

The View From Israel – How to Build A Startup Economy

Interview with Yael Rubinstein, Israel's Ambassador to Singapore.



How do you build a strong startup ecosystem? Teach your children to challenge authority. That's what worked for Israel.

"'Chutzpah', is very unique to us", explains Yael Rubinstein, Ambassador of Israel. Citizens are instilled with the habit of questioning their superiors since young. Parents, for instance, are more interested in the questions their children ask in class, rather than their exam marks, she says.

This extends to universities, where debates between students and professors are a norm. "I can argue with [my professor] in front of the entire classroom, and he will accept that because this is the way of dialogue that we are having in our universities", Rubinstein says. "We respect [authority]", she continues, "but because they are professors or your boss doesn't mean that they're always right."

This attitude has led Israel to be a startup nation, comparable to Silicon Valley, but with a population of just 7.8 million people. "Every two Israelis have their own startup company", Rubinstein says, "the fact [is] that we dare, we dare to challenge, we dare to try, we dare to experience, we dare to innovate, we dare to think about a lot of new things".

Last year, Israeli high-tech companies totalled US\$10 billion in exits, where the largest acquisition was made by a Chinese gaming company for US\$4.4 billion, according to a report by IVC Research Centre. The latest figures for Singapore (2015) show US\$48m of exits, with \$208m in 2014. That's with a population of 5.6 million.

Like Singapore, Israel has not been blessed with natural resources, forcing it to innovate. Israel is made up of 60 percent desert, with its remaining area categorised as arid land. Despite this, the country is now a leader in desert agriculture, desalination and drip irrigation – a technology that allows farmers to drip water directly onto plant roots.

"We had to innovate, because we had to think about how to make [the country] flourish", Rubinstein says. In many ways, she is glad that her country didn't discover natural gas reserves earlier, otherwise "we would not be as innovative as we are now".

However, there are aspects where the country turns to others for inspiration. One of the “big issues” before the 2012 elections was “how to make the housing more affordable for Israeli youngsters”, Rubinstein explains.

“In Israel – unlike Singapore – it’s not common to stay with your parents.” She brought the Israeli Minister of Housing and Construction to Singapore to learn from their public housing scheme, where the government has made it relatively affordable for young married couples to purchase their own flats. “I think adopting the HDB approach is really something that we need to take, and maybe to adopt it in Israel.”

The Israeli government has rolled out financial incentives to encourage its younger citizens to live further out from its major city centres, 100 kilometres away. “You get a grant from the government or a very generous loan”, she says. Besides this, the government is also “trying to release more land in order to [allow] diverse constructions”, she adds.

Rubinstein sees Israel’s partnership with Singapore as one that can go “even deeper”. “We work so fantastically with Singapore. Because we bring our – in a way – craziness and unexpected solutions; Singapore is very well-managed, and very well-organised.”

Israel’s government innovations extend from the country’s first Prime Minister, David Ben-Gurion. “It’s not easy to take a country that comes from various places, and is not really a nation, and create a nation out of people” she says, but “this is what [he] was able to do”, she says. Bear in mind that this was “immediately after the holocaust... after we lost 6 million of our people in Europe”.

The startup nation had a rocky start, but the country just keeps pressing ahead. “For us, not to be successful, or not to be able to succeed in something, is not a big deal. It’s really not a big deal.”

They’ll just do it again till they get it right.