

the advantage of being aided financially, directly or indirectly, from abroad. Above all, Zionist policies played into the hands of the Mufti and his fellow-feudalists, who wanted co-operation with the Jews on their own terms: domination of Jews by Arabs and domination of both by the effendis. This clique exploited the misery of the Arab masses and the frustration of their national hopes to turn them against the Jews.

The wonder is that despite chauvinist incitement on both sides and British divide-and-rule machinations, and despite the wide disparity in living standards and culture, average Jews and Arabs lived so much of the time as good neighbors. Joint strikes by Jewish and Arab workers and joint marketing of crops by Jewish and Arab citrus growers showed that the capitalist development of the country, while intensifying divisive nationalist trends, was also setting in motion counter-trends and breaking down artificial economic barriers. There were also such instances of solidarity as that displayed by the Arab lightermen of Jaffa who, on the outbreak of the Arab struggle in April 1936, evacuated a large part of the Jewish population of Jaffa by sea to Tel Aviv and thereby saved many lives.

Among both peoples too there were those who, though a minority, genuinely worked to develop positive relations of co-operation and friendship. Most consistent in pursuing this aim were the Jewish and Arab Communists. But within the Zionist movement and among the Arab nationalists there also arose minority trends in this direction. Among the Zionists these were chiefly represented by Hashomer Hatsair, a Left labor Zionist party (now part of the United Workers Party, known as Mapam), and by various organizations of intellectuals. The most prominent of the latter in recent years was Ichud (Unity), headed by the late Dr. J. L. Magnes, president of the Hebrew University at Jerusalem. Both Hashomer Hatsair and Ichud favored a bi-national state.

Unfortunately, these efforts could not overcome the mischief done by nearly thirty years of British rule and by Zionist and Arab chauvinism. In an effort to free Palestine the United Nations found it necessary to cut it in two, while providing for an economic coupling that could become a bridge to future unity. But the price of freedom proved to be even higher.

VI. Economic Fact and Fancy

What kind of country is it that has roused the passions of so many in other lands and become a bone of contention in world politics? The mental image of a typical Palestinian Jew which most Americans carry with them is that of a smiling, sun-tanned man or woman working in the fields. This is the chaluts, the pioneer who has dedicated himself or herself to labor on the land, wresting bounty out of barrenness—part of the living legend of Palestine. But the fact is that these tillers of the soil form only a small percentage of the population. Palestine as a whole is an agricultural country, but Israel is not. Farming occupies a larger place in Israel's economy than it does among the Jewish population of other countries, but it is overshadowed by both industry and trade. Here is the occupational breakdown of the gainfully employed Jews (including owners) for 1947 in round figures:¹

<i>Occupation</i>	<i>Per cent</i>
Agriculture	12
Manufacturing	25
Building and Construction	6
Transportation and Communications	7
Commerce and Trade	15
Professional	14
Services	7
Miscellaneous	14

This occupational distribution in 1947 approximated that of the population in the United States and Britain.

The most important thing to note about Israel's economic setup is that it is capitalist. That is, private individuals or corporations

own and operate the overwhelming majority of the factories, banks, and commercial establishments and exploit the natural resources. The co-operatives fit into the general framework of this profit system. It is the capitalist character of Israel and the absence of any feudal heritage that chiefly distinguish its economy from that of Arab Palestine and the rest of the Middle East.

Capitalism in a modern sense begins in Jewish Palestine with the agricultural colonies of the 'eighties and 'nineties, most of which were founded or taken over by the multi-millionaire French Jew, Baron Edmond de Rothschild. In other words, the capitalist system got its start largely on a philanthropic basis. The colonies were of the plantation type and used a good deal of wage-labor—the cheap Arab kind. At the Baron's direction and under the supervision of his agents they concentrated on grape cultivation. But when Lord Bountiful withdrew his subsidies in 1899, the colonies were thrown into acute crisis and many of the vines had to be uprooted.

Whatever may be said for this type of farming as a business enterprise, the attempt to establish a capitalist plantation system proved from the standpoint of Zionist political aims an unmitigated failure. Concentration on a single crop (monoculture) meant increased dependence on the fluctuations of the market, with all the instability that this implies. It meant production largely for export rather than the development of a balanced agriculture that could supply the home market and nourish nationhood. Profit considerations prevented the settling of those extensive parts of the country which required irrigation and other measures of soil improvement. The dictates of profit also resulted in discrimination against the more highly paid Jewish workers. (The Jewish labor movement, as we have seen, countered this by discriminating against Arab workers.) Moreover, this type of agriculture tended to produce a parasitic planter class lacking deep ties with the country. Even today many of the Jewish orange groves have absentee owners living abroad.

Nor could the small independent farmer, characteristic of other capitalist countries, be easily transplanted to Palestine. The cost of that kind of farming was prohibitive on the tough soil of Palestine. And the small farmer, forced to bend all his energies toward providing a livelihood for himself and his family, was hardly more

adaptable to the political objectives of Zionism than the plantation owner. Under Palestinian conditions the development of an agriculture that could become the cornerstone of nationhood therefore had to be undertaken with public rather than private funds. And it had to evolve new forms to meet new problems. The first experiments in co-operative farming began in 1908. From the outset these settlements shunned monoculture and devoted themselves to mixed farming. And it was the expansion of co-operative agriculture after World War I that created conditions which also made it possible to establish individual small farms on a non-co-operative basis. These have, however, played a subordinate role in Jewish Palestine. At the end of September, 1946, three-fourths of all Jewish arable land was owned by public bodies.²

The growth of agricultural production is here illustrated.³

*Value of Jewish farm production (excluding citrus)
in prices of 1937^a*

1936-37 ^b	£1,513,900
1943-44	3,100,500
1944-45	3,497,900
1945-46	4,028,000
1946-47	4,654,680
1947-48	4,795,700

^aUnless otherwise stated, all money values in pounds refer to the Palestine pound and after August 17, 1948, to the Israel pound. As of December 31, 1948, the official rate of exchange for the Israel pound was \$4.0275, the same as for the pound sterling. However, for certain approved purposes, among them trade with dollar countries, the government of Israel granted an exchange rate of \$3 to the pound. This was for all practical purposes the effective rate. With the devaluation of the British pound on September 18, 1949, both the official and effective rates of the Israel pound were reduced to \$2.80.

^bThe date in each case covers the period from October 1 of one year to September 30 of the next.

Thus, in the decade from 1936-37 to 1946-47 the value of farm production excluding citrus more than tripled. In the same period the Jewish population increased about 55 per cent. Nevertheless, Jewish Palestine has not been self-sufficient in food, and Israel is far from self-sufficient today. At the time of the U.N. partition decision

only about half the food of the Jewish urban population was supplied by Jewish agriculture; a small proportion came from Palestine Arab farms, and the rest had to be imported.

A major branch of agriculture is the cultivation of oranges and other citrus fruits, which developed on a large commercial scale after World War I. This was the one sector of the entire economy in which Jewish and Arab capitalists developed some measure of co-operation, by jointly marketing their crops. Citrus fruits have been (except during World War II) Palestine's most important export; in the five years before the war they represented 77 per cent of the value of all exports.⁴ After a partial recovery from the war-time crisis, citrus suffered again, together with agriculture as a whole, during the Yishuv's war of liberation.

THE GROWTH OF INDUSTRY

Lord Bountiful in the person of Baron Edmund de Rothschild may also be considered the founder of Jewish industry in Palestine. This was largely in the nature of an auxiliary to the Baron's agricultural interests. Thus he built huge wine cellars at Rishon le-Zion and Zichron Yakov, established a silk mill in Galilee, and factories for the production of raisins and spices. At Tantura, the Arab seacoast town near Zichron Yakov, there may still be seen the abandoned hulk of the glass factory he built. However, genuine industrialization moved so slowly that at the end of World War I most of Palestine manufactures, Jewish and Arab, still consisted of handicrafts and employed only about 10,000 persons, of whom over one-third were self-employed or unpaid family workers.⁵

Modern industrial development began in the twenties, but did not take on momentum till the influx of refugees in the following decade. During World War II, when Palestine became a supply center for Allied forces in the Middle East, and many sources of imports were cut off, industry expanded greatly. But this industrialization has not equally embraced Palestine's two peoples. "Today," wrote the authors of *Palestine: Problem and Promise* in 1946, "perhaps five-sixths of the gainfully occupied in manufactures work in Jewish enterprises, and these enterprises account for a somewhat larger fraction of the total net value of manufacturing output."⁶

In considering Israel's industrial development one must bear

in mind that everything is on a much smaller scale than in most countries. For example, in all its manufacturing establishments combined there were in 1949 fewer workers than in the Ford River Rouge plant. The following figures trace the growth of Jewish industry (excluding handicrafts⁷):

	1930	1937	1942	1946	1948
Establishments	624	1,556	2,120	2,445	3,350
Gainfully employed (workers and employers)	7,582	21,964	45,049 ^a	49,960	35,000 ^b
Gross value of annual output (in £,000)	2,080	7,892	36,287 ^c	43,250	75,000 ^d
Capital (in £,000)	2,095	11,064	20,523	°	°

^aAs of 1943.

^bApproximate. Does not include employers.

^cThis figure and those for 1946 and 1948 reflect the inflationary rise in prices. In pre-war prices the 1942 figure would be about £16,000,000.

^dApproximate.

^eNo figures available.

Israel's industry is predominantly a consumers' goods industry, producing chiefly for the home market. In 1946 the largest industry, both from the standpoint of numbers employed and the value of its products, was the textile and clothing industry. Enterprises are small—in 1942 only 3.7 per cent of all industrial establishments (excluding handicrafts) employed 100 or more workers. Another 3.8 per cent employed from 50 to 99 workers.⁸ In the same year nearly half of all manufacturing establishments were owned by individuals, and only about 17 per cent by corporations, which combine the capital of many individuals.⁹ (The rest were owned by partnerships or co-operatives.) In the United States in 1939 51.7 per cent of all manufacturing firms were owned by corporations.¹⁰

During World War II and the postwar period the manufacture of producers' goods—industrial and agricultural machinery, machine tools, etc.—was stepped up considerably and the character of Jewish industry was modified in other respects. In Israel's liberation war a light armaments industry was established which played an important role in partly countering the effects of the American and

United Nations embargoes. But despite these advances, light industry still predominates—food, textile and clothing, leather, light metal, chemicals, diamond cutting and polishing. Production continues to be based on small or medium-sized enterprises, with handicrafts and home industries still playing a considerable part. And the typical Israeli manufacturer continues to be by American or even Western European standards a small business man.

Though Israel is the most industrialized country in the Middle East, it is a long way from having the quantity and quality of industrial development necessary to safeguard its independence, absorb a large immigration, and promote its people's welfare. An industrially retarded country must under capitalist conditions inevitably become a colony, regardless of whether it enjoys formal political independence. It is a truism that all imperialist countries, despite ballyhoo to the contrary, seek to prevent the industrialization of the colonies and semi-colonies except to such limited degree as suits their own purposes. The struggle for national independence is therefore inseparable from the struggle for industrialization. In Israel's case industrial development is essential for another reason: it can provide the largest number of jobs for immigrants.

But industrialization means, above all, heavy industry, especially machine-building. There is a prevalent notion that because Israel is poor in raw materials, it is incapable of developing its own heavy industry and must always meet the greater part of its machinery requirements through imports. The beginnings Israel has already made in steel and machinery manufacture indicate, however, that with proper policies and controls, a heavy industry can be built to supply the home market and the Middle East.

Nor is the problem merely lack of capital and skilled manpower. What Israel needs is not only capital and technique, but, above all, *policy*. It needs a program in internal and external affairs that will rescue it from the maelstrom into which reactionary foreign interests are dragging it—a program that will develop all its economic potentialities for abundance and freedom.

LABOR ENTERPRISE

No discussion of Israel's economy can omit that important sector which is operated by the trade union movement. Much non-

sense has been written about this sector. It has been called the beginnings of a "labor commonwealth," which it is not. Undoubtedly it has many unique features. Trade unions in other capitalist countries also sometimes engage in business, but never on so extensive a scale. A wide variety of enterprises in industry, agriculture, trade, transport, building construction, and finance are either owned by the Histadrut or one of its subsidiaries, or are organized as co-operatives affiliated to the labor federation.

The Histadrut has been called the biggest capitalist in Palestine. This is undoubtedly true, though its enterprises are not privately owned, nor are the profits pocketed by individual investors. Gerhard Muenzner, the leading authority on the economic institutions of the Histadrut, has estimated their total investments in 1947 at £20,000,000, of which £12,000,000 were in agriculture.¹¹ This was nearly 10 per cent of the total Jewish capital, public and private, imported into Palestine since 1917. We can get a conception of the magnitude of the Histadrut's holdings if we translate them into an American equivalent. In proportion to population they would have represented in 1947 an investment in the United States of \$18,000,000,000—about equal to the total domestic investment of the American oil industry!

The reader should, however, be warned against the temptation to exaggerate the Histadrut's weight in the country's economic life. In his recent book on Israel, Arthur Koestler writes: "More than half of Israel's industrial enterprises are owned and run on a co-operative basis by the trade unions."¹² This is nonsense. Neither the Histadrut nor any other responsible agency or official has made such a claim. Whether in terms of the number of enterprises owned or of the value of production, the trade unions are a minor factor in industry. According to the American section of the Jewish Agency, "about 80 per cent to 90 per cent of Israel industry is owned and operated by private individuals and corporations. . . ."¹³

The Histadrut's main strength is in mixed farming, where in 1943 it represented 70 per cent of the total value of production; road transport (70 per cent), and building (66 per cent). In industry its share in the value of output in 1943 was only 10 per cent to 12 per cent.¹⁴

How did a trade union federation happen to get into business

in such a big way? The answer lies in the specific conditions of Palestine and in the fact that the Histadrut is primarily a Zionist nationalist institution and only secondarily a labor organization. "*Histadrut's main task*," writes Muenzner, "*is the realization of Zionism*. Histadrut identifies itself with the primary elements in Zionist work: immigration and settlement. The whole economic, trade union and cultural edifice of labor is built on these two pillars of its ideology."¹⁵ (Emphasis in original.—A.B.M.)

The settlement of immigrants required the building of houses and roads. Since private capital proved inadequate for this task or found it too unprofitable, the Histadrut had to undertake it on its own, largely with funds provided by its members. This was how Solel Boneh, today the largest construction company in the Middle East, was started. There followed various enterprises to manufacture building materials and to operate in related fields. In some instances, these enterprises are owned in partnership with private capital.

Co-operative farm settlements affiliated to the Histadrut also required co-operative marketing and purchasing. Hence arose Tnuva, which in recent years has marketed about 70 per cent of the total Jewish agricultural production excluding citrus, and Hamashbir Hamerkazi, the central purchasing co-operative, which is the largest trading firm in Israel. And out of the needs of immigration and settlement there also developed co-operative banking, credit societies, mortgage companies, insurance firms, etc. Various independent co-operatives also affiliated to the Histadrut. Thus the country's entire bus transportation system, which is the chief means of travel, is in the hands of Histadrut affiliates.

This vast network of economic institutions is operated by a holding company called the General Co-operative Association of Jewish Labor in Israel (Chevrat Ovdim). Every Histadrut member is automatically a member of this co-operative association, and its directing bodies are identical with those of the Histadrut.¹⁶

It cannot be said, however, that these Histadrut enterprises have led the way in establishing model wage standards and other working conditions. Since the policy-makers of the labor federation have been primarily concerned with achieving bourgeois nationalist aims in partnership with capitalist elements, they have often been only

too ready to sacrifice the interests of the workers in both the co-operative and private enterprises. Thus Histadrut companies have at times led the way in a negative sense—in fixing low wage-scales that have become standard for entire industries.

IS IT SOCIALISM?

The scope of Israel's labor enterprise inevitably raises the question of its social meaning. In the literature on Palestine one reads much about "socialist farms," and in Israel itself such talk is commonplace. A Histadrut publication tells us that "The new generation born on these settlements does not know the meaning of exploitation or of private property."¹⁷ And the purpose of Chevrat Ovdim, "is to unite all the workers of Israel on a co-operative basis and thus create a free, self-supporting workers' society."¹⁸ The Foreign Minister of Israel, Moshe Sharett, one of the leaders of the Labor Party, has added a new wrinkle by citing "Israel's demonstration of the coexistence within its national framework of divergent economic systems," and urging that this serve as a model for the peaceful coexistence of socialist Russia and capitalist America.¹⁹

Do these co-operatives actually constitute a different system from the privately owned enterprises? What about the "socialism" of Israel's co-operatives farms? These are of three main types:

1. The moshav consists of individual farms of uniform size, generally on land owned by the Jewish National Fund, with co-operative marketing and purchasing.

2. The moshav ovdim is similar to the moshav except that hired labor is banned and the principle of co-operation is extended to include credit, the ownership of large equipment and to some extent cultivation of the land.

3. The kibbutz is a communal farm in which there are no individual holdings and all production and related activities are co-operative. The individual household is also abolished and is replaced by the communal household embracing the entire farm.

The moshav and moshav ovdim consist of small individual farmers in varying stages of co-operation. The kibbutz, on the other hand, is a co-operative of agricultural workers in which communal principles govern most activities. In recent years a fourth form has appeared, the moshav shitufi or meshek shitufi. This is a cross

between the kibbutz and the moshav ovdim, the major portion of the land being farmed co-operatively, but each member having his own house and a small plot of ground.

Most of these co-operatives except those in the moshav group are affiliated to the Histadrut. In 1946 5.2 per cent of the total Jewish population lived in moshavim and moshvei ovdim, and 6.2 per cent in kibbutsim. Another 13.3 per cent lived in villages of individual farms such as exist in other capitalist countries.²⁰ This kind of village is known as a moshava (plural, moshavot). However, the combined area of the co-operative farms was greater than that of the non-co-operative, and the number of those actually engaged in agriculture was also substantially greater in the former.

While the co-operatives of Israel have certain distinctive features, in principle they are not different from those in other countries. Co-operatives originated in England during the rise of industrial capitalism at the end of the eighteenth and beginning of the nineteenth centuries. They represented an effort on the part of workers or small producers to combat high prices and the domination of the market by private capital. It was inevitable that their practical value in adding to consumers' real income should have made them a fertile field for reformist illusions that the evils of capitalism could be eliminated without eliminating the system. It was likewise inevitable that since they provided, in the words of Frederick Engels, "practical proof that the merchant and the manufacturer are socially quite unnecessary,"²¹ they should have given rise to utopian illusions that through the mere accretion of co-operatives, capitalism could be overcome and socialism established. The co-operative farm colonies that were organized in the United States in the second quarter of the nineteenth century—the most celebrated was that haunt of famous intellectuals, Brook Farm—were inspired by the ideas of the great English and French utopian socialists, Robert Owen and Charles Fourier.

The co-operatives in Israel differ from those in other capitalist countries chiefly in these respects:

1. They originated not as a consequence of the rise of capitalist industry, but, on the contrary, because of a lack of it. The dearth of private capital for the development of agriculture and industry, especially the former, and for the employment of Zionist immigrants

compelled the mobilization of public capital and its co-operative utilization by groups of workers and workers' organizations. The funds were contributed largely by Jews in other countries.

2. Instead of being formed to mitigate some of the evils of capitalism, the co-operatives in Palestine have had as their purpose the development and settlement of a backward, pre-capitalist country. Thus they actually helped pave the way for private capitalism.

3. Instead of operating chiefly in the field of distribution, these co-operatives were first organized in production and continue to have their primary emphasis in that sphere.

4. Jewish Palestine has achieved the only successful agricultural producers' co-operatives on an extensive scale in the capitalist world. Today most of Jewish mixed farming is concentrated in the co-operative settlements. It is in regard to these and especially the kibbutz that the question of socialism is usually raised.

The kibbutz was the first type of co-operative farm to develop in Palestine in the years immediately before World War I. As already indicated, it arose out of practical necessity rather than because of the socialist sentiments of some of Palestine's pioneers. It proved to be the cheapest, quickest, most efficient way of settling immigrants on the land—and settling them where Zionist plans required, without regard for profit or loss. This type of farm also proved most suitable for defensive purposes. At the same time the most idealistic elements among the settlers, those who sought a synthesis of Zionism and socialism, welcomed the opportunity to work in a setup which conformed to their own petty-bourgeois socialist concepts.

It is no exaggeration to say that these co-operative farms planted the seed of Jewish nationhood in Palestine. They fixed its territorial framework and created the domestic market for its future industry. In other words, they became the foundation on which a *capitalist nation* arose in an area characterized by semi-feudal backwardness. This is the objective role they played. Subjectively, however, in the minds of the co-operative farmers and their ideologists, this has appeared as a process of building socialism.

But neither government ownership nor co-operative ownership by itself constitutes socialism or necessarily even a step toward socialism. The architects of scientific socialism, Karl Marx and Frederick Engels, repeatedly criticized those who advocated co-

operatives as the solution to mankind's ills—Proudhon, Buchez, the leader of French Catholic "socialism," and especially Ferdinand Lasalle, who proposed that this painless path to socialism be constructed with the aid of Bismarck's government. At the same time there is a historic link between co-operatives under capitalism and the future socialist society. Marx pointed out: "The co-operative factories of the laborers themselves represent within the old form the first beginnings of the new, although they naturally reproduce, and must reproduce, everywhere in their actual organization all the shortcomings of the prevailing system. . . . The capitalist stock companies as well as the co-operative factories may be considered as forms of transition from the capitalist mode of production to the associated one, with this distinction, that the antagonism [between capital and labor] is met negatively in the one, positively in the other."²²

Israel's kibbutsim and moshvei ovdim have also demonstrated the superiority of co-operative over individualistic methods in agriculture and have given intimations of the still greater achievements possible in a socialist society. And they have afforded examples of how human beings, freed from the competitive struggle for private gain, can live in comradeship and work for the common good.

But they have also produced a bumper crop of illusions. The visitor to Israel is often assured that the kibbutsim are more advanced than the collective farms in the Soviet Union. Superficially and in the abstract this may appear to be true, but once we look into the actual social content of these settlements, any comparison with the Soviet collectives becomes absurd. Do the kibbutsim really stand outside the capitalist system that is dominant in Israel?

The members of the kibbutts are not paid wages, but receive food, clothing, housing, medical care, education for their children, etc., from the collective as a whole. Where does it all come from? Only a small part of these goods and services are produced in the kibbutts itself. Most of them have to be bought with money in the capitalist market. Where does the kibbutts get its money? By selling the greater part of its products, agricultural and industrial (many kibbutsim also operate workshops) in the market. Thus the kibbutsim are an integral part of a profit economy. In fact, the "socialist" Jewish farms are more deeply involved in the capitalist market

than are the semi-feudal Arab farms which produce largely for their own consumption. And the elimination of money from the relations between the kibbutts as employer and its workers only serves to conceal the domination of money over the activities of the kibbutts as capitalist entrepreneur.

The kibbutsim are further tied to capitalist economy through their heavy indebtedness. In 1946 their debts totaled £6,264,000, nearly one-half the total indebtedness of Jewish agriculture excluding citrus production.²³ Part of this debt is owed to Zionist institutions, but a large part is owed to private banks and credit companies—enterprises which are linked with the financial systems of Britain and the United States. Thus a substantial slice of the surplus value produced by the kibbutts members goes to pay interest and amortization, that is, into the pockets of capitalist stockholders.

It is often claimed that in place of wages, the principle of "from each according to his ability, to each according to his needs" operates in the kibbutts. This too is more apparent than real. Marx pointed out and the Soviet experience has confirmed that under socialism payment must be unequal in accordance with the work produced. Only in the higher stage, communism, after the distinction between manual and intellectual labor has disappeared and the productive forces have increased to the point where abundance for all becomes possible—"then and then only can the narrow bourgeois horizon of rights be left far behind and society will inscribe on its banner: 'From each according to his ability, to each according to his need.'"²⁴

But in Israel's communal farms the satisfaction of need is severely limited by the fact that the country's productive forces are still relatively undeveloped and are prevented from attaining their full potentialities by the capitalist ownership of the major means of production. Satisfaction of needs in the kibbutsim has also been dependent on fluctuations of the market. For example, before World War II the kibbutsim lived on a poverty level and the diet was hardly better than the subsistence variety. The war boom, which brought increased income, enabled them to improve the diet and expand the satisfaction of other wants. But they are still far from representing a life of even modest comfort.

All this points up the fact that the social content of co-operatives

is determined not primarily by their internal setup, but by the class nature of state power and the character of the entire economic and social development of the country. The experience of Jewish Palestine serves to underline Lenin's statement that "under the capitalist state the co-operatives are collective capitalist institutions."²⁵

Circumstantial proof of this is the fact that the kibbutz has proved to be a bottle into which any kind of wine can be poured. Communal farm settlements have been established not only by workers' organizations with Left tendencies, but by conservative religious and middle-class groups that are hostile to socialism. Much, therefore, depends on the political side of kibbutz activity. In the past these settlements served not only as channels for utopian ideas, but often as instruments of class collaboration and of national collaboration with foreign imperialism. At the same time they are mass people's organizations which in the liberation war played an outstanding role in the defense of the country.

The material prerequisite for socialism is a more developed modern industry, which does not exist in Israel today. The political prerequisite is state power in the hands of the working class and its allies, which also does not exist in Israel. It should be added that this is quite different from capitalist state power administered by Labor or so-called Socialist ministers. The U.S.S.R. and the people's democracies of Eastern Europe have demonstrated the decisive character of this political prerequisite.

In Israel it can be said that socialism is growing more in the capitalist city than on the "socialist" farm. That is, the development of industry and the growth in the number, cohesiveness, and political understanding of the industrial workers will create both the material and political conditions for the establishment of that socialist society toward which so many—perhaps a majority—of Israel's citizens already aspire.

But meanwhile the co-operative farms face a new challenge of a twofold character. First, will they prove adequate to the task of absorbing a considerable part of the large immigration arriving each month? This is a different type of immigrant from the pioneers who built Israel's farm settlements. Not many of the newcomers wish to go into agriculture, and of those who do, few have had the necessary experience. These difficulties have been enhanced by

certain shortcomings of the co-operative farms themselves. Utopian aspects of their structure, which in an earlier period, when conditions were different, may have had some practical value, today act as obstacles to providing work for masses of immigrants. For example, the ban on hired labor has prevented the employment of immigrants at wages and has also deprived the farms of needed workers. Particularly in the case of the kibbutzim have the rigid setup and the exacting demands made on individual members created formidable bottlenecks. As a result of both the character of the immigrants and the shortcomings of the co-operatives, only about 8 per cent of the 213,000 immigrants who arrived during Israel's first year were absorbed by agriculture.²⁶ This compares with a farm population that previously was about 25 per cent of the total.

The second aspect of the challenge is political. The problems of Israel's people cannot be solved by concentrating solely on the tasks of economic reconstruction and military defense. The political struggle is decisive—in fact, decisive for those tasks too. Only by bridging the gap that still separates them from the city workers can the co-operative farmers fight effectively against the twin forces of foreign imperialism and indigenous capitalist reaction that seek to undermine national independence and social progress. And only in this way can the co-operative settlements eventually, when conditions in the Middle East are ripe, become factors in the socialist transformation of the country.