

## Dan Senor - Reflections on the Turbulent Times Facing the World

- Welcome back, everybody. This afternoon or this rather, this evening, our late session. We have the great privilege of welcoming Dan Senor, an old friend. Dan, thank you very much for joining us.

- Great to be with you, Wendy.

- Thank you. No, I was going to say this evening, you know, I know we all have different time, we're all in different time zones. Now, I'm in LA, you're in New York, and we've got a lot of people in Israel and South Africa and London. So very warm welcome to everybody, and especially warm welcome to you, Dan.

- [Dan] Thank you.

- Dan, as many of us know, is co-author of Start-up Nation: The Story of Israel's Economic Miracle, a New York Times, Wall Street Journal, and Washington Post bestseller. Start-up Nation has been translated into 30 languages. Dan is currently an executive at Elliott Management. He was a senior advisor to Senator Mitt Romney and speaker Paul Ryan during their campaigns for national office. During the presidential administration of George W. Bush Dan was based in Baghdad, where he served as chief spokesperson for the US-led Coalition in Iraq. Before that, he was a senior defence department official based at US Central Command in Qatar. Dan is the host of the Post Corona podcast series.

He has written analytical pieces for the Wall Street Journal, the New York Times, USA Today, and the Washington Post, and is a frequent guest on CNBC's Squawk Box, CNN's Fareed Zakaria GPS, that is my favourite programme. And CBS This Morning. Dan serves on the boards of Start-up Nation Central, the Abraham Joshua Heschel School, and the Paul E. Singer Foundation. Dan is a graduate of Harvard Business School. He lives in New York City with his wife and two sons. We are thrilled to have you with us here today, Dan, and I'm going to hand over to you and to Carly for the next hour.

- [Dan] Thanks.

- So, I'm looking forward, thank you.

- Wendy before you go, I just want to say one of our, one of the viewers today from Israel is my mother in Jerusalem, who was one of the people who heard about this from someone else besides me. So she's like, what is this thing you're doing? So, your audience is reaching far and wide, and if nothing else, as much as I'm enjoying doing this, and this is incredible, this programme you've built, it also gives my mother and I had an opportunity to connect virtually this afternoon or this evening. So thank you for that.

- So let's do this in honour of your mom and moms around the world.

- All right, Helen Senior in Baka, in Israel.

- Great, thank you. Over to you.

- Hi, Dan, it's great to see you.

- [Dan] Hey, Carly.

- So we could really talk about anything for the next hour and it would be a fascinating experience, but I've had to narrow down my, my list to really two big topics. We're going to talk about the Republican Party and the US and then we're going to turn to Israel, and if we can cram all that in in an hour, I'll be impressed, but let's see how we go.

- Two simple topics.

- Yeah, exactly. Nothing really controversial to discuss here. So this weekend, CPAC, the Conservative Political Action Conference took place, and it has taken over media headlines with what was discussed, everything from the speeches to the version of the golden calf statue going through the lobby to certain representatives missing voting on the, on the stimulus package due to the pandemic in order to appear at CPAC. And one of the other things it was particularly being covered for was Trump's first speech post the attempted impeachment. So how important was this weekend to tell us about the future of the Republican Party, and what do you think it told us?

- Wow, there's a, there's a lot to unpack there. I would say there's a few things going on, Carly. One is just to state the obvious, as much as they hate to admit it, the media already missed Donald Trump. They, you know, he was like an EpiPen for stimulating ratings for the media over the last few years. And obviously they had a very complicated relationship with Donald Trump, but he was an endless source of fascination to people all over the world. And in many respects, he's saved, I think inadvertently, he saved many business models in print and television, and you are already seeing it, by the way, since he's left office. I mean, Joe, Joe Biden is many things, he's calm, he's measured, his team is seemingly competent, but he's not nearly as entertaining as the last administration. And you are already seeing, consequently, the ratings in like primetime cable just plummeting. So I think any opportunity the press has to keep Donald Trump alive as a subject in the news they will pursue.

Now, in fairness, he's giving it to them by dangling out the possibility of running again, by making his, you know, a public appearance so soon after he left office, which is really unprecedented. I mean, if you think back to other incumbent presidents who lost a reelection after the first term in the modern media age, so let's, it's really just Jimmy Carter, and when he lost in 1980 and George H. W. Bush, when he lost in 1992, they both made the deliberate

decision to kind of fade, or at least fade for a long time, and not have a direct role in shaping the future of the party. This is, we're on uncharted, you know, waters here with Donald Trump, who's saying not only does he want to try and have a hand in reshaping the party after leaving office, but he actually may want to run again too. So on the one hand, the press is dying to keep covering Trump. And on the other hand, he's going to give him plenty of opportunities. I think it's too early to overanalyze what impact Trump being in the scene will have. If you look at, say 2009 during President Obama's first few months in office, Republicans had just lost, obviously Bush had been president for two terms. John McCain had lost the presidential election to Obama. The, you know, Democrats had control of everything, right? They had control, much like they do today, by the way. They had control of the White House.

They had control of the house, they had control of the senate. They didn't need the Republicans to govern. In fact, I think the Republican, the Democrats in 2009 had a 39 seat, sorry, the Republicans only had 39 seats in the senate, which means the Democrats not only had a majority, they had a filibuster proof majority. So they could basically do anything. And they did, they passed this big stimulus bill. Nothing like the stimulus bills we're contemplating now or have seen over the last year, but they passed a stimulus bill, they passed financial regulatory reform. They passed obviously Obamacare. So they could do whatever they wanted. And Mitch McConnell, who at the time was the Senate Republican minority leader, basically said, we're going to oppose everything. We think that the Democrats are going to overreach and we are not going to give, they don't need our votes by the way, as I said earlier, they had strong majority. So the Democrats didn't need Republican votes to pass anything. But we think what they're pursuing is overreach. It's going to ultimately be politically unpopular.

We're not going to give them any political cover, and we will let them do what they want to do. We will vote against it, but it won't stop them. And then we will litigate whether it was the right thing to do during the 2010 midterms. And obviously the 2010 midterms, the Republicans won 63 house seats. They won, it was the biggest swing from a minority party to a majority party since 1938. So, so McConnell's strategy was largely vindicated. I mean, at least electorally. And the other thing that happened early on, which people forget now, but, I was thinking about this the other day. Vice President Cheney gave, president Bush was silent. He was very quiet after Obama became president, but Vice President Cheney went out and gave a series of speeches highly critical of the direction President Obama was taking on mostly national security issues and the war on terrorism, but also on some economic issues.

And he gave a series of very powerful speeches, whether you agree with them or disagree with them, they were substantive, laying out the case for why the policy direction was wrongheaded. So I think the combination of McConnell saying, we're going to be opposed to what you're doing, we obviously aren't going to stand in the way 'cause we can't. And you had another senior official, kind of a senior statement of the party Cheney laying out the very public case for what was wrong with the direction the administration was going, set up a an issue-based contrast between Republicans and Democrats heading into the 2010 midterms. And I think it ultimately played very well for the Republicans, obviously. This, what we saw at CPAC this weekend is, is

to me very problematic because it's not really laying out the case for the contrast between Republicans and Democrats. It was really just re-litigating the 2020 election and it was about punishing those Republicans who stood up to President Trump in some way, either voted for impeachment or were critical of President Trump.

So it was still litigating this sort of internecine Republican Party leftover, sort of legacy issues from the last election and the aftermath of the last election, rather than a forward-looking contrast and visions with the party in power issues based, kind of visionary. It was just about almost, it had a score settling feel to it. So now there were some exceptions. I thought there were some speeches that, not President Trump's, but there were other speeches that kind of laid out somewhat of a vision. But the headline coming out of it was, it's kind of the Republican Party's open warfare on their own. And I, you know, I much prefer the model of 2009 than I do the model of 2021. But I also think, and there's a cost to this by the way, because right now, as you know, there's this Covid relief bill moving through Congress, which from my perspective and from a sort of conservative Republican perspective, it's very problematic. Not just conservative Republicans. Some Democrats have raised concerns about it.

Larry Summers more than has raised very serious substantive critiques of this, of this Covid relief bill. It's the kind of, it's loaded up with all sorts of stuff that have nothing to do with Covid relief that I think if voters tuned into would have huge problems with. And it's just the kind of issue you want to begin to set up for the 2022 midterms, but you can't, if what we're doing instead is, you know, complaining about Liz Cheney's impeachment vote. So, you know, I'm a little bit concerned, but I also think there's going to be a lot of time to pass between now and when it really matters and it's going to really matter as we get into 2022 and the midterms, and obviously 2024 once candidates start emerging to run for president.

- So your former boss, Mitt Romney, managed to, to kind of separate himself over the last year or two from a lot of the fray. And I think, you know, from the, from the centre win a lot of admiration from people, do you think there's still a home for him in, in the Republican Party that you saw this weekend?

- Well, I think there's a home for him in the Republican Party. I think it's still debatable whether or not the CPAC event represents really the party writ large or whether or not it's just a small subset. Albeit an important subset. But at the same time that Mitt Romney would never have been invited obviously to appear at the CPAC event. And obviously he's gone, he's been crosswise with Donald Trump. He also laid out in the Wall Street Journal in the last week an op-ed that was highly critical of President Biden's Covid relief bill that was very substantive based, very substance based, laying out why, you know, actually laying out some of the concerns that Larry Summers has raised, Mitt Romney has also voted for President Trump's Supreme Court nominees because on the merits he thought they were qualified and as a conservative Republican, he believed in the court, the court selection strategy that the White House had.

So if you look at issues on, on selecting Federalist Society judges for the courts fiscal policy, you know, critiquing what he thinks is what I believe is overreach on the fiscal side by the Democrats right now by the new administration. I think Mitt Romney is, there's nowhere else for him, but the Republican Party, his positions are far to the right of the Democrats. And so there's, if there's no home in the Republican Party for him, there's certainly no home form in the Democratic Party. And I mean, the Democratic Party is nowhere near where they were, for instance, when Obama was president. I mean, the party has moved far to the left. So in some respects actually, Carly, I think the anti-Trump movement made a mistake. Not all as, not all elements of it, but many parts of the coalition in basically saying it's not enough to just oppose Trump. Like Mitt Romney is someone who basically says, I'm a conservative Republican, you know, this is where I am on tax policy, this is where I'm on spending policy, this is where I'm on foreign policy, this is where I'm on defence policy, this is where I'm on, on judicial, on the courts. But I, you know, as he would say, he did not disguise his disdain for President Trump.

So he would've thought he could have locked arms with all, all across the political spectrum left and right that were opposed, that shared his view about Trump. We can respectfully disagree on all these other issues, but I, Mitt Romney, you know, will lock arms with you in opposition to Trump. And I think that was a failure ultimately of the anti-Trump movement in that more and more Democrats basically said, it's not enough for you to just oppose Donald Trump. You have to be with us on all these issues. And a number of these issues are extraordinarily complicated, not only for Republicans, but I think for a huge swath of independent voters in this country, given the, the leftward direction the party's heading. And so it made it harder to build a kind of isolation trump, isolate Trump strategy because someone like Mitt Romney's not going to be comfortable signing up with the Democrats on all these other issues.

I therefore think there's no home for him in the Democratic Party. I think there's more of a home for him in the Republican Party. I mean, he's managed so far to be opposed to Trump you know, voting for most of the Republican agenda. So he's actively representing, you know, the party at least on issues. Do I think he'll run for president? No. Do I think someone, candidates will emerge in 2024 who are, represent his worldview? Yes. Or some kind of fusion worldview of kind of some part of where he is and yet not as hostile to Trump. I think that a kind of fusion candidate will more likely emerged than a kind of stalwart, pro-Trump candidate or a stalwart anti-Trump candidate.

- And I wasn't going to make you hold up a crystal ball, but since you opened the 2024 door, I'm going to walk through it. So how much do you think the problem of Trump has been the, the face of Trumpism and actually if there was a more palatable representative of some of these ideas that, that Trumpism is, is still very much the, the lead candidate for 2024?

- I think our politics right now are incredibly distorted for a variety of reasons in ways that I don't think we, you know, I think they're going to have lasting effects not only into 2024, but probably beyond, well beyond. And so therefore it makes the question hard to answer. And so let me unpack that for a minute. The closest analogy I can think of is the, is how our politics were

cracked up by the global financial crisis, basically 2008, 2009, or kind of what ripped through our economy, say from 2007 through 2009. And at the time of the global financial crisis, many people thought, me included, okay, there's going to be a change of administration. Obama's going to come in Bush is out to the extent that Bush unfairly, but to the extent that he's blamed for, you know, being in charge during the global financial crisis, then there's like a new team in charge and it'll kind of wash through our politics. And then a couple things happen. One, Wall Street was kind of reformed, but not entirely. And the banks got bigger, the banks got as powerful or more powerful due to near 0% interest rates, basically what felt like money printing and very loose fiscal policies.

The stimulus into the economy was extraordinary. And it basically meant that folks on Wall Street, anyone who speculates were doing so with free money or near free money, near free money, and they got really, really wealthy during those years after the global financial crisis. So due, to the extent that we have real socioeconomic stratification in American society today, I think the problem just got exacerbated in the years, immediately after the global financial crisis. And I think many Americans were still suffering, particularly those Americans who had a lot of their net worth wrapped up in their homes and with, you know, homes that were financed by mortgages. So I think a lot of Americans were suffering for years after the global financial crisis, and they saw nobody really get punished. They saw the system not really get fixed, and they actually saw many of the actors that were central to the crisis, not only doing fine, but doing much better in the years after. And I think that is a big reason, not the only reason, but I think that's a big reason for the ascendancy of Donald Trump in 2015 and 2016.

And we've seen a gradual crack up of our politics on the right and on the left. You're seeing it obviously right now on the left too. And that was, you know, you're talking about five, 10 years in the making from the global financial crisis through Donald Trump's election and then to today. And so therefore, I think it's hard to just think about, the challenge is not to just think about our politics from election cycle to election cycle, even though I just did that a couple minutes ago. I think we have to think about when we have these earthquakes, these earthquake events in our society, we need to recognise that the lasting effects are going to go, take us in directions we can't even anticipate. So let's take coronavirus. So you have basically the entire economy shut down, beginning in March of this year. The markets obviously crashed, right? You had, you know, the global markets, the stock markets went down something like, you know, 35, 40% in late February, early March of 2019, of 2020, I'm sorry.

And everyone was just basically told to turn home, stay home, the economy was just turned off. Nobody, nobody could really work, or at least people outside of the knowledge economy couldn't really work. And then you see within a couple months after that, the markets rally, you know, global stocks are up like 60 to 70% from the low during a pandemic. And then when you drill down into which stocks are actually carrying the rally or driving the rally, they're largely stocks that are in the tech sector that, you know, created kind of three to four trillion dollars, a handful of stocks, three to four trillion dollars in equity value during that rally. And those were tech companies that flourished during the pandemic. So right off the bat, you see a huge chunk of the

population that can't work, can't run their small businesses, can't go to work, can't do their jobs, while a small subset of society is, you know, kind of on this bull run.

And then you see the inconsistency, if I, you know, to be diplomatic, but to be blunt, I would say hypocrisy of many political leaders in this country who mandate certain rules for their citizens in their states, but live by different rules in terms of how they were conducting their daily lives. And when they were outed, the hypocrisy of it all was so outrageous. And then you add to it very practical effects beyond just employment, but the school situation, right? The fact that we're now, you know, in large parts of the United States schools, public schools mostly are still effectively closed or at best in hybrid situations. We have lost now, if you think about the spring of 2020, now we're through a whole school year, 2020 and 2021, we've lost an extraordinary amount of learning and we don't fully know yet what the long-term effects will be of that, but I don't think they'll be positive. And now the teachers unions are already laying the groundwork for possibly not being able to be open in the fall of 2021.

So that means you will have three pieces of three school years, three consecutive school years, where the teachers unions are basically saying they can't do their job, they can't do their job in the school. And many of them say they can't even do their, they have a bunch of reasons why they can't do it virtually either. So they're basically saying they want to be paid, they can't do their jobs. And what that does to working parents who either have to work from home if they can, while their kids are sort of in school or not, or even worse if they're being called back to work, which I think they will be this spring, but they can't go to work because their kids are still at home or their kids are in hybrid. Just add all this up, Carly, and you just think this is like, a powder keg of a societal crack up with good reason. And I think we saw the early signs of it in this last election in 2020. So I had expected that President Biden would get elected if you just, all the metrics, you know, indicated that, you know, this was a perfect political environment, economic environment, for a challenger candidate to take out an incumbent.

Typically when a challenger takes out an incumbent, that challenger also has enormous coattails. He brings down ballot members of his own party with him. That's what happened in 2008 with Barack Obama. He got elected president and he brought the big majorities in the house and senate with him. That's what happened with Bill Clinton in 92. I mean, I can go on and on and on. I mean, this is very common. A first term president that gets elected often brings their party with them. What was amazing here is the Democrats lot, they have a very narrow majority, something like five plus seats in the house when they were, when they were expecting, you know, the forecast leading up to election 25 seat majority, 30 seat majority, 40 seat majority. They barely, I mean barely meaning Kamala Harris is the tie breaking vote in the senate. So they barely won the majority in the senate, the state legislatures, there were a bunch of state legislatures in play that Democrats should have won. They lost all of them, all of them. Republicans won seats down-ballot that, that Joe Biden won. So literally people were going to the ballot box and voting for Joe Biden, like take Maine for instance, right?

Joe Biden won Maine big and Susan Collins won Maine big. So that means there were a bunch

of voters who went into the ballot booth and said, I'm voting for the Democratic president and the Republican senator. So there's all this vote splitting and in really interesting places around the country, including minority districts where you expect the Democrats to do well, Latino heavy districts where Latinos broke for much higher numbers for the Republican than would've, anyone would've anticipated. So what do you, what does one extrapolate from that? It's not clear, but it does speak to me to some kind of crack up where people were, wanted to change the channel on Trump, but they are not totally signed up for the democratic agenda and where it's heading, which I think is in a very ideological direction.

And they are very frustrated with the way the pandemic, you know, the policy, the policy suite around the pandemic has played out and they want no, they don't want one party truly in charge and they didn't want to give one party a clear referendum. And so I think you're getting early signs of that crack up and I think you're going to get more of it over the next, I think we're going to be seeing that for the next few years. And it's starting to feel to me, early days, it's starting to feel to me like what we saw after the global financial crisis, which is our, the politics going in weird twists and turns for a number of election cycles.

- You're really not helping me cover two huge topics in an hour.

- [Dan] Sorry.

- But I want to try and sneak my last question in around this, which is to take a step back and talk about a slightly different phenomenon, but I thought you were the perfect person to, to bring it up with, which is this cancelled culture phenomenon that's really kind of taken hold in the last couple of years, you know, which for members of our audience who are not necessarily familiar or they call it something else in Europe, which is, you know, basically withdrawing support for public figures and companies after they've done something that's considered by whoever is the person doing the cancel culturing to be objectionable or offensive.

Now many on the right feel that they are the victims of this phenomenon. And you know, that actually a lot of the tech companies that you referred to are now in the seats of power to make some of those calls. Perhaps you could even say that President Trump is the most recent example of this phenomenon. So do you think that's a manifestation of this crack up you've been referring to? And what does this mean for kind of society's ability to engage with difficult ideas and communicate with each other?

- I think this is a sleeper issue that is going to manifest itself. It's like, yeah, to your question, it is one of these crack up issues that we don't fully appreciate how it's going to affect our politics because it doesn't just affect one party, if you will. People are getting cancelled left and right. I looked at one poll, I think it was a YouGov poll, I wrote about it in the Financial Times in a piece about a month or two before the election. It was a YouGov poll that basically said that a majority, I mean, I was struck by the number, it was a high, a high majority of those surveyed and it was a big sample size, said they are uncomfortable talking about, you know, their political issues at



work or their political views at work because of fear of being cancelled effectively. I dunno if they used the word cancelled, but fear of some kind of, you know, vitriol or, you know, stigmatising or political shaming. And, so they felt uncomfortable talking about those issues and it was, and when you drill down, you look kind of the, the cross tabs. If you look at the ideological breakdown of those in the poll, those surveyed in the poll, they were from all over there, Democrats or Republicans, you know, there are these stories like of a, of a principal I think or a teacher at a school in Vermont who said, you know, after the Black Lives Matters protest said something like All Lives Matter or basically spoke out against unfair discriminatory violence against anyone and this teacher was forced to resign or was fired.

I mean, Carly, you probably have tonnes of examples, I do too. So these were touching people all over the ideological spectrum. So it's just what happens when you have a sleeper issue like that that affects a lot of people across the political divide and it becomes a very core issue for them, you know, do they vote on the issue? I think increasingly yes. If you look at New York City where I live, you've seen this exodus of people, you know, leaving New York City. And what's interesting to me, if you try to drill down on why people are leaving, obviously the business regulatory tax environment is increasingly worrisome to people who live here. Quality of life has declined for many people that live here. You know, basic safety and sanitation issues are increasingly of concern. And then many of these people, particularly those who have means of affluence, are in elite private prep schools where there's this cancel culture stuff going on.

Their kids are in these elite private prep schools where this cancel culture is going on and they want their kids out of these schools. They think the quality of the education, sorry if you can hear my dog barking, I apologise. They basically think these elite private prep schools where they're spending tens of thousands of dollars to send their children are corrupting their minds because they are suppressive of basic free speech. So they're like, if New York is more expensive, it's harder to do business here, it's not as safe. And there are major sanitation issues and my kids can't articulate a basic point of view at school. And in fact they're named and shamed for saying something that's just slightly provocative. Not even really provocative, I mean really not provocative by any, you know, normal definition of the word. They're driven out. And so I just think there's, we're in an environment right now, you're seeing people vote with their feet and they're leaving, you know, major metropolitan areas where this problem is most pervasive.

- So I'm getting some cancel culture on the chat, but I'm going to, I'm going to move on and not go too far down that rabbit hole, which is always a danger with that question. So despite your very detailed answers, we're at the halfway mark. So I'm going to switch over to Israel and over your shoulder is quite literally the book that you wrote on the subject.

- That's called product placement Carly.

- Yeah, it's slightly fuzzy though. So I only know because I'm so familiar with the logo, but--

- That's called effective, that's effective product placement, right?

- But as Wendy touched on, you know, you really are the man to discuss everything Israel, "Start-up Nation" and the economics with, and you know, you sit on the, on the board of, of SNC, which, you know, Paul Singer and Terry Castle started, you know, kind of off the ideas of your book. And I will say that they do a great job of educating me on, on the startup scene in Israel. And over the last few months, one of the things they've done, which I've really enjoyed is taken us on a journey of how Israel's tech sector has responded to Covid. And you know, we were always expecting innovation, but there's been some truly fascinating developments both in the kind of medical tech sector, but data and AI to come out of this space. So before we talk about Israel's economic situation more broadly, how has the tech sector navigated this? I've seen it certainly hasn't slowed down on the fundraising side, but how have they navigated it from an ideas perspective?

- Well, the, so let me, there's a lot in your question. So let me start with Israel's economy, like virtually every economy during the pandemic slowed down. All right, so it was about a, you know, GDP shrunk I think in 2020 in Israel by about three to 4%, unemployment, you know, so unemployment in 2019 was about 3.4, 3.5%. So it was like, you know, record low unemployment. And just to give you a sense, in 2020 by say May of 2020, unemployment was like 25, 30% in Israel. So Israel's macro economy suffered a big hit in the first phase of the lockdown. Much like, you know, almost every economy we track. Now, overall in 2020, I think Israel's economy will have looked much better than most economies. And one of the reasons is what you're focusing on, which is the tech sector. And it's obviously what we follow closely at Start-up Nation Central, the tech sector in Israel across the board had an extraordinary track record in 2020, just to give you a sense of global venture capital.

So global venture capital is a metric we follow at Start-up Nation Central closely because it's the most fungible metric of technological promise, right? It's the one data point that tells you where, you know, all this, you know, innovation capital is swashing around the world and where it lands tells you where global tech investors think the most promising innovation is happening. So when we wrote Start-up Nation about a decade ago, Israel was, and still is attracting the highest density of global venture, highest per capita, global venture capital in the world. So it was about two and a half billion, two, two and a half billion dollars, which was more per capita than the US, India, China more than Europe in some cases, some European countries was higher on a per capita basis. And on an absolute basis. In 2020 during the pandemic, Israel attracted over 10 billion dollars in global venture capital. So A, it's like five times what it was when we wrote about Start-up Nation 10 years ago. And B, the number increased by quite a large number, quite a large percentage from 2019 to 2020.

So from a non pandemic year to a pandemic year, the amount of venture capital globally being deployed in Israel went way up, at a higher percentage even than venture capital being deployed in the United States. If you look at exits like, you know, IPOs and acquisitions, Israeli companies, the dollar value of Israeli companies IPOing or exiting or being acquired increased

by about 50% during a pandemic year. So the Israeli tech scene has been, you know, flourishing during the pandemic. And I think it's for a number of reasons, I think I'll focus on three. One, I think Israeli startup entrepreneurs are very capable during a crisis because they live in a society that in a sense is always on the edge and they're always in a state of crisis mode. So much like, you know, what is one of Israel's largest employers, which is the Israel intel facility, much like Israel's intel facility put itself on the map during the first Gulf War, while rockets were landing in Israel and you know, Israeli engineers had gas masks on as they worked in these fabs producing chips that power all of our laptops.

Much, much like that was the case, you know, 30 years ago the same as the case today. I mean, just Israeli entrepreneurs are very wired to navigate and manage chaos and crisis. And so the pandemic, they were not rattled by, that's the first point. Second point is, while the whole world had to flip a switch and migrate to working remotely, and there was some friction and some hiccups with that transition, not as much friction by the way, as I had anticipated when we started going through it, but generally there was a lot of friction. Israelis effectively work remotely all the time. I mean, not within their country, but many of them are very connected to global companies, right? There's something, you know, hundreds of multinationals, over 350 or 400 multinationals have big operations in Israel. So all these Israelis working at these multinationals are connected to these global companies. You have all these startups in Israel that get acquired by foreign companies and they get integrated into the foreign company, but big parts of their operations stay in Israel.

They're, because Israel has no real local domestic market, you're talking about a population of 9.2 million people, they don't really service their local markets. So their whole sales and marketing outlook is global, not local. So everything they do keeps them connected to the world and yet they have to do it from a country that's thousands of miles away from the counterparties or the mothership, you know, kind of headquarters that they're connected to. So they're very comfortable with distance, remoteness, isolation. So that's the second point. And the third point, which I think is the most important is if you look at some of the sectors in Israel, that Israel was already thriving, you know, these sectors for Israel were already thriving. Cybersecurity, digital healthcare, I mean, I'll just pick those two right there. I mean I can go on there are many, kind of anything with information technology, these were sectors Israel already were dominant in. And these are sectors that the coronavirus, the pandemic, the nature of how we work, the future of work, remote work because it's changing so much.

These are sectors that are going to be in, even in bigger demand globally. I mean our, I mean take Zoom, right? So Zoom, I was looking at these numbers the other day in 2019, towards the end of 2019, on a typical day there were about 10 million people on Zoom a day, right? Fast forward to April of 2020, there were 300 million people on Zoom in a given day. So they went from like a typical day being 10 million to flip a switch, 300 million, I mean, just billions of people just migrated to doing what we're doing right now, which is virtual work, which requires the cloud and bandwidth and you know, cheap data, you know, cheap internet connections and all the rest. And they will need cybersecurity, they will need more security. And Israel has a very

dominant position in this sector, digital health. So I think this is going to be one of the most interesting sectors to watch, which is the digital healthcare space.

The American healthcare system is one of the most antiquated systems. I mean there's a lot of interesting innovation that happens in it, but in terms of a service. It is one of the most, one of the most antiquated systems in the world. Most hospitals in the United States communicate via fax machine and postage mail, right? I mean it's, the percentages are, are in some hospitals it's like 60 or 70% of the communications happen by fax machine and snail mail. And so anytime you want to get anything done medically, you have to go to a doctor's office, you have to go to a hospital, and you think about the amount of time that sucks out of your day, and then the hit it takes to productivity, to economic productivity that people spend so much time on their bureaucracy and the inefficiencies and the old school communications of our healthcare system. And then suddenly we have a pandemic and no one wants to go to a doctor's office, meaning the patient doesn't want to go, the doctor doesn't want you to come to the doctor's office, the insurance companies don't want to encourage you to go to the doctor's office.

You definitely don't want to go to a hospital if you, if you can avoid it. I saw a statistic recently, something like 80% of people have coronavirus antibodies, meaning at some point they had some kind of antibody, never stepped foot in a hospital or a doctor's office if their symptoms were not severe, meaning if they were, they were tested positive. So they knew they had to deal with it. But in terms of their treatment, it was all, it was all diagnosed and communicated the way we're talking now and they never had to go anywhere. When you think about the implications in terms of the change of behaviour that could create, it's a permanent change in behaviour and it won't be permanent across the board, but if the routine reasons we step into a doctor's office or go to a hospital can suddenly be done digitally through a smartphone camera or like this, it is, in terms of quality of life for people, it is a huge improvement. And in terms of economic savings for people, I mean, think about a mother who has a kid with diabetes and has to do all the regular doctor's visits around insulin shots and all the rest.

If you do the math for a typical kid, for that parent, for that mother, basically takes two weeks out of her work life. Just all the schlepping back and forth and here and there. Imagine if so much of this can be done remotely, people's lives will be improved, they'll have more time with their family, it'll be less of a drain on the economy. And so that is game changing. So which economies are going to dominate the digital health revolution, which I think we're about to go through, Israel's one of them. The digital health sector is one of, and for, it's because of the unique characteristics of Israel's healthcare system, which I can get into, is a big reason why the digital health sector is thriving. And at Start-up Nation Central, we actually keep a, we keep almost a catalogue. If you go to the Start-up Nation Central Finder, it's called the Finder, where we chronicle every tech company in Israel, something like over 7,000 startups, tech startups in Israel. And so we keep track of every one of them.

You can find everyone, you can find 'em by sector. And if you go to the digital health space, you can see all these companies that were booming before the pandemic. And I think they're only

going to grow and expand post pandemic. And it's, and we also have a special section that looks at all the companies that have been one way or the other trying to deal with, you know, the effects of Covid. So it's not just digital health, but I think digital health is one to watch. So I think there are a number of sectors that for Israel, given the changes we are experiencing in our work life and in our health, public health lives, Israel's going to become a major player in those changes to our economy.

- So I will say that one of my favourite activities is to email your colleague Laura at SNC and say, you know, tell me which Israeli tech companies can help us with this particular problem in Africa. But you can also do it through the Finder, right? But it's really quite remarkable and as someone who had Covid pretty badly for three months and only had to see a doctor in person twice, 'cause most of it happened over telehealth, with the exception of the chest x-ray that even I had to agree needed to happen in person. It's hard to imagine how we would've got by without it.

- And it's hard to imagine Carly, once you experience that.

- [Carly] Yeah.

- You'll ever want to go back, right?

- [Carly] Absolutely. I mean that to me, because I mean at least in the US the insurance companies have been very slow and sluggish to reimburse for appointments that don't happen in person. And that was a big part of the problem. And suddenly because of Covid, the insurance company says, wait a minute, we want to discourage people from going to the doctor's offices. Not encourage, but we don't want to discourage them from seeing their doctor. The technology is enabling it now. And I just think once people have the experience that you just described, they're going to be much more discerning about how they engage with the healthcare system in person, just as a matter of basic convenience and, you know, and economic priorities.

- I will say as a Brit living in America, I was already discerning about engaging with your healthcare system, but yes, that really drove the point home. So you touched on the Israeli unique health insurance system and on your post Corona podcast, I think the second one you had, you actually did a deep dive on the Israeli vaccination campaign. Now I hope our audience go and listen to it in depth 'cause it covers a lot of information, but can you give us a kind of crib sheet of a couple of minutes of why you think it's been such a success and what, what's made it unique?

- Yeah, so as Carly said, go to Post Corona on Apple Podcasts or wherever you get your podcasts and listen to the episode, it's called Vaccination Nation. That term I'm proud to have coined and it's a deep dive with a gentleman by the name of Yonatan Adiri, who is a young entrepreneur in Israel. This is kind of an Israeli entrepreneur that I, that Saul Singer and I love to celebrate in our first book. It's a big, he's the typical entrepreneur that obviously Start-up Nation

Central works closely with, they're a big part of the story of Israel's future. And he's also a former top technology advisor to former president Shimon Peres. And so I had him on the podcast because he's in the digital health space and he's had experience as a policymaker and as an entrepreneur, you know, to help us explain why Israel has been so successful at the vaccination campaign. I actually just recorded a second episode with him to update us on where we are, which is posting later this week on the podcast.

But look, Israel has two really big advantages in the healthcare space. It's got a number of them, but I'm going to focus in the interest of time. Carly on two, one, it has, I would argue the best healthcare data in the world for a country of its size. Every Israeli has what's called an EMR, an electronic medical record, that record interacts with every physician you see. So whether you're seeing an oncologist or a podiatrist, they all have access to this EMR and it tells them everything they need to know. And the which is, you know, Hebrew for health fund, which is like the equivalent of like an HMO, think of it as a, of an HMO in the US whoever your HMO is, whoever your is also has that data and basically helps oversee, you know, run it. And so everyone has access to this data, but not only does everyone have access to your current data, but they have data that goes back 20, in some cases 30 years. So you take a country of nine plus million people, you take a state-of-the-art healthcare system, you take almost every patient in the country, if not every patient has contributes data that goes back 20 or 30 years.

The research potential that one can do with that data is like nothing else in the world. You know, I asked once Kai-Fu Lee who who authored this book called AI Superpowers, which is a book about the, you know, who's going to win the AI superpower race China or the US and he's from China, he worked for Google in China, he worked for I think Microsoft in China. He runs a big venture fund in China. So I said, how does this data compare to China's data? Because we think of China as vacuuming up all this valuable data, and he says Israel's data is better. The reason, while China's population set is larger, he says, no country, including China has data that goes back that far. So we just don't know as much about our patients as Israel does. You take Estonia, so Estonia like Israel was pushing hard to get early vaccines the way Netanyahu was negotiating with the CEO of Pfizer. Well other countries are trying that too. And Estonia, which is a very you know, electronic sophisticated country, one of the best in the world, it's e-government is like off the charts, but Estonia has virtually no ethnic diversity in the country and it is only a population of about a million. So it's too small and everyone's the same.

In Israel, you have a highly diverse population, something like 70 nationalities, people from ranging from Ethiopia to Eastern and Central Europe to North Africa to, I mean, we can go on and on and on. So you have an ethnically diverse population. Everyone has an EMR with tonnes of data going back decades. So the amount of learning that any researcher could do this is pre-covid, right? So this is an amazing statistic. Maccabi Health, which is one of the one of the health funds, they, they told me that pre covid if you were, if they were running a study and a patient is in the hospital for something nothing to do, you know, a patient's in the hospital for some ailment that has nothing to do with the study. And while they're in the hospital, the study says, okay, we have to take your blood for this ailment you know, to test you for this ailment.

And we're also doing a study.

And while, you know, do you mind if we take some blood for this study? Something like over 50% of Israelis would say yes. So there's a communal mindset in the country about that the health privacy rights issues are not the same as they are here. They're, you know, if it's for the sake of society, if it's for sake of improving, you know, the health of the public, I will give up data. And so people participate in these studies in large numbers, the data is rich, it goes way back and it is pretty uniform and pretty standard. Which meant that when the Israeli government went to Pfizer and said, get us a vaccine early, because what we can do is we'll get everyone vaccinated quickly because our healthcare system is both centralised and decentralised, centralised enough that we are in touch with everyone and we have data and we have these EMRs, but decentralised in that people's interaction with their healthcare system is a very communal experience. So we can organise a campaign to get most of the population vaccinated, will do it quickly, we're very good at this stuff.

And then we will take that data and plug it into these electronic medical records and you will know more about the various profiles of patients and the effect of Covid on this size of a population than you will get anywhere in the world. And so if you, what does that mean? So the New England Journal of Medicine just published a big article, a large article I highly recommend it. It was written by a number of Harvard epidemiologists, it's peer reviewed, it's Harvard approved, you know, it's a landmark piece in the New England Journal of Medicine. And they just basically show something like 600,000 people off the first 600,000 people given the vaccine, given the Pfizer vaccine in Israel, in the clinical trial, you're talking about 40,000 people. So you're already at like over 10 x the number of people in Israel. But the reason it's better is they can then take that 600,000 and take the profiles that they know about those 600,000 each one of those people in that based on their electronic medical record.

So they say this person, and they can match that person with someone who didn't get the vaccine, who lives life almost identically to that person. So if person A is ultra-Orthodox lives in Tel Aviv, has five children, is 56 years old and has these two comorbidities, I'm just making this up. We gave this person the vaccine, now let's match that person with someone who is 56 years old, ultra-Orthodox has five children, has these two comorbidities, and even lives within a mile or two in the same neighbourhood, basically lives a parallel life. And we have data of both. So now we can see what impact the one with the vaccine, we can see the impact of the vaccine on that person versus the person without the vaccine. That is invaluable research in the middle of a pandemic. So Israel was not only first in the world, but the data that Israel's going to yield, the medical data is going to give Israel global reach that is beyond anything we have seen. This is going to take Start-up Nation to a whole other level.

- So Dan, one of the, the challenges for Israel throughout all this is it's head of a lot of successes and some failures and it's grabbed headlines at times for the wrong reason. So after the last 48 hours or so, you know, Israel's vaccine success has turned into another political football. You know, we started this issue a few, a few weeks ago around vaccinating the

Palestinians and it's reemerged in the last 48 hours around these 200,000 or so vaccines that were going to be sent to certain countries. Now I saw yesterday that Israel is about to start vaccinating the 120,000 Palestinian workers with permits for Israel. But what do you see as Israel's future engagement in helping the Palestinians vaccinate and what are you understanding on the ground as to what's perhaps restricting some of that process?

- It's a very complicated issue, Carly, because under the Oslo Accords, under international law, Israel actually does not have healthcare jurisdiction for those in the West Bank and certainly not Gaza, the Palestinian authority does. Now there has been resistance in some communities to getting a vaccine. It's been the case obviously in parts of the Haredi community. There's been resistance in Israel, among Israeli Jews to the vaccine. There's been some resistance among the Israeli Arab population and there's been resistance in the Palestinian population. Now, there are a lot of things Israel can do to put pressure on Haredi leaders and Israeli Arab leaders to get their, the residents of their communities vaccinated, which they have been doing.

It's going a little better than I expected, but there's still problems, there's a limit to what they can do I mean, the question is, should Israel force itself into the West Bank, should it force itself into Gaza and start like going door to door and vaccinating people? I mean, you can imagine, how the world would react to that. So I think it's a multi-layered, complicated problem. Israel should do its best to get vaccines to the Palestinians. The problem is Israel cannot administer the vaccine in many of those communities. So, and so it's relying on authorities that may not actually have the same drive in administering the vaccines as Israel does for the same drive it has for all its demographics. You know, secular Israelis, Haredi Israelis, Israeli Arabs. And so it's not as simple as haves and have-nots have and have-nots.

- We all saw the appropriate meal that followed after the vaccination, depending on the community. If you were in Tel Aviv, it was a shot. If you were in an Israeli Arab town, it was hummus and falafel, and if you were in the Haredi, you got cholent. So Israel is really looking for every opportunity to attract its communities. So for the last question, and I'll be quick. Today was a fairly auspicious day in terms of the new UAE ambassador to Israel landing and the charge d'affairs of Israel to the UAE landed in Dubai a couple of weeks ago. Now, you know, this has been the exact opposite of every other peace agreement Israel has seen. If you described them as a cold peace, this is a very warm people to people peace. You spoke virtually at a Gulf Israel Business Summit a few weeks ago. In short summary, what do you see as the, as the real potential here and what are you most excited about?

- Yeah, so I think there are, there are three things going on here that led to this moment, generally speaking. One is that, I mean, how did it happen? Right? I mean, I think that we'll learn a lot over the next few years about how it happened. But I think there were big, three big trends, and I'll try to be succinct 'cause I know we're tight on time. One, the Arab world, Arab society had been stagnating, if not reversing in terms of every metric. Don't take it from me, the UN development, Arab Development report that came out, I think in 2002, 2003, about just this metrics, various metrics. And the Arab, you know, basically tracked kind of 22 Arab countries.



They're falling behind everywhere. You know, 40% of Arabs today are under the age of 14. And yet, you know, huge swaths of the population are illiterate.

Back then, in terms of translations of books from around the world into Arabic, Spain had translated more books to Spanish than the Arab world, all 22 Arab countries had translated books, foreign books, into Arabic in, I mean, in history or something. It was kind of an amazing thing, using Spain as comparison Spain's GDP in a given year was larger than all 22 Arab countries combined. So the Arab world was, there was political dysfunctionality, there was economic dysfunctionality, and there was cultural dysfunctionality. And so an Arab, more and more modernising Arab leaders were recognising that they needed to get ahead of this, A. B, the threat of Iran, the JCPOA, the sense that, you know, the United States and some of our Western allies were going down a path towards some kind of accommodation with Iran that would come at the expense of Israel and the Arab world was terrifying to many Arab leaders. And they realised that they had a lot of, a lot of interests aligned with Israel, and they needed to cooperate more with Israel.

And there was much more to be gained in cooperating with Israel than having a cold, you know, kind of a cold relationship rather than a warm relationship with Israel. So the strategic needs created its own incentives. And then the third and final point I would make is these countries need to innovate, right? Again, as I mentioned, the Arab development, the UN's development report illustrated, these countries need to innovate and they could fly 14 or 15 hours to Silicon Valley to try to cooperate with, you know, dynamic, innovating entrepreneurs there. Or they realised they have a Silicon Valley sitting in their neighbourhood that because of the economic boycott, none of them had a relationship with. And they could be partnering with Israel, with a country that was a two or three or four hour flight away from them. And the opportunity there was enormous. They were watching Start-up Nation just thrive, and they weren't part of it. Now, I just leave you with this one thought. I'm reading this book right now by Douglas Brinkley, who's an historian who writes about the space race, you know, in the 1960s basically. And he has these new declassified documents.

So why did Kennedy focus on, you know, we need to put a man on the moon. We need to, you know, the Soviets had Sputnik, their Sputnik moment, we named our moment. Why was the Kennedy administration so focused on this and these new declassified memos that Douglas Brinkley features in his book shows that Kennedy's advisors were basically saying to Kennedy, look, countries want to partner and be led by a country that seems to be on the cutting edge, that is like pursuing new frontiers. If you are winning at that, other countries will follow. And America needs to be that, so we can't let the Soviets be that, we have to be that. And in a smaller sense, I think Israel has achieved that, through its thriving innovation ecosystem, it's, you know, it's one of three or four most important innovation ecosystems in the world. They look like a winning country. They look like they're a country of the future, not the past.

And many of these leaders said that country's in our neighbourhood and we have a lot to gain by partnering with this country. And so I think there were dysfunctionality going, there was

dysfunctionality going on in their own societies. I think there were strategic needs they needed to address vis-a-vis the threat from Iran. And I think they want to co-innovate with Israel. And Israel looks like a leader and a winner, and they suddenly developed FOMO. And so the Bahrain today and UAE today, and I think you're going to see a whole slew of these countries tomorrow and the next day and the years to come. So I think we are in a, in a sort of sea change in the geopolitics of the region in large part because of the enterprising entrepreneurial dynamism of this very small country.

- I will say that I did sit through a Saudi 2030 presentation sort of three years ago, and I turned to the member of the Saudi government at the end of it, and I said, you do know what you've just described as your innovation sector, right? And he said, yes, we modelled it on somewhere, not that far away.

- Right.

- So Dan, thank you. We could have done another hour, but I'm very conscious of your very busy time and you're probably due on CNN or somewhere equally as exciting. So I'm going to have that--

- No, but this my mother's watching.

- And probably your sister and several other of your family.

- Exactly. It was my pleasure. It was wonderful to be with you guys. It's great that you do this. Lockdown University has become a big deal.

- Oh, thank you Dan. Well, wow. Thank you to Carly and to Dan. We certainly could have gone on for several more hours there, that's for sure. Dan, thank you so much for sharing your analysis with us, wow, unpacking the Republican Party and its future is surely a daunting task. And you've given us a very helpful lens on, you know, on that issue. And then to manage, to definitely switch to another hot topic, Israel. Wow. So, you know, the response from Israel over the last year has really been hotly examined for its successes and its failures.

But the innovation to emerge from Israel during this era has been irrefutable. And as time goes on, it's going to be even more so. I encourage everyone to sign up to Post Corona podcast to continue to engage with you and your guest expertise. And before we sign off, I just want to thank your mom and your family for joining us this evening. And I want to thank you. I want to thank all our participants. Carly, as usual, you did a splendour job and I would also just like to send my love and greetings to my family who are watching in South Africa. Dan, thanks a million.

- My pleasure, thanks guys. Thanks for hosting me.

- Yeah and we look forward to welcome you back.

- [Dan] All right, I'll be back.

- Thank you very much. Night night.

- All right, take care guys.

- [Wendy] Bye, enjoy the rest of your day, thanks.