Herzliya Conference 2017

The Herzliya Indices

National Security Balance
The Civilian Quantitative Dimension

Prof. Rafi Melnick, IDC Herzliya
Herzliya Indices Team

Team Leader
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Dr. Maoz Rosenthal

Research Assistants
Mr. Gilad Skutelsky
Ms. Naama Strul

June 2017
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.
The Model

- Construction of a panel data set of 27 countries

- The model includes:
  - Israel
  - 26 OECD countries

- Data ranges from 1990 through 2014-2016
Economic Data Resources

**Primary Sources**
- OECD Statistics
- OECD Economic Outlook
- Israel’s National Insurance institute - Research and Planning Administration
- Israel’s Central Bureau of Statistics
- The Democracy Barometer – *New*

**Secondary Sources**
- IFS – International Financial Statistics (IMF)
- IMF – World Economic Outlook
- Bank of Israel and various central banks
- Other sources

* Project based in WZB, Berlin Social Science Center
Methodology

- A preliminary base is calibrated.

- Each variable is measured in percentage change or percentage difference in the case that its basic measurement is in percents.

- An annual weighted average is calculated using the weights obtained from a panel of experts.

- The indices are formed, over time, by cumulating annual weighted averages.
The Herzliya Indices
Economic Dimension

2016 RESULTS
Components of the Economic Indicator
(Effective Weight in Parenthesis)

1. GDP Per Capita, PPP (16%)
2. GDP, PPP (15%)
3. Unemployment (15%)
4. General Government Gross Financial Liabilities (half weight 11%)
5. R&D Investment - Percent of GDP (11%)
6. Current Account Balance (11%)
7. Inflation (11%)
8. Long Term interest rate (5%)
9. Fiscal Deficit (5%)

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Development of the Economic Dimension

Israel and the Benchmark Countries

Benchmark Countries: Austria, Belgium, Denmark, Finland, Ireland, Netherlands, Sweden

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GDP per capita in Israel 1995 - 2016

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Productivity - GDP per Hour - 2016

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Productivity - GDP per Hour 1990-2016
Israel and the Developed Countries

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General Government Liabilities - 2003
(percent of GDP)

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General Government Liabilities - 2016
(percent of GDP)

New Zealand
Norway
Switzerland
Korea
Australia
Czech Republic
Sweden
Denmark
Israel
Poland
Germany
Netherlands
Finland
Ireland
Hungary
Canada
Austria
United Kingdom
United States
Spain
France
Belgium
Portugal
Italy
Greece
Japan

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The Herzliya Composite Economic Social Index

2016 RESULTS
Components of the Economic-Social Indicator
(Relative Weight in Parenthesis, Social indicators in yellow)

1. GDP Per Capita, PPP (11%)
2. GDP, PPP (10%)
3. Unemployment (10%)
4. Poverty Incidence (10%)
5. Inequality Gini (8%)
6. General Government Gross Financial Liabilities (8%)
7. R&D Investment - % of GDP (8%)
8. Current Account Balance (8%)
9. Long Term Unemployment (7%)
10. Employment Rate (7%)
11. Inflation (7%)
12. Long Term Interest Rate (3%)
13. Fiscal Deficit (3%)
Development of the Economic and Social Dimension in Israel
1990 - 2016

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Economic Social Base - 1990

Countries compared:
- Turkey
- Poland
- Hungary
- Greece
- Israel
- Korea, Rep
- Ireland
- Portugal
- Czech Rep
- Spain
- New Zealand
- Finland
- Belgium
- Australia
- Austria
- Italy
- Sweden
- Canada
- Denmark
- Netherlands
- UK
- France
- Norway
- Germany
- Switzerland
- Japan
- USA

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Economic Social Base - 2016
Development of the Economic Social Dimension

Israel and the Developed Countries

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Development of the Economic Social Dimension

Israel and the Benchmark Countries

Benchmark Countries: Austria, Belgium, Denmark, Finland, Ireland, Netherlands, Sweden

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Poverty Incidence in Israel 1979 - 2015
(Families, percent)

After taxes and transfers
Before taxes and transfers

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Inequality in Israel 1979-2015

(Families, Gini Coefficient)

After taxes and transfers

Before taxes and transfers

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Inequality
(Families, the latest available data point, Gini coefficient)
Long Term Unemployment in Israel 1995-2015
(Families, percent)

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Long Term Unemployment
(Families, the latest available data point, percent)
Employment Rate
(The latest available data point, Percent)

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Development of the Economic and the Economic Social Dimension a Comparison

Israel and the Developed Countries

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The Herzliya Governmental/Political Index

2016 RESULTS
Components of the Governmental/Political Index

(Equal Weights)

1. Individual Liberties
2. Rule of Law
3. Public Sphere
4. Competition
5. Mutual Constraints
6. Governmental Capability
7. Transparency
8. Participation
9. Representation
10. Regulatory Quality
11. Alliances
12. Membership in International Organizations
13. Hosted Embassies
Components of the Democracy Barometer Index

Quality of Democracy

Freedom
- Individual Liberties
- Rule of Law
- Public Sphere

Control
- Competition
- Mutual Constraints
- Governmental Capability

Equality
- Transparency
- Participation
- Representation

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Components of the Democracy Barometer Index

Individual Liberties

Right to physical integrity
- Constitutional provisions guaranteeing physical integrity
  - Constitutional ban of torture
    - Ratified Convention against Torture
  - No political terror
    - No torture

Right to free conduct of life
- Constitutional provisions guaranteeing freedom of conduct of life
  - Existence of constitutional provisions protecting religious freedom
    - Effective freedom of religion
    - Effective state protection and enforcement of property rights
  - Existence of constitutional provisions guaranteeing freedom of movement
    - Effective freedom of movement
    - Adequate protection of personal security and private property
  - Freedom of conduct of life
    - Effective property rights

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Development of the Governmental/Political Dimension in Israel
1991 - 2014

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Rule of law 1991 - 2014

Israel

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Participation 1991 - 2014

Israel

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

Graph showing the development of the Governmental/Political Dimension from 1991 to 2014 for Israel, G7, Euroland, and OECD countries.

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

Benchmark Countries: Austria, Belgium, Denmark, Finland, Ireland, Netherlands, Sweden

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