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The State of Israel - Its Problems, 1950.



THE STATE OF ISRAEL - ITS PROBLEMS

November 5, 1950

Within recent months disturbing news has reached us from the State of Israel concerning the economic conditions in that country, and these reports have rather troubled us. These reports were highlighted by a Cabinet crisis which took place in the middle of October. We in this country are not accustomed to Cabinet crises because we haven't that type of government. Perhaps we viewed the situation with greater alarm than the situation called for. That crisis has now been resolved; a new Cabinet has been reconstituted with very few changes; the old Cabinet - the same coalition government - is in power; and new elections are not now indicated.

But the reports which have reached us and the struggle over the policies of the Cabinet and of the government have pointed up that serious economic problems do confront that young republic. Of course, we should have anticipated this situation. The birth of a state like the birth of a child is preceded by a period of travail and is followed by long periods of the uncertainties and the dangers and the ailments of infancy, and there is much concern on the part of parents until the infant grows into young adulthood and is able to take care of himself. A state is not built in a day - it may be destroyed in a day - it certainly is not built in a day or a year.

In our deep satisfaction and exaltation with the political triumph of two and a half years ago, which witnessed after 2,000 years the reestablishment of the State of Israel, we did not project our thinking into the cold, stark realities of the day after. Up to May 1948 we faced the problems of the absence of statehood and all the struggles to achieve it, and a united and determined Israel did achieve what now seems to be a miracle in spite of untold setbacks, frustrations and repeated failures. But since May 1948 the problems which have confronted the people of Israel and the Jews throughout the world have to do with the reality of statehood, of a young state, and the necessity of building up that so that it will become strong, stable and secure and worthy, and these problems are no less difficult than the problems of building, of achieving the state. And these problems call for no smaller measure of sacrifice than



the effort to bring the state into being. One need only think back over the history of our own country, the history of the United States, to realize how much of struggle and sacrifice, material and human, how much of defeat and tragedy go into the building of a state. Think of the 150 years which preceded the Revolution, the Colonial period, the suffering of the first settlers and the first pioneers who sought to establish themselves in a hostile world and carve a way for themselves across the wilderness. And then you think of eight years of the Revolutionary War and Valley Forge, the physical suffering of the patriots before they could establish a free and independent state, and of the strife among the citizens of the country, the Tories and the Patriots, and of the long years which it took before a constitution was finally adopted, and of the terrible financial difficulties confronting the thirteen colonies newly formed into a nation, the bankruptcy which faced the United States. And if you think that it took a long and bloody Civil War before the Union was finally firmly established, and that it was not before the end of the 19th century that the United States ceased to be a debtor country, you will realize what it really takes to build a state.

The rabbis long, long ago - they who knew life so well and have frequently evidenced such keen penetration not only of religious matters and spiritual matters, but of social and political matters - the rabbis declared:

"The complete redemption will not come to this people all at once.

Little by little, step by step".

We struggled hard and made many sacrifices to establish the State, but as soon as the State was proclaimed, we felt that the emergency was over, that the infant state could now take care of itself, and we began to demobilize, as it were, both politically and economically. And many Jews to this day have remained demobilized in the face of serious situations, political and economic, confronting the new State.



As yet, there are no peace treaties signed by the State of Israel with any of the neighboring Arab States. There is no stable peace - only an uneasy armistice in that part of the world. The Arab States have refused to conclude formal peace with the State of Israel. Some of them are still secretly entertaining the hope of a second round. Ships passing through the Suez Canal carrying merchandise, oil or other commodities for the State of Israel are not permitted to pass. Oil which should be flowing from the Mosul to the refineries in Haifa is still not flowing and some of the Arab states, especially Egypt, within the year have been acquiring considerable arms, weapons from Great Britain, from other countries in anticipation, I suppose, of another showdown. The boundaries of the State of Israel have not been defined; the status of the city of Jerusalem has not been finally fixed by the United Nations; its earlier decision to internationalize the city and its environs has proved unrealistic; the explosive problem of the Arab refugees who fled from Israel during the war still remains unsolved, and a problem full of dynamite.

We should have anticipated all or some of these problems before we demobilized politically. And then we forgot/<sup>that</sup> the real aim of Zionism was not merely the establishment of a sovereign and independent State of Israel. The real aim was to establish such a state in order to make possible the in-gathering of hundreds of thousands and perhaps millions of Jews who have no place of permanence and security or happiness where they are, and who want a home of their own, so that the official political proclamation of the State in May 1948 achieved only a part of the Zionist program. The other and the more important part, the in-gathering of the exiles, so to speak, has been going on at a very swift pace and a very costly pace since that time, and it is this fact which we overlooked. The State of Israel was established not for the 600,000 Jews who in 1948 lived in Palestine. It was established for the tens and the hundreds of thousands who for years had been languishing in concentration camps, who live in lands of political discrimination and disabilities either behind the Iron



Curtain or in some of the Mohammedan lands in Northern Africa, in the Arab States, Yemen and Iraq, elsewhere. It was for them and not merely for those already settled in Palestine that the tremendous effort was made to establish the State of Israel, and Israel will not fulfill its mission nor will it achieve military security unless hundreds of thousands of additional Jews come into that country - perhaps millions - and sink their roots deep into economic stability.

Now, this in-gathering of the people - that is an economic task of colossal and crushing proportions, and the young government of the small republic of Israel is simply unable by its own resources to take care of that problem. In the last  $2\frac{1}{2}$  years close to 500,000 Jews have come into the little State of Israel. Last month 20,000 Jews came into Israel, and while the Israeli themselves in the last  $2\frac{1}{2}$  years have been girding themselves, tightening their belts as it were with all forms of austerity, through lowering their own standard of living to take care of this vast inundation almost of impoverished and penniless immigrants pouring into their home, the Jews of the rest of the world, far more financially able than the Israeli themselves, have been contributing less and less to meet this problem. Thus, in 1948 the Jews of the United States, and after all it is this community which is the most able and the largest Jewish community in the world that can help solve this problem - in 1948 the Jews of the United States contributed to the United Jewish Appeal \$150,000,000. That does not mean that they contributed that amount to Israel. A good part of that went to the JDC. A good part of that went to the United Service for New Americans, the immigrants and refugees who were coming to the United States - perhaps 60% to 70% of that amount went to Israel. \$150,000,000 in 1948; in 1949 the contribution was reduced to \$105,000,000; in 1950 the amount is likely to be \$85,000,000 of which Israel will probably receive \$40,000,000 to \$45,000,000.



That is not adequate to meet the situation, and hence, the grave economic crisis which is developing in the State of Israel. There are many problems confronting that little state, but the worst problem of all is the problem of immigration. If in May 1948 the young state had said, "We're sorry; we have to set up a new government and new apparatus. We are at the beginning of all things. We cannot embarrass ourselves for some time with the in-rush of myriads of poor immigrants. We'll have to close our doors." If they had said that, the little State of Israel today would be economically solvent. Its life would be completely rationalized. It would not have been a difficult thing for it to do. But, the tragic problem of Jewish homelessness of myriads and hundreds of thousands would still have remained. As it is, Israel has been emptying these concentration camps at the rate of twenty to thirty thousand a month, giving these Jews - our fellow Jews as well as their fellow Jews - a new home and a new hope.

A small pioneering country always has an unfavorable balance of trade. Its imports of necessity far exceed its exports. This was true of Palestine for quite a number of years. It has become increasingly grave - this unfavorable trade balance - in the last two or three years as a result of this vast new immigration. Thus, the imports in 1949 into Israel amounted to some 86,000,000 pounds; the exports, to some 11,000,000 pounds. And the situation in 1950 is not likely to improve. As a result there is a desperate shortage of foreign exchange, a desperate shortage of dollars. As a result, the value of the Israeli pound has dropped badly, and inflationary tendencies have made themselves felt, sharply felt, in the country. This has led among other evils to the spread of a black market, a hoarding of goods for higher prices, not only on the part of merchants, but on the parts of labor and even on the part of some of the kibbutzim, some of the communes in the country, the cooperative settlements.



Of the close on to  $\frac{1}{2}$  million immigrants who have come into the country in the last  $2\frac{1}{2}$  years, some 60,000 of them are still in camps, in wooden barracks, shacks. Twenty thousand of them actually are living in tents, and the cold winter rains are beginning now in Israel. And of the 400,000 and more which have been moved from the camps, not all of them have been absorbed into the economy of the country. And these immigrants are not selected immigrants as any country has a right to select its immigrants. They are not all young, vigorous, healthy pioneers who can be immediately useful in building up the country. Israel could not choose and could not select. The families which lived in those concentration camps in Europe had old fathers and mothers. There were many little orphan children. There were sick among them, lame, halt and blind, and Israel could not draw the line and segregate the strong from the weak, the young from the old, and break up the families. It had to open its doors to everyone, with the result that a grave social problem has been added to the many other problems confronting the State of Israel.

And that is the worst problem - the problem of immigration. The Israeli have reduced their standard of living - they're cutting it to the bone. They are living under a system of austerity and rationing the like of which even Great Britain did not know in wartime. But there are limits to which human beings can be forced to go. Recently there was a serious strike among the merchants in Israel because of the restrictive rationing upon goods which threatened to drive them into bankruptcy.

Now this situation has been greatly aggravated by the failure of private investment capital to come into the country. This has been a great disappointment to the new state. It was hoped that as soon as the state was established, Jews - individual Jews from all over the world - would invest some of their capital to build up industries and factories and shops in Israel. So far, that has taken place only on the smallest scale.



This may be due to the policies of the government. The government may be too eager to socialize this infant industrial economy. The dominant party in Israel, the Mapai, is a Socialist party like the Socialist Labor party in Great Britain. The desire of that party to establish Socialism in Israel quickly may have discouraged private investors. It is also said that the large labor organization in Israel, the Histadruth, which is not merely a labor organization - a union such as we know them in this country - but which has also great investments in capital, in banks, in industry, in commerce, in shipping. That organization does not permit free competition. It has also been maintained that some of the tax-free cooperatives, like the powerful Transport Cooperative, are really monopolies whose profits are grossly excessive and are not applied to expanding services, but are paid out in a variety of forms as dividends to its members.

Now the government of Israel has begun to face up to these facts and to the urgent need for encouraging private capital. There is much less talk today, even among the membership of the Mapai, of socialism and far more talk of the need of welcoming and encouraging and protecting private investments in the country. Recently a delegation of American Jews was called to Israel in order to acquaint the members of the delegation of the situation, and upon the return of this delegation, a conference was held in the city of Washington at which the information was conveyed to a larger group of American Jews. As a result of this conference a four- or five-fold program for meeting this situation - for the situation is not irremediable - it can be met - I'm sure it will be met - was unanimously adopted by the large conference which met.

Israel is to be helped over a period of years, for we must now begin to think in terms of a long-range program. There's a long, hard pull ahead. Israel is to be helped through an intensification of the effort of the United Jewish Appeal so that more of contributions - free dollars, in other words - might flow from us to Israel. Unfortunately, in our campaigns for the United Jewish Appeal - and it is true of Cleveland and of other communities - too much of what is raised in the name and under



the slogan of helping Israel - too much of the money is drained off and siphoned off for local community needs. And many do not realize that in giving a dollar to the United Jewish Appeal, some 60 cents of it or fifty cents of it remains here at home. More must be raised through the United Jewish Appeal and more of what is raised should go to meet the emergencies over there.

Encouragement is to be given to private investment. The nature of that encouragement has not been as yet worked out, fully defined. I'm sure it will be before long.

The encouragement of inter-governmental loans. The State of Israel did receive from our Export-Import Bank \$100,000,000 about a year ago. Most of it has already been used up. The rest of it will be used up before 1951. Smaller loans have been obtained from other countries, altogether inadequate so far.

The proposal has been made of a large-scale bond issue. There are many problems involved in a bond sale, many difficulties, but thoughtful economists and students seem to feel that a bond sale is feasible and that it would contribute to easing of the strain in Israel.

And finally, there was the hope expressed that our government might give the infant State of Israel a grant-in-aid in order to ease up the strains and tensions in that country.

Our government has spent in the last five years forty-two and a half billion dollars in gifts, in outright gifts, to a great number of countries of the world. Forty-two and a half thousand million dollars! Not a penny of that has gone to Israel. The program of our government seems to be to encourage and to strengthen democracies all over the world, although I can't see for the life of me how contributing money to Turkey or to Greece particularly contributes to the strengthening of democracy, or as the Congress of the United States voted here recently, contributing millions to Franco. But if there is any democracy in the Near East, and as you call off the states one by one - Lebanon, Syria, Transjordan, Iraq, Saudi Arabia, Egypt - you ask yourself, where is there a democracy in that part of the world besides Israel.



There is a people which in faith and in spirit and in the Constitution of their government and in their outlook, in their religious convictions are democratic to the core, and if ever democracy is to prevail in that part of the world, Israel will have to be the nucleus, the citadel, perhaps the , the fountainhead, of that democratic influence. And in my humble judgment the Near East is a far more critical area for the permanent triumph of democracy in the world than Korea is. Yes, that struggling State of Israel, which is performing such a tremendous humanitarian task at the moment far beyond its power, has received practically no help from this government of ours.

The United States, I believe, can help Israel in yet another way. It can help diplomatically. It can help by using its tremendous diplomatic influence to bring about permanent peace in that area by making the neighboring states realize the importance of concluding peace. What aggravates the economic situation in Israel is that so much of the budget of that young state has to be siphoned off into matters of military security. I do not know the exact amount of money which is spent by Israel to maintain its army, mobilize, but it is tremendous and those millions ought to be put into the constructive tasks of building up that country as the Israeli are eager to do. But as long as there is the threat of war, it would be suicidal for the State of Israel not to keep its military establishment up and alerted and fully prepared. I am persuaded that the diplomatic influence of the United States and of Great Britain, particularly Great Britain as far as its influence with Transjordan is concerned, are so strong in the world today that if these two countries applied themselves earnestly and sincerely to the task of achieving peace in that part of the world - not merely a troubled armistice - they would be contributing not only to peace and not only to the strengthening of the State of Israel, but to the upbuilding and the prestige and the authority of the United Nations which has been so much concerned with the problem in the Near East.



I have spoken of the economic problem of Israel. There are other problems, serious ones. Israel today is a melting pot. Somebody called it a pressure cooker. Jews are coming in from all parts of the world, speaking many languages, people of different temperaments, different backgrounds, different cultural levels, Jews from Yemen, Oriental, medieval, Jews from the most advanced centers of culture in the western world. How to fuse them all! How to unify them all into one people! That's a serious task. Fortunately, all those who come to Israel possess two qualities which will help to cement them all into one people. One is loyalty, great loyalty, and one is great pride in the fact of Israel, in the people-hood of Israel - great pride.

There is the religious problem which is sometimes exaggerated, particularly on the part of those Jews who are not particularly interested in religion. There are in Israel today elements of the rigidly orthodox, Jews who have lived there and helped to build the country, Jews who are coming in there now from centers in the world where their way of life was orthodox. They have come to Israel hoping that there they will be able to live in an environment completely in keeping with the religious tradition of their Torah. On the other hand, there are many Jews who are coming there who are extreme non-conformists - they are Jews who have lived there and who have helped to build the country, who seek for themselves maximum individual freedom of conscience. Between these factions, groups, there is considerable conflict and struggle. The leaders of orthodoxy in Israel would like to see in public life at least the principle of orthodox Judaism observed. They are not concerned so much with the practice of the individual Jew - whether the individual Jew wants to observe Sabbath or the individual Jew wants to observe Kashruth - what they are concerned with is what the State as such, through its public institutions, will do in these matters. The question of Sabbath observance, public services, the question of Kashruth in public institutions, the question whether public funds, for example, should be used to import meat into the country which is not kosher. Always in Israel



and in that part of the world marriage and divorce was in the hands of the religious bodies and their leaders. It held true of the Christian community, the Islamic community and the Jewish community. They would like to return control. On the other hand, the secularists feel that there should also be provision for civil marriage and civil divorces. The orthodox rabbis would like to have only orthodox rabbis officiate at marriages and divorce. I'm sure that if I were a rabbi in Israel today, I wouldn't be permitted to officiate at marriage and divorce.

Well, there are liberal Jews who would like to have that changed. The serious problem has been the religious education of children who are coming into the country in the last few years, many of them orphans. The orthodox Jews claim that these children come from orthodox homes and their parents would have wished to have those children receive an orthodox religious education. Now, the dominant political party in Israel is not particularly devoted to orthodoxy and would like to give these children just a secular education. Well, all these have contributed to conflicts, and, my good friends, there is no quick or easy solution to these problems.

Time will have to be an important ingredient in whatever will finally evolve. There will have to be much give and take and any doctrinaire in trying to solve the problems, in a world which is very unlike the United States of America, is not going to be of much use to that country. There is need of religious revival in Israel, quite apart from the struggle between orthodoxy and the secularists. There is a young generation growing up in Israel which up to now has been kept at a high pitch of idealistic living by the very fact of having to fight for the establishment of the State, of having to build the country. There are a marvelous young group of people, but the glamor of the fighting is beginning to evaporate and there is a lacuna, an emptiness coming into the life of the young generation which will have to be filled with spiritual content if the new generation is to grow up a generation of character in Israel.



There are other problems in that state, the problem of intense political partisanship. The one million citizens in Israel have more political parties than 150,000,000 citizens in the United States. Of course, we ought to expect that from Jews. We say wherever there are two Jews, there are three opinions. But this intense political individualism, the doctrinaire quality of their political life, is a by-product of political inexperience, of political immaturity, which only time will be able to solve.

There are other problems - four separate educational systems in that country grew up historically; a general educational system, one for the laborites; one for the religious, the Mizrachi; and one for the ultra-religious. To unify a country you have to have one common system of education.

There are many problems then. These problems ought not to blind us to the amazing solid achievements of the State of Israel. There is no fear and there should be no fear in your hearts as to the stability of the State. There is manpower there of first quarter. People have been able to defy an empire, people that was able by its own sweat and tears and blood to turn a wilderness into a flowering garden, a people possessed of rare manpower, a people possessed of great intelligence, a people possessed of great loyalty, and with those factors, the security of the State is sure. It is mostly a question of financial aid.

I want to read a paragraph from the Israel Economist which reached me just a day or two ago, a magazine published in Israel. It speaks of the past year as "a year of consolidation" and among other things, it says:

The objective observer who visits Israel today and remembers the state of the country one year ago cannot fail to be struck by the progress that has been made. Perhaps the most noticeable are the changes that have taken place on the very surface of the land, the whole area south and east of the line was apart from a handful of isolated settlements in the northwestern Negev practically empty. Today rows upon rows of little concrete block houses stretch along well-nigh the whole length of the main road from Gedarah to Beer Sheba. Large centers of Jewish population have been created on Migdal on the coast and Ashdod and Beer-Sheba itself. New roads are under construction which when completed will constitute a network that should enable even more complete colonization of the desert. And even in remote Elad hundreds of



miles south on the Gulf of Acaba, and even in remote Elad, a housing scheme has been inaugurated and a supply of sweet water has been found comfortably sufficient for a town of six to seven thousand inhabitants. At the same time the new settlements in the area of the Jerusalem corridor have struck root and now constitute a real living link between the capital and the rest of the country. A further link has been the new Gaza Romley highway which completely neutralizes such value as Latrun still possessed for the Arabs. Another important highway now links Tel Aviv with Natanya and considerably reduces traveling time between Tel Aviv and Haifa. When coupled with the increased traffic on Israel's two main railway lines, these developments must be assigned a very prominent place in the list of events that have contributed to the consolidation of the state.

Month by month dozens of new settlements, new colonies and villages are springing up. There has been remarkable development in consolidation in the country.

Politically the state is stronger now than it was before. It is possessed of a strong army. The recent maneuvers of the army, according to the testimony of military men, indicate that Israel will be able to give a good account of itself in any emergency. And culturally the land of Israel today and the people of Israel are one throbbing, living and developing civilization.

I am persuaded that this little State of Israel, given help, will before very long emerge, not another small Lebanon, but another small Syria, as one of the significant centers of human life on the globe. And believe me, I am not a romantic, although I am deeply devoted to the State of Israel. One who knows what is motivating the men who are building the State, their vision, their hunger for social justice, for beauty - one who knows the kind of a life which they live and the kind of environment so stimulating where every valley and every hill speaks to them, of prophetic greatness, of stimulating history, where everything helps them to feel important and helps them to feel challenged morally and spiritually, and one who knows the capacity for sacrifice on the part of these people and the idealism which is theirs. One cannot help but feel that out of that little country, if it is helped to manipulate the terrific economic hurdles in the next few years, there will emerge something fine and noble which will be a blessing not only to Israel, but to all of mankind.



Don't underestimate the importance of little countries in history. The greatest gifts to mankind came from little countries. From Judea came religion; and from Greece, another little country, came philosophy and the arts and the beginnings of science; and from England, before it became an empire, also a little country, came conceptions of human liberty and constitutional government; and from Holland, too. From little countries.

God revealed Himself to Moses in a small bush, in a , not out of a stately pine or oak, but a little scrubby bush. God revealed His Torah not from the Alps or the Himalyas, but from a lowly hill of Sinai.

"He rejected the great towering mountains and He selected Sinai."

The genius of Israel will some day manifest itself in that land of Israel in forms as astounding, as revolutionary, as world-benefiting, as it did once before in the distant days when it gave religion and ethics to mankind.

And so, good friends, while many problems confront the State - many disturbing reports will reach us from time to time on the problems, the serious troubling problems - let us remember that we can solve those problems. Perhaps we are the only ones who can help them solve the problems, by giving of our substance more generously not to help them, but to help fellow Jews all over the world who need them, who need that little land of Israel.