

The U.S. Crisis / Eitan Yudilevich

How Israel Contributes to the U.S. Economy

In the middle of June, a day after we were informed that the Israeli economy continues to grow impressively and the employment situation continues to improve - the unemployment rate in Israel reached about 6%, “among the lowest in the past 25 years” – a lunar eclipse occurred, which reminded us of what is happening across the ocean in the land of Israel’s best friend – the United States of America.

Over there, several days earlier, the U.S. Bureau of Labor Statistics published disheartening figures – 9.1% unemployment and the creation of only 54,000 jobs – far less than was expected. The U.S. economy is still progressing slowly, and it’s difficult to find an optimist in Washington D.C. The official growth projection is about 3%, yet many think that even this won’t be achieved. A heavy shadow is looming upon the U.S. economy, and the departure from this eclipse is not visible on the horizon.

The Economic Council of the White House emphasizes the encouragement of exports, reducing regulatory burdens and investments in education, research and development and in infrastructure, as measures that will grow the economy and create jobs. On the other hand, a McKenzie analysis shows that the return to a 5% unemployment rate might take more than five years. Israel is strong, but the U.S. is in trouble. Can Israel assist the U.S.? The initial answer is negative. Israel is no larger than a small state in the U.S., and its economy is about 1.5% of the U.S. economy. In what way could Israel assist? There are, however, additional aspects that should be taken into consideration.

Often after natural disasters, Israel sends aid delegations, which are often akin to a drop of water in the ocean, and yet we all feel that it’s the right thing to do, out of humanitarian and perceptual considerations, as well as out of the notion that one day, we might need assistance as well. So what could Israel do for its great friend? In President Obama’s speech, the word “jobs” was mentioned nearly 30 times. The U.S. is thirsting for employment, and every new job created is appreciated. It might be surprising, but Israel can contribute to the U.S. in this context, and is already doing so.

According to the figures of the Bureau of Economic Analysis of the U.S. Department of Commerce, Israeli investments in the U.S. have grown by more than 100% over the decade between 2000 to 2009 – a year in which the investments totaled above \$7 billion. It can be assumed that these investments yielded nice revenues and profits for the investors, while at the same time, creating employment for Americans. In this manner, Israel is assisting the strengthening of the U.S. economy. Much of the American rhetoric today is packed with references to the number of jobs brought by one project or another, even if it’s a single-digit figure.

Israel will assist the U.S. if it continues in this trend. This is a win-win situation. For example, young Israeli companies, which develop partnerships with U.S. companies while in parallel or subsequently develop a business presence in the U.S., benefit from the tremendous potential which still exists within the U.S. market, and also contribute towards the strengthening of its economy. Of course, the business success of such companies strengthens the Israeli economy as well.

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