

The Influence of Economy on the Future of Israel as a State of Occupation (*A Future Study*)

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Abstract:

This study talks about the Israeli economy directly considering it the main reason for the existence of Israel until now, and the main methods of survival is attracting human resources leading it to be ranked as the international welfare zone. Furthermore, it grants it advantages giving it the lead in the internationally developed countries in the area of technology and military power.

In this study, Israel is not only considered the accumulation of the economic and technological development, but also a state which is able to use its human resources, build its own strong basis of scientific research as a means to build its strong economy.

With the existence of its leadership, Israel has fought for increasing its power due to the existence of America which is the only country biased to Israel. Still with the changes in the kind of Israeli leadership, the appearance of high levels of financial and administrative corruption and capital affluence by the few; this puts the Israeli economy is deteriorating despite the aspects of their aspects of its power making it a dramatic issue influencing it existence in the future.

Keywords: knowledge economy, the strategic depth, wild capital, social Israeli dichotomies, emerging economies, technocronic developments.

1. Introduction:

The Israeli economy is a unique state of evolution in terms of establishment and essence or in terms of the course of development that it has had mechanisms enabling it to establish a strong economy leading it to be strong despite all the factors surrounding it. Instead, many factors and phenomenal factors are available to replace the lack of resources and the tight space in order to turn its economy to a strong economy following the great nations' economies. Despite the view that Israel's economy is about to collapse with having huge percentages of weakness in the 1970s, Israel is able to adapt and cope with the demands of the new state and survive. (Rizq, 2009: 183)

The establishment of the Israeli economy is due to the historic depth of the Zionists' project which started with Basel conference in Switzerland in 1897 and turning the idea into action believing in the its ability to develop its economy relating it to science. In other words, the Israeli economy started with the vision of establishing the Jewish University in 1882 focusing on economy later on. It also linked economy with the scientific abilities focusing on the type of immigrants and trying to attract the qualified. (Rizq, 2009: 184) After the establishment of the Israeli state, the Israeli economy developed going through stages until it reached today's level starting from the agricultural economy level (agricultural settlement) as the first step. Then, it moved to the industrial economy after 1967 leading to the economy of knowledge and hi-tech technology nowadays in order to be considered one of the leading economies in the world.

The Israeli economy represents a special case in terms of its abnormal establishment being established on a piece of land which is not Israeli's property in phenomenal circumstances. Its situation is sensitive that the financial and economic institutions are facing various challenges despite reaching advanced levels. In other words, these challenges are considered dangerous for the conference of the Israeli national security. Also, they mean more foggy situation about the future of the Israeli economy especially in the existence of a set of variables which might be additional factors enhancing it such as discovering natural gas fields adding an advantage to the Israelis. The other is suppressing factors slowing down the

development such as the deterioration of the security situation or the increase in security matters expenditure. Consequently, this study aims at discussing the future of the Israeli economy in light of the traditional challenges faced in the first chapter and trying to anticipate what might happen in the future in light of the current events and oil discoveries in the second chapter.

2. Problem Statement:

Money and economy are considered the most influential factors in the survival of countries and Israel is included among those being considered a unique case which is influenced by great financial and economic factors. This is because it attracts Jewish immigrants from all over the world promising to grant welfare as one of the factors of attracting them. Israeli economy is considered the human resource (Jewish immigrant) is the most important material capital, but immigrants are considered human resources attracted by the material capital. (Al-Sahli, 2010)

In addition, Israel is in the heart of a region full of changes and events being aware of the acceptance of the surrounding for Israel easily. Also, it needs a strong economy covering all the security needs because security disturbance is less damaging from the economic disturbance because it means more immigrants and security disturbances.

In 2011, protests occurred in Israel demanding the improvement of work circumstances; raise wages and decreasing the control of the great companies over the Israeli capital. They were the first of their kind in the history of Israel calling for improving the economic situation. (Belid, 2013: 8) Furthermore, the economic situation contributed in increasing the reversing immigration from Israel despite the limits of the security institutions on the statistics they issue. Also, immigration wasn't considered a national treason as was believed in the way of thinking of the first generation. (Maarev, 2014) Even if the data published by the Israelis about the numbers of immigrants and the reasons behind their immigration was not accurate, the economic factor remains one of the factors leading Israeli to immigrate.

As a result, the economic challenge is considered to be one of the main challenges faced by Israel according to Herzliya Conference in 2011 which stated:

“Social variations, inequality and the increasing levels of poverty threaten the ability of the Israeli society to adapt and cope with the situations and events of the area that this society is a sensitive one because the internal front is one of the aims of the enemies of Israel.

Comparing this with the western world, Israel has recorded high rates of poverty, decreased economic growth and had less participation of its citizens from the working forces. This case is impossible to defend because it shows the flaws of the Israeli policies since it couldn't offer just distribution of income and failed to achieve a good economic development. (Ayyash, 2011: 25)

From here, despite the lack of the development of the Israeli economy, it suffers from real problems making it a sensitive economy that it wasn't a welfare economy at the beginning since it was changed making it a negative factor influencing the future of Israel in case it continued like that.

3. Research Methods:

This study adopts the case study method as the main method of the study that it tackles Israel as a society and administrative and political system aiming at disclosing the ecstatic, dynamic, negative and positive aspects of the Israeli economy dealing with Israel as a case study.

It started with a display of the basis of the Israeli economy in the introduction, and then talking about the future of the Israeli economy being exposed to internal challenges due to the emergence of economic elite and capital affluence by the few. After that, it talks about the external challenges. However, the second chapter explores the future of the Israeli economy in light of the recent events.

4. Previous Studies:

- The study of Abdulla Rizq which is entitled as: “*Emergent Economies of the World: Distinguished Developmental Models*” issued by Al-Farabi publishing house in Beirut in 2009. The author indicates how Israel keeps its economy from collapsing despite the challenges surrounding it considering it one of the key factors of its survival. He also the Israeli economy as changeable in the recent years that despite its strength, it suffers from central weakness points including missing qualified scientists leading Israel to attracts Arab scientists directly and indirectly.
- The study of Fadil Al-Naqib in “*The General Guide of Israel*” edited by Kamil Mansour in 2001. He explores the stages of the Israeli economy highlighting that the basis of its success making it an economy coping with the changes of the area being competitive with the other international economic forces.
- The study of Imtanis and Inas Khatib entitled as: “*The Economic Elite in the Israeli Political Scene*” issued in 2013. The researchers see that one of the problems the Israeli economy suffer from is the strengthening of the power of the economic elite and capital affluence by the few influencing the political decisions and piloting the Israeli economy to its own best interest making it a feeble economy in the future.
- The study of Sher Hefar entitled as: “*Neo-Liberalism, Privatization and Dichotomies of the Israeli Economic Policy*” issued in 2012. The researcher sees that the pressures on capital and the direction of the Israeli economic policy towards privatization makes Israel lose its concept of “Welfare State” which developed it in the first place. This means the increase of the size of the Israeli economy won’t affect people positively. Instead, the capital will go to few people at the expense of others making the Israeli economy the problem of the state in case they were not handled by proper mechanisms.

(1)

The Future of the Israeli Economy in Light of the Traditional Challenges:

First: Internal Challenges:

1. Political Elite's Power Increase and Capital Affluence by the Few:

Along with the change the other Israeli government in the economic politics, adopting free market economy, privatization system, moving from traditional and industrial economy to hi-tech economy and financial services; there was a clear transformation in the identity and status of economic elite and the development of their influence on economic decision makers and the political decisions. In the time being, about twenty families take over 40% of the income of 500 companies in the Israeli economies with profit reaching 250 billion dollars which is about 60% of the GDP of the private sector in Israel after they were owned by the government. (Shhada and Khatib, 2013: 7)

As a result, many reports warned from the consequences of the weakness of the Israeli economy that the Israeli Bank's and the State's observer's report showed that there is a negative influence of the relations between businessmen and decision makers in Israel on the political and economic decisions and the process of making them.

This reflected negative results on the society demanding the society to limit the influence of big companies on the economy by passing laws for it. (Shhada and Khatib, 2013: 3) However, the report prepared by Tel Aviv University that the influence of the wealthy families on economy exceeded to monopolize in their business. It reaches to influence the social, political and economic development of Israel following the other countries. The major countries cancel the smaller ones threatening the stability of the society. (Gracy, 2014: 9)

At the beginning of 2012, a special committee of specialists led by Prof Abraham Friedman and the attorney Eldad Yanif prepared a report about the relations of the wealthy families with the authorities. It stated that: "Israel has a wealthy class or masters of wealth leading to financial sufficiency to impose their control over resources and ruling class; there are

major appointments in the major executive departments and the diplomatic Foreign Service through money. (Gracy, 2014: 26)

After a year from the previous report and the end of 2013, the full edition of “The Maker” was issued including reports and researchers for economic experts and observers talking about the control of the wealthy class over the state especially Knesset enabling them to pass laws. Also, it enabled them to face any political reforms which might harm their interests. The report mentioned the source of natural gas found in the Mediterranean that the government couldn't raise its share and all the laws passing failed. Also, it mentioned the recommendations proposed to the Knesset recommending lowering the rent of the houses and food, but the government won't be able to come up with such decision.

In addition, there are the influences and pressures practiced on security forces and the head of the government as mentioned in the report: “Israel knows that as most of the countries in which wealthy classes control economy; they might control politics, but countries pass laws to prevent this from happening. However, this fails since we are like the US 100 years ago. (Gracy, 2014: 37)

Besides, capitalism controlled Israel on media clearly in recent years that at the field of the newspaper issued in 2007, which is “Hayom” meaning Israel today. It was funded by the American Jewish billionaire Sheldon Adelson. The estimations show that he spent in the American elections in 2012 about 95 million dollars and since the emergence of the newspaper, it is distributed for free supporting the policies of the government and its current PM Netanyahu.

At the end of the day, published ads for free leading to the collapse of other newspapers criticizing governments' policies including Maarev which was sold and bought by Adelson himself. Also, Haarts paid the price of its political views because it is the only newspaper creating space for the Palestinian issues. Besides, the most daring newspaper was the Marker in term of its economic comments. This led Shoken family owning the newspaper to sell 40% of the newspaper for foreign. The visual media is also the same that it suffers from the same problems of the written media

that the Israeli channels 2 and 10 are owned by private companies. (Gracy, 2014: 34)

2. Authoritative and Administrative Corruption:

This is an ancient phenomenon that it is as old as the authorities and state historically speaking. In the state of the law, the phenomenon of corruption decreases unlike the Arab countries. Still, in Israel it is deeper and with big capacities to cheat the law. Israel knows more methods enabling it to slip from accountability. It might be unique in Israel because its features belong to the third world phenomenon on the one hand and the western democracies on the other hand. In other words, it is at two levels including, elitist and social. (Swelim, 2015) This is confirmed in the Israeli DA's speech in his meeting with the law and constitution committee which stated: "Society and its public institution in Israel are plagued with corruption; the society which gives trust through its candidates for a corrupt institution is a dangerous situation" (Saleh, 2008: 17)

If we look closely, it is apparent that there is an increasing growth of corruption in Israel that many factors met since the establishment of the Israeli state and interacted at all the levels going through generations, institutions and excessive immigrations bringing many culture. Along with the previously mentioned, the economic and political factors warned Israel against slipping to the rank of the third world states confirming that it parallels security and political threat. It indicates that political elite should reform as Herzliya conference recommended after the referendum which resulted in 87 % of the Israeli see that it is corrupt because of the corruption of the society. (Saleh, 2008: 13-17)

At the level of the high-profile elite, Ehud Olmert the former PM was summoned to several investigation sessions concerning corruption cases that he was sentenced 8 months in 2015. However, Moshe Katsav the former PM was accused of a number of accusations including rape, molestation and bribery being sentenced 7 years. (Ydiot Ahronot, 2011) Also, the vice of the PM Haem Ramon was accused of many corruption cases. Besides, Halots the leader of the IDF in Lebanon War in 2006 was accused of moral and economic corruption being held the responsibility of

losing the war. Also, the former Minister of finance Abraham Hershzon was accused of theft and embezzlement and then he was jailed. (Saleh, 2008: 31)

Corruption was not only in the level of the political elite; society can be affected by the act of their leaders that opinion polls indicated that the corruption the upper class is reflected on the society. The most dangerous reports was Shimon Afrigan did disclosing many corruption files and bribery in the Dimona plant which is the most confidential facility in Israel that the division of sales and workers were involved in a grand financial corruption by the ruling class. (Nabil Saleh, 2016: 235)

Generally speaking, Israel's rank was lowered in terms of integrity in the global ranking while it was the 16th in 2001 and moved to 32nd in 2015 which is a drawback. Still, its rank was better than the Arab countries which are in the regressed state. (International Integrity Institution, 2016)

3. The Weakening of the Concept of Welfare State:

The concept of welfare state is proposed by Israel since its establishment in order to convince the new immigrants to stay in the holy land and attract more immigrants by activities including its intervention in the global market and work place. (Jabal, 2016)

This concept was still there until 1985 when the Israeli government issued the plan of stability which was considered the conclusive moment on the economic policies Israel depended on. It became the right digression away from the policy of welfare which is done by directing the efforts to privatize and stabilize the private sector at the expense of the public sector which is the main patron of the policy under the pressure of the capital and its control over the state's decisions. (Jefar, 2012:7)

Israel passed its plan under the justification of the necessity of having a reform in order to face the increase of the debt by lowering down the expenses on social welfare in order to convince the poor to work decreasing the taxes o the local companies to convince them to stay in their land and invest in their homeland by adopting the principle of free-market. It is a claim that this will achieve wealth to all the classes of the society that

the money spends by the rich will benefit the poor. Still, with the increase of money in the hands of the few, widening the gap between the rich and the poor, and the emergence of the middle class, this cancelled the welfare state increasing poverty.

This is indicated in the OECD report in 2016 and its anticipations until 2020 that they indicated that despite the positive new progress in the Israeli economy, the gap between classes is still growing as well as poverty, consequently, Israel was ranked low among OECD. (OECD, 2016)

When the right wing, which seeks to control 1967 land, took over the rule and shrank the Israeli welfare in order to keep it in their settlements in order to convince them to stay and increase the gap. Also, this indication enhances the economic tendency and is against it policy that is why it called for decreasing these and use them in security and settlements.

Secondly: The External Challenges:

In order to the internal traditional challenges, there are other external challenges faced by the Israeli economy which are really influential:

1. The Increase in Global Competition:

Israel is not the only state in the global arena which seeks to promote its products and increase its exports that most of the exporting countries seek to promote their exports especially with the emergence of grand shares of Russia, India, and other countries such as Turkey, India, Malaysia and others are growing.

Israel tried to distinguish itself in the global market through products chosen in good shares such as diamond and weapons manufacturing which contributes in more than 60% of Israel's exports. However, these industries could achieve high rates for a limited period until a set of factors contributed in its regression and increased its competition globally. The US interfered to stop exporting Israeli armory deals to various countries; for example the US stopped a deal of exporting armory to Poland estimated 1 billion in 2014 which included providing Poland the "Magic Wand"

missiles and stopped similar deals to China, India and some African countries that the US sees that it is the main contributor in developing the Israeli military industry sector and has the right to stop what it considers damaging to its companies or its security. (Ouf, 2016)

Israel's exports of armory decreased because of the failure of the weapons in the wars Israel went through in which it promoted to super weapons. In other words, many deals of exporting Merkava tank deals because of Israel's allegation that it is the one that cannot be destroyed while Hizb Allah destroyed 22 tanks. Also, Israel couldn't export the Iron Dome Armory to cross the missiles and rockets which were developed with the American aid. It was promoted for as being the smartest in the world and being able to cross missiles. Still, it failed to drop Gaza's rockets. Some military Israelis considered it the biggest lie in the Israeli military industries. In addition to the entry many weapon- exporting countries to Africa in which Israel controlled weapon's exports for a period of time.

As for this competition in the global market, reports indicated that the Israeli exports in the previous years. In 2015, the value of exports regressed 7% from 2014 while 2016 is considered the worst in terms of exports adding an economic challenge to the Israeli economy and a break in the commercial scale. (Atrash, 2016: 187)

2. Security Variables:

The external security variables play a great role in affecting the Israeli economy that the size of the threat was limited leading Israel to enhance its forces and raise the alarm and readability based on the security obsession in which Israel experiences meaning more expenditure and economic labor. In other words, the wars Israel had on Gaza Strip caused great loss that in the war of 2014 Israel paid 600 million dollars in 12 days with 10 million dollars for the Iron Dome alone. However, the Israeli economy lost about 3 billion despite the fact that the Israeli government conceals its losses to avoid criticism and objection. Still, some economic experts doubt the

figures the state publishes indicating that war cost Israel 6% of the GDP that it is a useless tool to stop the attacks as it affects the Israeli economy greatly encouraging investors to withdraw from Israel. (Gudian, 2016)

Other reports indicated that the economic Israeli losses because of the Intifada reached 1.4 billion dollars being obliged to compensate a number of companies while Israel added 1.1 billion for security in the West Bank and Jerusalem. (Na'ami, 2017)

Also, any security flaw on the borders of Israel costs them a lot for example Israel's fear after the fall of Hosni Mubarak's regime with having the possibility of having bad relationships with Egypt. It also measures the burden Israel has to take to enforce its forces on the borderer of the Sinai. Furthermore, this comprised a controversy amongst politicians and economists playing the blaming game among a number of experts, sanctions and politicians about the point of not getting to a satisfactory solution for the Palestinian cause and the range of the economic cost of occupation despite being compared with other experiences with less cost.

(2)

The Future of the Israeli Economy in Light of Recent Events:

It is true that there are many traditional challenges the Israeli economy suffers from forming hindrances on the way of its development making it possible for the occupation to execute its colonization projects. As a result, they affected the economy negatively expecting that it will increase in the future, however; the latest event will have an influence on the Israeli economy lessening the edge of this regression being as ways of preventing its collapse and knowing the size and nature of the latest events. The future of the Israeli economy will be discussed after natural gas was discovered and the technocronic developments.

First: The Discovery of Natural Gas and Oil:

Israel is the land of milk and honey according to the Holy Book, and it seems that it will be the land of natural gas after discovering one of its reservoirs. This is how the Newspaper of “Oil Investor” one of its editions in 2009 when Israel announced discovering huge gas fields across the coasts of the Mediterranean in that year which is “Tamar” oil field. Then, the discoveries of more oil field such as Lefthan and Al-Hout containing 990 billion cubic meter of natural gas followed according to the reports of 2016. (Bar Elli, 2016) This means the possibility of exploiting this gas for the best interest of Israel and exporting it abroad especially that the American geological survey announced in 2010 that the Eastern basin of the Mediterranean contains an undiscovered reservoir of oil about 1.7 billion barrel with the possibility of extracting 3.7 billion barrels.

That basin includes the opposite the Libyan, Lebanese and Palestinian borders to Cyprus water area. The same survey’s report indicated that the size of natural gas in that basin is from 122 trillion square foot to 227 trillion square foot. (Survey, 2010) At the same time Israel announced, according to Sheshinsky committee in its study the financial resources related to oil and gas that two thirds of the reservoir of gas in the Israeli regional water is approximately 81 trillion square foot of gas. (Ministry of Finance, State of Israel, 2010)

The information from research centers and the Israeli Ministry of Power that Israel needs about 450 billion square meters of natural gas for 25 years. (Ministry of Finance, State of Israel, 2010) If we compared that with the discovered gas in Israel so far, we will be enough for the coming 50 years with any need for importing any. This means more influence on the Israeli economy at two levels, namely: financial and future geo- political.

1- The Direct Financial Influence

It is expected that the discovery of natural gas will affect the Israeli economy positively financially especially after Israel’s decision to export gas to Jordan guaranteeing 1 billion dollars to the Israeli treasury per annum for 15 years. (Ahdaf, 2014) In addition, Israel made other deals which guarantee more money other than direct incomes from taxes and properties the owners of oil mining privileges pay.

Gas also means saving high costs in the area of constructing power stations considering natural gas as the first power source next year. There is no doubt that this will spare its economy from huge costs as a result of depending on importing gas and exporting it will save billions as general expenses in dollars in the current account of the expenses scale since it is a replacement for buying dollars to import gas. All this is in favor of the increase of the Israeli GDP growing in the first years Israel started to extract gas in 2013 (1%) according to the OECD. (Evin Wiran, 2014)

2. The Political Future Influence:

Israel was not the only state that discovered new oil fields in the Mediterranean. As mentioned before, gas fields extend along the countries of the Mediterranean basin, so every country is trying to invest its production of oil to enhance its political status guaranteeing the economic impact in the complex regional relationships. This increased the discovery of new oil fields putting the area in the scope of power sources and investment increase capitalizing the discovered oil. In this environment, Israel is trying to establish new relationships to go out of the box or strengthen old relations or set free from other deals.

From here, Israel sought to discover gas to improve its relationship with Cyprus considering it the link to gas exports to Europe especially from the new Israeli fields near Cyprus's coast such as Frodit oil field. This led Israel to establish its relationships with Cyprus and Greece guaranteeing its way to Europe.

If it could do that, its political impact in Europe will increase and will be able to face boycott campaigns in Europe and commence Israeli products' banned exports. Israel proposed establishing a pipeline through the sea to get to Europe through Cyprus and Greece. (Macmillan, 2014)

In the scales of winning and losing and the Israeli relationships with the other countries, Israel tried to regain its relationships with Turkey after discovering natural gas in order to export its gas to Europe or Turkey which imports its need from Russia and Iran. In order to do so, Israel established channels of understanding with Turkey, and if it succeeded in sign an

agreement with Turkey, it will guarantee the increase of its commercial exchange in the future. (Green, 2016)

The Israeli gas adds another advantage to strengthen its relationships with oil companies from other countries which will improve its political relationships with them and signing agreement about gas and oil in the Mediterranean basin such as Russia. It expressed its agreement to cooperate in oil discovery operations in the Mediterranean via its companies such as “Gasprom” and “Novatek”. It has already signed a preliminary agreement with Israeli companies and American ones to use gas fields. Israel helped Russia to get the privileges of mining in Cyprus and Greece. (Arab Center Studies, 2012: 34) It is expected to sign Russia more agreements through the Syrian waters and this will make Israel avoid getting in disagreement on the oil borders in the regional waters.

The Israeli gas prevents Israel from submitting to the Egyptian gas which Egypt provided Israel via their agreement. This gives it more independence in the area of power and keeps the pipes between the two countries away from danger.

However, Israel discovered oil fields in the West Bank such as Rantis field near Ramallah and called it “Majd 5” and started using it with the confirmation of the PA that it is located in its area. If the mining researches succeeded in the West Bank, this means Israel won’t let go the West Bank trying to overlook the two-state solution and looking for other solutions for its economic profits.

Secondly: Technological Developments:

The developed countries are heading to strengthen their economy through investing in hi-tech companies in light of the technocronic developments around the world. Every country is trying to find its place in the global market and export its products to it to earn profits. Israel sought that and succeeded in competing in the global markets that its exports reached 50% being distinguished with two aspects, namely: negative and positive including:

1. Competitive Products:

In order to get the largest market share in the hi-tech area, products should be strongly competitive. In order to achieve that, Israel built a huge complex for advanced technological industry parallel to Silicon Valley Complex in the US. It is known as the Israeli Silicon Valley that it could attract the biggest companies such as IBM and Intel which invested in the Israeli market from the beginning.

The overall number of companies in this sector in 2013 was 200 international companies and the overall number of working companies in Israel reached 5900 companies in 2014. In addition, the number of workers in the hi-tech sector is 269000 workers. However, the contribution of this sector is 50% of the Israeli exports in 2014 seeking to lead the world in the knowledge economy by 2024. (Hoffman, 2014)

Israel could produce products with high quality and competitive ones developed in the Israeli Silicon Valley considering them desirable to international companies. Furthermore, the reports of “The Marker” newspaper mentioned that in 2015, Israeli sales for hi-tech products reached 6 billion. The companies buying Israeli products included Facebook and Microsoft. (Orbaz, 2015) In this specific sector, the Israeli companies were better than European companies.

The hi-tech products in Israel varies including advanced military industry, software, advanced medical devices, control and surveillance devices, spying systems, satellites. Israel targeted a number of countries in these industries, but according to the report of the International Bank, the hi-tech industries in Israel achieved growth higher than other countries. Still, it is faced by strong competition from Japan, Germany and India. (International Bank, 2014). For this reason, Israel sought to increase the number of companies in this sector reaching 200 emerging companies.

The increase in the Israeli expenditure on scientific research especially hi-tech means the necessity of offering competitive products in the global markets, and if it continued like this, it will lead the countries in this field giving it a future economic advantage.

2- High Risks:

Despite considering Israel one of the leading companies through its completion in the area of technocronic developments, there is a number of challenges surrounding this industry including the high cost at the beginning of the work of the company leading the Israeli policies to submit advanced researches to special committee to evaluate the recent periods in order to avoid major losses despite that Israel is the main supporter of such projects and the big winner here.

The other challenge is the availability of creative minds, and in the recent years, this sector suffered from this problem so it is sought to employ Arab scientists despite having a national fear from that.

Also, the exported products especially surveillance systems, space and security systems face a challenge of the allegations of many countries seeking to spy on them. In addition, other countries tried to get into this business, so in the coming years; Israel will witness high competition in the hi-tech industry.

Despite the high risk, these challenges can be overcome if Israel intensified its activities in researcher and development domain and bringing in creative minds in this field.

In the end of the talk about the future of the Israeli economy and the challenges it is facing, a number of factors can be indicated leading us to say that it is an economy which can develop in the coming years especially in light of the recent discovered of gas and oil and the development of technocronic. Still, these factors are up to the stability of the security in Israel which is a suppressive power for the growth of its economy. It is hard to guarantee its security, so economy is a condition for the existence of Israel on the map that the security variable the negative variable having negative impact on it.

Results:

- The control of the Israeli capital and its interference on politics which increased the ordinary challenges and complicated the economic and

social conditions. This caused the emergence of corruption index in the Israeli society at the level of the elite.

- The Israeli corruption is the first step of Israel's collapse and this will be apparent in the future.
- Some parties in Israel are still seeking to support the cornerstones of the state of welfare since it is becoming a myth, but this exceptional situation makes any flaw in the concept of the state of welfare influential economically and socially. In other words, whoever lives there won't stay there unless there are incentives that don't exist in other countries. Israel is accused of trying to increase the wealth of the rich and keep the poor in a bad situation.
- Israel is highly sensitive in its security situation, so any external security variable can pose a direct threat to the Israeli economy. Chaos on the borders is one of the variables affecting the Israeli economy. In other words, the Palestinian resistance is one of the influential factors even if it was violent or non-violent. In light of the continuity of the resistance, it can be said that the Israeli economy will be under great pressure in the future. In order to achieve that, this will require renewing the resistance and strengthening the BDS.
- Discovering natural gas as one of the sources of power in Israel can be a positive point economically and one of the reasons the economic problems can be solved if it was used and marketed properly. There is no doubt that this will strengthen its status and develop its products and industry especially it has a research center and scientific minds which might develop products. Being dependent on its economy, the discovery of natural gas is the source of supporting its economy and not the basic source as in the oil-producing countries.

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