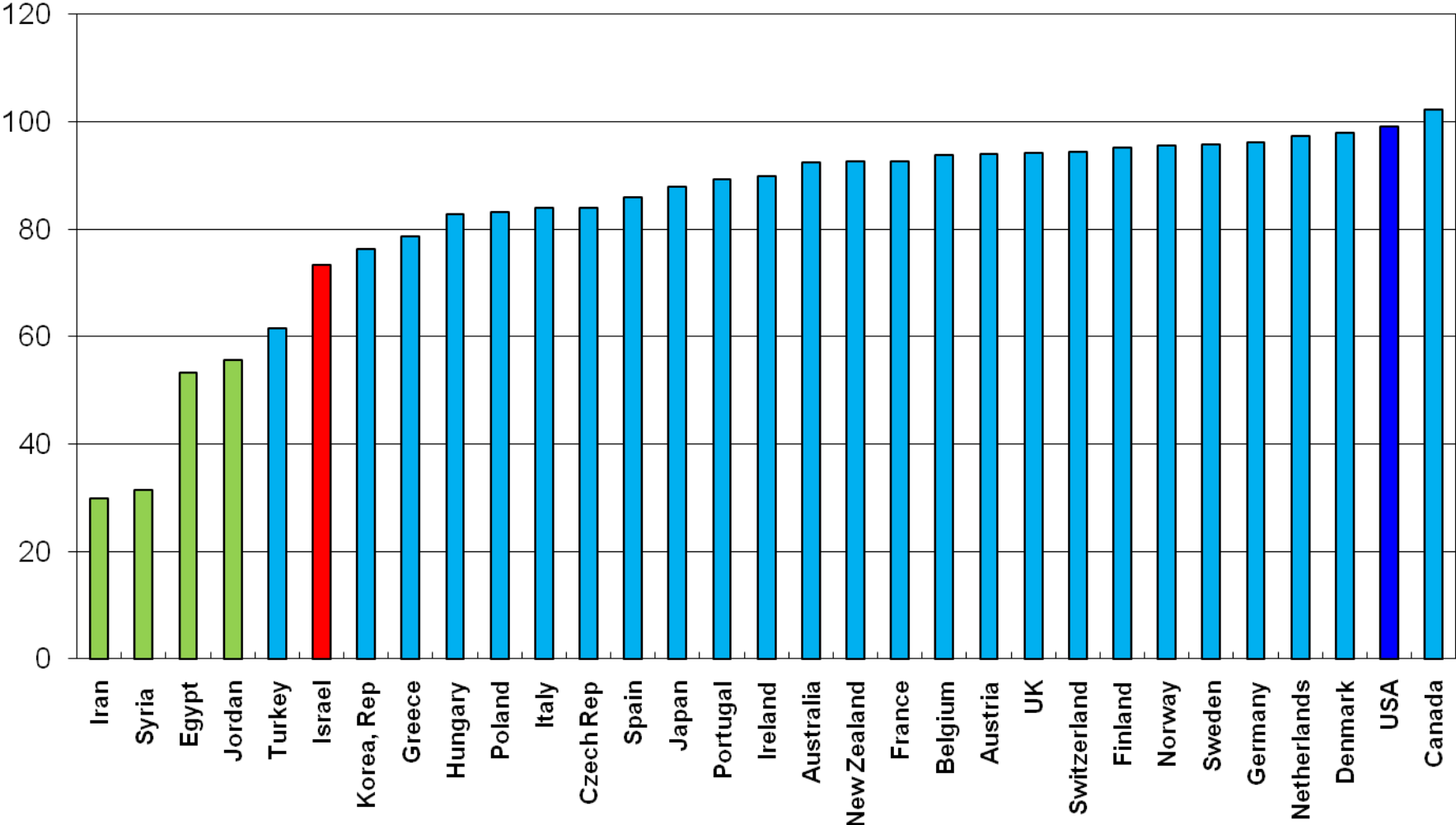
1	Denmark	104.96	17	UK	97.28
2	Norway	104.59	18	Belgium	96.50
3	Sweden	103.75	19	Ireland	95.95
4	Canada	102.75	20	Israel	94.51
5	Australia	101.84	21	Poland	93.97
6	Finland	101.71	22	Spain	93.72
7	Netherlands	101.56	23	Korea, Rep	93.58
8	Switzerland	101.02	24	Portugal	93.27
9	Austria	99.89	25	Italy	93.25
10	USA	99.77	26	Greece	92.00
11	Czech Rep	99.07	27	Turkey	82.72
12	Germany	98.90	28	Jordan	78.59
13	France	98.65	29	Iran	75.19
14	Hungary	98.08	30	Egypt	74.43
15	New Zealand	98.06	31	Syria	71.06
16	Japan	97.39			

* Not comparable to previous versions of Herzliya Social Index

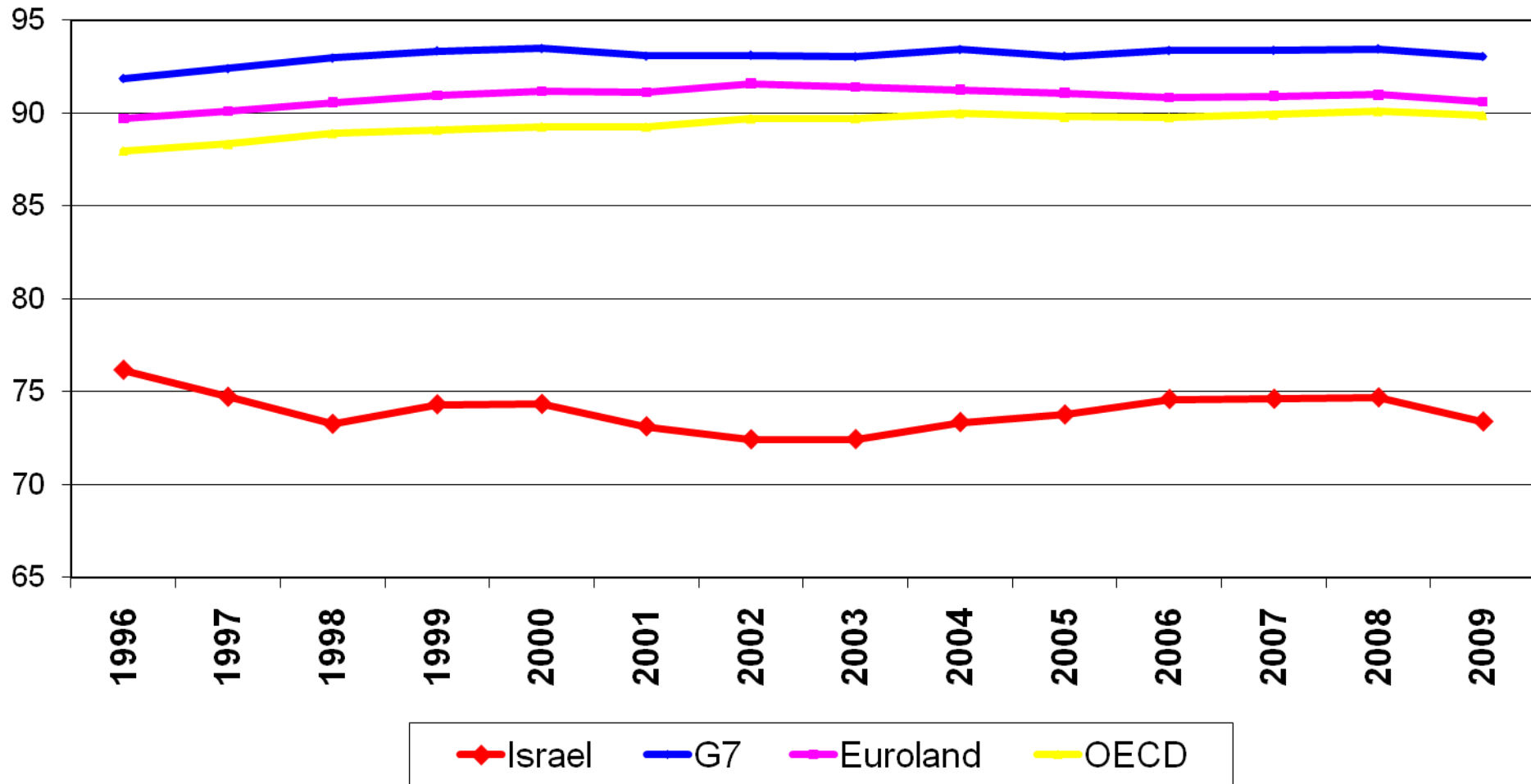
Governmental/ Political Base | 1996



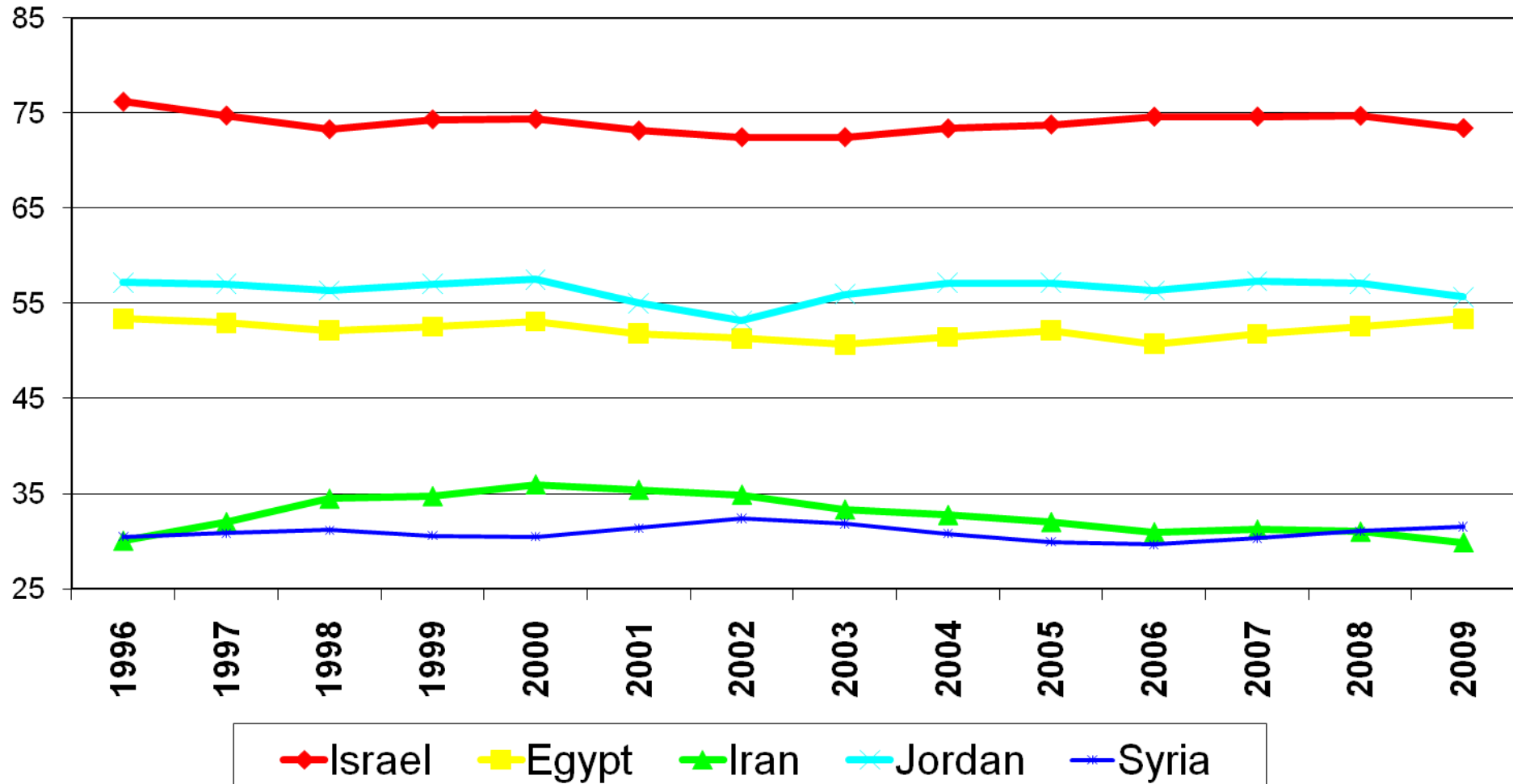
Governmental/ Political Base | 2009



Development of the Governmental/ Political Dimension Israel and the Developed Countries



Development of the Governmental/ Political Dimension Israel and Regional Countries



Governmental/ Political Index 2009

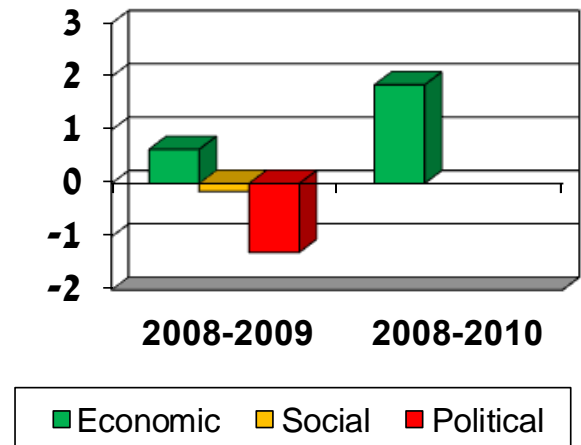
1	Canada	102.2	17	Portugal	89.3
2	USA	99.2	18	Japan	87.9
3	Denmark	97.9	19	Spain	86.0
4	Netherlands	97.4	20	Czech Rep	83.9
5	Germany	96.1	21	Italy	83.9
6	Sweden	95.8	22	Poland	83.2
7	Norway	95.7	23	Hungary	82.7
8	Finland	95.2	24	Greece	78.6
9	Switzerland	94.5	25	Korea, Rep	76.3
10	UK	94.1	26	Israel	73.4
11	Austria	93.9	27	Turkey	61.5
12	Belgium	93.8	28	Jordan	55.7
13	France	92.7	29	Egypt	53.4
14	New Zealand	92.6	30	Syria	31.5
15	Australia	92.5	31	Iran	29.9
16	Ireland	89.8			

Summary

Israel During the World Financial Crisis

- The Herzliya Indices provide a quantification of the relative positive development of the national security indices, in all the dimensions, during the world financial crisis.
- The rise of the Economic Dimension in 2010, in the background of a general decline in the developed world, is due to a combination of a healthy period of growth, that preceded the world crisis, and appropriate macroeconomic policies implemented during the crisis. Israel succeeded in closing the gap with the developed countries and increasing the gap with its neighbors.

**The Herzliya Indices:
Period of World
Financial Crisis**



Summary

Israel During the World Financial Crisis

- The stagnation/deterioration of the Social Dimension of national security in 2009 is due to rise in the incidence of poverty and the income inequality. Israel continues to lag behind the developed world and there is an urgent need to complement the economic policy with a social strategy to meet the social challenges of the Israeli society.
- The decline in the Governmental/Political Dimension of national security reflects the continues Israeli deterioration in governance, on the background of geopolitical events with large international media coverage, that worsen the isolation of Israel in the international arena.

**The Herzliya Indices:
Period of World
Financial Crisis**

