How to Keep Israel’s Economic Juggernaut at Full Throttle

Written by Hanan Sher

A measure of how much things have changed. In the past, Israelis described their economy’s dependency on the United States by saying that when Wall Street sneezed, the Tel Aviv Stock Exchange on Ahad Ha'am Street got a temperature. Today the fever on American financial markets due to the sub-prime crisis has triggered no more than a case of the sniffles for Israel’s economy.

The most remarkable measure of Israel’s economy as the country enters its 61st year is its strength and stability. The real and anticipated slow-down in the United States, the principal market for the high-tech products that make up about half of Israel’s exports, has caused some downward revision of growth estimates for 2008 and perhaps beyond. But by and large, there’s confidence that the Israeli economic juggernaut, marked by low inflation, a positive trade balance and a stable currency, will keep on rolling ahead.

Part of that confidence is based on performance. In 2007, with the clouds of crisis already gathering around the world and continuing violence on its southern border with Hamas-controlled Gaza, Israel’s Gross Domestic Product rose by a remarkable 5.3 percent. Perhaps even more impressive is that in 2006, a year in which the Second Lebanon War caused a third of the country to virtually shut down for more than a month and triggered a major drop in tourism, GDP growth was 5.1 percent, 1.7 times that of the world’s 30 most developed nation. And in the five years since the end of the second intifada, Israel’s economy has grown by an average of 5 percent a year.

This resilience augurs well for the future, posits Leo Leiderman, a former senior official at the Bank of Israel and now chief economist for Bank Hapoalim, Israel’s largest bank. “What we have learned over the years,” he says, “is that as long as we don’t go back to the kind of conditions of the 2001-03 second intifada, with suicide bombings and the loss of consumer confidence, and to the concurrent major slowdown in the global technology sector, things can be all right [in the economy] even though we may have some level of hostilities” and political unrest.

Given the right conditions, Leiderman argues that Israel’s potential is much greater. “Five percent is very nice,” he says, adding that a change in the political environment -- “a more tranquil situation with our neighbors and a sort of normalized relations,” involving at least “the sense of the beginning of direct talks between the different parties” to the Arab-Israeli crisis -- would allow Israel its real growth potential of around 7 percent per year.

Economic experts call keeping Israel in the economic fast lane a matter of national security, not just economics. Labor...
Knesset member Avishay Braverman, a top economist at the World Bank in the 1980s, sees it as essential for fulfilling founding father David Ben-Gurion’s vision of Israel as a society based on three pillars: excellence, justice and sustainability. He says that Ben-Gurion, who died more than 30 years ago, would not accept a second-rate economy. “We have the best people, young and older, in the world, and our GDP should be $35,000 per capita as in the prosperous European countries, not the current $25,000.”

Braverman, who was president of Ben-Gurion University in Beersheba before entering politics in 2006, sees improving education at all levels as an economic priority, and not only a social one – particularly since much of the science on which Israel’s high-tech rests is based on academic research dating back a decade and more. He points to the difficulty that Israeli universities, largely supported by government money, have in attracting talented young Israeli PhDs to come back for teaching and research. “Israel used to have one of the highest levels of investment in education,” notes Braverman. “But in the last decade, we have been very negligent, by not budgeting enough for higher education. ... Today half of the senior professors at our universities are 55 and older. If we don’t do something to change that, and improve the rest of the educational system as well, we will be wasting human capital.”

“The years ahead will be extremely challenging, because global competition is going to grow. Look at what the Asian countries like India and China are spending on universities and in support of basic research. American universities are full of doctoral students from all over Asia. It’s quite scary in the sense of future competition,” observes Leiderman.

Preservation of the Israeli edge in the most advanced sciences is essential.

“Strategically speaking, Israel’s place is in the sophisticated segment of high-tech, based on R&D. This is our hope,” Leiderman says, adding that Asian countries, with lower labor costs, have an obvious advantage in “medium-level” high-tech involving manufacturing and assembly.

Maintaining that advantage requires high levels of investment in R&D, by both the government and private companies. Israeli industry “does not live off of low-wage products,” notes Shraga Brosh, head of the Manufacturers Association. “We are an economy that works on innovation and technology. If we continue to invest in R&D, the future will be clear and positive.”

Though high-tech accounts for about 50 percent of Israel’s exports and is the main engine of growth, it provides only a small percentage of jobs. “We have to change the structure of Israeli industry to accommodate the 90 percent of those employed who will not and cannot be in high-tech,” says Braverman, who like others see places for them in the services, tourism and construction industries, as well as in industries that are nominally low-tech in the products they turn out but may use sophisticated technologies to make them. One example he gives is father and son Stef and Eitan Wertheimer’s building of Iscar. “They took simple machine tools, blades for cutting, which is essentially a relatively unsophisticated business, and transformed it from low-tech to motek, which means sweet in Hebrew. The Wertheimers prove that Israel doesn’t have to specialize only in exotic technologies, like imaging and communications.”
The Wertheimers sold 80 percent of Iscar to U.S. investor Warren Buffett; the $4 billion they received made 2006, the year of the sale, the best-ever for foreign investment in Israel. Though 2007 foreign investment, at just over $10 billion, represented a 29 percent decline from 2006’s $13.5 billion, it was still almost double the previous record of $5.6 billion, set in 2005.

The faith of Buffett’s Berkshire Hathaway firm in an Israeli company – particularly one located well within Katyusha rocket range of the Lebanese border – was a ratification of the confidence other foreign companies have had over the years in setting up plants and R&D facilities in the country. To keep them coming, there must be incentives, says Brosh, the industrialist. “The world is a global village. Everyone compares the benefits of investing in one place with another, why in Israel rather than Ireland, why in Ireland rather than Italy, and so forth.”

While Leiderman agrees that incentives may induce foreigners to build new facilities and companies, he is careful to make a distinction. “Many times, foreign investment has been no more than a change of ownership,” he says. “If a company like Iscar, for example, leaves things as is and does not increase its workforce after someone like Buffett buys it, basically it has little effect on the economy, even though it is registered as a foreign investment.”

Much of the success of the past five years – which in addition to 5 percent average annual growth includes a reduction of the ratio of debt to GDP from over 100 percent to last year’s 79 percent, a 2007 government deficit of only 0.02 percent of GDP, a drop in unemployment from 11 to 7.3 percent, a $5 billion positive trade balance and a 25 percent increase in tourism to 2.3 million visitors last year – has been attributed to a combination of budgetary discipline (read budget-cutting) and conservative monetary policy that has held inflation in check. In practice, that policy has focused on efforts to contract the bureaucracy so as to free up assets for the productive private sector, cuts in government services including health, education and welfare-style transfer payments to large families, the elderly, the handicapped and others, and tax cuts to the top income brackets in the expectation that they will stimulate increased economic activity that will create a prosperity that will affect lower income brackets, as well. “As the standard of living rises, the entire economy will be pulled higher,” says Brosh.

“And when the average standard of living goes up, the person who was earning less will earn more.”

These policies have, at least in the short term, had an undesired side effect – an increase in poverty rates among ultra-Orthodox Jews and Arabs, two groups in which workforce participation is low.

Braverman, who sees himself as a European-style social democrat, suggests that this path is an illusion. “The idea, called trickle-down theory, is nice on paper,” Barverman says. “But if you look at all the clinical work of economists, it has no empirical base, and the fault you see exposed when these polices are implemented is that the rich are getting richer, the middle class is not benefitting and the poor are not improving.”

Bank of Israel Governor Stanley Fischer, who also serves as economic adviser to Prime Minister Olmert’s government, recognizes the urgency of cutting back on poverty in Israel – though he notes that one of the reasons that the rich-poor gap has widened in the last decade is because of a prosperity that has made the rich richer, rather than the poor becoming poorer. Instead of restoring welfare payments – except in special cases, like the elderly and those who cannot work for health reasons – he advocates longer-term fixes, including improved education, enhanced infrastructure and the elimination of bureaucratic hurdles that stifle initiative and make doing business exceedingly difficult. “What the economy cannot afford,” he told The Jerusalem Post, “is to let the budget get out of control. We will pay a high price in terms of higher [international]
interest rates and a loss of confidence in the economy and its management if we do that.”

Perhaps surprisingly, both banker-economist Leiderman and industrialist Brosh speak with general approval of Bank of Israel Governor Fischer’s March intervention in the money markets, when the central bank surprised everyone by reversing a long-standing policy of non-intervention by stepping in to purchase dollars when the exchange rate threatened to fall below the psychological barrier of NIS 3.40-$1. And in another move widely interpreted as an effort to stabilize the American currency’s price on Israeli forex (foreign exchange) markets, the central bank later announced that it would purchase $10 billion in greenbacks over the coming two years, ostensibly to increase Israel’s foreign currency reserves.

Since the shekel-dollar rates began declining about two years earlier, exporters had been complaining bitterly about being caught in a trap. On one hand, their dollar-denominated exports were earning them fewer shekels, while their local Israeli expenses, including labor, remained the same. On the other, a seemingly logical attempt to raise prices to cover the currency-related increase in real costs might push away customers. But Brosh, the exporters’ main spokesman, is all understanding. “The decline of the dollar over the past two years, by 28 percent, has created a major competitive problem in the world,” he says. “We cannot ask anyone to do more than Fischer has done, he has done everything that we dreamed of.” At the same time, he suggests that the government “do more in the fiscal area to balance the low dollar exchange rate and exchange production and export.”

Central banks can intervene on money markets, says Leiderman, himself a former Bank of Israel official, when they see disorderly behavior on foreign exchange markets. The March dollar purchases, he says, followed “an assessment that the forex market was behaving in what the professionals at the Bank of Israel thought was a strange way, so the bank bought some of the dollars that flooded the market.” In the short term, he views this as permissible “but everything we know about other countries seems to indicate that attempts of central banks to force on the market a given trend in the exchange rate sooner or later may not work out and may result in speculative losses, because some specs will take positions against the central bank.”

In the end, though, it will be the market – and not the government or the central bank – that determines the final shekel-dollar ratio. “These days the exchange rate is market dependent,” Leiderman says. “And if the world decides that Israel is a great place to invest, we will see the shekel at 3.40 or 3.20-$1, and there will be nothing that the central bank will be able to do over time to prevent that. In that sense, a strong currency is the price of success.”

**ISRAEL 15**

**Becoming one of the World’s 15 Leading Nations**

Written by Gidi Grinstein

At its 60th anniversary, Israel needs a new vision which will not only guide its priorities and inform its actions but will also be relevant to the lives of all Israelis. This is why the ISRAEL 15 Vision, which calls for Israel to become one of the 15 most developed nations within 15 years, is so compelling. It requires improving the quality of life of all citizens.

WEB RESOURCES:

Frequently Asked Questions on the Financial Crisis and its Implications for Israel:

www.bankisrael.gov.il
Quality of life is a very elusive issue. Its definition changes by geography. The quality of life of a religious and spiritual person is different from that of a secular business person. Notwithstanding, quality of life is also visible and tangible. For example, anyone can tell that the average quality of life in countries like Canada or Australia is higher than in Greece or Spain. Furthermore, although income per capita is an important factor determining quality of life, other public goods such as health, education, employment and social cohesion play a critical role as well.

Israel’s growth of recent years can be intoxicating. However, we often tend to forget that the world economy has experienced significant growth, as well, in recent years. Hence, impressive rates of growth notwithstanding, Israel didn’t succeed in leapfrogging – i.e. in catching up with the leading nations of the world.

In contrast, during the first 20 years of the State, Israel’s economy bounced upward. Israel doubled its well-being relative to the United States, starting with an average income of 30 percent of the U.S. average and reaching 60 percent by the early ‘70s. Since then, Israel has not been able to bridge the gaps with the richer countries, while other countries such as Ireland, Singapore and South Korea have made leaps ahead.

The importance of closing the gaps with the richest nations stems from the mobility of people, technology and investment. These highly mobile resources “choose” which country to go to. Consequently, nations compete for them. Success in this fierce battle is essential for the future of any country but is critical for the survival of Israel.

Israel suffers from the largest gap between the level of talent of its population and the quality of life that it offers its residents. Israel is currently ranked 28th in the world in quality of life. Yet, our population is one of the most educated and technologically savvy in the world. Indeed, Israel is a leading exporter of talent with one of the highest levels of brain drain among developed nations.

The phenomenon of leapfrogging is different than growth. While the world has established a recipe for stability and growth in the form of a set of accepted principles known as the “Washington Consensus,” which primarily calls for fiscal and monetary discipline and privatization, there is no such recipe for leapfrogging. In other words, each country charts its own path.

However, the common denominator among the countries that have leaped ahead has been their agenda. They all established an ambitious vision, identified growth engines and exhausted them, benchmarked their performance to other countries, improved the capacity of their government to make decisions and implement them, enhanced collaboration among key sectors of society and invested in human capital.

In addition, nations that leaped ahead contained their unique challenge and tapped into their individual potential. For example, Singapore understood that it was located at a junction between East and West and therefore developed the world’s leading airport, seaport and airline, while Ireland tapped the benefits of its inclusion into the EU.

We also know that leapfrog happens as a consequence of a combination between top-down leadership by the government and bottom-up mobilization of the key sectors of society. Hence, on the one hand, reforming Israeli governance is key since it is significantly underperforming compared to our business sector. At the same time, we have to find ways to harness mayors and local governments, businesspeople, philanthropists, nonprofits and world Jewry to the ISRAEL 15 Vision and create the space that allows them to make a contribution as well.

Finally, growth and development have to turn into a “national obsession.” We have had such passions in the past: greening the desert, redeeming the land or immigration absorption. The challenge for the ISRAEL 15 Vision is to become a household phrase and a framework that inspires for action.

The ISRAEL 15 Vision may be ambitious, but it is attainable. Already today Israel is a world leader in key areas such as research and development, human capital and technology. We have outperformed expectations in the past. There is no reason we cannot do it again.
From Curiosity to Excellence

Written by Professor Daniel Zajfman, President of the Weizmann Institute of Science

Excellence is a concept that many espouse but few can really define. When we meet up with excellence, we recognize it immediately, even as we struggle to pinpoint the quality that separates the excellent from the rest. Part of our difficulty is that excellence is revealed differently in different areas of human activity: An athlete who wins Olympic medals, an airline that provides outstanding service and a scientist whose breakthrough discovery earns a Nobel Prize – each is excellent in their own milieu. But what do they have in common?

Investigating the roots of this attribute we call “excellence,” we might discover that it’s really a way of life. The basic trait shared by all those who aspire to excellence is an internal drive, a constant striving for perfection that is, in most cases, unattainable. In other words, excellence is a way of life that leaves those who choose it in a state of perpetual dissatisfaction.

The excellent sprinter competing in a 100-meter race knows that a world record can be topped tomorrow. The management of the excellent airline knows that its special extras will soon become industry standards, forcing them to redouble their efforts to maintain their top position. The excellent scientist knows that every new discovery or theory will shortly be replaced by even newer findings.

My personal experience of excellence comes from the Weizmann Institute of Science and its contribution to the technological, economic and educational well-being of Israel, and so I will focus my remarks on this area. The Weizmann Institute of Science is a research institute in which about 400 scientists, supported by a staff of some 2,200, conduct research in the exact and natural sciences: mathematics, computer science, physics, chemistry, biochemistry and biology. The Institute, as an organization, knows how to cultivate excellence: Two of the necessary ingredients are freedom and an open mind, and the Institute is adept at providing one and nurturing the other. Along with providing the necessary scientific infrastructure, it gives scientists the liberty to manage their research independently, with no demands other than those of their own curiosity. In some sense, the excellence of their research is directly linked to the extent to which we allow them the freedom to think outside the box.

This freedom – usually referred to as “academic freedom” – stems from an understanding that the paths to scientific breakthrough run through a setting in which scientists have carte blanche to search for answers to the questions that gnaw at their minds. Experience teaches us that engaging in a relentless attempt to satisfy their curiosity can bring scientists to the very frontiers of the known – thereby expanding the bounds of human knowledge. This is how they attain excellence.

The Weizmann Institute strategy was developed over many years. It begins with the astute selection of promising new scientists, a tactic that has led to outstanding results throughout the Institute’s history. For example, in 1954, Institute scientists built the country’s first computer – in fact, one of the first in the world. In those days, Israel was hard-pressed to feed its population, but those scientists managed to gather together the resources needed to build the computer. At the Weizmann Institute, they gave us a computer rather than searching for immediate solutions to the woes of the day. The Institute scientists then
used the new computer to calculate the position of the world’s amphidromes – points in the ocean that never experience tides.

The cost of constructing that computer, which they named WEIZAC, was huge, especially given the meager financial resources of the Institute at that time. But someone here understood that a computer used for theoretical, “non-applicable” research (what immediate benefits might result from knowing the exact tide-less points in the oceans?) had the potential to change the future for all of us. The project ultimately led to the establishment of the first academic department of computer science in Israel, and this department became the basis of the country’s entire computing industry.

How did this happen? How did theoretical research, with no practical application whatsoever, come to shape the face of our society and our economy? It happened because, in the pursuit of excellence, the subject matter – locating amphidromes for example – is not what counts. It’s the people that count. Behind the computer construction project were people with a thirst for knowledge and a nagging dissatisfaction with the already known. These qualities drove them to embark on a highly complicated project (building a computer) and thus to take the first step in laying the foundations for an advanced, knowledge-based high-tech industry – today the pride of the whole country. The way to excellence begins with human curiosity. When the yearning to reach beyond present understanding turns that curiosity into a real thirst for knowledge, it fuels new invention and discovery. Curiosity, therefore, generates new knowledge – the hard currency of excellence.

How, then, can we safeguard the impetus born of our curiosity? Preserve the high level of academic research in Israel? Ensure that the Weizmann Institute of Science and the other excellent universities in Israel will continue to provide the high-quality human resources needed to shape the country’s future? Israel’s current economic outlook is increasingly based on knowledge (ideas) rather than on tangible products. In fact, trends show that intellectual property (really great ideas) is rising in value, in comparison with natural resources (even oil). The key to success is the Weizmann Institute formula: Give universities both the means and the freedom to attain the intellectual breakthroughs of the future. We must remember that what appears today to be basic academic research can lead to the development of advanced industrial applications to drive tomorrow’s economy. The bottom line, then: It makes economic sense to invest in research and education. True, it’s expensive, but it carries almost no risk. If past experience can be our guide, it’s the best investment possible – one that will yield a future we can’t yet even imagine. And if a bright future is what we aspire to – well, we won’t be able to create it in any other way.

教授 DANIél ZAIFMAN

In December, 2006, Professor Daniel Zajfman was elected to be the tenth (and youngest) president of the Weizmann Institute. In 1989 he received a Ph.D. in atomic physics from the Technion, in Haifa. He then completed post-doctoral research at the Argonne National Laboratory near Chicago.

**WEB RESOURCES:**

Weizmann Institute of Science: www.weizmann.ac.il

**ABOVE LEFT:** Dr. Vladimir Y. Umansky works at The Joseph H. and Belle R. Braun Center for Submicron Research in the Condensed Matter Physics Department.

**LEFT:** Professor Yoram Salomon (left) works in the department of Biological Regulation and Professor Avigdor Scherz, a frequent collaborator, works in the department of Plant Sciences.
The Importance of Zionism

Israel and the Jewish People in the 21st Century
Written by Gil Troy

While celebrating the miracle of Israel as a thriving, sovereign state for 60 years, some believe it is time to proclaim the end of Zionism. Even many who are not hostile to Zionism believe it has run its course, having achieved its main objective by establishing a Jewish state. Should Zionism be thanked and given a gold watch even before its greatest creation Israel reaches mandatory retirement age?

In fact, Israel – and world Jewry – needs Zionism more than ever. Zionism is the movement of Jewish national liberation. And in this challenging 21st century, the Jews still need liberating, be it in North America, Israel, or the rest of the world.

Zionism has two important dimensions. It defines who we are and suggests what we need to do. As the movement of Jewish nationalism, Zionism emphasizes Judaism’s uniqueness. Judaism is not just a religion; the Jews are a people – a nation – enjoying a rich, historical past, overlapping multi-dimensional present-day ties, and a common fate. They share a language, Hebrew, a worldview, Judaism, and a traditional homeland, Israel.

Judaism, one of my teachers taught me, is an Oreo cookie. Just as Oreos need the cookie and the cream to be Oreos, Judaism is both a nation and a religion. Consider Israel – both Holy Land and sovereign state. Consider Pesach (Passover) – a religious moment of deliverance and a critical step in nation building. Consider the Bible itself – a book of theology and the story of our people.

Appreciating Jewish civilization’s national aspects, this peoplehood thing, explains many mysteries about being Jewish. It explains how even non-believers can be deeply involved in Jewish affairs. It explains how Jews who have never been in Israel, can feel assaulted when a bomb rips through a pizzeria in Jerusalem or a cafe in Tel Aviv. It explains how Israelis – helped by world Jewry – can take responsibility for resettling 850,000 Jews expelled from Arab lands, a million Russian Jews and tens of thousands of Ethiopians. And it explains all the cultural, national, non-religious pieces of our own particular Jewish puzzles we each fill in daily.

Zionism teaches that this national identity cannot be static or passive. We should not just be Jewish, we should do Jewish. And we should not just do Jewish to entertain ourselves, or find spiritual meaning alone, but to help each other as Jews and as human beings. Zionism, at its best, like all great nationalisms, is a movement of national self-protection that can mobilize masses to make the world a better place, what we Jews call tikun olam. So Zionism is about individuals finding greater meaning by identifying with historical and forward-looking forces greater than themselves through collective efforts as Jews. Zionism is about fighting anti-Semitism and helping to resettle refugees from Darfur, in Israel and elsewhere. Zionism is about improving Israel’s quality of life and exporting life-saving technology around the world. Zionism is about critiquing the world as it is, dreaming about how it should be and doing our best together to fix it.

These visions should animate a Jewish national agenda for the next 60 years, focusing on Crisis Zionism, Identity Zionism and Israeli Zionism as a special case.

CRISIS ZIONISM:
We cannot forget the initial Zionist impulse – toward self-defense. And if we did, our enemies would remind us. Just as the continuing Arab onslaught against Israel demands vigilance that often raises Zionist consciousness, the renewed epidemic of anti-Semitism returns Zionism to its roots and reaffirms the importance of having a Jewish state in this occasionally hostile world. The state of Israel is modern Jewry’s most powerful ally against anti-Semitism, with sovereign leaders who can lobby other state leaders to control outbursts in problematic countries, with a
legendary army whose deterrent effect is important and with the ability, if necessary, to rescue and absorb any new Jewish refugees. The once stateless, friendless Jews have their own state, their own champion – and have greatly benefited from the association.

IDENTITY ZIONISM:

Zionism is more than responding to crises and rescuing Jews; it is also about dreaming, about creating a New Jew shaping an exciting Jewish future. This identity Zionism may be most useful where it is least welcomed – in North America today. Despite the surveys showing a growing distance between American Jews and Israel, despite the studies claiming America has become “post-ethnic,” the notion of Jewish peoplehood remains the essential glue keeping the American Jewish community together and linking American Jews to their heritage. With barely 13 percent of the American Jewish community defining itself as religious, the Zionist emphasis on peoplehood explains why American Jews remain Jewish. In fact, throughout the West, Identity Zionism can unite religiously motivated Jews with more culturally or nationally motivated Jews.

The central challenges facing most people in modern consumerist democratic societies – and especially Jews – have more to do with identity than survival. Living amid Western freedoms, riches and technological miracles, most of us seek anchors, guideposts, ways to make sense of life. Zionism can provide the ideological framework, communal vision and enduring values we desperately need. So many Jews from across the religious spectrum share that sense of identification, of pride in fellow Jews, of instant intimacy with fellow Jews, of special familiarity regarding Jewish traits. Zionism makes our tribalism transcendent, shaping our sense of connection into a communal quest filled with enduring values, oriented toward constructive and common dreams.

In building this national identity, Israel, as the slogan says, “Is real;” it fleshes out this peoplehood thing. In good times, and bad, Israel raises Jewish consciousness, and provides a stage with a rich Jewish setting for writing and updating the ongoing Jewish script. Studies show that modern acculturated Jews respond to 24/7 Jewish experiences. Israel is the ultimate 24/7 Jewish experience, following Jewish time, living in a Jewish space, implementing Jewish values, improvising a modern Jewish life. In particular in the United States, as Jews grow further away from the immigrant experiences and the “old country,” Israel has an important role to play as both the “old” and “new” country. Israeli foods, songs, stories, images, customs, accents can restock the American Jewish imagination as memories of Eastern European Jewish life dim. Israel can become an important source of new experiences and an important laboratory for generating new Jewish ideas, perfecting new Jewish forms, tapping new Jewish energies and pioneering new Jewish solutions to the real problems of running a state.

Two simple solutions could trigger the kind of Zionist revival needed to revitalize modern Diaspora Jewry. For starters, we need more Hebrew study. Hebrew is the key to unlocking prayer, the gateway to Jewish religious life, and Israel is the gateway to a rich, real, Jewish national life. Rather than retreating from Hebrew study, Jewish parents should embrace the multilingual trends of this globalized world and make sure their children achieve Hebrew fluency. Second, we must build on the great success of birthright Israel and remember the formula 2DW=1il. For most North American Jews, two trips to Disney World roughly equal the cost of one Israel trip. The more Diaspora Jews visit Israel, the more time Jews spend in Israel, the stronger both Zionism and Judaism will be.
**ISRAELI ZIONISM**

As Israel reaches middle-age, a renewed Identity Zionism could help solve the country’s mid-life crisis. As Israeli Jews become Americanized, they suffer more and more from the excessive materialism, alienation, individuation, apathy and loneliness that afflict so many moderns in advanced, consumerist society. Already, many Israelis complain of a values crisis, lamenting too much corruption, greed and selfishness, at all levels of society. The Zionism of the kibbutz and the Jaffa orange may be more suited to museums; these days, it is hard to jump up and down, doing the circle dances of yesteryear, without sending your cell phones, iPods, Blackberries and car keys flying. But the us of Zionism can counterbalance the I of modernity in Tel Aviv, as well as in New York. Zionist dreams can neutralize post-modern cynicism; Zionist social activism can help cure the computer age’s couch-potato passivity.

Having helped make so much of the desert green, Zionism has to help stop the modern Israeli from feeling so blue. Instead of draining swamps, there is polluted air to clean and far too much litter to pick up. Instead of broken refugees to resettle, there are the poor to feed, the uneducated to teach, those broken by modern dysfunctions to heal. Instead of jumpstarting a culture, a society, an economy and a political system, there are the systems of a modern country waiting for their 60-year check-up and, in some cases, a serious overhaul. Zionism was never just about getting to Israel or surviving; it was about perfecting this new country and thriving. For all of Israel’s tremendous accomplishments these last 60 years – many thanks to Zionism – a renewed Zionism will tap a forward-thinking, altruistic, idealistic, creative sense of community for the next 600 years.

True, so many of these lovely sentiments would be much more compelling, and easier to address, without the constant security challenges Israel has been forced to face. But we cannot let the continuing threats against Israel rob Zionism of its idealism – and its transformative potential. Abandoning Zionist dreams amid sobering realities – or limiting Zionist activism to Jewish self-defense – gives our enemies a victory they do not deserve. A century ago, Theodor Herzl, the modern founder of this old-new movement taught us: “Im Tirzu, ayn zo agaddah.” (If you will it, it is no dream.) Today, we still need to dream – and still need to show just how often we can transform the dreams of today into the triumphs of tomorrow.

**Relations Between Israeli and American Jewry: A Realistic Vision**

Written by Professor Yehezkel Dror, Founding President of The Jewish People Planning Institute

Relations between American Jewry and Israel during the first 60 years of Israel’s existence have by and large developed into a great success, to the benefit of all. However, achievements in the past do not automatically guarantee future success in a rapidly changing world, where clinging to what has worked in the past often assures failure in the future.

This applies, first of all, to U.S.-Israeli relations as a whole. While excellent cooperation between American Jewry and Israel facilitates these relations, this relationship in turn depends on them. American Jews are committed U.S. citizens. Thus, they support U.S. policies that in their view benefit both America and Israel. Therefore, Israel – in cooperation with American Jewry— has to work hard at maintaining and strengthening its special relationship with the United States, as it is essential for its relations with American Jewry, in addition to other critical considerations.

Moving to intra-Jewish considerations in the United States, generational changes are increasingly raising difficult issues. The new generation shares less and less the deep
emotional experiences of the Shoah, the establishment of Israel and its struggle for survival, which for them is “history” rather than a formative experience. Also, the scope of shared campaigns such as “Let My People Go” from the Soviet Union, has become more limited. And post-modern values attractive to many young Jews, compounded with a lack of understanding of Middle Eastern realities, can undermine support for Israel as a Jewish State, as well as its policies.

In Israel, the younger non-Orthodox generation regards itself increasingly as “Israeli” first and only secondarily as Jews. Many Israelis know all too little about American Jewry. And many Israeli policies, such as assigning secondary status to main American Jewish religious streams, harm relations. Also, some Israeli realities tarnish Israel’s image as a just and high-quality country, imperiling its standing among American Jews, especially in the younger generation.

If the quite radical differences between the subjective experiences and the objective realities of being a Jew in a Jewish State and being a Jew in the United States are added to the outlook, the unavoidable conclusion is that unless Israeli-U.S. Jewry relations are restructured on some novel foundations, their future may be bleak. However, a thriving future is possible as illustrated by the following realistic vision for the next 60 years:

- Israel recognizes the legitimacy of Jews living in the Diaspora and accepts them, and especially American Jewry, as full partners sharing responsibility for the future of the Jewish People as a whole.

- U.S. Jewish organizations and leaders are regularly consulted on major Israeli decisions that impact Jewry and the Jewish People as a whole, such as the future of Jerusalem.

- Israel does not “require” automatic support for all its actions as a duty of American Jewry and is instead open to frank discourse.

- Israel changes domestic policies which are anathema to large parts of American Jewry, such as non-recognition of main religious streams.

- Israeli public and leadership understand in-depth the main dynamics of American Jewry and tries to help in coping with pressing predicaments, such as large scale assimilation.

- American Jews better understand the realities facing Israel in the Middle East, with special attention to the younger generation so it is not carried away by anti-Israeli “new age” ideas.

- American Jewry increases its moral, political and material support for Israel, understanding that Israel cannot shoulder alone the continuous burdens and challenges of building (and defending) a Jewish State in the Middle East.

- U.S. Jewry and Israel cooperate in developing new patterns of “multiple residence,” as fitting globalization and partly in place of diminishing full Aliya, with an increasing number of Jews dividing their time between the U.S. and Israel, while respecting their citizen duties.

- U.S. Jewry and Israel engage in joint projects, such as designing core curricula on Judaism and the Jewish People to be shared by Jewish schools in both countries; cultivation and development of Jewish People leadership and a variety of “Tikkun Olam—Mend the World” projects.

Such a flourishing future relationship between Israel and American Jewry, within the special United States-Israel relationship, is definitely possible, and if it comes to fruition, will be of much benefit to all. But it is not assured. It does not stretch the imagination too much to construct a plausible nightmare scenario in which deteriorating Israel-American Jewry relations have dire consequences for both communities within a context of serious tensions arising between the United States and Israel.

Therefore, the 60 year anniversary of Israel is not only a time for celebrating the heroic achievements of the past, but also for working hard to assure continuing progress, prosperity and good will in the future – with the realistic and revitalized vision of Israel-American Jewry relations serving as one of the policy compasses for doing so.
What Israel Means to me

Final Reflections

Written by David A. Harris

I’m sure I am not alone in admitting that I still get goose bumps when I hear Israel’s national anthem, Ha’tikvah (The Hope).

The establishment of the state in 1948, the fulfillment of its envisioned role as home and haven for Jews from around the world, its wholehearted embrace of democracy and the rule of law and its impressive scientific, cultural, and economic achievements are accomplishments beyond my wildest imagination.

For centuries, Jews around the world prayed for a return to Zion. We are the lucky ones who have seen those prayers answered. I am ever so grateful to witness this most extraordinary period in Jewish history and sovereignty.

No other country has been subjected to such a constant challenge to its very right to exist, even though the age-old biblical, spiritual and physical connection between the Jewish people and the Land of Israel is unique in the annals of history.

No other country has faced such overwhelming odds against its very survival or experienced the same degree of never-ending international vilification by too many nations who slavishly follow the will of the energy-rich and more numerous Arab states, and, in doing so, throw integrity and morality to the wind.

Yet, throughout, Israelis have never succumbed to a fortress mentality, never abandoned their deep yearning for peace with their neighbors or willingness to take unprecedented risks to achieve that peace, never lost their zest for life and never flinched from their determination to build a vibrant, democratic state.

That the blue-and-white flag of an independent Israel could be planted on this land, to which the Jewish people had been intimately linked since the time of Abraham, just three years after the Second World War’s end – and with the support of a decisive majority of U.N. members at the time – truly boggles the mind.

And what’s more, that this tiny community of Jews, including survivors of the Holocaust who had somehow made their way to Palestine despite the British blockade, could successfully defend themselves against the onslaught of five Arab standing armies that launched their attack on Israel’s very first day of existence is almost beyond imagination.

I witnessed firsthand what Israeli embassies and consulates meant to Jews drawn by the pull of Zion or the push of hatred. I stood in the courtyard of the Israeli embassy in Moscow and saw thousands of Jews seeking a quick exit from a Soviet Union in the throes of cataclysmic change, fearful that the change might be in the direction of renewed chauvinism and anti-Semitism.

Awestruck, I watched as Israel never faltered, not even for a moment, in transporting Soviet Jews to the Jewish homeland, even as scud missiles launched from Iraq traumatized the nation in 1991. It says a lot about the conditions they were leaving behind that these Jews continued to board planes for Tel Aviv while missiles were exploding in Israeli population centers. In fact, on two occasions, I sat in sealed rooms with Soviet Jewish families who had just arrived in Israel during these missile attacks. Not once did any of them question their decision to establish new lives in the Jewish state. And equally, it says a lot about Israel that, amid all the pressing security concerns, it managed, without missing a beat, to continue to welcome these new immigrants.

In the mid-1980s, I saw firsthand Israel do what no Western, much less Arab, country had ever done before—bring out black Africans, in this case Ethiopian Jews, not in chains for exploitation, but in dignity for freedom. These Ethiopian Jews, numbering tens of thousands, had lived as Jews since the time of Solomon and Sheba and had yearned for a return to Zion ever since. In our lifetimes, their dreams came true, though the perilous journey out of Ethiopia cost the lives of thousands who fell victim to bandits, unforgiving terrain and hunger.
And how can I ever forget the surge of pride, Jewish pride, that completely enveloped me in July 1976 on hearing the astonishing news of Israel’s daring rescue of the 106 Jewish hostages held by Arab and German terrorists in Entebbe, Uganda, over 2,000 miles from Israel’s border? The unmistakable message: Jews in danger will never again be alone, without hope and totally dependent on others for their safety.

It gives me great pride that the American Jewish Committee was the first American Jewish organization to open a full-time office in Jerusalem, in 1961. Our Project Interchange program, started in 1982, has sent thousands of political, civic, ethnic and religious leaders from around the world on educational seminars in Israel, providing them with a firsthand look at the country.

There is the tricky and underappreciated issue of the potential clash between the messy realities of statehood and the ideals and faith of a people. It is one thing for a people to live their religion as a minority; it is quite another to exercise sovereignty as the majority population while remaining true to one’s ethical standards. Inevitably, tension will arise between a people’s spiritual or moral self-definition and the exigencies of statecraft, between our highest concepts of human nature and the daily realities of individuals in decision-making positions wielding power and balancing a variety of competing interests.

In just 60 years, Israel has built a thriving democracy, unique in the region, including a Supreme Court prepared, when it deems appropriate, to overrule the prime minister or the military establishment; a feisty parliament that includes every imaginable viewpoint along the political spectrum; a robust civil society and a vigorous press.

It has built an economy whose per capita GNP exceeds the combined total of its four contiguous sovereign neighbors – Egypt, Jordan, Lebanon and Syria.

It has built universities and research centers that have contributed to advancing the world’s frontiers of knowledge in countless ways, including several Nobel Prize winners.

It has built one of the world’s most powerful militaries – always under civilian control, I might add – to ensure its survival in a rough-and-tumble neighborhood. It has shown the world how a tiny nation can, by sheer ingenuity, will, courage and commitment, defend itself against those who would destroy it through conventional armies or armies of suicide bombers. And it has done all this while striving to adhere to a strict code of military conduct that has few rivals in the democratic world, much less elsewhere – in the face of an enemy prepared to send children to the front lines and seek cover in mosques, schools and hospitals.

It has built a quality of life that ranks it among the world’s healthiest nations and with an exceptionally high life expectancy.

It has built a thriving culture, whose musicians, writers and artists are admired far beyond Israel’s borders. In doing so, it has lovingly taken an ancient language, Hebrew, the language of the prophets, and modernized it to accommodate the vocabulary of the contemporary world.

It has built a climate of respect for other faith groups, including Baha’i, Christianity and Islam, and their places of worship. Can any other nation in the area make the same claim?

It has built an agricultural sector that has had much to teach developing nations about turning an arid soil into fields of fruits, vegetables, cotton and flowers.

Step back from the twists and turns of the daily information overload coming from the Middle East and consider the sweep of the last 60 years. Look at the light-years traveled since the darkness of the Holocaust and marvel at the miracle of a decimated people returning to a tiny sliver of land and successfully building a modern, vibrant state – against all the odds – on that ancient foundation.

In the final analysis, then, the story of Israel is the wondrous realization of a 3,500-year link among a land, a faith, a language, a people and a vision. It is an unparalleled story of tenacity and determination, of courage and renewal. And it is ultimately a metaphor for the triumph of enduring hope over the temptation of despair.

David A. Harris is Executive Director of the American Jewish Committee.

**WEB RESOURCES:**
American Jewish Committee: www.ajc.org
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First description of pulmonary hypertension.

First to describe condition of behavior change at the outset of menes (PMS, premenstrual syndrome).

First cystoscope for children.

First successful pulmonary lobectomy for supplicative disease.

First to perform pulmonary lobectomy for inflammatory disease.

The first safe method of storing blood.

Isolated Rickettsia prowazekii in the blood.

Discovered the cause of Epstein’s disease of kidney and developed therapy to treat it.

First pediatric service in a New York City general hospital.

First successful treatment of tumors of the bladder by transurethral electrocoagulation.

Discovered that human blood groups are inherited according to Mendel’s law.

The first textbook on thoracic surgery in the United States.

First published description of a brain tumor called “spongioblastoma.”

Performed the first gastrectomy for peptic ulcer in the United States.

First successful liver transplant in New York State.

The first to demonstrate how asbestos can cause cancerous changes in the DNA of cells.

Developed first cardiac stress test.

Developed ultrasound-guided technique to insert radioactive seeds into the prostate to treat prostate cancer.

First independent otology service in any New York hospital.

Discovered that in using insulin, physicians were treating only the symptoms of diabetes and not the cause.

First intratracheal insufflation of anesthesia in humans.

First description of Crohn’s disease.

Developed intensive short-term medical treatment of syphilis with arsenicals.

Developed the concept of sub-cellular pathology (the “organelle”).

First successful resection of a middle third esophageal carcinoma.

Developed uroselecan, an injectable compound that allows clear visualization of kidneys, ureters and bladders.

Identified a marker (fetal fibronectin) for preterm birth.

Identified glycine solution as best choice for bladder irrigation during transurethral resection (TUR).

Discovered evidence that an enzyme could inhibit acid secretion.

First to recognize eosinophilic granuloma of the bone.

Demonstrated that efficiency of IVF could be greatly increased if the sperm were assisted in reaching the surface of the egg.

First to describe postperfusion syndrome following open heart surgery.

Developed black blood MRI for diagnosing cardiovascular diseases.

The first blood bank in New York City.

Created an influenza vaccine, the first genetically engineered vaccine.

First to reverse the gene defect in Fabry’s disease.

The first use of platinum in the United States for the treatment of ovarian cancer.

First academic department of geriatrics.

Pioneered current treatments for Alzheimer’s disease.

First U.S. surgeon to successfully perform an abdominal colectomy for colitis.

First to classify transient circulatory disturbance of the brain known as transient global ischemia.

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