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What is the "Israel 15 Vision"?

The 'Israel 15 Vision' focuses on placing Israel among the 15 leading countries in terms of quality of life within fifteen years. This vision requires a socio-economic 'leapfrogging', a phenomenon that can help closing down the gaps in quality of life between Israel and the leading countries. This vision is the organizing idea of the Reut Institute in the context of Israel's socio-economic development.

The 'Israel 15 Vision' was also adopted by the 'Israel 2028 Vision and Socio-Economic Strategy in the Global World' (See [Israel 2028 plan](#)), where it was framed in the following words: "Israel will be one of ten to fifteen leading countries in the world in terms of income per capital."¹

A Vision is born – How was the 'Israel 15 Vision' born?

The 'Israel 15 Vision' began with a project of the Friedrich Ebert Foundation that took place between 1997 and 1999. Representatives from many sectors of Israeli society were invited to outline scenarios for the future of the State of Israel in the year 2020. Within this framework, Ms. Raya Strauss Ben-Dor, one of Israel's leading industrialists, Mr. David Brodet, Former Director General of the Ministry of Finance, and Gidi Grinstein joined together to develop a scenario dealing with the 'Israel 15 Vision'.

As years went by each of the three had contributed to promote this vision. Ms. Raya Strauss Ben-Dor made the 'Israel 15 Vision' a source of inspiration in her philanthropy activity; Mr. David Brodet lead the 'Israel 2028 plan' team that adopted the 'Israel 15 Vision' ([click here](#)); Gidi Grinstein devoted his year at the Harvard Kennedy School of Government to the question of how to implement the 'Israel 15 Vision'. Following he established the Reut Institute where the 'Israel 15 Vision' has been its top agenda ([click here for Gidi's Blog](#)).

What is the difference between 'Quality of Life' and 'Per Capita Income'?

'Per Capita Income' is an index to measure the wealth of the population of a country. This index reflects the population's share in the yearly national income. To calculate the Per Capita Income, the gross national product is divided by the population ([click here](#)).

The concept of 'Quality of Life' refers to the general welfare of the state, which includes substantive elements, such as health and nutrition, as well as moral and psychological elements, such as

¹ See 'Israel 2028 plan', p. 12. The plan was written and submitted by a team of experts headed by Mr. Eli Horowitz and Mr. David Brodet, presented to the ministers and general directors of the government offices.



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community and family life ([click here](#)). It should be noted that a high 'Per Capita Income' is the central component to measure 'Quality of Life'.

According to the Economist's Quality of Life Survey, by side the 'Per Capita Income', 'Quality of Life' is also influenced by the level of the health system, political stability, personal security, familiar and communal life, weather and geography, economic well-being, political freedom and gender's equality (See [the Reut Institute web](#) site or [The Economist's 2005 Quality of Life Survey](#)).

It is possible that two countries would have a similar 'Per Capita Income' but different 'Quality of Life', or *vice versa*.

These differences may result from the level of public services of education, health, environment or personal security, whether these services are offered to the public in no or low return.

For example, according to the Economist's 2005 Quality of Life Survey, the 'Quality of Life' in Denmark and in the United States is similar, but the 'Per Capita Income' in the United State is 50% higher than the one in Denmark. The difference is a result of the relatively high level of public health and education systems in Denmark

Why Israel 15, and not Israel 10 or Israel 20?

In general, states are divided into clusters on the basis of both their level of development and the quality of living. The leading cluster contains of 7 - 9 members, mainly the Scandinavian countries, Luxembourg, Canada or Australia. The second cluster is composed of 8 to 10 additional states such as Ireland, Germany, Japan, France, The Netherlands or Belgium. Finally, the members of the third cluster are Greece, Spain, Portugal, Czech Republic or South Korea. According to some favorable estimations, Israel is situated in the lower part of this cluster.

Therefore, according to our judgment, placing the goal of turning The State of Israel into one of the 20 leading countries ('Israel 20') within next 15 years, is just not aspiring enough. In the same time, seeking the goal of 'Israel 10' seems to be unachievable at this stage.

Due to the gaps between the level of professional training and skills on one hand, and between the Standard of the Public Sector and the quality of life in Israel on the other hand, Israel might find itself globally incompatible without performing a socio economic leapfrog.

Furthermore, there is no significance to a precise location (ranking) of a given state on The Quality of life index classification. In other words, the improvement will be equally significant in the case Israel is placed as one of the 16 or one of the 14 leading countries. A socio economic leapfrog from current Israeli position, placing it among the 15 leading countries, will have a strong impact on the life of all of its citizens as well as its various social and economic dimensions. According to our evaluation, a transition from the top 15 to the top 10 states in terms of quality of life, brings certain improvement in the quality of life for all the citizens living and working in that country.

What is the meaning of 'Quality of life in Israel'?



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The Economist Quality of Life Index and the UN Human Development Index use different parameters in order to estimate the Quality of Life through all countries over the world. However, these variables are not indicate the most important objects which are important to Israel and to its citizens. Considering this, the Reut Institute focus's on four dimensions which are conceived as the main dimensions of quality of life in Israel. These dimensions are:

- **Personal & Physical Security** - this dimension refers to an individual's safety from harm to his life and property. It is determined by the health services, the quality of the environment, and the protection from criminal violence, war & terrorism that the state provides
- **Social Wellbeing** - this dimension refers to a person's desire and ability to identify with society and to be an active member of it. It is determined by the amount of trust in the government's ability to design ,plan and execute policies, the scope of an individual's rights and liberties, and the sense of belongingness to one's community and nation.
- **Economic Security** - this dimension refers to person's ability to financially support himself and his family. It is determined by his material wellbeing (income level) and human capital development, as well as the presence of environment supporting growth.
- **The Jewish Added Value** - this dimension refers to the amount of satisfaction an Israeli Jew draws from being part of the fulfillment of the Zionist vision.

What is Socio-Economic Leapfrog?

'Social-Economic Leapfrog' is a significant and continuous improvement in the Quality of Life of a country's citizens in comparison to other countries. In order to achieve Leapfrog in the Quality of Life of Israeli citizens, the annual growth of the country must be of at least 4% during a continuous period of time that may reach twenty years. In addition, in order to leapfrog in Quality of Life, a country must translate its wealth into improvements in non-material aspects of Quality of Life like personal, physical, and social wellbeing.

Leapfrogging in the Quality of Life is an unusual phenomenon. Only about fifteen countries have experienced such a leapfrog in the past fifty years. They include, for example: Ireland, Finland, Germany, Japan, South Korea, Singapore, Chile and Israel. Between the fifties and the seventies, Israel doubled its standard of living in comparison to that of the United States, from about 30% of the of the U.S. to about 60%. Since then, the standard of living in Israel has not changed in comparison to the U.S., in spite of the economic growth Israel underwent for over twenty years.

What is the difference between Growth and Leapfrogging?

Leapfrogging and growth are two different phenomenon. Listed below are the main differences:



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- **In leapfrogging a state will close the gap comparing to the rich countries** – The essence of 'leapfrogging' is closing the gap in income per capita and quality of life in comparison to the rich countries. While one can think of growth without 'leapfrogging', it is hard to imagine 'leapfrogging' occurring without growth.
- **Growth is common; 'leapfrogging' is rare** – Growth, translated to an increase in a country's income per capita, is a common phenomenon. Almost all countries experienced growth. Around 80 countries experienced long periods of accelerated growth. However, only around 15 countries experienced 'leapfrogging' among which are Israel between 50'-70', Singapore between 60'-90', Germany and Japan between 50'-70', Ireland, South Korea, Chile, Taiwan and Finland.
- **The rate and length of growth cycles** – Growth occurs in business cycles that usually last between 3 to 5 years after which a slowdown is common. Growth rates of about 3% are considered good. 'Leapfrogging' develops if there is an accelerated growth in income per capita at the rate of 4% and it lasts at least 6 years.
- **Increase in productivity or change in a country's product space** - Most leapfrogs require a *dramatic* shift in the product space to products that are consumed by 'rich countries'. In comparison, growth stems from a *gradual* upgrading of a country's product space to products that are consumed by 'rich countries'.
- **Is there a recipe?** – It is commonly held that principles embodied in the 'Washington Consensus' should ensure Macro-Economic stability and moderate growth. On the other hand 'leapfrogging' does not have a clear recipe. Each country leaps uniquely.
- **Role of vision and leadership** – Countries may grow without a shared vision and ambitious long term objectives. Most leapfrogs require a broader long term vision that informs structural reforms, massive investments in infrastructure and change of priorities. Therefore, it requires a shared vision and leadership.

How does 'leapfrogging' occur?

Leapfrogging is a unique and complex phenomenon that has no recipe. Leapfrogging formalizes as a result of a virtuous alignment in economic policy, socio-political trends, a sense of urgency, and national mobilization of all major sectors towards the effort of economic development and leadership.

Investigating countries around the globe that had leapt can point to lessons applicable to Israel. The Reut Institute has identified common features among all these countries: the Formation and branding of a textured national vision that deals with development and growth; Identification and utilization of engines of growth based on strategic decisions; Incorporation of the unique disadvantages and exploitation of advantages; improvement of the government's ability to make decisions and bringing them into action; implementation of structural reforms based on the central government competence or based on inter-sector cooperation; defining the key indices relevant for measuring performance in



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comparison to other countries; fostering human capital and mobilization of the entire public to the challenge of economic and social development.

How Do Countries Leapfrog?

There is no recipe for leapfrogging. **Nonetheless**, some guidelines for leapfrog have been identified based on the experience of countries that had leapfrogged:

- **Leapfrog can not be planned. One should invest in developing a shared vision of the country's future and essential capabilities and institutions.** The customary conservative approach states that in order to generate leapfrog, a program bridging the gap between the present and the future vision has to be written. Reut Institute claims that an episode of leapfrog can not be planned ahead because of the complexity and length of this episode. Therefore, one has to design a broad, ambitious and attainable vision and to realize it by creating a sense of urgency and by creating capabilities and institutions which are essential for improving the social and economic performance.
- **Focus on opening bottlenecks and on building capabilities.** The conservative customary approach emphasizes the need to implement many reforms simultaneously. However, the international experience shows that this approach is not sufficient to maintain an accelerated growth. Countries that have leapfrogged dealt exceptionally well with few issues that were necessary to leapfrog based on an analysis that focused on identifying bottlenecks and treating them.²
- **Focus on key units in the public sector instead of initiating a comprehensive reform.** Countries that leapfrogged, had identified several organizational units that had systematic and strategic importance and considerably improved their performance thus transforming them to elite units and to problem solving agencies. Reut institute suggests to focus on key units and to improve their performance. Such units may be foreign trade organizations, the judicial system, economic regulation and enforcement units, ports and customs, committees of building and planning and the new initiative to create (or reorganize) ministerial planning units. It should be remembered that some of the countries that leapfrogged had suffered like Israel from a weak and ineffective bureaucracies. Although improving the Israeli government's performance is important, in light of its disappointing achievements,³ it is doubtful that a comprehensive reform is an essential condition for leapfrogging.
- **'Central mind' is needed.** Each country that leapfrogged had a 'central mind' which is a unit that defines priorities which become policy. It seems that the National Economic Council is the closest thing to 'central mind' in Israel. Reut institute claims that the 'central mind' has three main objectives: to provide a national socio-economic evaluation, to act as the scout who

² See articles by prof. Ricardo Hausman and prof. Dani Rodrik regarding Growth Diagnostics. Also see: Hausmann R. et al., "**Final Recommendations of the International Panel on Growth**", report submitted to the National Treasury of the Republic of South Africa.

³ An analysis of the Global Competitiveness Index shows that the factors that restrain Israel's growth are in the hands of the public sector that receives low grades. See Reut document: [Public Sector Puts Breaks on Israel 15 Agenda](#).



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identifies international trends and analyses their implications and to create an arena for a broad discourse including all important segments of society.

- **Mobilizing important segments of society (bottom-up) in addition to government-led policy (top-down).** The traditional approach assumes that the initiation of leapfrog will result of governmental activities. According to this approach, a plan has to be written for the government to implement. Reut institute has learnt that countries that had leapfrogged combined the government socio-economic policy with growth initiatives that rose from important segments of the society. Therefore, it is important to combine top-down policies with bottom-up forces.

What is Reut Institute's role in the promotion of the 'Israel 15' Vision?

Reut Institute's role is to catalyze the fulfillment of the 'Israel 15' vision. Therefore, Reut Institute has to deliver the following issues: (1) Matching people and organizations that are committed to the construction of capacities and institutes essential for the socio-economic leapfrogging. (2) Enriching the resources of this community. (3) Labeling the 'Israel 15' vision. (4) Researching and providing new information considering the Israeli socio-economic leapfrog. (5) Generating a sense of urgency to motivate essential structural changes to fulfill the 'Israel 15' vision. (6) Building capacities and organizations essential for leapfrogging.

Socio-economic leapfrog requires a combination of top-down government initiated processes and bottom-up civic oriented processes. Yet, because the existing discourse is focused mainly on the required top-down government moves, Reut Institute deals mainly with the bottom-up civic oriented organizations.

What is the first 'Israel 15' conference rational and what are its objectives?

The conference is a platform for the promotion of the 'Israel 15' vision. During the last year, Reut Institute has devoted itself for the inclusion of the socio-economic leap frog concept in the relevant discourses. Nowadays, Reut Institute is focused on setting the forces and organizations to promote the vision. Therefore, the objectives of the conference are:

- **Labeling the 'Israel 15' vision** and marketing it to a large group of leaders, decision makers and influential figures in the business sector, the public sector and the civil society.
- **Enriching the knowledge about the Israeli socio-economic leapfrog** based on the debates on the panels, the round tables, and the Thomas Friedman hosted gala.



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- **Widening the 'Israel 15' community** – the conference's objective is to match people and organizations that are committed to the construction of capacities essential to the socio-economic leapfrogging.
- **Laying the infrastructure for the development of the capacities, institutes, tools and cooperations in the light of the 'Israel 15' vision.**

What is the objective of the round tables and how they will be conducted?

The objective of the discussion in the round tables is to bring together leaders of sectors that may promote a socio-economic leapfrogging that will assist the Israel 15 vision. The discussion is inspired by the Clinton Global Initiative. A representative of local governments, the civil service, the business sector, philanthropists, non-profit organizations, the Jewish world, and leading organizations of the third sector such as Maala, Partnership 2000, Zionism 2000, Sheatufim and the Joint will be seated around each table.

Two rounds will be conducted in the round tables. In the first round the discussion will be about the challenge of accelerating the socio-economic growth on the municipal level. In the second round the discussion will focus on issues that are essential for leapfrogging. The discussions will deal with methods to carry out leapfrogging, to alleviate bottle necks and to increase the cooperation between the sectors that are taking part in the leapfrogging.



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