

**“START-UP NATION” IS ALSO ONE OF WORLD’S LEAST
MISERABLE COUNTRIES**

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Isranet Daily Briefing, March 6, 2017

<https://www.isranet.org/daily-briefing/start-nation-also-one-worlds-least-miserable-countries/>

[Take Note of the Good News: Hezi Sternlicht, *Israel Hayom*, Mar. 6, 2017](#)— The good numbers continue to come out of Israel.

[Tech Investment in Israel Outstrips All of Europe: Andrew Friedman, *Breaking Israel News*, Feb. 21, 2017](#)— If you ask Jon Medved, CEO of the Jerusalem-based Our Crowd venture capital group, the “issue” of Israeli communities in Judea and Samaria is no more relevant to the international business community than they would be if they were located on the moon.

[How Israel Turned Itself Into a Startup Nation: Jaya Menon, *Times of India*, Mar. 5, 2017](#)— Israel's is a dramatic, rich landscape of history, politics, economy, and progress.

[A Small Minority Must Not Jeopardize This Great Opportunity: Isi Leibler, *Candidly Speaking*, Mar. 3, 2017](#)— Prime Minister Benjamin Netanyahu has returned from triumphant visits to the United States, Australia and Singapore.

[On Topic Links](#)

[Rift on the Right—Over Sovereignty: Dr. Martin Sherman, *Arutz Sheva*, Feb. 17, 2017](#)

[Israel Must Not Criminalize Political Differences: Alan Dershowitz, *Algemeiner*, Feb. 9, 2017](#)

[Ya'alon Announces Intention to Run for Prime Minister, Form New Party: Udi Shaham, *Jerusalem Post*, Mar. 4, 2017](#)

[With Natural Gas Shipments to Jordan, Israel Becomes Energy Exporter: *Tower*, Mar. 3, 2017](#)

TAKE NOTE OF THE GOOD NEWS

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isranet-publications

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<https://www.isranet.org/daily-briefing/start-nation-also-one-worlds-least-miserable-countries/>

Hezi Sternlicht

[*Israel Hayom*](#), Mar. 6, 2017

The good numbers continue to come out of Israel. After the latest poll indicating that Israelis are pretty well satisfied with life, the Bloomberg news agency's "Misery Index" of economic indicators came out over the weekend. Israel, happily enough, is near the bottom of the list, one of the least miserable countries.

Of the 65 economies covered by the Bloomberg index, Venezuela had the dubious honor of leading the list as the most miserable country. Israel was rated eighth from the bottom, in 57th place, between South Korea and Denmark. Switzerland was third from last, Singapore second from last, and Thailand was ranked the least miserable country. The intriguing index was based on each country's rate of inflation together with its unemployment rate.

Israel's strong ranking made me pinch myself, but the figures speak for themselves. Unemployment is just 4.3% and the "problem" of a too-strong shekel makes imports cheaper and keeps prices in check and inflation very low. Car imports are flourishing and Israelis are flying abroad in droves.

But the sense one gets from the media is that starvation is just around the corner and that Israeli is as hungry as the Third World.

True, there is severe and complex poverty in Israel that encompasses broad sectors of the population and must be addressed. The best, proven way of causing the poverty rate to drop is through reducing obstacles to competition and government intervention. In the food sector, for example, increased competition

“START-UP NATION” IS ALSO ONE OF WORLD’S LEAST MISERABLE COUNTRIES

isranet-publications

Isranet Daily Briefing, March 6, 2017

<https://www.isranet.org/daily-briefing/start-nation-also-one-worlds-least-miserable-countries/>

and reduced quotas would help the weakest sectors fill up their shopping baskets.

Besides the poverty, which is indeed widespread, there are other complicated challenges in Israel, such as housing prices, which have been the biggest challenge for recent governments and will remain so. The sky-high prices are a potential bomb that must be dismantled carefully. The task is still to lower prices, and a program to reduce the costs of new apartments for first-time buyers may be starting to bring about the change we long for. But we're still not there.

Another financial issue that is supporting the Israeli economy and is not getting enough credit is natural gas. There are still some voices opposing the development of the Leviathan offshore natural gas deposit, but it is becoming increasingly clear that the natural gas framework deal has indeed spurred development at Leviathan. The long battle over the agreement heard hollow arguments whose goal, as one might have expected, is turning out to be to torpedo the development of Israel's natural gas resource.

The natural gas deal is contributing and will continue to contribute to the Israeli economy and will even give us unprecedented diplomatic stability if we can start exporting gas to Europe. The opponents of the deal almost managed to sink record investment in developing our natural resources. It's good they failed, and no less important, it's good that Prime Minister Benjamin Netanyahu and National Infrastructure, Energy and Water Minister Yuval Steinitz steered the framework agreement through carefully and determinedly. It is already beginning to pay for itself and will pay derivative dividends to the economy in the future.

The bottom line is that the Israeli economy appears to be strong and vital, with a high growth rate. The eulogies are off the mark even if the concerns are understandable, and we must not brush off the challenges of a world that is changing at a dizzying rate. There is no guarantee against financial crises, and they can always occur and eventually do. On the other hand, when success should

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MISERABLE COUNTRIES**

isranet-publications

Isranet Daily Briefing, March 6, 2017

<https://www.isranet.org/daily-briefing/start-nation-also-one-worlds-least-miserable-countries/>

be acknowledged, we must not ignore it and seek only the negative.

[Contents](#)



TECH INVESTMENT IN ISRAEL OUTSTRIPS ALL OF EUROPE

Andrew Friedman

[Breaking Israel News](#), Feb. 21, 2017

If you ask Jon Medved, CEO of the Jerusalem-based Our Crowd venture capital group, the “issue” of Israeli communities in Judea and Samaria is no more relevant to the international business community than they would be if they were located on the moon. “Are you kidding?” he laughs. “Listen to me: It is a non-issue. No one even knows how to spell it. It may be a big issue for diplomats and the United Nations, but it is completely orthogonal to what we are doing. It’s like a different planet.”

Speaking to TPS about Our Crowd’s equity crowdfunding platform and the state of technology investment in Israel, Medved said that since opening for business in 2013 the company has raised \$400 million, invested in 110 companies and had had 13 successful “exits”. Even more significantly, he said the scope and breadth of international interest in and support for the local technology sector means the current numbers will grow exponentially in the coming years.

“Israel is hotter than ever, growing at a rapid pace. \$4.8 billion was invested in Israeli technology companies last year, of which 85 percent came from abroad. “Compare that to Europe - \$13.6 billion last year for their 700 million people, compared to our 8.5 million people. So we’re about 30-to-1 over them in the tech sector. It’s not an exaggeration to say that people simply can’t get enough of it,”

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isranet-publications

Isranet Daily Briefing, March 6, 2017

<https://www.isranet.org/daily-briefing/start-nation-also-one-of-worlds-least-miserable-countries/>

he said. Both in order to ramp up the level of investment in Israeli tech companies and to facilitate investment opportunities for investors around the world, Our Crowd has created an investment platform to match local start-ups with small-to-medium investors by adapting the crowdfunding model to the hi-tech sector.

Traditionally, start-up investing has been limited to a minuscule number of investors, mainly because the entry fees to the sector limit the playing field to the super rich. Venture capital funds routinely demand a \$1 million opening deposit, and can often go as high as \$4-5 million. But individual investments into particular companies are often impractical, especially when talking about overseas companies. Legal and accounting requirements differ from country to country, and watching over a large-scale investment requires both time and expertise.

Those difficulties have not dimmed interest in Israeli technologies from the international community, however. Business and technology delegations have boomed in recent years, with dozens “tech tours” from every continent expected to visit technology hubs around the country this year, including from countries that do not maintain diplomatic relations with Israel.

“Take our Global Investors Summit,” Jon Medved told TPS. “At our first Summit in 2014 we had 1000 participants. It grew to 3,000 by the second one and 6,000 last week. We had people from 82 countries - Poland, Greece, Macedonia, Finland, all closing deals with hundreds of multinationals and learning about locally-created technologies. We even had one Muslim CEO from Iraq! “For instance, we had the CEO of Zoom Car, sort of like an ‘Uber’ for rental cars in India. He decided to attend last year’s Summit on a whim and wound up signing a deal with Mobile Eye. Last week, he told me that the technology has reduced accidents for his fleet by 80 percent,” Medved said.

“There is no question this is an international conference,” added Nitzan Adler, Director of Community Projects & Operations at Siftech, a hi-tech accelerator in

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MISERABLE COUNTRIES**

isranet-publications

Isranet Daily Briefing, March 6, 2017

<https://www.isranet.org/daily-briefing/start-nation-also-one-worlds-least-miserable-countries/>

Jerusalem. “Things run like clockwork and I’ve met people here from around the technology industry, both from Israel and abroad. It’s a sign of a bright present and future.”

[Contents](#)



HOW ISRAEL TURNED ITSELF INTO A STARTUP NATION

Jaya Menon

[Times of India](#), Mar. 5, 2017

Israel's is a dramatic, rich landscape of history, politics, economy, and progress. It's turbulent past and wars with its Arab neighbours have polarised it on the issue of religion. But economic development in the small State of Israel, with a population of nearly 8.4 million – just about that of Chennai – is widely acknowledged as a miracle. The country's desert agriculture is a global model. And now, its metamorphosis into a high-tech superpower is one of its biggest success stories.

Israel has more Nasdaq-listed companies than any country barring US and China. It has more venture capital per capita and more startups than any other country in the world. Research and development (R&D) is a thrust area for the country, which also has more scientists and tech professionals than any other nation. In 2016, Israeli startups raised \$4.8 billion in venture funding, a record that year, and saw exits worth \$9.2 billion.

"The high-tech revolution in Israel was a gradual process, beginning in the 1990s," says National Economic Council head and the PM's senior economic adviser Prof Avi Simhon. "In 2001, the country began to move from deficit GDP to surplus. We

“START-UP NATION” IS ALSO ONE OF WORLD’S LEAST MISERABLE COUNTRIES

isranet-publications

Isranet Daily Briefing, March 6, 2017

<https://www.isranet.org/daily-briefing/start-nation-also-one-of-worlds-least-miserable-countries/>

had great help (financial aid) from the US, but we had to return the loans." He attributes Israel's success to "an accidental combination of a high-tech revolution and government policies".

Accident may have been the start, but now its growth is by design. The Israeli startup market begins in the tech hub of Tel Aviv and extends to Jerusalem and beyond to Beer-Sheva, a southern desert city. One of the reasons for Israel gaining the reputation of a startup nation is the active encouragement of government and private enterprises. The nation boasts of a climate of transparency and collaboration. Entrepreneurs are keen to support budding ones and cultivate a culture of innovation.

SOSA (South of Salame) is Israel's startup platform or town square for global innovators, set up by pioneers of the Israeli high-tech industry. Located in a vintage building in south Tel Aviv, it has a network of 2,500 startups, 400 partners and members, 45 professional investors and receives around 150 global delegations annually. SOSA general manager Uzi Scheffer sees potential for Israeli startups in India. Uzi, a keen supporter of early stage startups, sees them bringing innovation into multinational companies. "We hope to see the Sosa model being replicated in India," he said, during a presentation of SOSA's high points.

The startups are quirky, imaginative and adventurous. Adam Raz's venture, for instance, provides a technological solution for posture problems. "Wearable technology that actually trains you to sit upright and corrects your posture," says Upright Technologies' website and Raz vouches for it with data. He says they already have 12,000 users.

Chief scientist of Israel's ministry of economy and industry or Israel Innovation Authority Avi Hasson says the private sector has played a significant role. He says \$4.8 billion of venture capital investment in the country is in startups and 85% of it comes from foreign investors. "We invest 4.3% of our GDP on R&D," he says.

“START-UP NATION” IS ALSO ONE OF WORLD’S LEAST MISERABLE COUNTRIES

isranet-publications

Isranet Daily Briefing, March 6, 2017

<https://www.isranet.org/daily-briefing/start-nation-also-one-of-worlds-least-miserable-countries/>

Google, Apple, Facebook, Microsoft, Deutsche Telecom, and Bosch and 350 other multinational giants have research centres in Israel. "One of the most important pillars of the nation is its deep public-private collaboration," he says.

According to information giant Dun & Bradstreet's 2015 review and 2016 economic outlook, as of late 2015, some 7,000 high-tech companies operated in Israel, of which 79% (close to 6,000) are startups in various stages. The report says that approximately 78% of the startups currently operating raised capital at least once from an external source such as angel investors, venture capital funds or government funding. The startups are mostly tech enterprises in areas like health technology, phone apps, robotics, cyber security and artificial intelligence. "We are now investing four times more on infrastructure," says Tel Aviv mayor Ron Huldai. A critic of the country's right-wing government led by Prime Minister Benjamin Netanyahu, Huldai, who has been mayor for 18 years, says he has worked hard to create the right ecosystem for startups.

"Tel Aviv is a crime-free city. This is not just because of the police. People are tolerant and democratic," says Huldai. It is the most gay-friendly city in the world, he says attributing simple logic to it – when you treat the gay community harshly, there will be crime. All these efforts contribute towards creating an enabling environment for talent from across the country and the world. The unemployment rate is 4.8%, but talent crunch is the next big challenge for Israel, says Hasson. In the 2017-18 budget, the innovation authority will be allocated a special package to tackle the manpower shortage.

Military service, compulsory for young men (three years) and women (two years), is one of the important sources of Israeli innovation. Israel ministry officer and head of innovation and brand management Ran Natanzon says the Israeli defence forces' Unit 8200, no more a clandestine unit, takes the most brilliant youth with the best analytical capabilities, decision making and teamwork skills and gives the best education and training. "The mentality in the unit is like in a startup, and those who graduate enter the world of entrepreneurship at a relatively young age with hands-on experience of solving and managing the most complicated

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MISERABLE COUNTRIES**

isranet-publications

Isranet Daily Briefing, March 6, 2017

<https://www.isranet.org/daily-briefing/start-nation-also-one-worlds-least-miserable-countries/>

sophisticated projects worth millions of dollars," says Natanzon.

Israel shares borders with countries and territories like Syria, Lebanon, the West Bank, Gaza and Egypt that have unstable political environments, with Jordan being the only comparatively stable neighbour. Water scarcity has emerged as the new threat in the Middle East. But, Israel has not only found a solution, it has also made water management a business with drip irrigation. As Simhon points out, "High-tech is the future of Israel. We are very good at it."

[Contents](#) 

A SMALL MINORITY MUST NOT JEOPARDIZE THIS GREAT OPPORTUNITY

Isi Leibler

[Candidly Speaking](#), Mar. 3, 2017

Prime Minister Benjamin Netanyahu has returned from triumphant visits to the United States, Australia and Singapore. Now is the time for him to display courage and make serious decisions that will determine his legacy — as either one of Israel’s great leaders or a failure.

We are living in a crazy world which was stunned by the surprise election of the upstart Donald Trump. The new American president has proceeded at breakneck speed to reverse the politically correct approaches of Barack Obama, which included endorsement of groups like the Muslim Brotherhood. Trump is the first American president to confront the bias of the liberal press. His haste to implement some policies, such as his decree limiting immigration, led to chaos and ultimately was curbed by the courts.

**“START-UP NATION” IS ALSO ONE OF WORLD’S LEAST
MISERABLE COUNTRIES**

isranet-publications

Isranet Daily Briefing, March 6, 2017

<https://www.isranet.org/daily-briefing/start-nation-also-one-worlds-least-miserable-countries/>

However, Trump’s election is regarded as a gift by many Israelis. His uninhibited display of warmth and gestures of friendship toward Israel and Netanyahu have raised Israel’s standing in the eyes of many nations that were implicitly encouraged to condemn Israel by the Obama administration. That the U.S. now treats Israel as a genuine partner will enormously benefit us at all levels – politically, economically and militarily.

There is already a profound impact at the United Nations, where Trump’s newly appointed Ambassador Nikki Haley clearly stated that the U.S. “will not turn a blind eye” to Israel bashing and will demonstrate “ironclad support for Israel and intolerance for the U.N.’ s anti-Israel bias.” Beyond that, the administration has warned that it may pull out of the obscenely anti-Israeli U.N. Human Rights Council, which would send a powerful message. But this is the tip of the iceberg.

Another most astonishing development is the almost open alliance between Israel and the moderate Sunni states, which Trump has been actively encouraging. The relationship with Egyptian President Abdel-Fattah el-Sissi, including defense and intelligence sharing, exceeds the heady days of the late President Anwar Sadat. Likewise, senior Saudi spokesmen have been downplaying their traditional hatred of Israel and, with the other Gulf states, calling for a united front against the efforts of the Shiite Iranian terrorist state to achieve regional hegemony as a nuclear power. Trump has vowed to reverse the appeasement policies of Obama and reiterated that he would never come to terms with a nuclear Iran and will take steps to neutralize its global terrorist activities.

Remarkably, Israel has developed a relationship with Vladimir Putin’s Russia, notwithstanding its support for Syria. Thanks to Obama’s blunders, Russia now occupies a dominant position in the Middle East. Hopefully, Trump’s policies will not cause any ruptures in Israel’s interaction with Russia. In Asia, Africa and some European countries, the bonds with Israel are being strengthened because those seeking a better relationship with Trump sense that his affection for Israel is genuine. This atmosphere provides Israel with opportunities to move forward in relation to settlements and a policy toward the Palestinians.

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isranet-publications

Isranet Daily Briefing, March 6, 2017

<https://www.isranet.org/daily-briefing/start-nation-also-one-worlds-least-miserable-countries/>

Trump has said that he is not committed to a two-state policy and that if the Israelis and Palestinians can find another solution, he would be supportive. But in the course of professing his love for Israel and his determination to act as a genuine ally, he stated that his ultimate objective was to reach a deal that would never undermine Israel’s security. He stressed that Israel would be obliged to make some compromises and stated that excessive expansion of settlements would not be helpful. At the same time, he insisted that the Palestinians must recognize Israel as a Jewish state and cease their incitement. He postponed moving the U.S. Embassy to Jerusalem, presumably because he was advised that it could undermine the very delicate relationship brewing between Israel and the Sunni states.

While there is still chaos in the administration with gaping vacuums in key positions, the hysteria against Trump by American liberals is unprecedented. The liberal majority of the American Jewish community has become engaged in an insane campaign to demonize Trump as an anti-Semite. There is an increase in anti-Semitism in the U.S. and Trump has been tone-deaf not to respond more vigorously. There was therefore some justification for criticism, but having regard to his family, his circle of Jewish friends and his extraordinary outpourings of love for Israel, it is obscene to accuse him of promoting anti-Semitism, engaging in Holocaust revisionism, supporting fascism or acting like Hitler. The visit by Vice President Mike Pence to Dachau and his personal commitment in helping to repair a vandalized Jewish cemetery said it all.

Official mainstream organizations like the Anti-Defamation League and the Reform movement have effectively adopted the same role as J Street and engaged in unprecedented partisan activities that have undoubtedly created anti-Jewish hostility among Trump supporters. Yet during the Obama administration, they failed to react to the most dangerous instances of anti-Semitism cloaked as anti-Zionism. They did not ring the alarm bells when Jewish students were being physically intimidated on campuses for identifying with Israel or when Obama ignored Iran’s calls for the destruction of Israel.

**“START-UP NATION” IS ALSO ONE OF WORLD’S LEAST
MISERABLE COUNTRIES**

isranet-publications

Isranet Daily Briefing, March 6, 2017

<https://www.isranet.org/daily-briefing/start-nation-also-one-worlds-least-miserable-countries/>

Initially, the ADL even defended the candidacy of the anti-Semitic Keith Ellison as chairman of the Democratic National Committee, but it was forced to back down under public pressure. The ADL also refused to condemn the Black Lives Matter movement despite its outrageous condemnation of Israel as an apartheid state. Nor did it object to Linda Sarsour and other radical anti-Israel activists at the forefront of the Women’s March on Washington. Fortunately, today the support of the Christian evangelical movement has more than compensated. But despite the hostility of liberal American Jews and their abandonment of Israel, we are now presented with a unique opportunity to achieve crucial national objectives. Israel’s success will depend on our leaders’ willingness to set aside short-term partisan politics and act in the national interest.

Aside from the extreme Left and extreme Right, there is a greater national consensus among Israelis than has existed since the great schism over the Oslo Accords. Most agree that we must separate from the Palestinians and recognize that annexation of all of Judea and Samaria would inevitably lead to a binational state and end the Zionist dream. Yet there is also a clear consensus that an independent Palestinian state today would effectively amount to a terror state at our doorstep. Australian Prime Minister Malcolm Turnbull summed up Israel’s predicament when he stated that “being blunt and realistic about this — you cannot expect any Israeli government to put itself in a position where its security is at risk, where its citizens are not safe. The first duty of every government is the safety of the people.”...

[To Read the Full Article Click the Following [Link](#)—Ed.]

[Contents](#)

[On Topic Links](#)

“START-UP NATION” IS ALSO ONE OF WORLD’S LEAST MISERABLE COUNTRIES

isranet-publications

Isranet Daily Briefing, March 6, 2017

<https://www.isranet.org/daily-briefing/start-nation-also-one-of-worlds-least-miserable-countries/>

[Rift on the Right—Over Sovereignty](#): Dr. Martin Sherman, *Arutz Sheva*, Feb. 17, 2017—Allow me to pick up from last week’s column, where I set out the differences between two strategic approaches to the application of Israeli sovereignty over Judea-Samaria: The one, advocated by people such as the prominent journalist, Caroline Glick; the other by people such as the founder of the new Zehut party, former MK Moshe Feiglin, and myself.

[Israel Must Not Criminalize Political Differences](#): Alan Dershowitz, *Algemeiner*, Feb. 9, 2017—I recently returned from a visit to Israel, where the headlines focused on two investigations involving Prime Minister Benjamin Netanyahu. The first is about conversations between the prime minister and Arnon Mozes, the publisher of Yedioth Ahronoth, a popular Israeli newspaper.

[Ya'alon Announces Intention to Run for Prime Minister, Form New Party](#): Udi Shaham, *Jerusalem Post*, Mar. 4, 2017—Former defense minister Moshe Ya’alon declared on Saturday his intention to run for the post of prime minister. Ya’alon announced at a cultural event in Tel Aviv that he feels the time has come for him to pursue a new goal in his decades-long military and public career.

[With Natural Gas Shipments to Jordan, Israel Becomes Energy Exporter](#): Tower, Mar. 3, 2017—Israel has been exporting gas to Jordan since January, it was announced on Thursday. Yossi Abu, CEO of Israeli company Delek Drilling, said that “since early this year we started to export, it’s not huge quantities, but it’s still an export to Jordan.” Delek and American company Noble Energy hold controlling stakes in Israel’s Leviathan and the smaller Tamar gas fields and have been largely responsible for their development so far. This is the first time ever that Israel has exported energy.

**“START-UP NATION” IS ALSO ONE OF WORLD’S LEAST
MISERABLE COUNTRIES**

isranet-publications

Isranet Daily Briefing, March 6, 2017

<https://www.isranet.org/daily-briefing/start-nation-also-one-of-worlds-least-miserable-countries/>
