

**START-UP NATION: 1.0 [BIBLICAL PERIOD], 2.0 [POST-EXILIC],
3.0 [THE MIRACLE OF MODERN ISRAEL]**
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**THEY TRIED TO KILL US, WE WON,
NOW WE'RE CHANGING THE WORLD**
David Horovitz
Jerusalem Post, April 1, 2011

To our considerable sorrow here at *The Jerusalem Post*, our super-smart, relentlessly questioning, insightful editorial writer, Saul Singer, left the paper three years ago to write a book. To the great and still evolving benefit of the State of Israel, that book was *Start-Up Nation: The Story of Israel's Economic Miracle*.

Along with his New York-based co-author Dan Senor, Jerusalemite Singer set out to answer the question of how our tiny country, all but bereft of natural resources and in the midst of a constant struggle for physical survival, has nonetheless managed to outstrip every other nation on Earth in terms of hi-tech innovation.

The two answered that question with such conviction and flair as to turn their book into a bestseller, with over 100,000 copies in print in its English-language edition and numerous foreign language translations emerging worldwide. So compelling was their diagnosis, moreover, that the book is gradually transforming perceptions of Israel—at least in parts of the global technology world. *Start-Up Nation*, Singer reports, is being read in some economies as a kind of “how to” manual—as in, how to orient your economy to maximize its talent for innovation, with the Israel experience held up as an exemplar...

[The] capacity for innovation, says Singer, has gradually transformed the Israeli economy over the past three decades, but it has the potential to achieve a great deal more. It is already enabling us to genuinely serve as a “light unto the nations,” Singer argues—saving lives, bettering the world. *Tikkun olam* in practice.

Among the examples Singer cites here are Shai Agassi's trailblazing Better Place electric car venture, and the dramatic new approach to teaching being pioneered by Time To Know, revolutionizing the classroom. (It has been widely reported, to give one more telling instance, that Congresswoman Gabrielle Giffords's life was saved after she was shot in Arizona in January because the emergency medical team applied a revolutionary elasticized bandage, developed in Israel, that creates pressure to quickly staunch head wounds.)

We now need to more deeply internalize that potential ourselves, Singer says, maintain our cutting edge, and begin building deeper and wider relationships worldwide to further our positive impact....

...just how marvellous is [Israel's start-up scene] really?

Truly amazing. Israel has the largest number of start-ups per year outside the US of any country. Not per capita. The largest number. Period. We have about 500 a year, and all of Europe has 600-700. Our 7.5 million people compared to that whole continent's 700 million people.

There is no sentiment involved in the allocation of venture capital to fund startups. It doesn't care where it goes. Venture capital is looking for "the next big thing"—the next Microsoft or Google. And Israel gets two-and-a-half times as much venture capital per capita as the United States and 30 times as much as Europe. The proportion of our GDP that goes on research and development is 4.8 percent. The OECD average is 2.5%, and the US is about the same. So Israel is far ahead in civilian R&D.

How do you explain the phenomenon. What's the Israeli start-up secret?

That takes us into the nature of innovation. There's a difference between ideas and startups. Generally, if you ask, "Why is Israel successful?" the answer you get is that "there are lots of smart people here." But that's not really the answer...

[I]t doesn't just come down to the number of ideas and the number of smart people... There are two other factors: drive and the willingness to take risk. Israel has more of those qualities than other countries.

And why's that?

We talk about seven or eight reasons in the book. Two of the most important relate to the military and to immigration.

There's a misconception that the military plays a central role in Israeli start-ups through various IDF hi-tech units and through military R&D. In fact, the main military influence is cultural. So many Israelis go through the IDF, they learn leadership skills, they learn about teamwork, improvisation, sacrifice for a larger goal—these are things you don't learn in school or in business. It's a kind of third stage in life.

When people abroad characterize what's unique about Israeli innovation, you hear the same two terms over and over: maturity and sense of purpose. And both of those come from the military experience. Sense of purpose comes, too, from the fact that Israel itself is a start-up...

For this start-up generation here, it's not just about making money and finding an exit. It's motivated by a desire to contribute to the country—21st-century Zionism—and to the world. This is the new form of pioneering. Our grandparents drained the swamps. This—innovation—is what we do...

Were there key players who set this remarkable start-up phenomenon into motion?

Economists talk of “clusters”—environments where one industry develops and snowballs. In Silicon Valley, the “cluster” comprised one key company, Hewlett Packard, a great university, Stanford, and nice weather. That's what it took. Israel had the classic “cluster” elements. Intel came here. This was its first R&D presence outside the United States.... There were also great pioneering Israeli companies, like Uzia Galil's Elron, which was founded in 1962. We had great universities. And we, too, had nice weather. That was our cluster.

All that was boosted by the Yozma program of the 1990s, which created a venture capital sector out of nothing. It established a threeway partnership: government funding was provided, local venture capital funds were created and American venture capital funds came in... [W]hat

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we needed were electrical engineers. Well, for \$2,000 per person, we trained [Russian Immigrant] engineers who became worth \$200,000. It was a 100-fold return on investment...

Israeli start-ups have transformed adversity of all kinds into a renewable source of creative energy. Look at all the obstacles start-ups here face. They have no sufficiently large local market. They have no ready access to the regional market, because of hostility. Israel is under constant attack, and constant boycott pressure. All these adversities have been turned into assets. And that creative energy has not only been focused on hi-tech innovation. It has also been channeled into social entrepreneurship. Into the arts. Start-ups are just a part of it...

When I moved here 16 years ago, we thought that the dream of being a light unto the nations probably had to wait for peace. We were busy surviving. That challenge is still there. But what we learned writing this book is that the light unto the nations dream is already happening. We are saving lives through medicine—through medical innovation. Better Place is showing the whole world how to get off oil. Almost every technology you look at—computers, cellphones, Internet—has a piece of Israel in it. Almost all of the major technology companies are doing some of their research here. We’re having an impact and it can increase dramatically. There’s tremendous potential for it to grow...

Can this also have a positive impact on the ongoing challenge of survival?

Yes, definitely. The way we currently deal with the threats and challenges of delegitimization, of boycotts, is defensive. But you can’t win by being defensive. “Winning,” with that strategy, is merely moving from negative territory to zero in the best-case scenario. You’re not advancing positive thinking on Israel in that way....

Our purpose, the Jewish people’s purpose, is not to survive. The purpose of surviving is to have a positive impact. It so happens that innovation, and solving world problems, is the main means by which we have been having a positive impact so far, and it offers potential for even greater impact in the future... This country is being driven, and needs to be more driven, by a creative, world-bettering imperative. I’m convinced that will

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actually make us more successful in every way, including in the struggle for our survival.

THE ECONOMIC CASE FOR SUPPORTING ISRAEL
George Gilder
Wall Street Journal, July 5, 2011

America's enemies understand deeply and intuitively that no U.S. goals or resources in the Middle East are remotely as important as Israel. Why don't we?

Israel cruised through the recent global slump with scarcely a down quarter and no deficit or stimulus package. It is steadily increasing its global supremacy, behind only the U.S., in an array of leading-edge technologies. It is the global master of microchip design, network algorithms and medical instruments.

During a period of water crises around the globe, Israel is incontestably the world leader in water recycling and desalinization. During an epoch when all the world's cities, from Seoul to New York, face a threat of terrorist rockets, Israel's newly battle-tested "Iron Dome" provides a unique answer based on original inventions in microchips that radically reduce the weight and cost of the interceptors.

Israel is also making major advances in longer-range missile defense, robotic warfare, and unmanned aerial vehicles that can stay aloft for days. In the face of a global campaign to boycott its goods, and an ever-ascendant shekel, it raised its exports 19.9% in 2010's fourth quarter and 27.3% in the first quarter of 2011.

Israelis supply Intel with many of its advanced microprocessors, from the Pentium and Sandbridge, to the Atom and Centrino. Israeli companies endow Cisco with new core router designs and real-time programmable network processors for its next-generation systems. They supply Apple with robust miniaturized solid state memory systems for its iPhones,

iPods and iPads, and Microsoft with critical user interface designs for the OS7 product line and the Kinect gaming motion-sensor interface, the fastest rising consumer electronic product in history.

Vital to the U.S. economy and military capabilities, tiny Israel's unparalleled achievements in industry and intellect have conjured up the familiar anti-Semitic frenzies among all the economically and morally failed societies of the socialist and Islamist Third World, from Iran to Venezuela. They all imagine that by delegitimizing, demoralizing, defeating or even destroying Israel, they could take a major step toward bringing down the entire capitalist West.

To most sophisticated Westerners, the jihadist focus on Israel seems bizarre and counterproductive. But on the centrality of Israel the jihadists have it right.

U.S. policy is crippled by a preoccupation with the claimed grievances of the Palestinians and their supposed right to a state of their own in the West Bank and Gaza. But the Palestinian land could not have supported one-tenth as many Palestinians as it does today without the heroic works of reclamation and agricultural development by Jewish settlers beginning in the 1880s, when Arabs in Palestine numbered a few hundred thousand.

Actions have consequences. When the Palestinian Liberation Organization launched two murderous Intifadas within a little over a decade, responded to withdrawals from southern Lebanon and Gaza by launching thousands of rockets on Israeli towns, spurned every sacrificial offer of "Land for Peace" from Oslo through Camp David, and reversed the huge economic gains fostered in the Palestinian territories between 1967 and 1990, the die was cast.

It's time to move on.

For the U.S., moving on means a sober recognition that Israel is not too large but too small. It boasts a booming economy still absorbing overseas investment and a substantial net inflow of immigrants. Yet it is cramped in a space the size of New Jersey, hemmed in by enemies on three sides, with 60,000 Hezbollah and Hamas rockets at the ready, and

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Iran lurking with nuclear ambitions and genocidal intent over the horizon.

Clearly, Israel needs every acre it now controls. Still, despite its huge technological advances, its survival continues to rely on peremptory policing of the West Bank, on an ever-advancing shield of antimissile technology, and on the unswerving commitment of the U.S.

But this is no one-way street. At a time of acute recession, debt overhang, suicidal energy policy and venture capitalists who hope to sustain the U.S. economy and defense with Facebook pages and Twitter feeds, U.S. defense and prosperity increasingly depend on the ever-growing economic and technological power of Israel.

If we stand together we can deter or defeat any foe. Failure, however, will doom the U.S. and its allies to a long war against ascendant jihadist barbarians, with demographics and nuclear weapons on their side, and no assurance of victory. We need Israel as much as it needs us.

(Mr. Gilder is a founder of the Discovery Institute and author of "The Israel Test.")

THE MIRACLE THAT IS ISRAEL
Joseph Puder*FrontPage, June 10, 2011*

At 63, the Jewish State is a relative newcomer to the family of nations, yet in just over two generations it has been able to catch up and exceed the accomplishments of the majority of the older Western democracies in practically every category of human endeavor, not to mention the newer states in Asia and Africa and the Middle East. The eminent British historian Paul Johnson wrote of the Jewish State: "In the last half-century, over 100 completely new independent states have come into existence. Israel is the only one whose creation can fairly be called a miracle."

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Israel is a miracle because the Jewish state was established against all odds. The Jewish people, having just suffered one of the worst catastrophes in its 4000-year history—the Nazi-engineered Holocaust—found the courage to withstand the genocidal onslaught of the well-equipped and numerically superior Arab armies... It was the determination of the Israeli-Jews to fight to the death rather than go like “sheep to the slaughter” that enabled the Yishuv—the term used for the Jewish community in Mandatory Palestine—to triumph over regular armies such as Egypt’s, which used aircraft, tanks, and heavy artillery against the Israelis who lacked such arms. Western allies, including the U.S., embargoed weapon sales to the region, but Egypt and Jordan were already well equipped by the British.

Ironically, had the Palestinian-Arabs accepted the 1947 UN Partition Plan, the Jewish State might have withered away in time, or remained a tiny enclave dependent on the good will of the Arabs. Paul Johnson put it like this, “It was the Arab leadership, by its obduracy and its ready resort to force, that was responsible for the somewhat enlarged Israel that emerged after the 1949 armistice, and the same mind-set would create the more greatly enlarged Israel that emerged after the Six-Day War of 1967. In another of the paradoxes of history, the frontiers of the state, as they exist today, were as much the doing of the Arabs as of the Jews. If it had been left to the UN, tiny Zion probably could not have survived.”

Arab enemies of Israel and its western detractors, motivated by envy and residual anti-Semitism, harp on Israeli “occupation” and Palestinian rights of “self-determination.” The Arab-Palestinians, unlike the Kurds or the Tibetans, have had numerous opportunities to assert their self determination. They rejected the 1947 UN Partition because they objected to the idea of sharing mandatory Palestine with the Jews and in so doing lost their opportunity for statehood. Their intent was to destroy the nascent Jewish State rather than live side-by-side with it. Unfortunately, not much has changed since 1947, especially when it comes to the mindset of Arab leaders.

The Palestinians, as has been said, never missed an opportunity to miss an opportunity... As part of the 1993 Oslo Accords signed at the White House lawn ceremony, Israel agreed to the establishment of a

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Palestinian state. The Palestinians were, however, obligated to end incitement and violence against Israel, and eliminate the terrorist infrastructure. These obligations have never been met. Yasser Arafat rejected the proposed “end of conflict” at the Camp David Summit in July 2000 submitted by President Clinton and Prime Minister Barak... thinking he would be able to destroy Israel with the Intifada he initiated in September 2000.

At 63, Israel has progressed into a world class economy hailed for its technological innovations and medical research, which is saving lives throughout the world. Microsoft chairman Bill Gates remarked on a 2005 visit to Israel that, “Its no exaggeration to say that the kind of innovation going on in Israel is critical to the future of the technology business.” Israel (population 7.7 million) follows the U.S. and China with the most businesses represented on Nasdaq stock market... In 2011, the Jewish state is not only capable of defending its people; it has built an army second to none in innovation, resourcefulness, and moral standards. With necessity as mother of all inventions, Israel has created what Zeev Jabotinsky, the spiritual father of Prime Minister’s Begin and Netanyahu, called the “Iron Wall” of deterrence in order to fight the existential struggle against its genocidal enemies in the Arab world and Iran.

Despite being vilified by large segments of the world’s media and academia in the Muslim world and the West, facing a hostile UN, and worldwide campaigns of de-legitimization, Israel today possesses a solid foundation for greatness. As professor Bernard Lewis pointed out in a private conversation, “While the Muslim world will sink into insignificance in 30 years, as fossil fuels are replaced with new forms of energy, Israel will remain and grow as a regional power”...

“Israel must have its place among the nations (to borrow the title of a book by its prime minister). But it is not a nation *like* other nations. Willy-nilly, it is and will continue to be *sui generis*, its people shaped by the terrible events of our century, and marked by destiny.” [Paul Johnson, *Commentary* (1998)].

Israel today is indeed a place where its people are flourishing in a prosperous economy, and a free democratic society which its people are

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ready to defend at all costs.