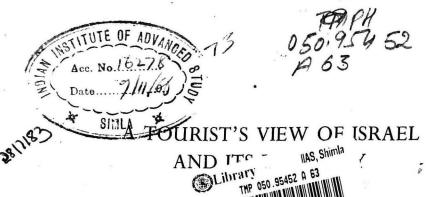


BY



(Address given to the

sptember 11, 1962)

HEN I visite time. We has preconceived ideas about what we were going to see, and our first impressions were therefore drawn from the ship in which we travelled from Cyprus. This was the Zim line ship Moledet, a well-appointed vessel built in Germany as part of the reparations due to Israel. She is a one-class ship; her passengers ranged from rich American Jewish tourists (who seemed to feel that they were coming to look at the land their money had helped to create) to refugee Moroccan Jewish immigrants arriving straight from a medieval standard of life, but

no distinctions were made as regards food or accommodation.

We came on board on a Saturday evening to find the bar closed and the Sabbath being kept. A programme of dancing and music had been arranged for the evening, however, and by the end of the Sabbath everybody was pretty friendly. When we reached Haifa early the next morning disembarkation was speedy and efficient despite our mixture of passengers. The first thing we saw on landing was a large notice bearing the words of Herzl: "If you will, it will not be a dream." This, to me, epitomizes the new Israel, for a new nation has been created and built up in a very short

space of time-a nation unlike any other I have ever seen.

My first surprise, although the day on board had to some extent prepared me for it, was to find that in Israel today Hebrew is the only language used in ordinary life, in business and education, though the mother tongues of the older people are many. Hebrew is not just a lingua franca—it is the only language in general use, and it symbolizes in a most striking way the unity of Israel's people.

I do not intend in this talk to deal with the immediate past, nor with the emotional problems which are a legacy of the past. Instead, I want to try to give a picture of Israel as it appears today and my own impressions of

the way things are moving there.

Without any doubt, Israel at the present time is a united nation, and the Israeli is a very different person, both physically and, I think, mentally, from the Jew of the Diaspora whom we know in Europe. The explanation may lie partly in the question of fear. Here is no longer an isolated minority living in fear of a dominant foreign majority; on the other hand, one of the main unifying influences in the country derives from fear in another form. Israel is still nominally at war with the states on all her frontiers and this prevents internal conflicts from being carried to

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It is sometimes said that a historic parallel can be drawn with the occupation of the country by the Franks at the time of the Crusades and that the Israeli State cannot last any longer than did the Crusader Kingdom. I doubt if this is true. At the time of the Crusades the intellectual and material standards of the Arab world were higher than those of the Franks. The Crusaders were not a nation but a mixture drawn from various neighbouring states, often pursuing divergent policies based not on the interests of the Kingdom but on those of their homelands. This is not the situation today. Israel can draw on the brains and to some extent on the capital of the Diaspora from all over the world. Unlike the Franks, her people are exclusive both by race and by religion and so have no desire to absorb other races into their nation.

Before talking about my impressions I must say a little about some of the more important Israeli institutions. The Jewish Agency is responsible for the training, the organization and transport to Israel of all immigrants, and bears the initial cost of their care in reception camps and their subsequent housing and integration into the country's economic fabric. It acts through two branches: the Palestine Foundation Fund, which is the financial arm and provides new settlers with equipment and working capital, and the Jewish National Fund, which holds land in perpetual trust and has transferred substantial sums to the Government in exchange for State lands transferred to them and is now the main Land Authority. This fund is

particularly interested in afforestation projects.

Then there is Histradut, which differs considerably from our T.U.C. in that it is one Trades Union only, and almost 90 per cent. of all workers are members of it. Bodies under its control include Trades Unions, collective and co-operative settlements, producers' and consumers' co-operatives, industrial and financial institutes, provident and pension funds, unemployment payments and vocational schools. They also have some control of sport. On the industrial side they control a publishing house and two daily newspapers, and are partners with the Government and the Jewish Agency in water supply, prospecting and the National Shipping and Air Line Company. Forty per cent. of their own members are employed in Histradut and its economic affiliates, and there are many industrial undertakings in which they co-operate with private industry.

In the sphere of agriculture the kibbutzim and the moshavim are preeminent. The kibbutzim date from the early days of Zionism, when the settlers felt a moral obligation to present themselves as farmers rather than as merchants; the early settlements were all of a communal type. Today the kibbutzim work the land, purchase household and personal supplies as well as agricultural machinery collectively, and market their produce in the same way. Housing in a kibbutz is individual for adults only; the care and the housing of children is collective. Apart from agricultural

work, many kibbutzim engage in industry.

Moshavim are communities of independent farmers owning their own homes and land, bought outright from the previous owner, or leasing Government land. They are free-enterprise settlements on the same lines as farm communities in the United States. Some of these rural villages have grown into small towns, but even if they have received the status of

municipalities their character has remained largely agricultural. The moshav is generally a family settlement, and housing and care of children is also a family matter, but the purchase of agricultural and factory equipment and the sale of produce is co-operative, as it needs must be where families have no capital of their own. The success of such settlements depends primarily on the personality of the Mayor and the good functioning of the schools and community centres.

Now for what I saw myself. In Haifa, which is the major industrial complex of Israel, we saw some of the plants and we visited the Technicon, which is one of the foremost technological institutes in the world. I

shall have more to say about this when I come to education.

From Haifa we went by car over the northern plains to Tiberias and saw much of the farming country and of the preparations being made for the pumping of water from the Sea of Galilee into the south. This journey, and the land we saw on our way from Tiberias to Tel Aviv, gave us some idea of the amount of water being used in irrigation and the amount of

reafforestation which had already been accomplished.

From Tel Aviv we made two long excursions by coach. The first was through the Negev Desert via Beersheba and through the wilderness of Sin, of Bible fame, to the new part of Eilath, where we spent a day. Of Eilath I shall have to speak more later, because of its economic importance. Of minor interest on this journey was the siting of a modern copper mine on the site of King Solomon's old mines, and the ruins of an old Nebatean fortified trading post at Avdat, in the middle of the desert. Here a fascinating agricultural experiment was taking place. An Israeli professor who had studied the means by which the Nebateans had produced food in desert conditions believed that by drawing off storm waters from some thirty acres, roughly one acre of cultivable land could be produced. Today, after three years of experiments, he has about twelve acres under cultivation, growing everything from palms to lettuces.

Our second excursion was to Sdom on the Dead Sea. Again we went via Beersheba. The great interest of this trip was the Dead Sea Potash Works and the way it was run. The workmen all lived in the town of Dimona, some twenty-five miles away on the hills above. We saw the shift change over, and some twenty lorries full of singing workmen going back from the heat to the comparative cool of the Company town. From Sdom we went back to Tel Aviv and thence to new Jerusalem. Apart from the University, the Medical School buildings and the modern town, the two most impressive modern architectural achievements here are the memorial to those who fell in the War of Liberation—a most beautiful and impressive garden—and the memorial to those who died in Europe, which

is the more moving.

Israel covers an area of just over 8,000 square miles, the Negev Desert to the south occupying rather more than half the total territory. The cultivable area is about the size of the Lebanon. Her total population has risen from 1,600,000 in 1952 to 2,230,000 today, and new immigrants are entering the country at the rate of about 70,000 a year. Of the total population figure the Jews account for about ninety per cent.; the remaining percentages are much the same as they were ten years ago (Moslems 73%),

Christians 2½% and Druzes 1%). Of the Jewish population the percentage of the native-born has risen from seventeen to thirty-seven, but that of immigrants has fallen from eighty-three to sixty-three per cent. Despite the recent flow of North African immigrants, of this latter figure thirty-five per cent. comes from Europe and North America, sixteen per cent. from Asia and twelve per cent. from Africa. The distribution of population, too, has altered greatly in the last twelve years. Although the proportion living in the countryside has remained stationary at about one-quarter, the proportion living in the three main towns (Jerusalem, Tel Aviv and Haifa) has fallen from a half to one-third; the balance now lives in the

new towns, including those in the Negev.

The skilled immigrant has no problem about integration, for he usually has contacts, or a job to go to. The unskilled immigrant is dealt with in one of two ways: he may join one of the moshav settlements, where he may either work on the land or in a new factory, or he may go straight to a flat in one of the new towns. Here he will find living quarters already furnished for him and supplies of food for at least a week, with the prospect of a good skilled or unskilled job according to his abilities, and he is greeted and looked after initially by the local population. It is at this stage that the use of Hebrew as the everyday language helps integration. The Government, the local authorities, the Jewish Agency and Histradut organize courses in a simplified form of the language. There is a concentrated six-months' residential course; non-residents must put in four hours of study per day, the rest of their time going to their ordinary work.

Of the land in Israel, nine-tenths is owned either by the Government or by the Jewish National Fund, and is let on 49-year leases. Israel's agricultural policy is directed towards the growing of food to replace imports, and to the earning of foreign exchange by exports. In 1962 there were one million acres of agricultural land, of which 350,000 were under irrigation. The country is now self-supporting in everything except cereals—which owing to climatic conditions it is cheaper to import than to grow—and fats. In addition, cash crops for processing by industry are being developed. The value of agricultural exports is about 63 million dollars as compared with 184 million dollars from industrial products. In the last ten years the number of tractors in use has risen from under 700 to over 5,000, and the consumption of fertilizer from 97,000 tons to well over

Israel's major agricultural problem is lack of water. Though much is being done, no major extension of the area under agricultural production seems likely in the near future. The land is not worked by individual tenant farmers but by communal and co-operative, or semi-co-operative groups, of which the kibbutzim are the most important, as they control about one-third of the available cultivated land. It is sometimes suggested that Israeli agriculture is subsidized by the cheap labour of the kibbutzim, but this is no longer true, for the members' standard of living is rising rapidly.

About another third of the land is worked by the moshavim. Settlements of a special type are growing up near towns in the development

areas; these group immigrants according to their country of origin. The aim is to allow full play to old customs and associations while at the same time integrating such settlements into the new towns, and thus into the Israeli community, through communal city centres, shopping centres and schools.

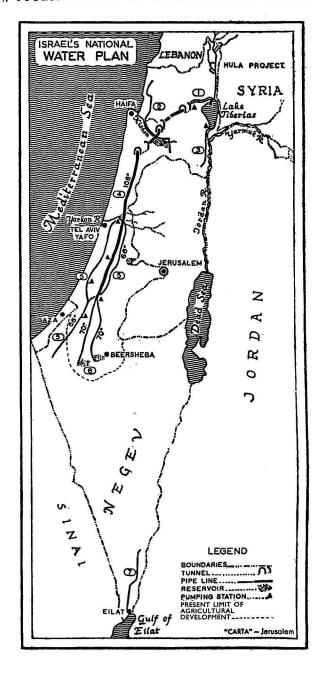
If water were available the area under cultivation could be increased by 250,000 acres, and the area under irrigation by a further 150,000 acres. Water supplies are already strained, and in some areas there is salt water penetration, actual or potential, owing to the fall in the underground water level. There is too much rainfall in the north in winter and the surplus must be stored if the south is to be adequately supplied. There appears to be no intention of developing agriculture at present beyond a line from the southern end of the Gaza strip, east of Beersheba to Kiryat Gat. Waterworks already in existence are: in the north a pipeline from Lake Tiberias to the Jordan valley settlements to replace the Yarmuk water now being used by Jordan, while in the south the Yarkon river (i.e. water from the Tel Aviv area and north of that point) is piped to the Northern Negev.

The present plan is to make use of Lake Tiberias both for storage and supplies. The pumping station at the north end of the lake has been built, but no pumps have yet been installed. The tunnel in Galilee (3½ miles) has been completed, as has that under Mount Carmel (4 miles); and the boosting stations are in being. The major part of the canals and pipelines are also built, and the whole scheme should be in operation by 1965. There is a risk that as a result of the diversion of the Yarmuk the water at the southern end of Lake Tiberias may become too salty, with adverse effects on the Jordanian farming settlements on the lower Jordan. The Israelis say, however, that Jordan could meet this by an extension of its

own pipeline from the Yarmuk.

Official estimates show a possible one billion 800,000 cubic metres as total water production. Of this quantity, one billion 300,000 c.m. are needed for irrigation and 400,000 for industry, while 100,000 c.m. must be held in reserve; subsidiary sources are being developed locally for the replenishment of sub-soil water and for making use of industrial waste water and sewage. New pilot plans for turning sea water into fresh water under the Zarchin patents are being tried out jointly by the Israel Government and the American firm of Fairbanks. No figures are available, but I have the impression that the best that can be hoped for is a 50 per cent. cut in production costs as compared with those of the most modern plant at Kuwait. Even if the most optimistic hopes are realized the use of such plants affects drinking water supplies only, and not irrigation.

The other important problem which affects agriculture both directly and indirectly, and also the location of industry, is that of afforestation. Under an agreement signed in 1960 the Jewish National Fund is Israel's chief agent in soil reclamation, drainage and afforestation. Up to 1948, 7,500 acres had been reafforested. Since that date 55,000 acres have been planted, and over the next five years it is proposed to plant a further 45,000 acres: 60 per cent. for production and 40 per cent. for reclamation. This is only a small proportion of the area to be reafforested in due course.



The main forests are conifer, with a 50-year rotation. These trees, with eucalyptus, which has a 7-10 year rotation, are planted in the Mediterranean areas. One type of eucalyptus was used for swamp drainage, but new techniques have made this no longer necessary and this type is now grown for its commercial value. Another type grows well in the dry conditions of the western half of the Negev and is used to line roads and also as wind breaks. Acacia and tamarisk have been planted over some 2,500 acres of sand dunes.

Forestry is of importance apart from the effect on water conservation because Israel is a considerable user of wood, and at the moment depends

heavily upon imports.

Apart from self-sufficiency in food, Israel's economic viability depends on her industry. The total value of her industrial exports last year was 184 million dollars. Her total exports covered only half her import bill. Industry for export is still on a small scale. The most important export earnings at present are from diamond polishing (\$71 million), processed foods (\$15.9) and clothing, but others are also important: car assembly for export, pharmaceuticals, plywood, tyres, cement, tools and light agricultural machinery. Private industry employs about three quarters of the labour force and in 1956 (the latest figures I have) was responsible for some ninety per cent. of all industrial production.

Industrial policy is flexible. What Israel needs, and what she is already getting, is foreign capital where the investing firm, whether Jewish or Gentile, knows its market and the area to which an Israeli factory can sell, and can supply the requisite "know-how." The home market is and must always be a small one, but the Israelis have considerable reserves of

technical skill which may offset this, as has happened in Holland.

Building and contracting is doing extremely well, as are those industries which provide all types of housing materials from cement to sanitary fittings. The contracting industry is operating abroad both in Asia and Africa, and its overseas activities may well expand. The location of industry in the development areas is being encouraged by substantial concessions in taxation, granted not only to industry but to employees and those living in the development areas. In addition to all this, increased exploration of the mineral reserves of the Negev is being undertaken. The principal products to be exploited are: in the Dead Sea area potash, bromide, salt and manganite (it is estimated that potash production will reach 600,000 tons by 1965-66; the expansion scheme will cost £21 million); in the Oron area phosphate production, scheduled for half a million tons annually from 1963 (production is of high-grade rock phosphate); in the Mizper Ramon area, flint clay and other quarry products; near Eilath, at King Solomon's mines, a change-over from cement copper to electrolitic.

The total capital expenditure envisaged for all these schemes is very great: I was given an estimate of £550 million over the next five years. Forty per cent. of this will be for communications, housing and port construction, but if, as has been suggested, some twenty per cent. of the total is to be found from internal savings, it does indeed seem excessive.

Of the long-term projects the most interesting are those of Oron and the

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Dead Sea. Both are cheap producers and have been further helped by the discovery of natural gas in fair quantity just north-west of Sdom, but both produce only basic chemicals, the export outlets for which are comparatively limited. Even so it has been suggested, perhaps optimistically, that the present output from Sdom, valued at £1.6 million, could rise to £5 million in five years. This hoped-for development, which is supported by a World Bank and a U.S. Commercial Bank Loan, would help the balance of payments considerably. The market for potash and phosphates is not unlimited and new sources may well be found in other areas, particularly in N. Africa and Egypt.

As for pharmaceuticals, Israel already has a small pharmaceutical industry which is a success and it seems to me that on the Oron and Dead Sea complex she could well establish her own chemical industry on a sound basis. Working from these sources and using the output of the Haifa Oil Refinery, which has a capacity to deal with 5 million tons of crude oil annually (it is being connected with Eilath by a 16-inch pipeline), she might develop a fine chemical industry of importance. She already possesses the right personnel and the necessary technical skills. I heard nothing of this idea when I was in Israel, but technical people with whom I have since talked in this country seem to think it a logical development. It would be far more profitable from the balance of payments point of view than the exportation of raw materials in simpler form.

Turning to the Negev, as I mentioned earlier, plans do not envisage agricultural development beyond the line from the south of the Gaza Strip through Beersheba to the south-west end of the Jordan border. But the whole area is important for communications and raw materials. Beersheba is a nodal point of road communication, and the southern railway terminus. In 1948 it had only 5,000 inhabitants; in 1956 there were 30,000, and when I visited it last year it had 50,000 inhabitants, many industries, a large civic centre and a number of cinemas. Television aerials were to

be seen everywhere.

From Beersheba a first-class metalled road leads to Sdom, passing through the growing suburb of Nevatim and further east through the town of Dimona, which three years ago had only 800 inhabitants and now has 12,000 and expects to have 50,000 by 1970. Dimona is mainly a Company town. It is connected by a good road to the Oron phosphate mines, many of whose workers also live in Dimona. The new town of Arad is also being connected with Sdom by a first-class road which passes through the new natural gas field, and later it will presumably have shorter and more direct first-class road communications with Beersheba. Arad exists at present only as a planned town, but the first 150 families moved in last autumn, and as the Dead Sea Works are extended so the town will grow. A second main road goes south from Beersheba to Eilath, passing through the wilderness of Sin and Mizpeh Ramon. This is a first-class road, built by the Army at the time of the Egyptian War, and represents a most difficult engineering feat where it enters and leaves the Hanagev depression. I understand that the old road from Sdom to Eilath, which runs close to the Jordan border, is now being rebuilt and will also soon rank as a firstclass road. This will be used for sending Dead Sea production to Eilath,

but it does not fully solve the transportation problem. However good the lorry service may be, it is impossible to move sufficient to load a ship of, say, 10,000 tons, in two or three days—a pace of loading which is often necessary for commercial reasons. In the case of salt in particular the only practical solution seems to be a railway, but the military hazards of such

a route are obvious from the map.

Israel is planning the development of a new port at Ashdod on the Mediterranean. The long-term plan is for a population of 250,000. The first stage of the harbour work envisages 60,000 tons by 1964, mainly for citrus products, and the latest scheme postulates two link roads between the Beersheba—Kyrat Gat—Tel Aviv road and a branch railway line in the same area. The other important industrial and population complex in the northern Negev is based on the old biblical cities of Lachish and Gath, which with Ashkelon form the traditional block at the southern end of the great coast road.

I want now to say a word about education. Of the total Jewish population in Israel today approximately 350,000 are new immigrants from Asia and Africa. There is a problem, therefore, not only of giving elementary instruction to parents but of integrating the children into the normal school curriculum, for the majority of children who attend elementary and secondary schools come from homes where the parents have a totally different cultural background. These children are generally intellectually more advanced than those of new immigrants, and this situation is already beginning to cause strain. Another difficulty arises in connection with the kibbutzim. The earliest Jewish settlers, who were drawn from Eastern Europe, had the outlook of the typical Russian intellectual of that day, an outlook intellectually Socialist but with a mystique about the virtue of working on the land; they were probably more nationalist than religious. None of this background is shared by the new arrivals, nor by some of the younger generation, who feel that to enter a kibbutz is to enter a monastic life and to surrender individuality and service to the state. Yet the kibbutzim, which are in frontier areas, have a task to perform if only for strategic reasons.

These seem to be some of the problems elementary and secondary education must deal with. The majority of the schools are co-educational. Elementary schooling is for eight years, with a further four years in secondary schools. Students in the latter pay fees, but many receive sub-

sidies from various sources.

Higher education is satisfactory; in fact there is a surplus of first-class educated brains, forming a potential export of great value both from the Israeli point of view and that of the underdeveloped countries to which they may go—in particular to the new States in Africa. Of higher educational establishments there are two universities, the Hebrew University in Jerusalem and the new University at Tel Aviv. Because the site of Mount Scopus is no longer available the new Hebrew University and Medical School have been built to the south of Jerusalem. There are at present 5,250 undergraduates, of whom 2,000 are working on the humanities, 1,000 on science, and about 700 on social services and medicine respectively. Of the undergraduates, 100 are Israeli Arab and 200 foreigners. Near

Tel Aviv the Weizmann Institute engages in fundamental and in some cases applied research; it has a staff of 800 and deals with problems of applied mathematics, nuclear physics, genetics and plant genetics among other subjects. In applied research they have carried out a geophysical survey of Israel and have worked on the siting of deep water horizons and on atomic energy plants. In Haifa there is the Technicon, where the main subjects taught are architecture, mechanics, applied chemistry and aeronautics; it also has schools for various handicrafts. It has a teaching staff of 500, with 5,000 graduates, 900 technical high school students and 500 extension course students. The Technicon has supplied most of the architects and engineers now working in Israel, and the tuition it gives is not for Israelis only but is open to students from abroad and is of particular value for those from undeveloped countries, who can study the methods by which Israel has herself developed.

Before concluding this talk I would like to mention briefly one or two other points. The Civil Service, for instance. Since Israel's major economic policy appears to be both fluid and well thought out, this must mean that the Civil Service functions well. My own impression was that the Israeli Civil Service resembles the City of London in some ways: everyone knows everyone else, and I imagine that if anyone made a mistake his career would be finished. The Civil Service is still mainly Askenazi, however, and comes mainly from families which have long been domiciled in Israel. One wonders how new members will be recruited, and what

strains the service will have to undergo in the future.

Another institution I have not yet mentioned is the Army. The little I saw of it gave me an impression of efficiency. There is no doubt that this, too, is a unifying influence in national life, and one that extends beyond the Army itself, for many of the leading figures in industry are ex-officers. I could not in this talk attempt to disentangle the various institutions that have power in Israel today, but certainly the Government, the Civil Service, the Army, the Jewish Agency and its various parts, Histradut, the kibbutzim and the educational authorities all seem to work

together, and successfully, on an empirical basis.

And now to sum up. Israel is an established State. She has shown what can be done to turn a medieval land into a modern economy, given an intelligent and virile population and adequate capital. There are many lessons which undeveloped countries can learn from her, even if they have not all her advantages, and she provides not a few lessons for developed countries too. Nevertheless, she is still living by Herzl's dream, and for this to become reality some hard facts have to be faced. Her balance of payments position looks dangerous and German reparations are over, yet her future capital expenditure is estimated at £550 million spread over the next five years and must be kept at this level if the economy is to become viable. She can, however, call on the Diaspora as a lender in the last resort. She is in addition faced with many problems arising from immigration, from the philosophy of her older settlers, from religious stresses and from the fact that her present Prime Minister is not immortal. The fact that she is in a state of war with her Arab neighbours has some advantages for her and some drawbacks for them, but it is a position which

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is unlikely to change in the immediate future, and her industry and her diplomacy must therefore to some degree be orientated artificially. This, however, may be to her advantage in the long run as the African Continent south of the Sahara develops; it has, in any case, a stimulating effect on her thoughts and policies.



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