

Jerusalem Institute for Market Studies (JIMS):

The Chief Scientist Subsidizes the "Tycoons" and Big Corporations

Gave grants to dozens of companies controlled by the Ofer and Dankner groups and to half of the largest 50 publicly traded technology companies

The chief scientist at the Ministry of Trade, Industry and Labor gave grants to dozens of companies controlled by the Ofer and Dankner groups in the past five years, according to a new position paper issued December 20, 2011, by the Jerusalem Institute for Market Studies (JIMS). JIMS also found that 23 of the largest 50 companies on the Tel Aviv Blutech index received grants.

"The chief scientist treats each company as an independent unit and ignores pyramidal structures," says Yarden Gazit, a Research Fellow at JIMS who authored the paper. "As a result, giant conglomerates receive many grants from the taxpayer, while statistics show that the money was supposedly given to small and medium-sized companies."

JIMS notes the fact that at least 13 companies in the Dankner group and 24 companies in the Ofer group received grants in the years 2006-2010. Among these companies are 9 out of the 15 companies held by Clal Biotechnology, and over 20 companies held by Ofer High Tech.

Large pyramids are not the only ones to enjoy chief scientist grants, however. JIMS also found that many of the largest technology companies in the country received taxpayer subsidies. Among these are Teva, Nice Systems, and Elbit. In fact, nearly half of the companies comprising the Tel Aviv Blutech Index, the 50 largest publicly traded technology companies, received such grants themselves or through subsidiaries.

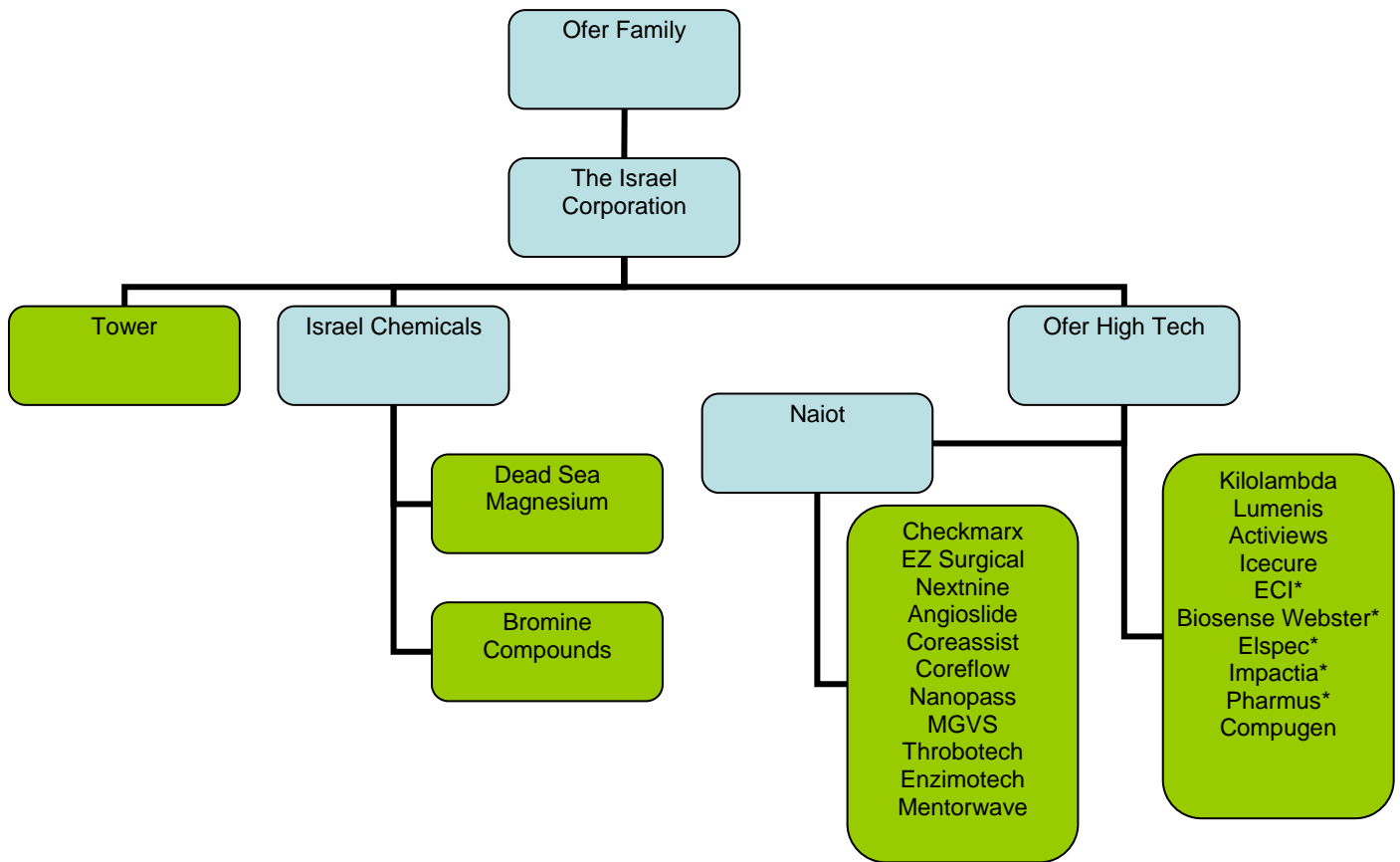
"Chief scientist grants are a form of regressive taxation, payments from the middle classes to the wealthy," says Gazit. "There is no justification to transfer taxpayer money to the economy's strongest sector."

JIMS also claims the chief scientist's conduct lacks transparency because he does not publish a full list of the amounts of money granted to each company every year, but only a list of the names of companies that received grants during a five-year period. This makes it impossible to know exactly how much taxpayer money has been transferred to the "tycoons."

JIMS recommends stopping subsidies to large corporations by closing the various chief scientist programs. Another recommendation is to meanwhile increase transparency and publish a full list of grants by amount, company and year.

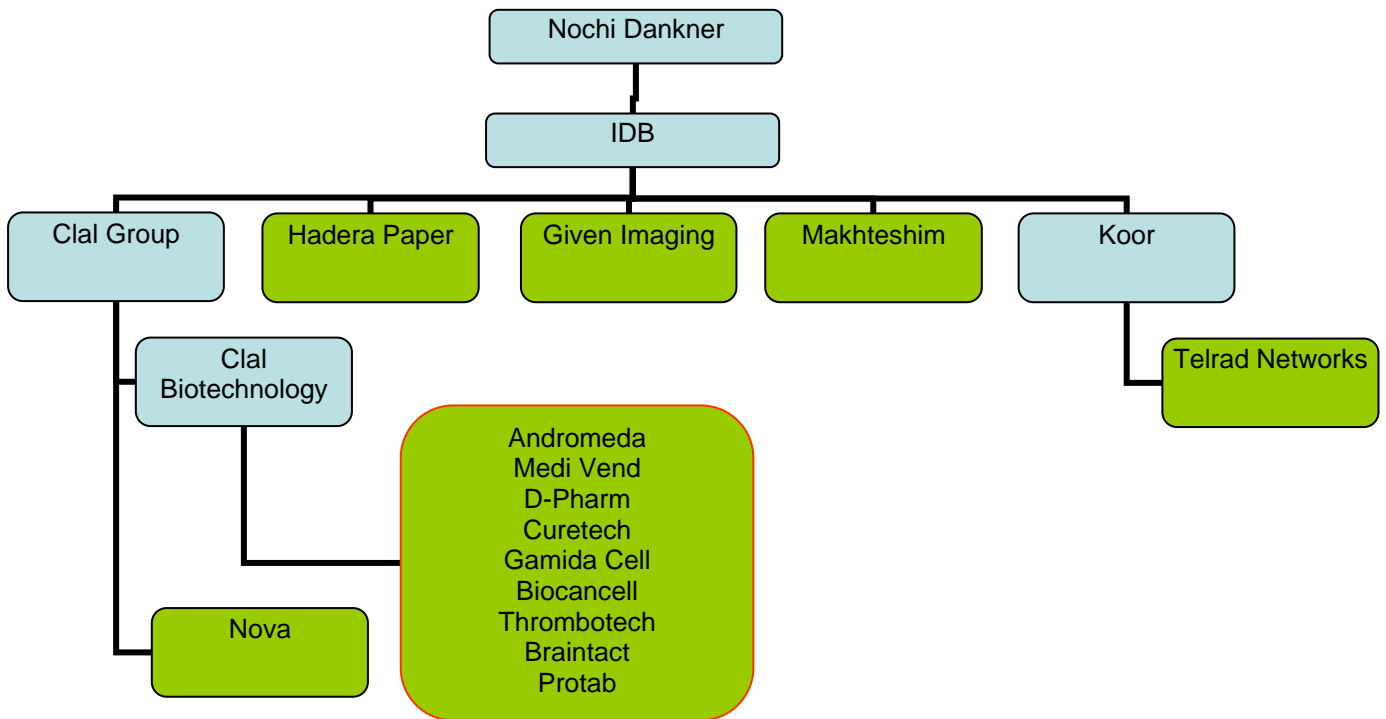
For more information visit www.jims-israel.org or contact Yarden Gazit at yarden.gazit@jims-israel.org

Diagram 1: Companies in the IDB Group that Received CS Grants (in Green)



Source: Jerusalem Institute for Market Studies

Diagram 2: Companies in the Ofer Group that Received CS Grants (in Green)



* Companies received grants while controlled by the Ofer Group and were subsequently sold.
Source: Jerusalem Institute for Market Studies