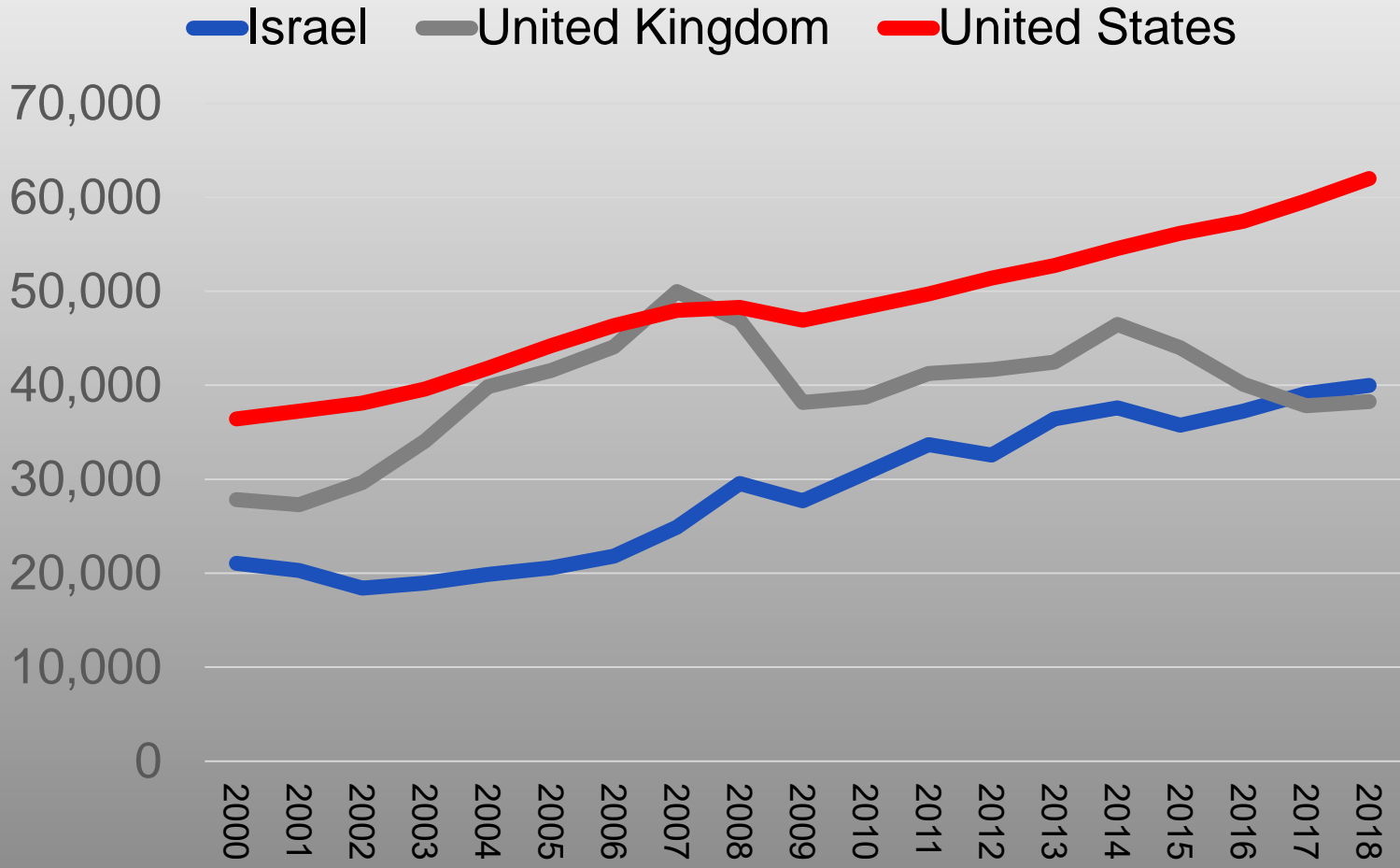


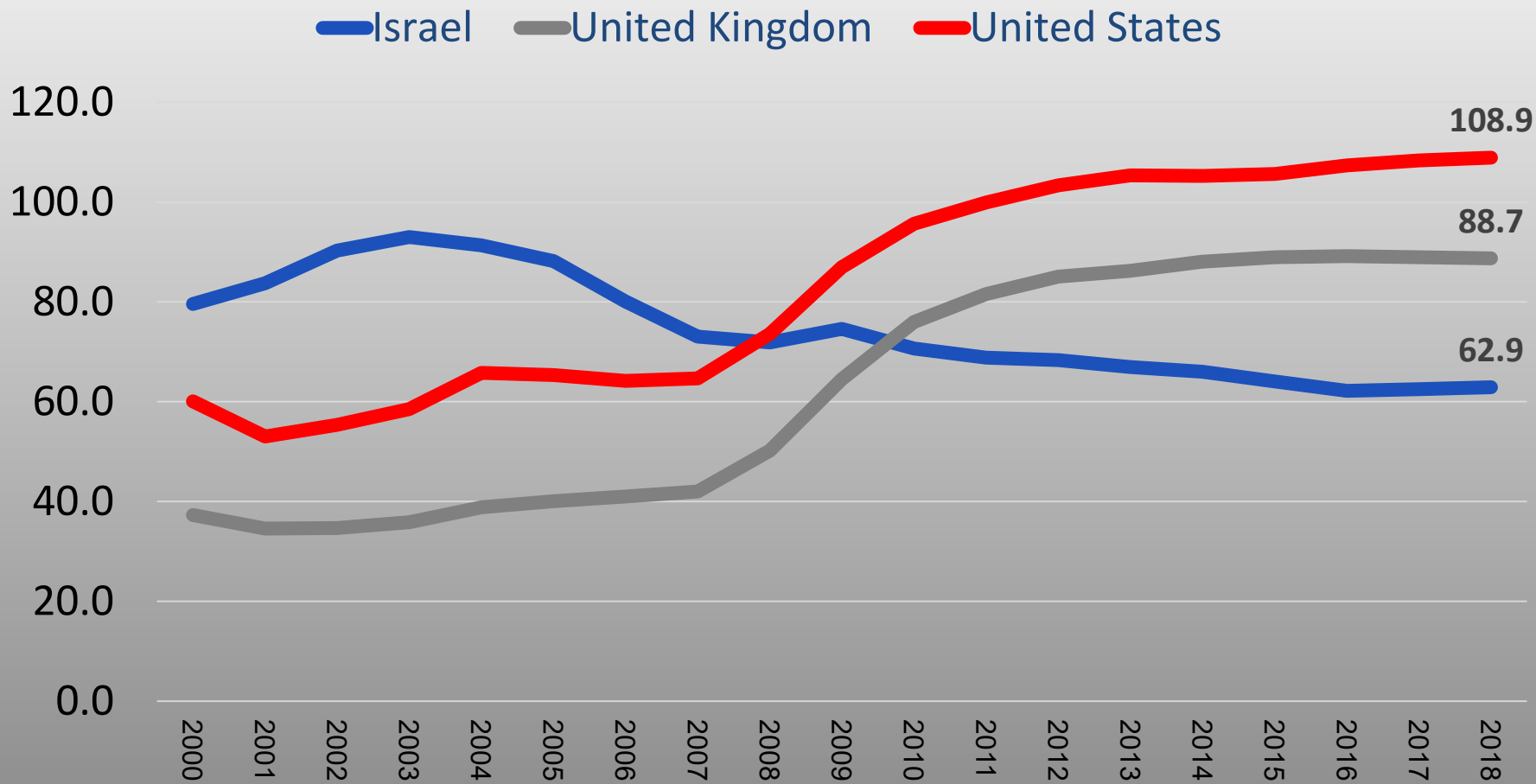
Israel vs. UK and USA

GDP per capita (USD, Current Prices)



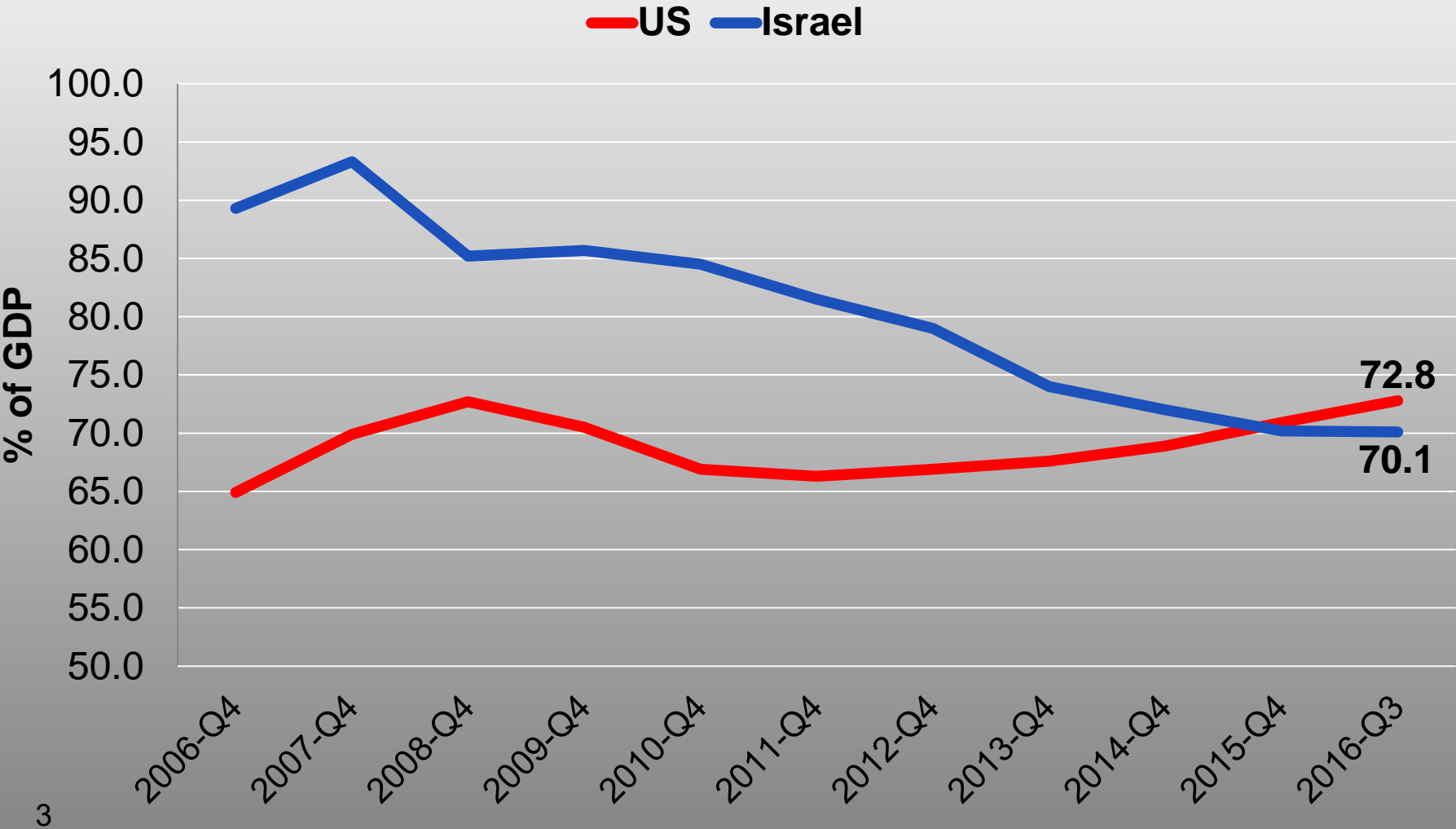
Israel vs. UK and USA

Ratio of Government Debt to GDP (%)



Israel vs. USA

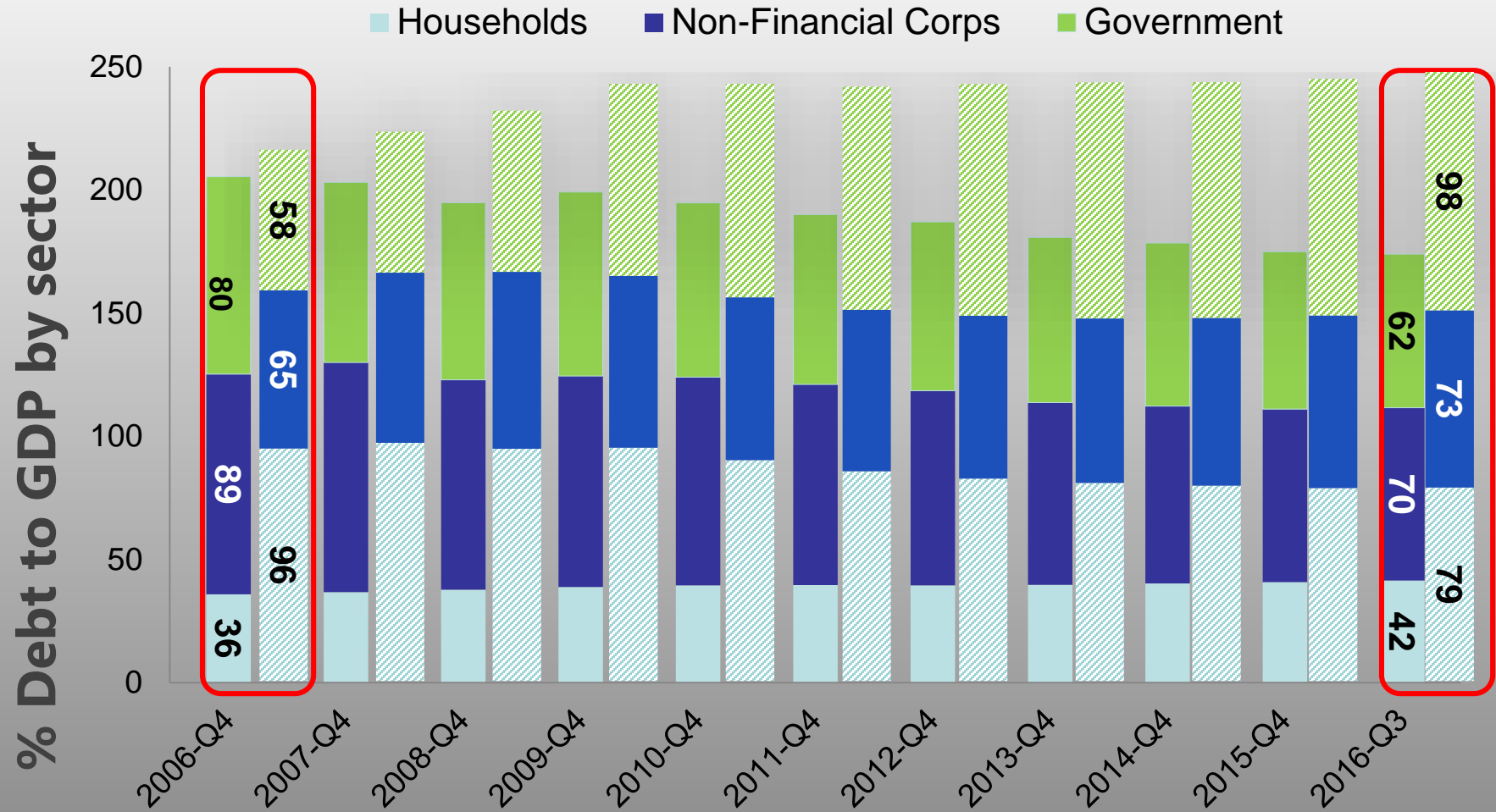
Ratio of non-Financial Corporate Debt to GDP (%)



Israel and the US: Opposing trends

Israel: Deleverage and Shift of Burden from Public to the Private

US: Increased leverage. Shift of Burden from Private to the Public



Source: BIS data

Back of the Envelope Calculations

Assume: GDP growth rate \geq Government Deficit

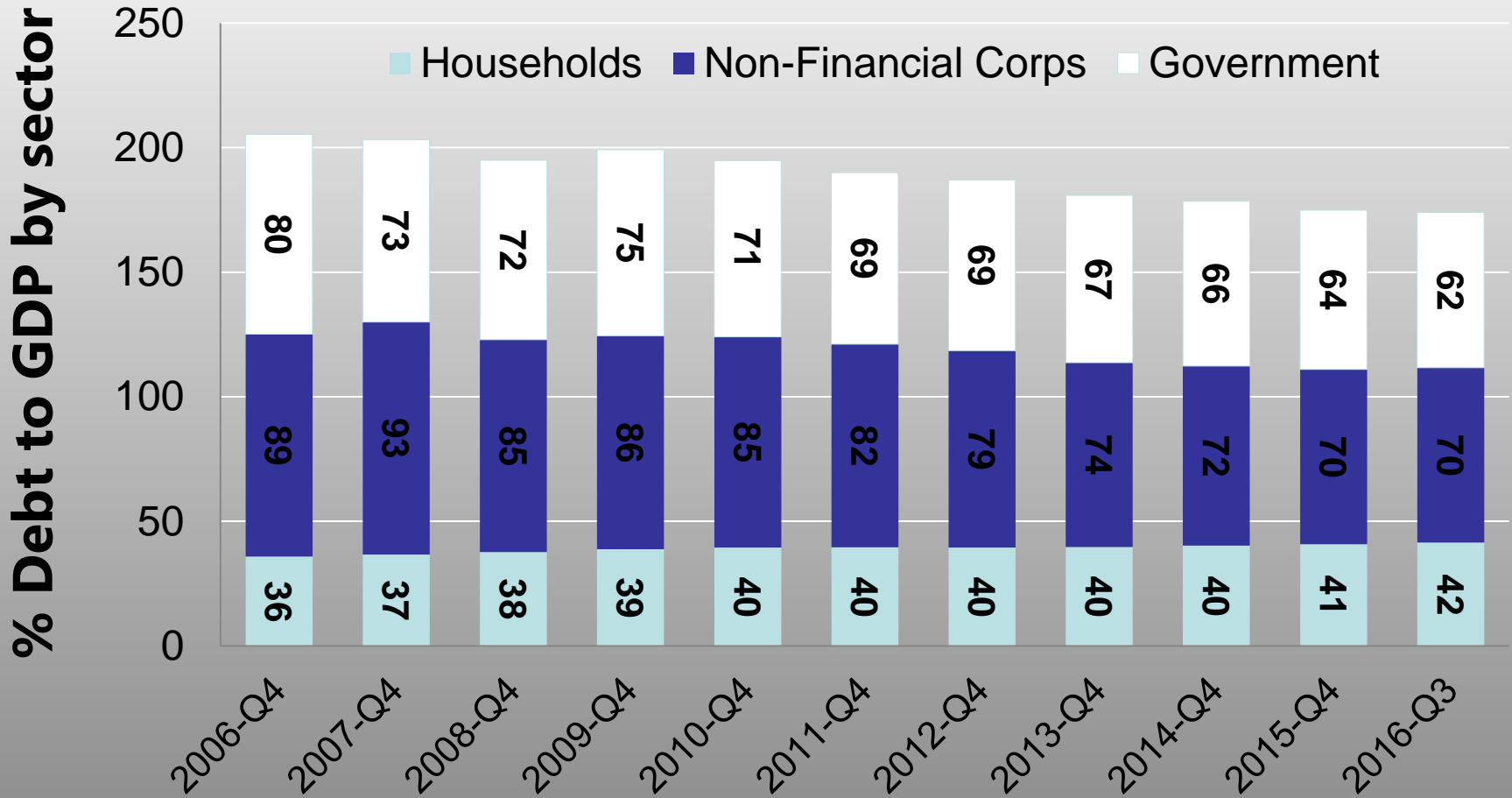
1	GDP	1000		1000
2	Debt	630		
3	Tax	600		600
4	Tot. Gov't expenditures	625		625
4	Gov't Deficit	2.5%		2.5%
5	Permanent Annual Interest Payment	31.5	Permanent Annual Interest Payment	31.5
6	Tax Burden of Debt	5.25%	Tax Burden of Debt	5.25%
7	Interest Rate (see past decade)	5%	Interest Rate (future decade???)	4.5%
			"Affordable Debt"	700

→ Make an **"infrastructure box"** of 70

5 ...and we are still below OECD average of 75%

Israel:

Deleverage and Shift of Burden from Public to the Private



US - opposite trends to Israel

Increased leverage. Shift of Burden from Private to the Public

