

*Rising to the
Challenge*

**ISRAEL AND THE
ABSORPTION OF
SOVIET JEWS**

WOLF MOSKOVICH

Institute of Jewish Affairs



ABOUT THE AUTHOR

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Professor Moskovich came from Moscow to Jerusalem on 1 November 1974 and has himself experienced all the problems of the absorption of a Soviet immigrant to Israel. He is involved with several voluntary organizations that help new Soviet immigrants. In 1989 he returned to the USSR, fifteen years after his aliya, on a lecture tour for Soviet Jewish audiences. He is married and has five children.

Rising to the Challenge:
ISRAEL AND THE ABSORPTION
OF SOVIET JEWS

Wolf Moskovich



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FOREWORD

The liberation of Soviet Jewry and their emigration to Israel in their tens of thousands has brought joy and relief to the whole Jewish people. It is the fulfilment of a dream, the old dream of classical Zionism.

However elated we may be we do not forget that this great migration places a heavy burden on Israel and confronts her with a host of problems—arranging transportation, providing homes, creating jobs, expanding social services, finding sources of funding and many more. There are questions to be answered. Is organization adequate? What is being done to streamline administration? Is the process of absorption efficient or are there rivalries and duplication? How is industry rising to the occasion, for example, in the building of homes? Who are the immigrants and what are their attitudes? And how are the thousands of personal predicaments dealt with?

That is why the Institute of Jewish Affairs asked Professor Moskovich, who left the Soviet Union in 1974, to compile a report. His account is exciting and absorbing.

He gives us new insights into the difficulties facing the people and government of Israel and into those facing the immigrants. He shows us history in the making so that we can see what this momentous undertaking will mean for the future of Israel. We are glad to be witnesses.

ABRAHAM MARCUS
Vice-Chairman, London Executive
Institute of Jewish Affairs

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I appreciate the help of a number of officials interviewed for this project, especially Amos Unger, former Director General of the Israeli Housing Ministry, Uri Gordon, Head of the Department of Immigration and Absorption of the Jewish Agency and Yehudit Blum, Head of the Department for Renewal and Development at the Jewish Agency.

Mrs Yonah Frenkel, Head of the Absorption Department of the Soviet immigrants' association Forum, provided some important background facts as did Leonid Belotserkovsky of the Shamir organization.

I am very much indebted to my friends and colleagues still in the Soviet Union who provide me on a permanent basis with day-to-day current information on the real state of affairs there and the problems of emigration.

I would like to express my gratitude to Karen Adler of the IJA who edited the report. It was a pleasure to work with her.

This work could not possibly appear in its present form without the assistance of my wife, Dr Ruth Caplan-Moskovich, who encouraged me, edited the original manuscript and shared the burden of the project.

WOLF MOSKOVICH
November 1990

INTRODUCTION

An epic event in Jewish history—the ingathering of an ever-growing stream of Jews from the USSR into Israel—is currently taking place. Over 150,000 are expected in 1990. Projections for future years run into hundreds of thousands, even millions.

After the great wave of Soviet immigration in the 1970s, the rate of departure from the USSR declined sharply, and most of those who succeeded in leaving made for destinations other than Israel: between 1981 and 1988, less than a quarter of all Soviet Jewish emigrants chose aliya, emigration to the Jewish state. That percentage shrank to just 10 per cent in 1988-89. Nevertheless, in the free world, Jews and their friends continued to lobby for Soviet Jews to be permitted to leave for Israel.

But recently, a convergence of factors has made Israel the destination for mass emigration. In the USSR, the serious deterioration of the economy, as a result of which even basic foods have become scarce or have vanished from the shops, the growing sense of political and social instability, and fear of chaos and even insurrection, the rise of virulent overt anti-semitism and the threat of pogroms, the fear of the effects of radiation and pollution in Byelorussia and the Ukraine, and the liberalization of Soviet policies in granting exit visas, all came together to force the pace of those seeking to escape to the West.

These factors combined with others: Israeli government efforts to ensure that emigrants arrive in Israel, the US government's limitation of the number of immigrants it would admit from the USSR to 50,000 per year and the transfer of transit points from Vienna (whence it was possible to travel to Rome for entry to the USA, Australia, Canada etc.) to formerly Communist cities from which Tel Aviv was the only possible onward destination. The Soviet government approved direct Moscow-Tel Aviv flights in September but they have not yet commenced. On 5 November, a senior aliya official told the Knesset's Immigration and Absorption Committee that the delay in implementation will soon be politically resolved and that flights will begin within two months.

This deliberate funnelling of the immigrants to

Tel Aviv, plus the efforts to awaken Jewish identity in the Soviet Union and to focus Jewish hopes on Israel have placed the Israeli government and Diaspora Jews under a moral obligation to absorb successfully those whom they worked so hard to bring to Israel. Failure would constitute a tragic loss for Israel. If thousands of disappointed immigrants chose to re-emigrate, the country would be deprived of their talents and skills. And the newcomers would be denied their chance to integrate into the mainstream of Jewish life from which Soviet Jewry has been barred for three generations.

Israel has already absorbed 180,000 Soviet Jews who arrived during the 1970s and early 1980s. Despite serious shortcomings in Israeli absorption policies, most now feel fully integrated into Israeli life, and their re-emigration rate has been remarkably low—certainly far lower than for any group of Western immigrants.

But the current tidal wave is proving more difficult to cope with. Failures in forecasting and planning, lack of consensus among political leaders and lack of resources and opportunities are all hampering the effort. Debates in the Israeli and Diaspora press as well as the international media, on how best to deal with the problems of absorption, question whether Israel has the ability to cope with the aliya.

This study will assess Israel's current state of readiness to absorb the Soviet Jewish exodus, its absorption structure and the plans to deal with the mounting numbers of immigrants. The process of absorption is not only complex but also fluid, with almost daily shifts in popular and political opinion about how to proceed. Such an analysis should provide a basis for judging progress as more immigrants arrive and as more problems and issues develop. It is hoped that voluntary organizations and individuals, as well as Israeli and other authorities dealing with the issue, who want an objective picture of the absorption of Soviet immigrants in Israel, will find the study useful. It may also help Diaspora Jews to evaluate and understand the problems of absorption so that their informed support will lead to a more effective partnership with Israel in making this aliya a success.

1

WHO ARE THE IMMIGRANTS?

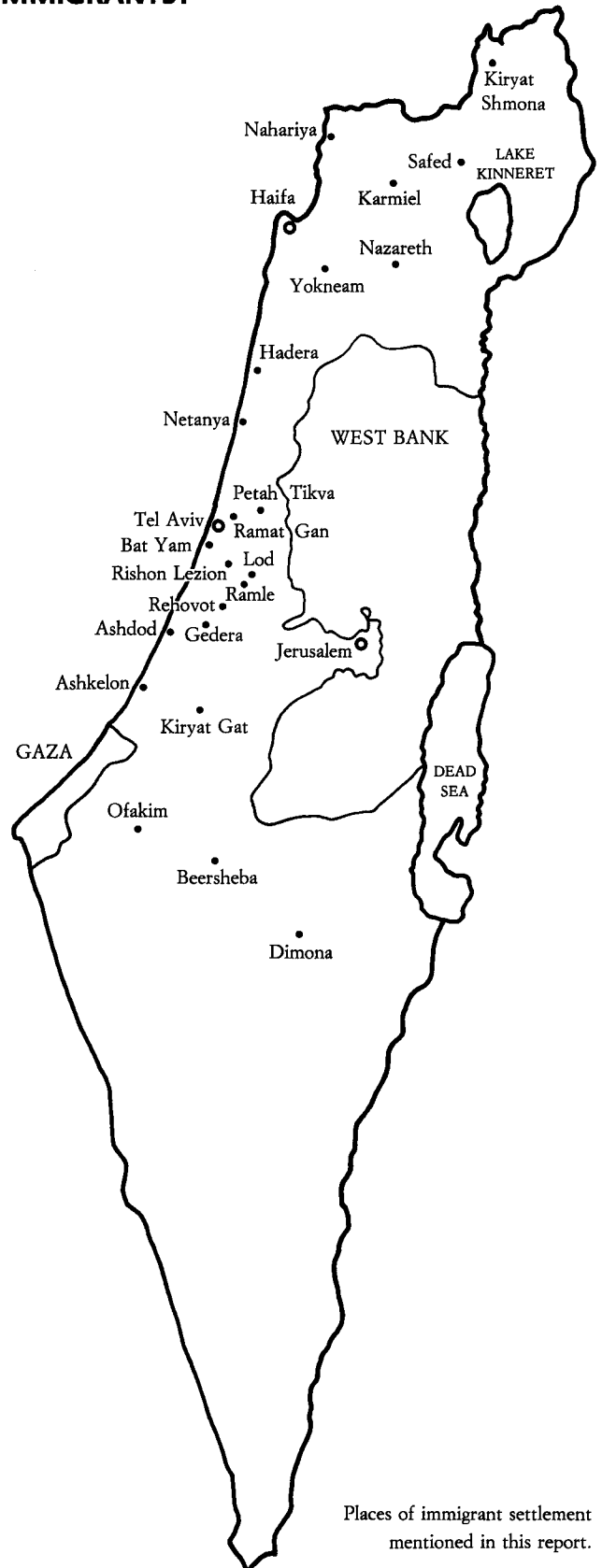
According to the Soviet census of 1989, there are 1,434,553 Jews in the USSR; 1,376,910 of these are Ashkenazim; 19,516 are Mountain Jews from the Caucasus; 36,568 are Bukharan Jews: 16,123 are Georgian Jews; 1,559 are Krymchaks (Crimean Jews) and 2,803 are Karaites.¹ According to the Jewish Agency, between the beginning of 1989 and 6 June 1990, 1,163,350 applications for immigrant visas were submitted to the Agency by people in the USSR wishing to emigrate to Israel.² It would appear, therefore, that the entire Jewish population of the Soviet Union is trying to move to Israel.

In fact, the actual number of Soviet citizens who may apply to leave for Israel is much higher than might be assumed from the census figures, because it includes non-Jewish spouses and children of mixed marriages and because many Jews have not registered as Jews.

Conservative estimates of the potential number of immigrants from the USSR who meet the Law of Return criteria put the figure at 3.5 million, although up to 12 million has been suggested. This figure includes the 1.5 million who consider themselves to be Jews according to the 1989 census, Jews who conceal their true ethnic identity and the children of mixed marriages with only one Jewish grandparent who together are estimated to number between 1.5 and 2 million. Also included are non-Jewish relatives of Jews; these may number 500,000-600,000.

The Law of Return

Natan Sharansky warned at the beginning of July 1990 that because of the provisions of the Law of Return, 12,000,000 people from the Soviet Union may be eligible to emigrate to Israel. Under the Law of Return, relatives of Jews up to the third generation may claim Israeli citizenship. Because the intermarriage rate in the USSR has been high since the Revolution (about 57 per cent of Jewish men and 48 per cent of Jewish women are married to non-Jews),³ the number of those who may qualify for Israeli citizenship is far greater than anyone had anticipated. I know a Jewish surgeon, for example, who arrived recently with his Jewish wife, a son by a non-Jewish former wife, a non-Jewish daughter-in-law and a grandchild.



Places of immigrant settlement mentioned in this report.

1 *Sojuz* (Moscow), 11 March 1990.

2 *Yediot Abaronot*, 7 June 1990.

3 Herb Keinon, 'One-fifth of Soviet olim are intermarried', *Jerusalem Post*, 5 July 1990.

The surgeon has two more sons with non-Jewish mothers who may also wish to come to Israel with their wives and children. In the USSR others—including even Russian Orthodox clergy—have enough Jewish ancestry or connections by marriage to qualify for Israeli citizenship should they ever wish to consider it, which probably most never will. This is clearly a most difficult and delicate issue, especially for a country that has neither the wealth nor the initial size of native population of, for example, West Germany, which absorbed ethnic Germans from the USSR for many years.

Michael Kleiner, head of the Knesset Immigration Absorption Committee, raised the highly sensitive point that the Law of Return may have to be amended, after Absorption Minister Yitzhak Peretz reported that 25 per cent of families now arriving are of mixed marriages. 'For economic reasons we might not be able to afford this luxury', said Mr Kleiner.⁴

Projected Number of Immigrants

Using more realistic estimates, it may be assumed that only half the 3.5 million mentioned above will want to emigrate; in this case, the potential number of emigrants could reach 1.75 million. To these must be added a further 20 per cent of the total, composed of Gentiles who procure—at great expense—false papers that allege that they are Jews. The minimum estimate of people who might apply to emigrate to Israel is therefore 2 million.⁵

Since April 1990, about 10,000-20,000 Soviet olim (immigrants) have arrived in Israel each month, largely on flights via East European countries. Apart from transport constraints, the technical problems which limit the number of arrivals are the inefficiency of the Soviet authorities and the application by them of security measures. Chronic Arab pressure and Soviet domestic political instability could bring new bureaucratic limitations at any moment.

For these reasons, some observers believe that the level of 10,000-20,000 olim per month will remain stable, although the Jewish Agency claims that the monthly rate will be much higher.

Even without additional obstacles, and assuming that the Soviet political situation continues to permit Jews to leave, it will take years to transfer all those Soviet citizens who want to emigrate to Israel. The declaration of independence by the Baltic republics

and Moldavia, the separatist tendencies of other republics including the Russian republic (RSFSR) itself, the challenges to President Gorbachev's power from both radicals and conservatives and the catastrophic economic situation may all bring the collapse of the USSR as we now know it. The period during which unimpeded emigration from the USSR may still be possible is estimated optimistically at about another year, although far more pessimistic predictions have been made.

Three conclusions may be drawn: first, that predictions of the number and rate of arriving olim depend primarily on the availability and capacity of transport. Second, any prediction depends on the development and possible deterioration of the internal situation in the USSR. Third, Israeli economic problems and limited absorption capacity in the past have not hindered the desire of Soviet Jews to emigrate to Israel. Jews are fleeing *en masse* because they fear for their lives.⁶ Rising antisemitism and recent instances of physical assault and even murder of Jews in various regions of the USSR have sparked a panic wave of emigration.

Soviet Reaction to the Aliya

Vitaly Korotich, a close ally of President Gorbachev and editor of the liberal magazine *Ogonek*, the most influential weekly magazine in the USSR, said that the Jewish exodus is a tragedy for his country. A proven fighter against antisemitism, Mr Korotich said,

I have met with many Jewish leaders and offered to work with them in order to convince Jews to stay here, but then I never hear from them again. The trend in the Jewish community is to support the idea that it is safest for Jews to emigrate. This impulse is certainly understandable, but it gives credence to spokesmen from Pamyat and other antisemitic groups who say, 'Now the country is facing difficult times, and all the Jews are running away.' We have to do a better job in explaining to the people why Jews feel threatened . . . [and] in presenting the contributions made by Jews to this country in a positive light.⁷

Such an assessment seems to be correct. In an interview, Alexander Kulakov, a leader of Pamyat, the ultra-nationalistic and rabidly antisemitic movement, demonstrated his organization's opposition to aliya. 'The Jews', he said, 'are responsible for the deaths of 100 million Russians and the destruction of their churches. They must be kept in the USSR to stand trial and to be punished for their crimes.'⁸

Pamyat, for all its growing influence, might be dismissed as a lunatic fringe, but more central figures in the Russian establishment have echoed its classic

4 *Jerusalem Post*, 12 July 1990.

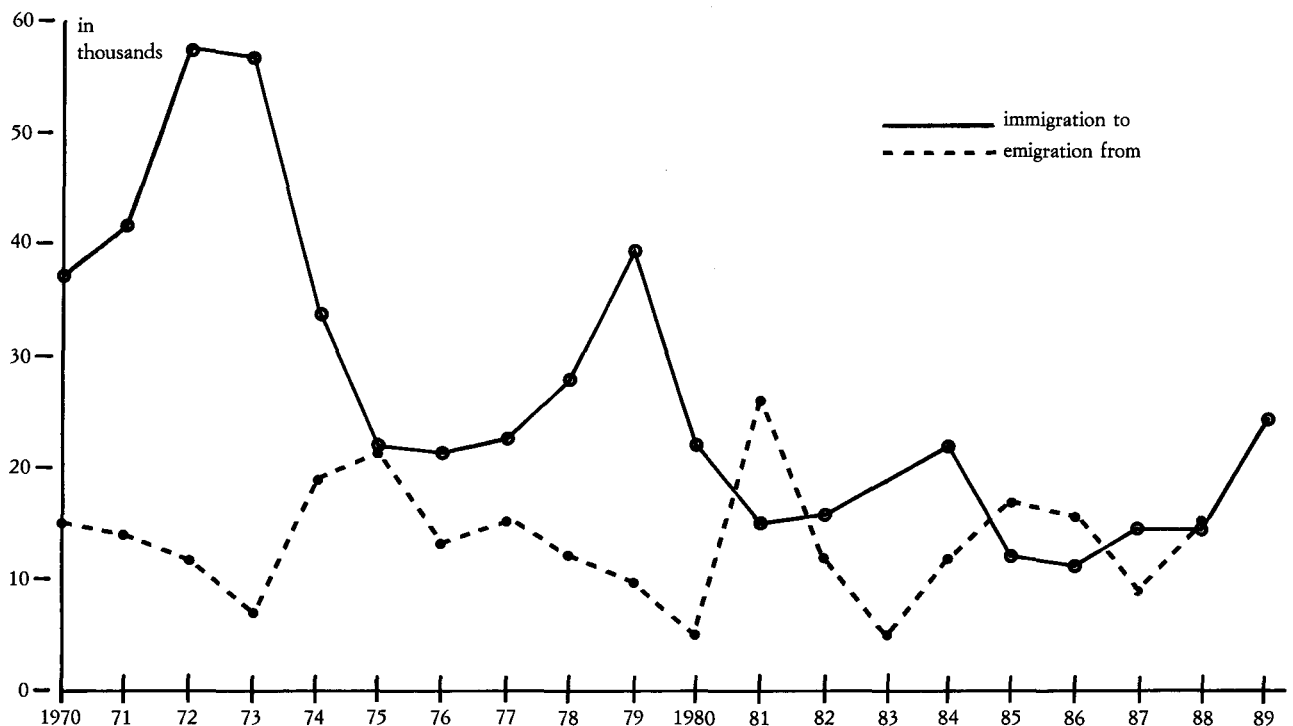
5 Y. Levich and A. Libin, 'Ha'aliya mibrit hamo'atsot 1990: hekef veif-yunim' ('Aliya from the USSR 1990: volume and characteristic features'), in Israeli International Institute for Applied Economic Policy, *Hebeitim kalkaliim beklitat 'aliya hamonit—1990* (Jerusalem), 28 March 1990, 10-12.

6 *Ibid.*

7 Walter Ruby, 'Aliya is a tragedy for USSR, says Soviet magazine editor', *Jerusalem Post*, 12 July 1990.

8 Conversation between the author and Leonid Kelbert, who interviewed Mr Kulakov in Moscow.

FIGURE 1
IMMIGRATION TO AND EMIGRATION FROM ISRAEL 1970-89



antisemitism. Valentin Rasputin, a writer who is a member of the new Soviet Presidential Council and an adviser to President Gorbachev, is reported to have told the *New York Times* last January, 'I think today the Jews should feel responsible for the sin of having carried out [the Bolshevik] revolution and for the shape that it took. They should feel responsible for the terror that existed during the revolution. They played a large role and their guilt is great—both for the killing of God and for that.'⁹

It is these views which are in part fuelling the determination of Soviet Jews to leave. Nevertheless, their motivation facilitates the migration and absorption process on both sides, a fact commented on by the Israeli Prime Minister, Yitzhak Shamir.¹⁰

Increasing Numbers

During the whole of 1989, only 12,859 Soviet olim emigrated to Israel. December of that year saw an increase in the number of olim of 83.4 per cent over the previous month. In the first nine months of 1990, nearly 100,000 Soviet immigrants arrived in Israel and 150,000 are expected by the end of the year. This constitutes an annual increase of between 2.5 and 4 per

cent of the Israeli Jewish population. An exodus of two million Soviet olim would result in a 50 per cent increase in the Israeli Jewish population. Immigration to Israel in 1990 will have been higher than any annual total since 1951, when 175,129 olim arrived.

Such a mass aliya requires huge investment, rapid construction of housing and additional social services. The new immigrants need water, living space, waste disposal and so on. Experts consider the provision of these physical resources to be far more difficult than the solution of the attendant economic problems.¹¹

Age, Gender and Family Size

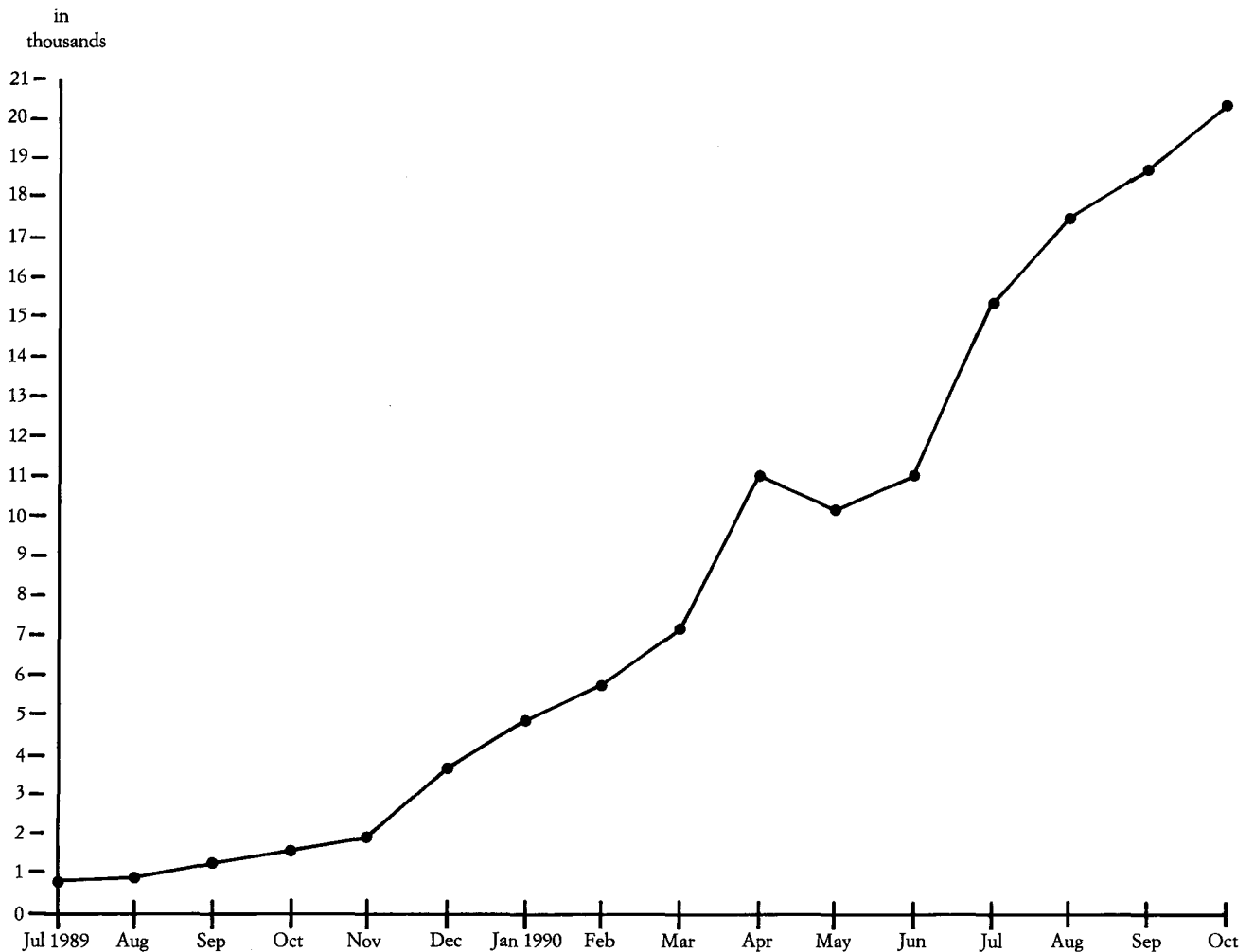
The 1990 aliya is qualitatively different from those of previous years. Before, Soviet aliya resembled any other immigration movement, in which the proportion of younger people is comparatively high. In contrast, the 1990 aliya could be called a 'total exodus' with entire extended families arriving together. The age distribution is expected to reflect that of the overall Jewish population in the USSR, which is characterized by a high proportion of old people. According to a study conducted by the Israeli Foreign Ministry in 1989, the age group of 50-plus constitutes 31 per cent of all Soviet Jews, whereas it is only 20 per cent of

⁹ 'Antisemitism in the USSR', *Jerusalem Post*, 11 July 1990.

¹⁰ *Ma'ariv*, 25 June 1990.

¹¹ Y. Levich and A. Libin, 'Ha'aliya mibrit hamo'atsot 1990'.

FIGURE 2
ARRIVAL OF SOVIET JEWISH IMMIGRANTS IN ISRAEL: JULY 1989-OCTOBER 1990



the general Israeli population. The group 0-25 years is 32 per cent, compared to 50 per cent in Israel. Children of school age constitute 15-17 per cent, against 28 per cent in Israel¹² (see figures 3-5).

The new aliya is expected to consist of 53 per cent women and 47 per cent men. As male life expectancy is lower than female, men over 50 years constitute 13.7 per cent of the Soviet Jewish population, while women constitute 18.8 per cent. In the 0-25 age group, the ratio of males to females is 1:1.

The Soviet immigrants have fewer children than Israeli Jews, the average size of a family in the new aliya being 2.8 persons against 3.6 in Israel in 1987. Of 3,585 Soviet families who emigrated to Israel in 1989, only 1,188 (33 per cent) consisted of 4 persons or more.

¹² Ibid.

A Highly-Educated Aliya

Among Soviet olim, the proportion of scientific and academic professionals with higher education is five times higher (42.6 per cent) than among Israelis (8.5 per cent). The Soviet Jewish population is one of the best educated Jewish populations in the world, presenting an invaluable opportunity for the development of Israeli science, culture and industry. The education of such a highly trained population in Israel would have been extremely expensive and have taken many years. For example, between 1975 and 1989, this proportion of the Israeli population increased from 6.6 per cent to only 8.4 per cent.¹³

Well over half (61 per cent) of Soviet olim employees have more than thirteen years education,

¹³ Bank of Israel, *Hamediniyut hakalkalit betkufat 'aliya* (Economic Policy in the Era of Aliya) (Jerusalem 1990).

FIGURE 3
AGE DISTRIBUTION OF IMMIGRANTS TO ISRAEL: 1970-88

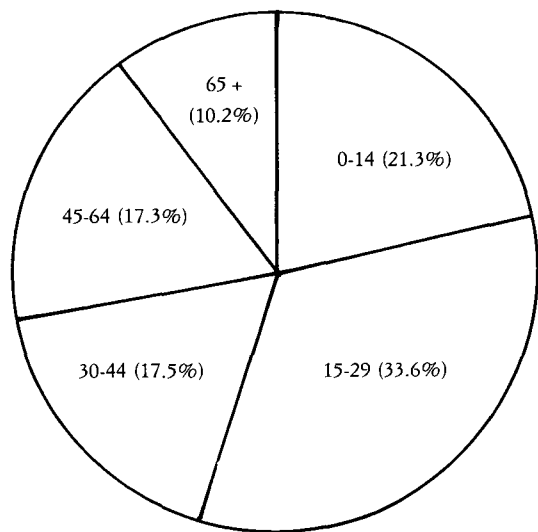
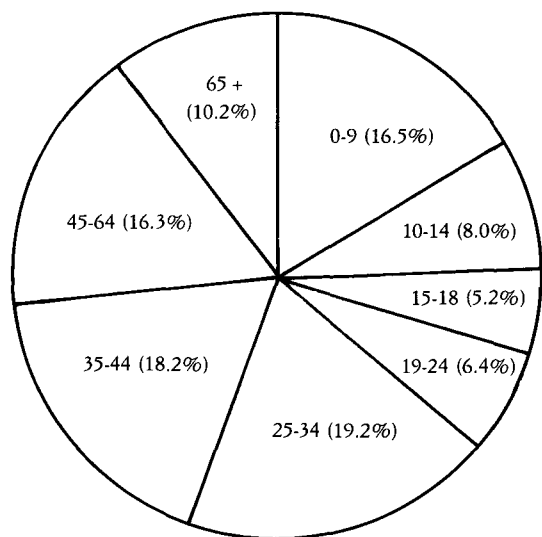


FIGURE 4
AGE DISTRIBUTION OF IMMIGRANTS TO ISRAEL:
JANUARY-MARCH 1990



compared with just over a quarter, 26 per cent, of Israeli Jewish employees. Only 13 per cent have less than eight years of schooling, as opposed to 29 per cent of Israelis. A quarter are key professionals—engineers, technicians, architects, doctors, dentists, nurses, paramedics and dental assistants. Of note is the relatively high number of physicians (5.4 per cent), nurses (4.8 per cent) and musicians (3.5 per cent) among the new immigrants of 1990.

A particularly high number—about 4.6 per cent—of academics with the Soviet degrees of Can-

didate and Doctor of Sciences (roughly equivalent to the Western PhD and postdoctoral degree) is now arriving. In other words, in a million Soviet immigrants, over 40,000 will be academics. This compares with 12,000 who have attained a similar educational level in Israel today. The arrival of such highly qualified olim presents tremendous opportunities for the development of the Israeli educational and technological systems. It is also no mean challenge to Israeli society to absorb this category of specialists.

Zionist Self-Identification

The present exodus is less ideologically motivated than previous waves of Soviet olim. Most Jews who identified with their people and with Israel left, or attempted to leave, with the more than 350,000 Soviet Jews who emigrated between 1970 and 1989. Nevertheless, there are indeed committed Zionists and Jews among young Soviet olim today who were too young to migrate earlier and whose parents tend to be either less committed or have come only lately to Jewish religious and nationalistic ideas.

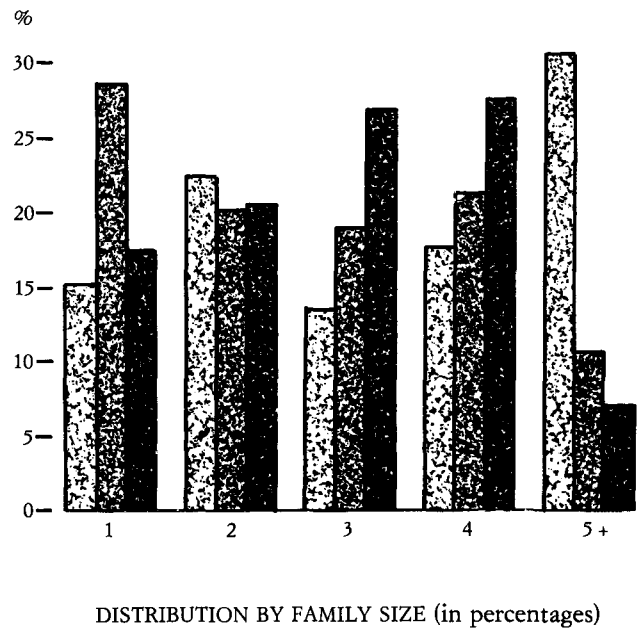
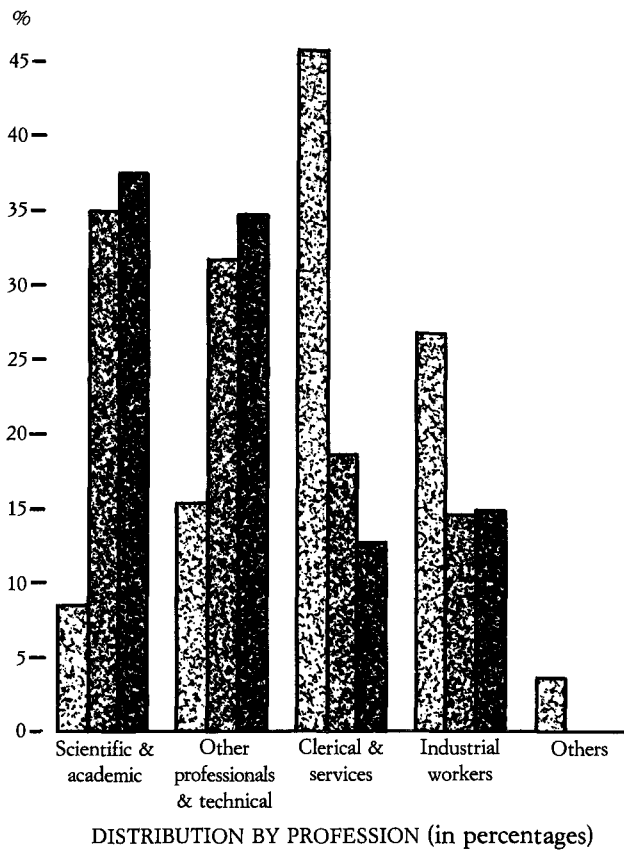
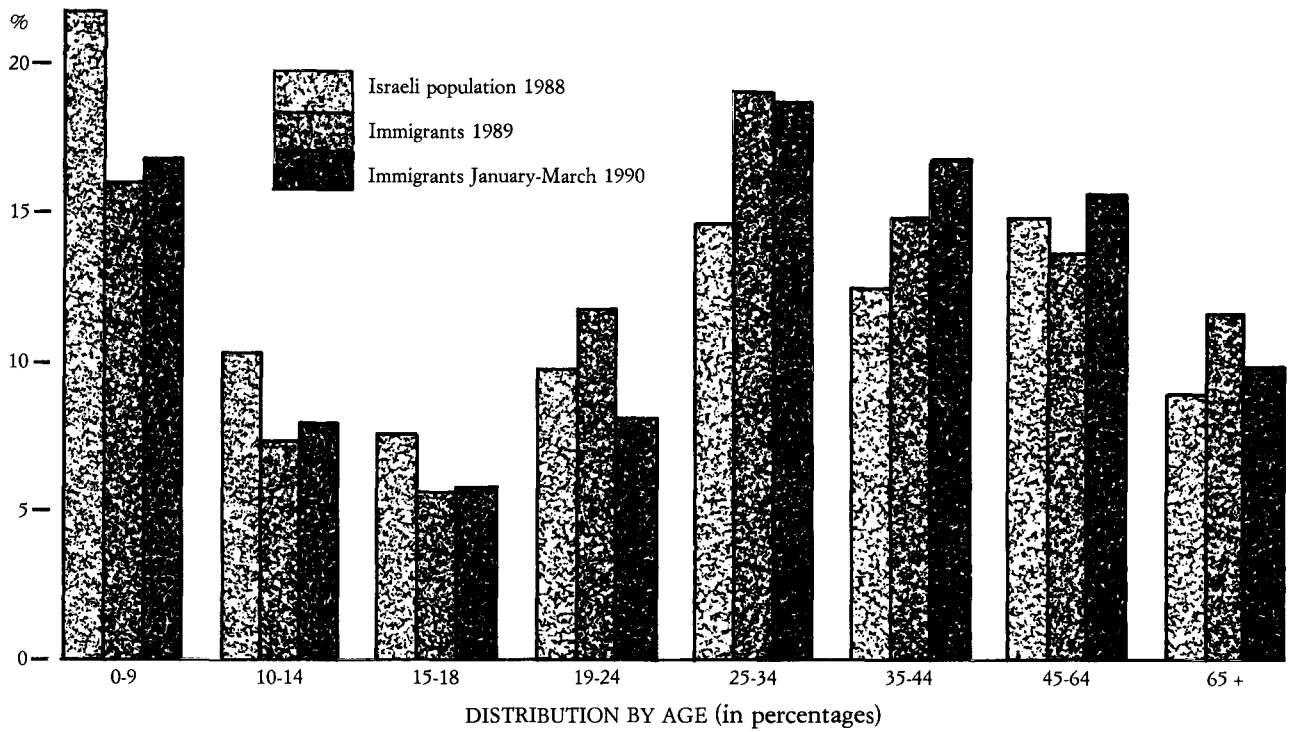
Among those who stayed behind during the emigration of the 1970s were parents who waited for their children to graduate from Soviet universities or finish military service, parents and children of mixed marriages, Jews who prided themselves on being assimilated, Jews holding high positions or said to be in possession of state secrets, disabled people and their families and Jews who concealed their nationality. Under normal circumstances, most of these people would not leave the Soviet Union or would emigrate to countries other than Israel. The limit of 50,000 Soviet immigrants per year to the United States, and the rapid deterioration of the economic and sociopolitical situation inside the USSR, is forcing them to take the only possible escape route, to Israel.

Glasnost and perestroika have allowed the development of hitherto banned Jewish cultural activities throughout the USSR. Jewish organizations provide potential olim with basic Hebrew and information about Israel, Jewish life and religion. They may serve as schools of Zionism, though some aliya activists in Israel doubt their usefulness.¹⁴

Such organizations are indeed vital for initial education in Jewish life and values for a population that has for decades been denied access to this information. They provide an opportunity for so-called 'soft absorption'—the preparation of potential olim for life in Israel by teaching them Hebrew and Jewish history, giving full information on Israel and providing professional and retraining courses. Organiza-

¹⁴ *Jerusalem Post*, 26 June 1990.

FIGURE 5
COMPARISON BETWEEN ISRAELI AND IMMIGRANT POPULATIONS



Source: The Institute for Economic and Social Research of the Histadrut, *The State of Israel in the 1990s in the Era of Mass Immigration* (Tel Aviv 1990).

tions such as the Jewish Agency, Joint Distribution Committee (Joint) and ORT are active in the Soviet Union providing such services in conjunction with Va'ad, the umbrella organization for Soviet Jews. The Joint has recently agreed to support Va'ad with \$170,000 a year.

Olim who arrive in Israel with no strong Zionist motivation can be absorbed well into Israeli society. Since they come without romantic expectations, they are less likely to be disillusioned when they collide with the hard facts of life in their new home. The absorption of the 1973-74 aliya showed that after five years in Israel, 67.1 per cent of olim felt totally Israeli and 80.6 per cent were sure they wanted to stay in Israel.¹⁵ Even though this was a more idealistic group, the figures point to a tendency that may give grounds for optimism.

Religion among Soviet Olim

Religious self-identification has been an important factor in the preservation of Soviet Jewry, and it is now playing a major role in promoting positive attitudes towards Judaism, Israel and the idea of aliya. Although there are religious Jews among olim from Bukhara and Georgia, the bulk of the Ashkenazi immigrants are far from actively religious. In July 1989, I visited Chernovitz in the Ukraine, a city with over a quarter of a million inhabitants, among them about 18,000 Jews. Chernovitz is an active centre of emigration, and in 1989 accounted for over 8 per cent of the total aliya from the USSR—equivalent to the total number emigrating from Moscow in 1989. There is one synagogue with a daily *minyan* and an average

Sabbath attendance of twenty to thirty elderly men. Aliya activists and Hebrew teachers did not attend the services when I was there. The synagogue elders told me that they receive no financial or other support from the local Jewish community or from the Moscow synagogue. Indeed, they said, the Great Moscow Synagogue has only a Sabbath service.

As for the Chernovitz synagogue, it is actually supported by Gentiles. A long established custom exists in this region for non-Jews to pray at the tombs of Jewish *tzaddikim* to beg for their intercession. Since many of the tombs have been destroyed or lost in the general neglect and desecration of Jewish cemeteries, Gentiles began going to the synagogue instead. The synagogue elders' unique response when faced with this phenomenon was to translate prayers into Russian and Romanian and devise a special ceremony to meet the needs of their visitors. There is some suggestion that Israeli rabbinic authorities were consulted and sanctioned this. In return, the Gentiles left large donations for the upkeep of the synagogue.

Various groups, the most active of which is Lubavitch, organize regular *minyanim* and religious classes throughout the Soviet Union, although relatively few Jews are involved. *Yeshivot* have been started in Moscow and Leningrad. Religious organizations send emissaries and literature into the USSR, although some religious publications are even printed and distributed inside the Soviet Union. Like many other young Soviets, young Jews are becoming attracted to religion after generations of officially imposed atheism. Religious organizations are providing generous support to such immigrants on their arrival in Israel, especially in the area of social absorption.

2

THE EMIGRATION PROCESS

Many obstacles—though fewer than previously—lie in the path of potential emigrants. Anyone wishing to leave the Soviet Union must take an invitation (*vyzov*) from their immediate relatives in Israel to the OVIR, the Soviet emigration office. The Jewish Agency is the conduit through which Israeli invitations are sent; its straightforward procedures mean that as a rule, invitations are issued without delay. In cases when the Jewishness of a potential immigrant is in doubt, the Jewish Agency may ask for proof of ethnic identity.

An exit visa takes from one to six months to be issued. During this period, potential emigrants are not subjected, as in the past, to loss of jobs and other sanctions. The exit visa is valid for between one and three months, a time sufficient to complete preparations to leave. However, the main problem of would-be immigrants today is obtaining transport out of the USSR, given the lengthy waiting list for airline and train tickets.

In the absence of direct flights to Israel, several transit points, particularly Budapest, are used. Olim also travel via Bucharest and Vienna and individuals

15 Central Bureau of Statistics, *Immigrants from the USSR. The First Five Years in Israel, Arrived in 1973/74*, Special Series No. 682 (Jerusalem 1982).

have been known to find their own way via Greece, Cyprus and other unconventional routes. In general, however, routes via other European airports, and the use of ships and buses, have been rejected for logistical and security reasons. Additional transit points in Eastern Europe and Finland are opening.

A major bottleneck has developed at customs. Clearance of possessions to leave the country may take up to three years, as olim may take only officially specified personal possessions. The Moscow customs office, the biggest in the USSR, processes only about half-a-dozen applications a day. Some olim are forced to leave all their possessions behind in order to get out of the Soviet Union as soon as possible.

Reliable sources in Moscow aliya circles see various obstacles which hinder immigrants leaving for Israel. In 1990, the waiting period for receiving a *vyzov* from the Jewish Agency increased from two or three months to six, even though the number of Jewish Agency officials issuing *vyzovs* was increased from fifteen to twenty-three. Airline tickets can take as long as a year to be issued, though either because of poor organization by the Jewish Agency or possible obstruction by Soviet authorities, many flights leave Moscow half empty. For the same reasons other modes of transport, such as buses and railways, are not used to full capacity. Customs checking of luggage is extremely slow. Most customs offices take over a year, but in Riga the waiting time is three years. Finally, the Soviet OVIRs are not able to cope with processing the huge number of applications and have a considerable backlog. Therefore, the yearly number of 100,000-200,000 olim will perhaps remain stable and the aliya of Soviet Jews will have to continue for at least six or seven years.

These delays sap motivation to leave, as does the fact that the great anti-Jewish pogrom that was rumoured for 5 May 1990 never took place. This soothed Jewish fears, although violence continues, on a smaller scale than anticipated, and people have resigned themselves to wait.

For the trapped would-be olim, the nascent Jewish cultural opportunities in the USSR are a lifeline, sustaining their commitment to an elusive goal and educating them in the language and customs of Israel so that when they finally arrive they will be better equipped for absorption. Despite their potentially bureaucratic nature, organizations like the Va'ad may more than justify their existence by sustaining the community's hope and cultural life in the USSR.

The cost of emigration—of essential visas, tickets and customs duties—is enormous. Each person is permitted to exchange 626 roubles for \$100—the normal tourist exchange rate—which is the only money they

can take out of the country. They are forbidden to take silver, gold or precious jewellery. The phenomenon now exists of olim arriving in Israel virtually penniless, stripped of their personal possessions.

Arrival in Israel and Absorption

'Direct absorption' is the route taken by most Soviet olim when they arrive in Israel, although many single olim are sent to the growing number of special absorption centres which cater to their particular needs. Those not going to centres are sent to hotels for up to two weeks while they find flats to rent. Hotel bills and rent are paid for from the grant for the first year's rent given to immigrants by the Ministry of Absorption.

Until July 1990, under the system of direct absorption, immigrants from the Soviet Union and other 'countries of distress' (Eastern Europe, Iran, Argentina, Ethiopia and Arab countries) were entitled to rent subsidies. A family of three could receive \$280 a month, except in Jerusalem, where the grant was \$330. The subsidy was dependent on family size and on presentation of a contract showing the rent due, before a year's rent was paid in advance. Frequently two or more households club together to share more expensive accommodation, pooling their rent privileges.

The impact on the housing market of thousands of Soviet olim families renting medium-sized flats in middle-class areas was cataclysmic. Rents rose by up to 50 per cent in the first six months of 1990. On 1 July 1990, the rules of direct absorption changed. On arrival, each immigrant family now receives a lump sum—the 'absorption basket'—which can be used entirely at its own discretion. The basket has been set at \$10,000 for a family of three (more for larger families, less for smaller ones), a quarter of which is given to the immigrants at the airport, and the remainder sent in monthly cheques.

This change in procedure is intended to encourage olim to economise as much as possible on rent, so as to have more money left for other purposes. Under the earlier system, any savings on rent below the level of the grant stayed with the government.

Finding Employment

Although absorption centres are currently used mainly for immigrants from Ethiopia, 10-15 per cent of Soviet olim do follow the method of 'indirect absorption'. Wherever they live, they must contact the labour exchange, to register relevant information on all those able to join the job market. Registration documents for retraining courses are also prepared. As

a rule, finding employment for an immigrant is delayed until after graduation from the Hebrew ulpan (language classes), three to four months after arrival. The preparation of notarized translations of professional documents—degree certificates, curricula vitae and so on—is done with the help of the Ministry of Immigrant Absorption, volunteers and immigrant organizations.

Anxiety about finding a job starts immediately, operating not only on the level of whether a suitable position will be available, but also on the level of economic survival—the need to supplement the household income as soon as possible. Many work unofficially as guards, cleaners, babysitters, language and music teachers etc. Potential employers are contacted via the labour exchange, friends, relatives and newspaper advertisements.

Employers who engage olim from the USSR and other countries of distress are entitled to a three to six month subsidy from the Ministry of Immigrant Absorption. State institutions receive the full salary while private employers receive only a part of an immigrant's salary. The employer undertakes to retain the worker after the subsidy period, although if the immigrant does become unemployed after this initial, subsidized period, she or he is entitled to unemployment benefits and retraining courses for immigrants run by the Ministry of Labour. In professions that must be licensed, retraining is obligatory. This applies to lawyers, accountants, physicians, nurses, pharmacists and school and kindergarten teachers.

Academics are dealt with by the Centre for Absorption in Science of the Ministry of Immigrant Absorption. Depending on the ability of the academic's employer to pay a salary, the Centre fully or partially subsidizes the salaries and research expenses of immigrant academics during the first two or three years

of their employment, after which the salaries are covered by the institutions themselves if the academic is still employed.

Olim from countries of distress are entitled to a number of other types of assistance, such as subsidized mortgages, payment of university tuition fees, payment of kindergarten fees, exemption from purchase tax on certain durable goods produced in Israel, exemption from customs duties on professional tools, such as musical instruments, imported on immigration, exemption from, and reductions on, municipal taxes, subsidized loans for establishing private enterprises, exemption from tax on the interest on bank accounts in foreign currency, and assistance to artists and writers, for example, in organizing their first exhibition or publishing their first book in Israel.

The process of absorption encompasses several stages, in which privileges of immigrant status are gradually eliminated. After six months, an immigrant has to pay small but symbolic contributions for health insurance and social security. After a year in Israel, men begin army service for between four and thirty months, depending on age. Olim of twenty-four and older do not undergo the full training period but are called for reserve duty.

After two years, the right to buy a car tax-free ends for those olim who arrived with a driving licence from their country of origin. After three years, all tax and tuition fee exemptions are withdrawn. After five years, the immigrant is no longer entitled to mortgage or rent subsidies or to help in acquiring work tools and loans for setting up in business. If the immigrant stays in Israel beyond five years, any loans become grants. If olim re-emigrate, they must repay loans, as well as the cost of airline tickets and luggage transportation at the time of their aliya, to the Jewish Agency.

3

IMMIGRATION ORGANIZATIONS

The Jewish Agency

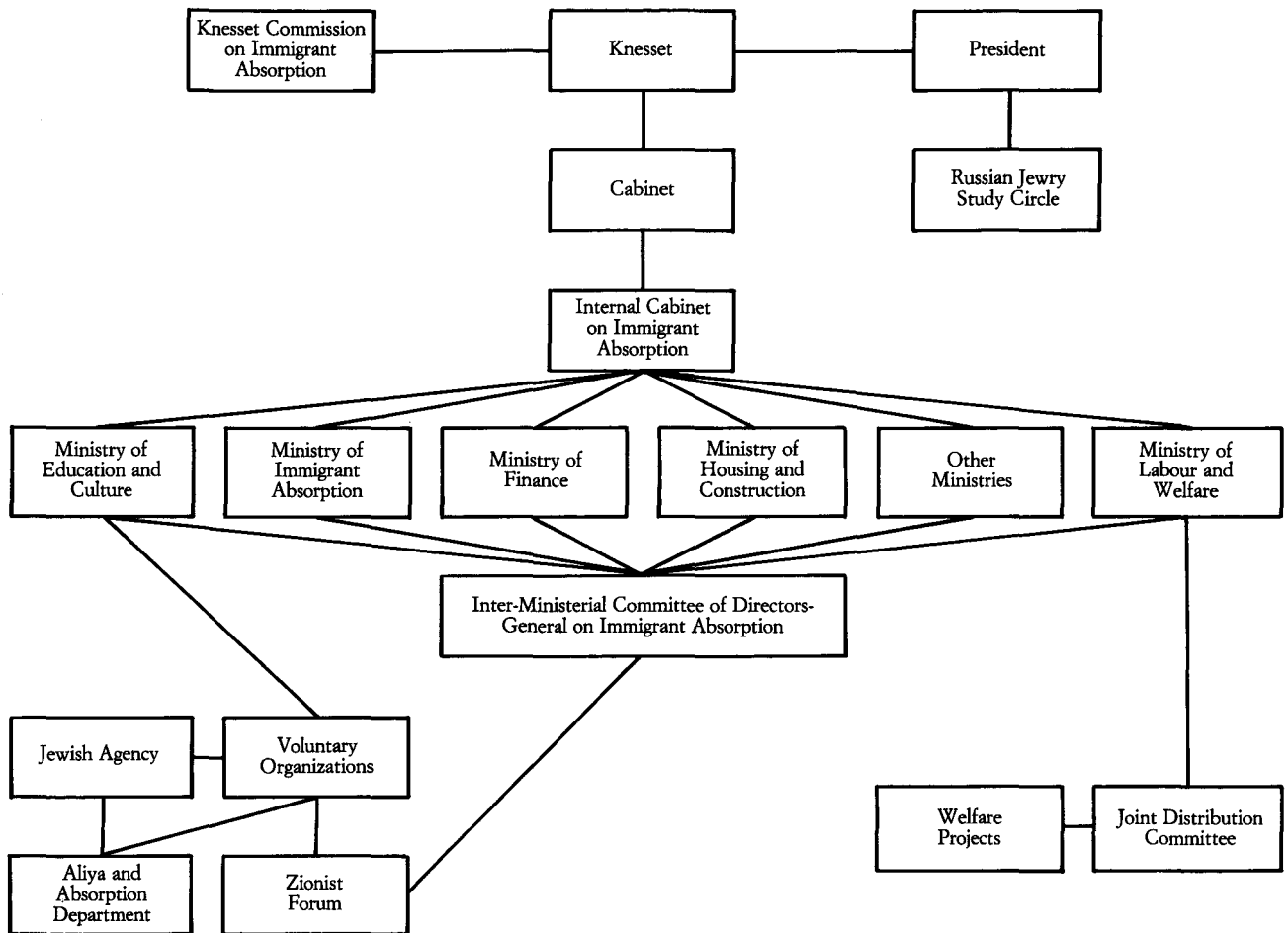
The main institution concerned with bringing olim to Israel is the Jewish Agency, a quasi-governmental body. This international organization promotes Jewish education in the Diaspora, creates new settlements and assists with repatriation problems. In order to encourage Soviet Jews to continue applying to leave for Israel, the Agency has begun to operate within the Soviet Union itself with the knowledge and consent of the Soviet authorities, a step that would have been

unimaginable only two years ago.

The Agency's activities in the Soviet Union, coordinated by its new Department of the USSR and Eastern Europe, are spread over twelve communities and concentrated in three areas: teaching Hebrew and training Hebrew teachers, providing seminars for Soviet physicians preparing for aliya and conducting seminars for high-school students who are about to emigrate and who will be taking Israeli university entrance exams.

Agency emissaries run seminars for Jewish com-

FIGURE 6
SYSTEM OF IMMIGRANT ABSORPTION IN ISRAEL



munal leaders and students and a summer camp for children. Their activities are co-ordinated by two offices in Vilnius, Lithuania and Tbilisi, Georgia. A third office is planned to cover the Ukraine and Moldavia. The Agency also helps Soviet Jewish communities by training academics and students in Israel, after which they are expected to return to guide their home communities. These activities, which only began in October 1989, will be augmented by the publication of Jewish and Hebrew texts in the Soviet Union.

In a new initiative, the Agency sent the mayors of Israeli towns to the USSR to prepare potential immigrants for direct absorption. The Agency has allocated funds to Israeli local authorities intending to absorb a certain number of Soviet immigrant households in the next few months.

Tens of thousands of Jewish tourists from the USSR have visited Israel during the past two years. The Agency organizes guided tours of the country and runs *ulpanim* for young visitors as well as professional

seminars which allow the tourists to explore possibilities for their own settlement.

The Immigration and Absorption Division of the Agency, in conjunction with the Ministry of Foreign Affairs, prepares requests for family unification to be sent to the Soviet Union. Since January 1989, over a million requests have been prepared. Each month, over 50,000 new requests are dispatched. The Agency organizes the airlift of Soviet Jews, maintains the services of transit points to Israel and finances all transportation expenses, excluding the shipping of luggage. The 1990 transportation budget is \$150 million, to cover 150,000 Soviet olim at \$1,000 per person.

At the moment, the Agency pays 50 per cent of the expenses of direct absorption. However, because of unexpectedly high transportation expenses in 1990, it wishes to reduce its contribution to 20-25 per cent.

Although in recent years the Agency has cut its staff by 2,000, it remains a huge and not always effi-

cient bureaucracy. Its critics charge that it reminds them more and more of a vast travel agency, arranging flights and luggage handling for Soviet olim, and donors are beginning to demand that this job be carried out more effectively.

It also provides professional welfare services to the elderly, the sick, single-parent families etc. In addition to working with olim directly, the Agency assists other immigrant associations and organizations which aid olim in their first steps in the country.

The Ministry of Immigrant Absorption

The Israeli Ministry of Immigrant Absorption is responsible for the absorption of new immigrants and represents their interests before other governmental bodies. Ministry officials pay out government grants and subsidies to olim, help them to prepare documentation and provide them with the information necessary to settle in Israel. They operate both from Ministry offices and from absorption centres.

The Ministry also operates the Centre for Absorption in Science mentioned above and creates and finances research groups consisting of at least three academics, working closely with the Ministry of Science and Technology. At present, over 600 olim-academics from the USSR are supported by the centre.

Overlapping Responsibilities

Relations between the Jewish Agency and the Ministry for Immigrant Absorption have been strained for years as successive Israeli governments have tried to transfer full responsibility for absorption to the Ministry, while the Jewish Agency leadership has striven to preserve its independence. In 1972, a government committee decided that both the Ministry of Immigrant Absorption and the Immigration and Absorption Department of the Jewish Agency should be replaced by a new body with exclusive authority to deal with immigration. However, because of political infighting, this decision was never implemented.

In a stinging indictment of the government's failure to prepare for the current wave of Soviet immigration, Miriam Ben-Porat, the State Comptroller, called in 1989 for the creation of a new authority to coordinate absorption. 'Experts and commissions over the years have reached the conclusion that the present administrative structure is an impediment to absorption and a waste of funds', she wrote. 'The immediate establishment of a central authority for absorption is necessary'.¹⁶

As though the rivalry between the Jewish Agency and the Ministry of Immigrant Absorption were not enough, several other ministries are also involved in absorption: the Housing Ministry builds housing for immigrants, the Ministry of Labour and Welfare is responsible for finding jobs and manages the labour exchanges (for immigrants without higher education) and the centre for job placement (for those with higher education). The Treasury is responsible for budgeting for the expenses of absorption and the Ministry of Science and Technology deals with new development projects to employ immigrants. There is also considerable overlap in responsibility at absorption centres. While the Jewish Agency maintains and finances them, the *ulpanim* in these centres are supported by the Ministry of Education and the kindergartens are run by local authorities.

The Housing Ministry has long been hampered by the bureaucracy of the Israel Lands Administration and the Treasury. Plans for housing immigrants were formerly drawn up by the Immigrant Absorption Ministry and transferred each year to the Housing Ministry. However, this arrangement stopped over inter-ministerial disagreement in the late 1970s, and for a number of years no new immigrant housing has been properly planned or built.

As a result of the absorption crisis, an emergency was declared at the end of June 1990 by the new Minister of Housing, Ariel Sharon, who was given responsibility for the Israel Lands Administration, allowing him to release state land for building. Many bureaucratic building regulations have also been cancelled. Mr Sharon has been given wide powers as chairman of a new 'aliya cabinet'. This comprises the various ministers which deal with aliya and absorption, mandated to draw up a 'global' absorption policy. Questions such as whether Israel should import prefabricated housing, what should be done to encourage employment and how to cut red tape in granting building permits are expected to be decided here. The Immigrant Absorption Minister, Yitzhak Peretz, is in charge of the Inter-Ministerial Directors-General Committee on Aliya and Absorption which is intended to make sure that decisions made by the aliya cabinet are in fact carried out. According to some observers, Ariel Sharon, with his bulldozer reputation, is the best hope to override the interests of the different ministries and government bodies which have, until now, effectively stymied the process of decision-making on absorption.

It has been suggested that the new Finance Minister, Yitzhak Moda'i, is another good choice for dealing with the financial problems of absorption. He is reported to have created a special 'absorption room'

16 *Jerusalem Post*, 15 May 1990.

next to his office where information on the current state of absorption can be monitored and analysed.

Zionist Forum

The most important voluntary organization working with Soviet immigrants is Zionist Forum. Forum was created on 1 May 1989 at a conference attended by 590 delegates representing dozens of Soviet olim organizations in Israel. This umbrella organization, ruled by a presidium of eighteen people under the chairmanship of Natan Sharansky, works on three fronts: to create a community of Soviet Jews in Israel, support aliya from the USSR and support absorption.

Although Forum pays special attention to helping refuseniks, its main activity in 1990 is in those areas of absorption not covered by government bodies. At its four offices in Israel's major cities, thousands of volunteers originally from the USSR support a dozen trained consultants to help new immigrants find their way through the bureaucratic labyrinth.

Forum helps in initial orientation and in finding apartments and jobs through its up-to-date files, and wages an active mass media campaign. It publishes a booklet with useful telephone numbers and addresses of various Israeli institutions for olim. Problems can often be solved by a phone call from Forum to the relevant government office.

In its early days, many civil servants regarded Forum employees as a nuisance and co-operation was minimal. Today, however, 'I have no problem now in dealing with most of the government offices', explained Mrs Frenkel, head of the Absorption Section who came from Riga fifteen years ago and has worked ever since for the Immigrant Absorption Ministry.

On the one hand, Forum represents new immigrants from the Soviet Union and defends their rights should the need arise. On the other hand, it has now become a government office in its own right. Nearly all the government offices co-operate with us, and do not see us as interfering with their work in any way. Forum sees itself as a bridge between the new immigrants and the authorities.¹⁷

However, little co-operation exists between Forum and the Jewish Agency on problems connected with absorption centres.

Forum has established two mortgage funds. One, financed by New York investment banker and philanthropist Joseph Gruss, has made available \$20 million for substantial additional mortgages to new Soviet immigrants. Bank Tefahot, which administers the fund, has made a further \$40 million available on highly preferential terms. An immigrant family of two-to-four people is eligible for a thirty-year government

mortgage of about \$38,000. Under the agreement reached with the bank, such a family can receive an additional \$5,000-\$12,000 from the Gruss fund and up to \$20,000 from the bank itself over twenty-five years. The repayment terms are based on a conservative estimate of the earning power of new immigrants. It is estimated that between 3,000 and 5,000 families will receive help from the Gruss fund.

In essence, the Gruss fund offers Soviet olim additional mortgages according to a pattern set by the Association of Americans and Canadians in Israel and by the British Olim Society. The Gruss fund also offers substantially larger sums than are available to Western immigrants from their associations because Soviet olim rarely have any additional resources.

A second, smaller fund of \$1 million has been set up by the New York Federation UJA Legacy Fund, Ludwig Josselson of New York and the Forscher Foundation. It offers a maximum home-purchase loan of between \$5,000 and \$7,000 to immigrants aged over fifty, one-parent families and families with more than four children. Preference is given to people buying within housing associations in order to keep prices down. Sixty loans were granted initially in April 1990. The rest will be granted when the housing associations start to build. It is hoped that other mortgage funds will be developed.

On a smaller scale, Forum runs warehouses for good quality second-hand clothing, furniture and household appliances for immigrants in Jerusalem, Tel Aviv, Upper Nazareth, Netanya and Ashdod. It also provides free dental care at its surgery for new Soviet olim in Jerusalem and intends to start a counselling service.

Access to cultural activities is often problematic for olim during their period of absorption into Israeli society. In conjunction with the Jerusalem municipality and the Jerusalem Foundation, Forum opened a cultural centre in Jerusalem with the help of a generous donation from Charles Bronfman of Canada. Cultural centres are also planned for Tel Aviv and elsewhere.

Some problems dealt with by Forum are simple, but are nevertheless vital to the people concerned. For example, Forum interceded for a group of immigrants who were housed in a remote absorption centre. The social worker from the Ministry of Immigrant Absorption never went to the centre and the immigrants were obliged to visit an office in town. Transport costs soon ate up the 'pocket money' the olim had been given at the airport so Forum arranged a refund from the Ministry.

A more complicated case demonstrates Forum's role in breaking the stereotypes that Ministry clerks have sometimes formed of immigrants. A single, middle-aged woman had been placed in an hotel

¹⁷ *Forum*, no. 6, 1990, 7-8.

whose mounting bill she had to pay, and had been told to find rented accommodation. Daily, she visited the Ministry seeking admission to an absorption centre, but no obvious place could be found as spaces tended to be reserved for younger, unmarried people or to be in relatively remote, rural areas to which she was unwilling to go.

When the woman appealed to Forum, Ministry clerks told the volunteers that the woman was an 'hysterical nuisance'. Volunteers, however, understood her frustration and fear, and found an obscure, under-populated and under-staffed absorption centre near the outskirts of a metropolitan area with which she was pleased.

Other Voluntary Organizations

Shamir is an association of well-educated, Lubavitch Soviet olim, established by Yirmiyahu Branover nearly twenty years ago, which has run a *yeshiva*, a functioning *kollel* of around forty students and published religious literature in Russian. It has had vast experience in helping Soviet olim. It established a settlement of religious olim in the Ramot neighbourhood in Jerusalem, Shkhunat Shamir, housing about 100 families. Its emissaries are active in the USSR, where they organize religious circles and founded a *yeshiva* in Leningrad. They have published and distributed thousands of books on Jewish subjects in the USSR.

Shamir founded Satec, a firm which employs over fifty new olim scientists and engineers who are given the opportunity to develop some of their ideas. The firm is developing sophisticated power consumption meters and technologies for pollution-free recycling of precious and toxic materials from waste products. It also has Galhom, a small plant producing heating elements which employs over thirty olim. Shamir would like to create more such ventures to harness the initiative and inventiveness of immigrant scientists and engineers from the USSR.

Shvut Ami is composed of observant, non-Hassidic, Soviet olim volunteers and has a *kollel* of over 100 students. It built its own neighbourhood in Ramot, Jerusalem, where its residents get generous additional mortgages on excellent terms. It arranges and finances Jewish religious weddings and circumcisions for Soviet olim.

Mahanaim is a religious association having its own neighbourhood where it subsidizes rents in Ma'ale Adumim, near Jerusalem on the West Bank. In association with the publisher Amana it publishes religious literature in Russian and organizes excursions for Soviet olim free of charge.

The Reform movement has a relatively large fol-

lowing in the Soviet Union but is not very active among Soviet olim in Israel, although it publishes a Russian-language newspaper, *Rodnik* (The Spring).

All these religious associations pay grants to Soviet olim who attend their religious classes.

Among other organizations that help Soviet olim is the Department for Immigrant Absorption and Prevention of Yerida (emigration from Israel) of the Women's International Zionist Organization (WIZO). Several thousand Israeli households and over a thousand volunteers have promised to 'adopt' immigrants. They help to acquaint olim with their rights, learn supermarket shopping, gather second-hand items that newcomers need and generally befriend them when they may feel isolated and disheartened. For immigrants sent to absorption centres, WIZO offers cookery lessons, visits to a supermarket to learn how to buy wisely on a limited budget and opportunities to meet Israelis. It also organizes parties for young, single olim where they can meet their Israeli counterparts. Similar services are provided by Emunah, an association of orthodox women, and Na'amat, an association of working women.

Associations of olim from various other countries, especially the British Olim Society, play an active role in the absorption of Soviet immigrants. As well as providing office space and advice to the Tel Aviv Forum, the British Olim Society also provides services direct to olim from the USSR. These range from accompanying immigrants to various government ministries, to helping them find flats and registering their children at school. The Association of Americans and Canadians in Israel also helps in this way.

Project Re'ut, under the auspices of Forum, makes particularly good use of volunteers who 'adopt' olim. The volunteers are not asked to search for apartments or jobs, but simply to escort the newcomers through their initial period of absorption. They may accompany the olim on their first trip to the bank or to the supermarket, or they may just be available when difficulties arise.

The same idea is used successfully in Rishon Lezion and Ra'anana by the municipality, and in Jerusalem's East Talpiot neighbourhood in a joint project of Jerusalem City Hall, the neighbourhood council and the local community centre. Municipalities also run a variety of local voluntary groups such as Ozen Kashevet (Listening Ear) in Jerusalem which provides telephone counselling by about twenty Russian-speaking volunteers.

But for all the many organizations, the main source of help for Soviet olim in all their early steps in Israel comes from the 180,000 Soviet olim who have

already settled in Israel. They provide a network of informal contacts which helps all new Soviet arrivals to feel some measure of comfort and familiarity from the first moments in their new surroundings, and sometimes find accommodation and even employment for

olim before they arrive. The new olim can see the success of the absorption of relatives and friends who came to Israel in the 1970s and 1980s. This, more than anything else, encourages optimism about their own future in Israel.

4

THE ROLE OF DIASPORA JEWS AND OVERSEAS INVESTMENT IN THE ABSORPTION OF SOVIET OLIM

The role of Diaspora Jewry in facilitating absorption is crucial. Eli Amir, Director General of the Youth Aliya Department of the Jewish Agency, has written:

Their involvement and support at this critical hour will increase solidarity between the various segments of the Jewish people: those who actually live here and build up the country, those who need refuge and a home, like the Jews of Ethiopia and the Soviet Union, and wealthy Jews from the free world who can offer financial assistance, contributing their knowledge and moral support.¹⁸

Israel has always been heavily dependent on foreign assistance for financing its absorption programme. Since 1948, US Jews have transferred over \$5 billion to Israel. The United Jewish Appeal (UJA) collects about \$750 million a year, half of which goes to Israel. At its recent assembly on 24-28 June 1990 in Jerusalem, the Jewish Agency asked for the UJA contribution to be increased from \$600 million to \$1 billion, or that \$600 million be transferred to the Agency as fast as possible. Between February and May 1990, the UJA and the Keren Hayesod Operation Exodus had transferred \$55 million to the Agency.

The US government has agreed to guarantee a \$400 million housing loan to Israel. All proceeds from the 1990 sales of Israel Bonds which aim to reach \$1 billion will go towards immigrant absorption. It is also planned to earmark some of the capital for mortgages for Soviet olim, which would be the first time proceeds from regular bonds were set aside for a particular purpose.¹⁹

In view of the liberalization of Israeli investment legislation, US investors—especially those in the construction industry—have expressed interest in investing over \$1 billion in Israeli construction.²⁰ This, it is suggested, will be either by the creation of a company which will use the property built as a guarantee of the

invested capital, or by the issue of government guaranteed bonds.

Israel attracts only \$50 million in foreign investment each year because on average,

it costs a foreign investor over \$400,000 just to receive the coveted 'approved enterprise' seal of approval from the Ministry of Trade and Industry, needed to qualify for subsidized credit, cash subsidies and cheap land. More than seventeen government departments and agencies are located along this bureaucratic Via Dolorosa, which also costs the Israeli taxpayers \$275,000 in bureaucrats' salaries and other related expenses.²¹

With the high cost of absorption, urgent steps to boost foreign investment in Israel are needed. David Sacks, President of the United Jewish Appeal in New York, said that 'American Jewish businessmen have been trying to invest here for the last ten years and have met with frustration after frustration. If Israel is to attract investment, government controls are going to have to loosen, things are going to have to change.'²²

The establishment of Free Export Processing Zones (FEPZs) has been suggested to attract foreign investment, already proving effective in forty-seven countries.

A FEPZ is an industrial park for export-oriented companies, in which all transactions are carried out in foreign currency, and where no import or export restrictions or indirect taxes apply. Firms still pay company taxes and administer their workers' income taxes, but [they] are isolated from domestic policies or, as it relates to Israel's unique situation, an unstable economic environment.²³

The Knesset has asked Meir Eldar, a Jerusalem economist, to draft legislation to establish such zones and his plan has passed its first reading in the Knesset. An authority, accountable to only one ministry, would be set up in each area which would grant to a private company the concession to establish a FEPZ. The company would supply premises and management,

18 Eli Amir, 'Diaspora must help with aliya', *Jerusalem Post*, 13 March 1990.

19 Herb Keinon, 'Bonds' 1990 goal: \$1b. for olim', *Jerusalem Post*, 9 March 1990.

20 Arye Lavi, 'Gormim beartsot habrit matsi'im miliard dolar le'anaf habniya' ('Elements in the USA offer 1 billion dollars for the building industry'), *Haaretz*, 6 June 1990.

21 Joel Bainerman, 'Free-Export Zones: a sane way to develop peripheral regions', *Jerusalem Post*, 2 July 1990.

22 Herb Keinon, 'Philanthropy is not enough', *Jerusalem Post*, 18 May 1990.

23 Joel Bainerman, 'Free-Export Zones'.

technical and financial services to overseas business enterprise.²⁴

The foreign company would benefit from Israel's supply of highly trained workers and its two major Free Trade Agreements with the US and the European Community, while being isolated from the vagaries of local bureaucracy and the economy. The expected increase in exports would create more jobs, increase tax revenue and stimulate the rest of the economy.

The Investment Encouragement Law (Capital Intensive Companies) 1990 proposed a series of special new tax benefits (reductions on income taxes, capital-gains tax and taxes on dividends and exemption from stamp duty) for foreign corporations with a share capital of at least \$30 million that invest in Israel's economy. The new law would also allow the establishment abroad of one or more mutual funds that would invest only in Israel.

According to Tax Commissioner Moshe Gavish, the proposed tax benefits are necessary to draw foreign investment to Israel. 'We are in competition with the whole world to lure investors here. Other countries offer all kinds of benefits, and we must do the same.' He noted that this was especially due to the 'Israel risk factor'—the fact that Israel is viewed as an unstable country, surrounded by hostile neighbours.²⁵

Diaspora Jewry, which is supporting the budget for Soviet immigration through its contribution of \$600 million to Operation Exodus, is pouring additional funds through other channels such as Forum's Gruss fund. Forum itself is unwilling to campaign to collect money for fear of competing with Operation Exodus. Forum recently reached an agreement with the Jewish Agency that Natan Sharansky would campaign in Britain on behalf of Keren Hayesod, in return for some of the money that he would raise.²⁶

I once heard a sharp-tongued Canadian philanthropist remark, 'I never knew there were stupid Jews in the world till I came to Israel!' Other observers have been known to share her exasperation. She was perhaps reacting less to native intelligence than to a lack of sophistication and experience in planning and administration. The centrality and value to her of eliminating red tape, waste, coffee drinking and personal phone calls while clients wait, or the axiomatic need for planning was not necessarily equally obvious and desirable to Israeli bureaucrats. But the huge problems faced by Israel, especially in areas like absorption, are not best dealt with by provincialism and

last minute improvisation. They require sophisticated, up-to-date solutions.

The help that can be provided by Diaspora Jews involves, therefore, not only funding but also their active participation in sound Western-style economic planning and management.

Fruitful modes of Diaspora assistance have been direct investment in Israeli business and industry, advice and help given by successful businesses to Israeli firms in the same field and help in establishing and operating social and health services.

Project Renewal

One of the most successful examples of Diaspora assistance is Project Renewal which was started in the 1970s to redevelop impoverished neighbourhoods, promote the participation of citizens in running their own communities and encourage Diaspora Jewry to address Israel's social concerns, encouraging Israelis to become involved in running and revitalizing their own communities. This has been achieved by twinning Diaspora communities with towns in Israel.

Today, Project Renewal is focusing on the Soviet olim. The active Philadelphia community has plans to help with their absorption in Ramat Gan and is considering offering monthly subsidies and low-cost housing loans which will be funded through the Jewish Agency.²⁷ The New York community, twinned with Lod and Ramle, which are expected to receive 700 and 400 Soviet immigrant families respectively, will raise \$80 million for Soviet Jewish immigration over the next three years and an additional \$15 million to build infrastructure to absorb immigrants. In Lod, the corner-stone for a new housing project reserved for Soviet olim was laid in June 1990. The project was initiated by a group of mostly unemployed Soviet academics living in the town, who had banded together to provide themselves with homes. The Ministry of Housing at first refused them help, but the New York community's \$500,000 donation for a mortgage fund helped to persuade the Ministry of Housing to provide the necessary approval for the project.

More than ninety towns and neighbourhoods in Israel, which currently benefit from Project Renewal, are each twinned with a Diaspora community. As many Soviet newcomers are settling in Project Renewal neighbourhoods where housing is relatively inexpensive, the Jewish Agency's Department for Renewal and Development is developing an integrated system of renewal and absorption. The aim of the integrated effort is not merely to increase the pro-

24 Ibid.

25 Alisa Odenheimer, 'Tax breaks for foreign investors debated', *Jerusalem Post*, 6 July 1990.

26 Dan Izenberg, 'With strings attached', *Jerusalem Post*, 6 July 1990.

27 Larry Teitelbaum, 'Before and after: Renewal official assesses progress', *Jewish Exponent*, 4 May 1990.

gramme's efficiency, but to enlist the willing support of veteran residents in helping Soviet olim. This is particularly important as many veteran residents resent official efforts on behalf of the new olim, thinking that these must come at their expense.²⁸ The infrastructure created under Project Renewal aims to benefit both old and new residents through urban development programmes, housing renovation and construction, economic development, vocational training and retraining, job placement, strengthening the educational system, developing integrated social programmes and neighbourhood self-management.

The basic idea is to utilize two of the neighbourhood's main Renewal components: the residents' steering committee and the project manager. The former would be enlarged to include representatives of Soviet immigrants. The project manager's experience of working with the ministries, the local authority and the residents would enable him or her to coordinate the integrated renewal and absorption effort.

The arrival of new immigrants offers veteran residents greater opportunities for two reasons: first, because the completion of the first phase of Project Renewal prepared the ground for city-wide projects in urban renewal and development²⁹ and second, because the renewal/absorption programme will benefit from the greater availability of financial resources.

A successful example of this approach is the Kiryat Gat experience where the municipality declared an open door policy for Soviet immigrants and decided not to employ any more foreign workers. There are an estimated 14,000 workers from Europe and the Far East who work in areas such as Israeli textile manufacturing, who are gradually being replaced by Soviet immigrants. All the 120 Soviet olim families who settled in Kiryat Gat recently have been assigned apartments and 80 per cent of the heads of these households have found employment. The Dutch Jewish community, which is twinned with two neighbourhoods in Kiryat Gat, immediately allocated \$160,000

for the establishment of an information and guidance centre for new immigrants. The immigrants also benefit from the neighbourhood services improved under Project Renewal, including a Hebrew-language *ulpan*.³⁰

In Dimona, which has been twinned with British Jewry, renovation of 100 flats for Soviet immigrants has begun. Jina Broychan, Dimona's new aliya coordinator, said, 'We have not even started recruiting, and we are already inundated with requests'.³¹ To date, ten Soviet olim families have settled in Dimona. However, Dimona has little employment to offer.

In Beersheba, the first fund open to both olim and veteran residents has been set up by Albert Sofa of the USA to enable entrepreneurs to develop their ideas.

A word of warning for Diaspora donors has been given by Professor Eliezer Jaffe, a well-known Israeli expert on social work, who has advised them to keep an eye on their donations to Israel for Soviet olim absorption. One option is to insist that funds for Soviet immigrants should go into a separate account at the Jewish Agency and not be allowed to flow into the various Agency departments. Another option is to twin directly with Israeli municipalities that are taking in large numbers of Russian immigrants. The twinning concept, used so well in Project Renewal, is also entirely relevant to Operation Exodus. It would create intimate interactions between the Diaspora, Russian and Israeli partners, and eliminate fiscal waste and unnecessary bureaucracy.³² The journalist Charles Hoffman has also claimed that US donors have no say in how their money is spent by the Jewish Agency.³³

While the involvement and contribution of the Diaspora are vital for Soviet immigrant absorption, it is up to Israelis to decide how to make the maximum use of this assistance. Absorption cannot be separated from other national problems and goals. An integrated national development policy encompassing employment, housing, population dispersal, education and Israel-Diaspora relations is urgently required.

28 Department for Renewal and Development, *Report to the Assembly of the Jewish Agency* (Jerusalem, June 1990).

29 Department for Renewal and Development, *Report to the Board of Governors of the Jewish Agency* (Jerusalem, February 1990).

30 Department for Renewal and Development, *Report to the Assembly of the Jewish Agency*.

31 'Millions expected', *Jewish Chronicle*, 13 July 1990.

32 Eliezer Jaffe, 'Saving lives', *Jewish Chronicle*, 29 June 1990.

33 Charles Hoffman. *The Smoke Screen* (Washington, DC 1990).

PLANS FOR SOLVING THE PROBLEMS OF ABSORBING THE SOVIET ALIYA

Was There Preliminary Planning?

The Israeli government does not have a tradition of policy planning. This is its chronic shortcoming. Since its establishment in 1948, the state has been a model of improvisation, often successful, but sometimes not. Abba Eban, who served in six cabinets, admits in his autobiography that

The method of operating in our cabinet was empirical . . . All efforts to establish 'think tanks' or any other sophisticated process of analysis and decision making were swept away by sceptical prime ministers. The result is that our cabinets have been better at dealing with sudden emergencies than with deeper currents of development. They are more prone to react than to initiate. To secure real attention in the Israeli cabinet it is not enough for an issue to be important; it also has to be visibly urgent.³⁴

It is, perhaps, a comment on this national characteristic that when Ariel Sharon wanted to import prefabricated housing and start a country-wide construction programme in earnest, he declared an emergency. The mayors of Karmiel and Upper Nazareth, who are preparing to receive hundreds of Soviet olim, have called for similar emergency decrees. This labelling moves issues into the category of crisis—which the Israeli system can best handle—putting them into the realm of direct action and away from the arena of words, theories, messianic vision, disputations, intellectualization, soul-searching and in-fighting.

Several bodies advise the Israeli government and the Knesset—the National Committee for Research and Development at the Ministry of Science and Technology, the Ministerial Committee for Science and Technology and the chief scientists of various institutions who form a committee with the Director-General of the Ministry of Science and Technology. However, these experts have little influence on the politicians. As the former President of Israel, Professor Efraim Katzir, and the former head of the National Committee for Research and Development, Dr Eliyahu Tal, stated,

The government has not developed a comprehensive policy of science and technology and has demonstrated its inability to operate outside the limited framework of separate ministries. It did not understand the interdependence of applied and basic research, technological development and higher education. These failures indicate a perceptual discrepancy between the government and its advisers on science and technology.³⁵

At the beginning of 1990, Professor Yehoshua

34 Abba Eban, *An Autobiography* (Edinburgh 1977), 597.

35 Cited by David Nordal, 'Hamad'anim makifim et hanasi' ('Scholars surround the president'), *Haaretz*, 21 June 1990.

Jortner, President of the Israeli Academy of Sciences, asked Yitzhak Shamir to appoint him as a scientific adviser to the Prime Minister, although the collapse of the National Unity government prevented implementation of his suggestion. Given the number of problems facing Israel that have a scientific dimension—lack of economic growth and rising unemployment amidst obsolescent industries, a brain drain, the absorption of hundreds of thousands of academically qualified immigrants, the ageing of the population, ecological problems, security of the state in an era of weapons of mass destruction and so on—the Israeli government needs the sophisticated services of scientific advisers.

Virtually no plans for absorbing a new Soviet aliya existed before 1990. The only documents that I know of that bear any relation to the subject are *A Plan for Geographical Distribution of an Israeli Population of 5 Million*, prepared by the Ministry of the Interior and the Finance Ministry in 1972, and *Absorption of the Aliya from the Soviet Union. A Master Plan*, published by the Israeli Ministry of Immigrant Absorption in March 1986.³⁶ The first document predicted a rate of population growth in Israel that has proved accurate—four million by 1980 and five million by 1992. It also suggested distributing the population in the way now being considered, by increasing the settlement of the Galilee, the Negev and the development towns. It is fascinating to compare the document's predictions of olim for 1972-92 with the actual figures. The Soviet Union and Eastern Europe were expected to furnish 300,000—the actual number will probably be over 500,000—whereas 185,000 were expected from the US and Canada. In reality, that figure will probably barely reach 50,000.

The second document provides a valuable analysis of the Soviet aliya. It is based on an estimated rate of arrival of 50,000 per year and enumerates the various costs of absorption. To my knowledge, this master plan was never used, nor has it been referred to anywhere recently, except in the State Comptroller's report for 1990, where the government was criticized for not even discussing it.

The 1990 wave of Soviet aliya, anticipated by experts from January 1989, came as a surprise to Israel's

36 Ministry of the Interior and Finance Ministry, *Tokhmit latifrosot bageografit shel ukhlusiat israel bat 5 milionim* (Plan for Geographical Distribution of an Israeli Population of 5 Million) (Jerusalem 1972); Ministry of Immigrant Absorption, *Klitat ha'aliya mibrit hamo'atso. Tokhmit av* (Absorption of the Aliya from the Soviet Union. A Master Plan) (Jerusalem 1986).

PLANS FOR SOLVING THE PROBLEMS OF ABSORBING THE SOVIET ALIYA

TABLE 1
JEWISH AGENCY BUDGET: INCOME (in \$ thousands)

	Proposed Budget 1991/92	Budget 1990/91	Amended Budget 1988/89	Actual Budget 1988/89
<i>United Israel Appeal, Inc:</i>	270,000	270,000	293,000	268,024
UJA contribution	261,000	261,000	250,000	258,935
Sale of IEF assets	—	—	—	6,100
Repayment of loans to JDC	—	—	—	(12,612)
Interest payments	(16,000)	(15,000)	(16,000)	(15,849)
US government grant	25,000	25,000	35,000	28,067
Special Aliya Campaign	—	—	—	131
Passage to Freedom	—	—	14,000	—
Sale of apartments	—	—	10,000	3,252
<i>Keren Hayesod allocation to Jewish Agency</i>	33,000	33,000	31,500	33,707
<i>Operation Exodus</i>	200,000	200,000	—	—
UJA	140,000	140,000	—	—
Keren Hayesod	60,000	60,000	—	—
<i>Israel Education Fund (IEF)</i>	9,000	19,000	28,000	21,580
United Israel Appeal Inc.	5,000	5,000	7,000	6,710
Keren Hayesod	2,000	12,000	16,000	11,353
Others	2,000	2,000	5,000	3,517
<i>Other receipts</i>	30,000	30,000	51,500	54,495
<i>Income from sales of assets</i>	15,000	54,000	—	—
Total income	557,000	606,000	404,000	377,806
<i>Project Renewal campaign</i>	34,000	34,000	34,000	34,000

planners. Serious planning of absorption could have taken place in an orderly way up to January 1990, at the latest, but the government crisis intervened and it was postponed to June 1990.

Budgets for the Absorption of the Soviet Aliya

In view of the increasing Soviet aliya, budget forecasts are having to be constantly adjusted. For example, the 1990 Jewish Agency budget was based on an estimated aliya of 70,000-50,000 from the USSR and 20,000 from other countries. The actual number of olim is now expected to be over 150,000 and the Agency has asked the UJA to double its financial commitment. The proposed budget of the Jewish Agency for 1990-91 and 1991-92 is estimated at \$640 million per year (Tables 1 and 2).

The aliya cabinet met on 20 June 1990 and approved a budget of \$2.3 billion for the absorption of 150,000 olim this year. The budget for government building is \$400 million with a further \$1 billion to buy apartments from contractors, although the chairman of the Contractors Association, Mordechai

TABLE 2
JEWISH AGENCY BUDGET: EXPENDITURE (in \$ thousands)

	Proposed Budget 1991/92 (95,000 Olim)	Budget 1990/91 (70,000 Olim)	Amended Budget 1989/90	Actual Budget 1988/89
Immigration and absorption ^{1, 3}	352,000	265,800	113,390	82,228
Activity in Eastern Europe	5,000	3,000	500	—
Additional absorption budget	—	8,000	5,600	—
Employment and housing	50,000	50,000	—	—
Rural settlement	47,000	42,500	46,026	67,342
Consolidation of settlements	—	15,000	7,242	—
R & D in Negev and Arava	3,000	3,000	3,000	3,934
Youth aliya Nitzana ²	63,000	66,000	69,500	78,119
Jewish education ²	—	1,500	1,900	2,686
Jewish education ²	31,600	31,240	29,840	21,985
Renewal and development	48,600	48,600	55,590	74,860
Other functions	13,000	13,000	15,235	17,956
Interest payments	30,000	30,000	29,700	21,840
Allocations and innovative programmes	7,500	7,880	8,390	8,847
Communications division	550	550	466	108
Finance and administration	17,300	17,300	17,599	18,237
Contingency	1,750	2,530	22	—
Project Renewal	34,000	34,000	34,000	34,000
Total	670,300	605,900	404,000	398,142

¹ Average cost per immigrant from the USSR breaks down as follows: airfare \$600, freight \$400, direct absorption \$1,800, sundry absorption assistance \$500. Total: \$3,300.

² Youth village and Soviet youth ulpan.

³ Portion for Operation Exodus to be shown and accounted for separately.

Yona, regards this figure as far too low since the government's target of 70,000 new housing units a year (at \$50,000 per unit) will require at least \$4 billion. The transportation of olim and their luggage to Israel will cost \$150 million or \$1,000 per immigrant, and another \$500 million is budgeted for direct absorption during 1990. Retraining courses and job creation was allocated \$40 million. A programme for helping physicians, dentists, academics, artists, teachers and outstanding athletes will be added at a cost of \$12 million. There is also budgeting for infrastructure, the expansion of the school system and *ulpanim* and social services for olim.³⁷

In order to encourage Soviet olim to leave the Soviet Union without delay, a compensation scheme for their luggage left behind is being worked out. Olim who come without luggage will be compensated

³⁷ Gabi Baron, '2.3 miliard dolar—mekhir klitat 150 elef olim hashana' ('2.3 billion dollars—the cost of absorption of 150,000 olim this year'), *Yediot Aharonot*, 27 June 1990.

TABLE 3
PROPOSED EXPENDITURE AND REVENUE FOR IMMIGRANT ABSORPTION 1990 (in millions of US dollars)

Expenditure	Addition required to 1990 budget ¹		Revenue	
Direct expenses of absorption and bureaucracy (of this, education and welfare 68.5)	697	175	Government revenue from taxes etc. (allocation for absorption)	376.5
Construction	100	100	Jewish Agency	340
Mortgages	492	325	Growth in state income	300
Infrastructure	135.5	108	Cuts in government expenditure	275
Employment	35	35	Deficit	696
Reserve for additional 50,000 olim	528	528		
Total	1,987.5	1,271	Total	1,987.5

1 This budget is being continually revised.

Source: Institute for Economic and Social Research of the Histadrut, *Medinat Israel bashnot hatishim bu'eydan ha'aliya bahamonit* (The State of Israel in the 1990s in the Era of Mass Immigration) (Tel Aviv 1990).

with \$1,000-\$2,500. A committee of three ministers, with Mr Sharon as chairman, was established on 8 July 1990 to decide on this scheme. It is expected that it will increase the aliya stream by tens of thousands.

Treasury figures published on 13 May 1990, based on 150,000 olim in 1990, gave a picture of the financial needs for 1990 (Table 3).

The deficit of \$696 million will be covered by selling off state-owned companies and borrowing from overseas. The Treasury regards the increase in deficit as acceptable in view of the recession in the Israeli economy and the fact that the deficit will serve to finance mortgages for new immigrants.

There are serious impediments to implementing this plan. For instance, it calls for the government to reduce its budget by \$275 million, but this has not yet been done because the various ministries affected are fighting cuts in their expenditure.

Amos Rubin, an adviser to the Prime Minister, has argued that one should not expect the immediate implementation of a comprehensive and well ordered government plan for absorption.

Decisions cannot be taken instantly, and the present Treasury plan has to be regarded as an additional budget, the first in a series of budgets which will be needed to finance various aspects of absorption of the 1990 aliya. How can we build a long-term ordered plan if the number of olim who will come here this year is unknown? If in December we expected a figure of 40,000 olim, the rate is now 150,000 and who can guarantee that this rate will not increase?³⁸

The Treasury plan (Table 4) gives estimates of the capital investment in infrastructure required for every 100,000 new immigrants.

The investment rates to provide 100,000 and 300,000 new immigrants with jobs and housing have been estimated by the Israeli Authority for National and Economic Planning (Table 5).

38 Ariel Ben Hanan, 'Taktziv 'aliya yigdal lekhe 4 miliard shekel; hamemshala tidaresh lekitsuts ben 550 milion' ('The aliya budget will rise to around 4 billion shekels; the government will have to cut 550 million'), *Haaretz*, 11 May 1990.

The Bank of Israel considers that approximately half such expenses will be covered from abroad. The rest will be covered from income generated by the immigrants themselves, including taxes paid by them, so that the budget deficit generated by the aliya will not exceed 2 per cent of Israel's annual GNP.³⁹ Experts believe that Israel can afford to increase its \$24 billion foreign debt by up to \$15 billion to underwrite the Soviet aliya.⁴⁰

In September, estimates of the number of olim arriving were revised upwards to between 150,000 and 250,000 per annum. The government forecast that it would require \$22 billion to absorb them—over half Israel's GNP.⁴¹

Growing economic problems in the USA and Western Europe due to the Gulf crisis make it unlikely that Diaspora Jews will pledge substantially higher sums to Israel. The only source from which the government can hope to raise the necessary funding seems to be the overtaxed Israeli taxpayer. On 13 September 1990 a package of new taxes was approved by the government: 16 per cent value added tax on fruit and vegetables, 20 per cent taxes on nearly all forms of savings accounts, pension plans and life insurance, a 20 per cent tax on corporate stock market profits and a 15 per cent tax on the tourism industry. The package, suggested by the Finance Minister Yitzhak Moda'i, proposed liberalization of Israel's restrictive foreign currency and capital markets to stimulate private investment and job creation, as well as to open markets to unrestricted imports. Moda'i hopes that these changes will inject \$40 billion into the economy by 1995 and create many thousands of new jobs, mainly for Soviet olim.⁴²

39 Y. Levich and A. Libin, 14.

40 *International Business Week*, 29 July 1990, 21.

41 Joel Brinkley, 'Mideast war fear does not deter Soviet Jews from going to Israel', *New York Times*, 3 September 1990.

42 Sabra Chartrand, 'Taxes approved by Israeli cabinet', *New York Times*, 14 September 1990.

TABLE 4
TREASURY PLAN FOR INFRASTRUCTURE INVESTMENT PER
100,000 NEW IMMIGRANTS

Sector		\$ millions
Communications	Postal Services: present appropriation sufficient.	
	Bezek Telephone Co:	66.5 ¹
Health	No need to increase infrastructure except in geriatrics: ¹ 200 beds per 100,000 olim	
Education	180 new classrooms for the first 100,000 olim:	17
	Each additional 100,000 olim will require 1,050 new classrooms	
Electricity	New gas turbines:	50
Industry	Preparation of industrial zones:	10
Roads	Extra over three years:	125
	Allocated to 1990:	60
Water and sewage	First 100,000 olim:	47.5
	Each additional 200,000 olim:	45
Housing	55,000 units for 150,000 olim 1990. 30,000 state-built (24,000 centre of the country, 6,000 elsewhere). This demands:	
	site preparation:	38
	incentives to contractors: (\$15,000 per unit to contractors who complete in 7 months)	37.5
	Guaranteed purchase:	1,075
	Mortgages:	492
Miscellaneous	Unspecified infrastructure:	50

¹ Financing not from state budget.

Source: See Table 3.

Economic Plans for Absorption

Since January 1990, various tentative plans for dealing with the Soviet aliya have been published, though by August 1990, none had been approved by the government. They therefore represent hypothetical approaches rather than actual plans. Other plans are still in preparation.⁴³ The State Comptroller has called for a single central authority to oversee the aliya.

'Israel still lacks a long-term economic policy and in economics, a short-term policy is no policy,' claimed the new Israeli Minister for Industry and Trade, Moshe Nissim. 'The fate of the aliya and its future is dependent on employment, which has to be found in the private, and not in the public sector.'⁴⁴

Had no Soviet olim arrived, Israel's population was expected to reach 5.4 million by the year 2000. An unemployment rate at that time of about 5-6 per cent would require 1.76 million jobs, an increase of

43 Among these is a project of Forum Sapir, a joint study by Tel Aviv University and the Hebrew University which deals with economic problems of aliya. Its initial findings should be published in the autumn of 1990.

44 Tsvi Zerakhia, 'Nisim: memshala khayevet le'atsev medinyut kalkalit litvakh arokh' ('Nissim: the government has to establish a long-term economic policy'), *Haaretz*, 4 July 1990.

TABLE 5
ESTIMATE OF INVESTMENT NEEDS FOR IMMIGRANT
ABSORPTION (in billions of dollars, 1989 prices)

	Projected number of immigrants	
	100,000	300,000
In the economy	3.4-3.7	10.0-11.0
In housing ¹	1.5	4.5
Total	4.9-5.2	14.5-15.5

¹ Not including the cost of land.

Source: Israeli Authority for National and Economic Planning, *Kliat aliya. Ba'aiot potential letsmikha vemedinyut klita* (Immigrant Absorption. Problems of Potential for Growth and Absorption Policy) (Jerusalem 1990), 24.

340,000 over present levels. The arrival of 500,000 Soviet immigrants over the next five years—the most modest estimate for aliya—will require a further 200,000 jobs, or an overall increase of 540,000 jobs. According to the Bank of Israel, the employment of 100,000 olim a year in their present professions would require an investment of \$2.85 billion at 1989 prices—73 per cent of all private sector investment for 1989.

A major problem for the further development of the Israeli economy is the sheer size of the bureaucratic apparatus. For the last ten years, 30 per cent of employees have worked in the public sector, regarded by some as a hindrance to the development of the productive sector.⁴⁵ Since private investment will undoubtedly play an integral part in creating jobs, the government will be forced to ease drastically the conditions for this type of investment.

Job creation by private consortia

The most optimistic Treasury and Bank of Israel projections suggest that 400,000 additional jobs could be generated by the end of the century. The complementary development plan suggested by Ra'anana Weitz's Development Study Centre in Rehovot calls for the creation of privately-funded special project areas to deal with the shortfall of 140,000 jobs. Each area would be granted 'approved private consortium status', and would 'plan, implement and operate its projects unrestricted by bureaucratic procedures'.⁴⁶

The aim would be to create competitive industrial and residential property developments for new communities in Galilee, the Jerusalem corridor and the Negev. To attract both private foreign capital and enterprise, and skilled and highly motivated local personnel, various incentives are suggested. First, that each area designated for development by private in-

45 Nehemia Stressler, 'Hahevdel bein sar lehar' ('The difference between a minister and a mountain'), *Haaretz*, 15 June 1990.

46 Ra'anana Weitz, 'Toward the absorption of 100,000 families', *Jerusalem Post*, 29 June 1990.

vestors would be transferred to an approved private consortium by means of a fifteen-year land concession. Each consortium would be free to plan, implement and operate its project as it saw fit.

Second, each project area would be planned to accommodate at least 10,000 households—the minimum size for a viable urban entity and to achieve economies of scale, so that the overall project is profitable. Third, advanced industry requires high-quality infrastructure. Therefore, industrial zones in each project area would be linked to the national power, transportation and communications networks at government expense.

Export-orientated industry should provide one-third of the jobs in these development zones. The rest would be generated by local demand for goods and services. A feasibility study has shown that during the first ten years of operation, income for investing companies from rent would bring in a 10 per cent return on investment. The total cost of the project is estimated at \$18 billion. Private investment would put up \$6.5 billion, while the Israeli government would finance the rest.

There would be three stages in the practical realization of the project. Between 1992 and 1994, the zones would become home to 30,000 families. During the intermediate period, the new settlers would receive vocational retraining and be taught Hebrew. They would be employed in developing and building the areas. Between 1994 and 1996, another 30,000 families would be settled. A further 40,000 would be brought in 1997-2000. Ultimately, the number of employed persons would reach the desired level of 140,000, and the total population would be 400,000.

The project is now under discussion by the government and the Knesset. Its success, said Ra'anana Weitz, will hinge 'on the human resources available for the economic, social and organizational functions implied by urban and industrial development.'⁴⁷

Critics doubt whether the 'private planned regions' will attract foreign investors under the conditions offered and whether viable industries producing internationally competitive goods can be built.⁴⁸ In their opinion, this project has no advantage over other development plans in Israel and elsewhere, where adequate housing, schools and industrial infrastructure are offered to attract new residents.

In order to jolt the country out of the present vicious circle of stagflation—the current rate of inflation in Israel is 15-20 per cent a year—and in order to create a more nurturing economic climate for the absorption of immigrants, the Finance Minister, Yitzhak

Moda'i, is developing his own economic plan and has announced a reduction in corporate and individual taxation levels. This has had an immediate, positive impact on Israeli business circles.

According to Moda'i, the building sector has the potential to absorb the first large group of immigrant workers, with a subsequent expansion in other industries. Government incentives will be given to industrialists to employ newcomers. Moda'i disagrees with dire predictions by the manufacturers that unemployment would rise to 26 per cent within the next three years: 'If the unemployment rate was to reach such high levels,' he said, 'Israel would not exist, as people would flee abroad.'⁴⁹

Bank of Israel Recommendations for Private Sector Absorption

The Bank of Israel has suggested various economic reforms to raise the efficiency of the private sector:

- 1 Legislation to encourage capital investment.
- 2 Reform of salary structures requiring the co-operation of the Histadrut.
- 3 Removal of all taxes and limitations on foreign trade.
- 4 Limitation of government involvement in the finance and capital markets.
- 5 Liberalization of the foreign currency market. Some changes in this direction were enacted in June 1990.
- 6 Measures for lowering inflation, made more urgent because a large aliyah increases inflation.⁵⁰

In order to reduce the massive pressure on the public sector, in May 1990 the Bank of Israel recommended reduced taxation of the private sector to provide it with the resources for new investment.⁵¹ The bank also recommended a significant increase in investment in infrastructure to encourage growth as well as reforms to favour capital investment and foreign trade.

If public spending were cut by 0.5 per cent per person so that the rate of increase in public expenditure were lower than the rate of population growth, taxes in the private sector could be reduced. The bank suggested that state-owned companies be sold, reducing both the government's activity in the economy and its large domestic and foreign debts whose burden of interest hinders further growth.

The bank considered it necessary to lower both individual and corporate taxation. A reform in personal income tax was, in fact, introduced on 1 July

49 Galit Lipkis, 'Moda'i rejects predictions of sky-high unemployment', *Jerusalem Post*, 5 June 1990.

50 Bank of Israel, *Hamediniyut hakalkalit*.

51 Ibid.

47 Ibid.

48 Joel Bainerman, 'Free-Export Zones'.

1990. The lowering of corporate taxes would raise profit margins, and thereby encourage investment and absorption of new workers, both olim and veterans, into the private sector.

To counteract the shortage of roads, the bank recommended that new roads be built. This would help to reduce unemployment by linking different parts of the country more conveniently, so people could consider jobs that are further from home. The bank also recommended a long-term road building plan, so that the construction industry would be better prepared to act effectively.

These recommendations, though expressed in very general terms, may have a profound effect on the present and future economic policies of the Israeli government because of the relative independence of its source and its high authority.

In an unexpected move, the Governor of the Bank of Israel and economic adviser to the government, Professor Michael Bruno, proposed draconian economic measures. In a speech to the Dayan Forum for Politico-Economic Discussions in Tel Aviv, he called for 'temporary sacrifices' of special interests for the public good, and demanded the agreement and co-operation of all sectors of the population. Salaries and living standards would have to fall in order to absorb the new aliya. Professor Bruno disagreed with Mr Moda'i's 'policy of stages', suggesting drastic measures to increase the deficit in the state budget. The main features of his programme were the following:

- 1 The introduction of second and third shifts in factories.
- 2 The lowering of real wages.

- 3 The lowering of the level of assistance to olim in comparison with young Israeli couples.
- 4 Opening up competition to local industries from imports.

Professor Bruno considered that the government need not provide jobs for olim. It has only to prepare the infrastructure. Creating jobs is the task of the private sector.⁵²

Histadrut Proposals

In its proposals published in May 1990 and based on 100,000 olim a year, the Institute for Economic and Social Research of the Histadrut criticized the lack of any comprehensive programme that deals with the many facets of aliya.⁵³ In its opinion, direct absorption as it is practised cannot deal with the many problems of mass aliya. Moreover, current plans are partial and not co-ordinated, or are too general and vague.

To counteract this, the Histadrut echoed the State Comptroller in proposing a central authority to deal with aliya on which relevant institutions and public bodies would be represented. In the area of industrial development, the Institute recommended lowering taxes on companies and supporting high-technology enterprises by providing them with low-interest loans and by liberalization of the terms for foreign operations. Investment in infrastructure was also recommended: \$190 million to be invested in expanding the road network, an effective railway system to be built over five years at a cost of \$700 million, Israeli dockyards to be developed for shipbuilding and new electric power stations and a plant for desalinating sea water and recycling waste water developed.

6

EMPLOYMENT: PROSPECTS AND PROBLEMS

In August 1990, there were nearly 160,000 unemployed out of a workforce of 1,475,000—9 per cent, twice the rate considered acceptable.⁵⁴

The current Soviet aliya contains a high number of people who expect to work—about 50 per cent of the total. Women are extremely active in this workforce. Only 1.5 per cent of women olim are solely housewives, compared with 32.2 per cent of Israeli women. About 30 per cent of the immigrants are specialists with a high level of education, many of whom will find little demand for their skills. Out of every 100,000 olim, 11,000 are engineers, 2,400 are physicians and over 1,700 are scientists. The total number of Israeli engineers is only 30,000; the arrival

of 300,000 Soviet olim will double the number of engineers in Israel while the 16,000-17,000 Israeli physicians will be joined by 7,200 Soviet colleagues.

Unemployment among Israeli college graduates is extremely high. In all fields, the ratio of unemployed to suitable job openings is 6:1. Unemployment in some fields is even more severe—for every opening in physics, for example, there are 61 physicists ready to

52 Gad Lior, 'Kvar ein zman "letse'adim": drusha tokhnit herum' ('There is no time for "steps": an emergency programme is needed'), *Yediot Akhronot*, 8 July 1990.

53 *Haaretz*, 2 August 1990.

54 Institute for Economic and Social Research of the Histadrut, *Medinat israel bashnot batish'im be'idan ha'aliya bahamonit* (The State of Israel in the 1990s in the Era of Mass Immigration) (Tel Aviv 1990).

FIGURE 7
OCCUPATIONAL STRUCTURE OF ISRAELI LABOUR FORCE:
1987

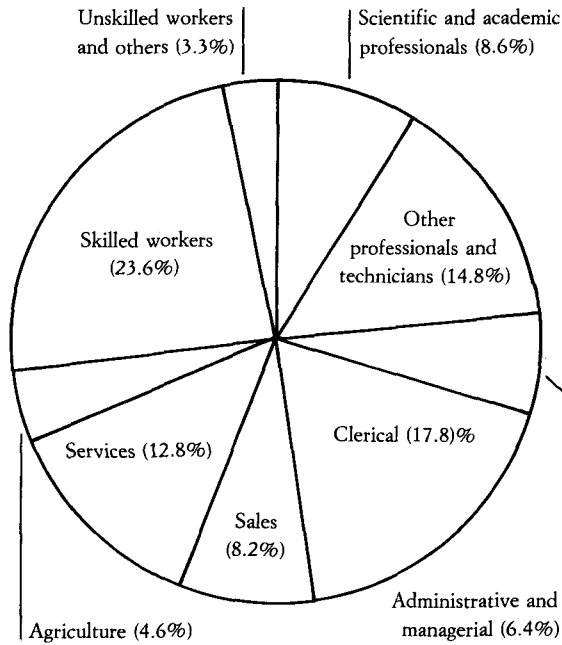


FIGURE 8
OCCUPATIONAL STRUCTURE OF IMMIGRANT LABOUR
FORCE: DECEMBER 1989-APRIL 1990

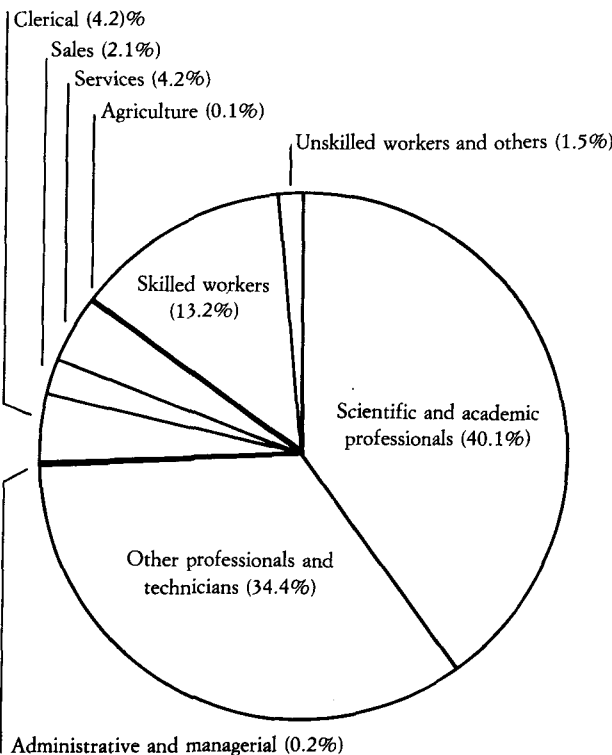


TABLE 6
NUMBER OF PROFESSIONAL WORK SEEKERS PER JOB:
APRIL 1990

	Work seekers	Jobs available	Seekers per job unit
<i>Engineers</i>	1,663	642	2.6
Mechanical	510	146	3.5
Civil	248	89	2.8
Electronics	242	171	1.4
Electrical	155	46	3.4
<i>Health and natural sciences</i>	1,139	236	4.8
Doctors, dentists	467	64	7.3
Biology	266	26	10.2
Physics	106	4	26.5
Chemistry	115	34	3.4
<i>Social sciences, humanities and business</i>	3,897	1,101	3.5
Teachers, instructors	663	211	3.1
Economics, business management	595	100	5.9
Unspecified	1,612	228	7.1
Total	6,699	1,979	3.4

Source: Labour Exchange for Professionals.

fill it. In the social sciences and the humanities, 15 people compete for every position and among mathematicians and statisticians the figure is 70. The picture is better in electronics, computer engineering and social work, where job seekers outnumber openings by only 2:1.⁵⁵

In some professions job creation is extremely difficult. Musicians, for example, represent just under 3.5 per cent of the total number of olim. Today, there are about 1,850 unemployed Soviet musicians in Israel. Plans to create a forty-piece chamber orchestra in Karmiel and a full symphony orchestra of sixty in the Tel Aviv area will lower their unemployment by an almost insignificant amount. The Immigrant Absorption Ministry's professional committee is trying to get jobs for immigrant musicians as fast as possible and to give them extra financial support. Exceptionally talented musicians are recommended to the Inter-Ministerial Committee for the Absorption of Immigrant Artists, from whom they can receive additional professional aid. Soviet musicians are not unnecessarily demanding. In the Soviet Union, they had secure jobs, excellent facilities and large audiences. The Immigrant Absorption Ministry's co-ordinator for immigrant artists, Shula Lerner, acknowledges that, 'When they become immigrants, they lose everything—all the years of seniority and pensions, their audience and their status. They are beginning anew. Nobody thinks of it.'⁵⁶

55 Alisa Odenheimer, 'Israel's brain strain: 1 job per 6 graduates'. *Jerusalem Post*, 3 March 1990.

56 Pamela Kidron, 'Standing room only', *Weekend (Jerusalem Post Magazine)*, 20 April 1990, 23-8.

TABLE 7
COMPARATIVE STRUCTURE OF OCCUPATION OF ISRAELIS
AND SOVIET IMMIGRANTS (in percentages)

	Israelis (1987)	New immigrants Dec 1989-Mar 1990	
Scientific and academic professionals:	8.5	42.6	
Civil engineers	0.3	1.0	
Electrical and electronic engineers	0.5	1.1	
Mechanical engineers	0.3	0.7	
Medical doctors	0.9	5.4	
Lawyers	0.6	0.2	
Teachers in post-primary institutions	1.8	5.7	
Other professionals, technicians and related occupations:	14.6	31.1	
Teachers:			
Intermediate	0.4	0.4	
Primary	2.4	0.2	
Kindergarten	0.8	1.0	
Instructors	0.5	1.0	
Accountants	0.5	0.1	
Writers and journalists	0.4	1.1	
Qualified nurses	1.1	3.5	
Practical nurses and midwives	0.6	1.3	
Technicians:			
Electrical and electronic	1.0	1.5	
Mechanical	0.7	0.2	
Production and management technicians	0.3	0.3	
Computer programmers	0.6	1.4	
Administrative and managerial	6.3	0.2	
Clerical and related	17.6	4.5	
Sales	8.1	2.0	
Services	12.7	4.4	
Agriculture	4.6	0.1	
Skilled workers			
Unskilled and other workers	4.2	0.9	
Total	100.0	100.0	

Sources: Central Bureau of Statistics, Labour Force Survey 1987 (Special Series Publication No. 848) (Jerusalem 1989); Computer Unit, Ministry of Immigrant Absorption.

TABLE 8
UNEMPLOYMENT OF NEW IMMIGRANT PROFESSIONALS
IN ISRAEL: OCTOBER 1989-APRIL 1990

	Engineering	Life sciences	Social sciences	Humanities	Total
October 1989	426	277	239	280	1,222
November 1989	512	320	277	309	1,418
December 1989	470	306	282	316	1,374
January 1990	566	357	290	355	1,568
February 1990	567	409	297	375	1,648
March 1990	723	464	360	444	1,991
April 1990	786	441	339	466	2,032
Total	4,050	2,574	2,084	2,545	11,253

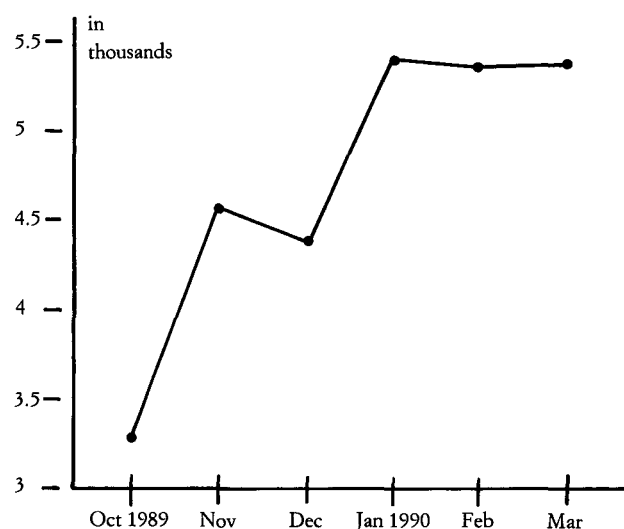
Source: Labour Exchange for Professionals.

TABLE 9
NUMBER OF NON-PROFESSIONAL WORK SEEKERS PER JOB:
MARCH 1990

	Work seekers	Jobs available	Seekers per job unit
Construction	450	315	1.4
Industry	4,899	1,565	3.1
Transport	1,586	197	8.1
Administration	7,548	1,614	4.7
Other white collar	3,035	353	8.6
Services	2,254	1,064	2.1
General workers	62,647	11,861	5.3
Total	82,419	16,969	4.9

Source: Employment Service.

FIGURE 9
TOTAL UNEMPLOYMENT OF NEW IMMIGRANT NON-PROFESSIONALS IN ISRAEL: OCTOBER 1989-MARCH 1990



The Education Ministry plans to channel many of the musicians into schools to supplement the 1,200 music teachers in the school system. Plans also exist to fill vacancies in the country's sixty private music schools, only half of which are in the big cities, and to establish new ones in outlying settlements and development towns. Yet good musicians balk at living outside the main urban centres where they can enjoy a high standard of professional contacts and musical stimulation. Experience shows that musicians stay in Beersheba for only two or three years, until they can find jobs in the centre of the country. Musicians helping the newcomers are sure that the aliya will boost the country's musical standards—but only if the immigrants stay. In nearly every major orchestra in the West one can find former Soviet musicians who originally left the USSR for Israel.

Changing Course

Soviet olim on the whole show a remarkable degree of adaptability, accepting any available employment or retraining in new fields, sometimes with great success. For others, the choices are bleaker. An astrophysicist who has failed, so far, to find a job in his own field has offered to clean the laboratory of a veteran Soviet immigrant scientist.⁵⁷ A theatre director in Russia became a domestic and child minder for one of her former stage-hands who had come to Israel in the 1970s and had made a successful career as a cameraman in Israeli television. The ex-theatre director earns about \$550 a month, which is reasonable by Israeli standards.

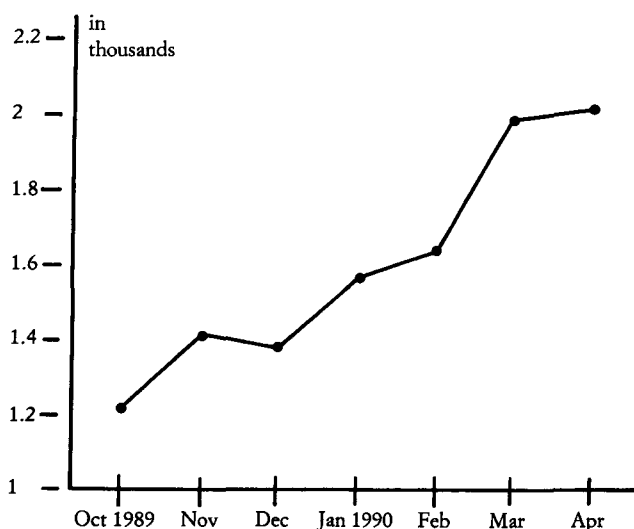
TABLE 10
NEW IMMIGRANTS STARTING VOCATIONAL COURSES
IN ISRAEL: OCTOBER 1989-APRIL 1990¹

	Engineering	Life sciences	Social sciences	Humanities	Total
October 1989	8	13	3	5	29
November 1989	7	15	7	11	40
December 1989	9	12	6	5	32
January 1990	11	6	4	6	27
February 1990	35	6	3	12	56
March 1990	18	8	5	6	37
April 1990	26	41	10	8	85
Total	114	101	38	53	306

¹ The immigrant's original profession is shown before retraining.

Source: Labour Exchange for Professionals.

FIGURE 10
TOTAL UNEMPLOYMENT OF NEW IMMIGRANT
PROFESSIONALS IN ISRAEL: OCTOBER 1989-APRIL 1990



57 Jill Smolowe, 'Come one, come all', *Time*, 18 June 1990, 38.

Employment patterns of Soviet olim who came to Israel in 1974-76 show that 42.6 per cent changed profession, tending to switch from services to industry. More than half held positions in Israel that were lower than those they had held in the Soviet Union.⁵⁸ At the Amanor Amcor air conditioner factory in Beit Shemesh, sixty olim were recently employed in blue collar positions, although they are engineers. The same shifts, common to any mass immigration, are expected again. Such changes may be painful, but the results are sometimes gratifying. Two friends, US physicists who came to Israel in the 1970s, found scant demand for professors of physics. One opened a now-thriving business servicing washing machines and the other has become an internationally-recognized expert on the economics of fish-breeding.

Plans to Absorb Immigrant Scientists

The Scientists' Committee of the Israel Public Council for Soviet Jewry has addressed itself to the fate of the 2,000 scientists arriving in 1990 from the Soviet Union.⁵⁹ Rather than relying on the nation's universities to absorb the olim, the plan looks to other educational institutions. At their present capacity, the universities will be able to absorb only about 120 new staff. Instead the plan calls first for 200 scientists to be hired by twenty existing local colleges, such as Tel Hai, some ORT colleges and Beit Berl. These colleges nowadays hire university faculty members to teach part-time. By hiring their own faculty, the colleges would be significantly advanced in standards and status and would help to solve the problem of increasing demand for university places.⁶⁰

The teacher-researcher scheme proposes that scientists be retrained as high school teachers while remaining affiliated to a university or research institute. In this way their time could be divided equally between teaching and research. The plan implies long-term development of the private sector to absorb highly qualified olim, although this is not envisaged in the short term.

Professor Yuval Ne'eman, head of the Scientists' Committee and the new Minister for Science and Technology, intends to revive the billion-dollar Mediterranean-Dead Sea Canal project, which was dropped after preliminary study in the 1980s for being too impractical and expensive. The project would spur the development of the Negev and employ, initially, over

58 Gur Ofer, Aharon Vinokur, Yarom Ariav, *Klita ba'avoda shel olei brit hamo'atsot. Divuab sofi* (Absorption in Employment of the Immigrants from the USSR, Final Report), Falk Foundation for Economic Research (n.d.).

59 Carl Schrag, 'The brainpower invasion', *Jerusalem Post*, 18 May 1990.

60 Ibid.

100 scientists. Hundreds more would be taken on as the project gave rise to other industrial projects in the South.⁶¹

Ministry of Science and Technology plans call for an immediate absorption of immigrant scientists to develop infrastructure projects that are already on the drawing board. Projects include the building of a national railway system, improving roads from the periphery to the centre of the country and light rail commuter systems. Hundreds of research and development engineers could find work on the projects which would take seven to ten years to complete. For the many immigrants who arrive in Israel at the age of fifty, these projects would solve their employment problems until retirement.

The Israeli Academy of Sciences is launching its own special programme to absorb fifteen leading scientists with a \$6 million grant from the US-based Barecha Foundation. Five immigrant scientists would be selected during each of the next three years. Each would receive tenure at a university and funds to establish a research laboratory. The project is clearly aimed at only the very highest level of scientists who are capable of advancing Israel's international scientific standing and is not intended to solve the problem of general absorption of Soviet scientists.

If the latest reports are correct, Israel may have to compete for top Soviet Jewish scientists with the US. Both Stanford University and the Massachusetts Institute of Technology are collecting resumes and patent ideas from scientists in the USSR, promising help in securing US visas for Soviet Jewish scientists. The possibility is being discussed of amending US immigration laws to ease the entry of foreign scientists in fields where shortages exist.⁶² According to Professor Yirmiyahu Branover, a number of Jews in the Soviet Union have banded together as a company, Producer, and linked up with the McQuirk Consulting Company in Washington, DC which is said to have sent Producer a list of American companies' needs regarding scientists. McQuirk then handles the immigration paperwork, charging the employer 10 per cent of the scientist's annual salary and transferring a quarter of this to Producer.⁶³

Critics of the various plans for absorbing Soviet scientists point out that all the schemes put together may employ only 20-30 per cent of the scientists expected in the coming years. In addition, any scheme linked to Israeli universities is dependent on govern-

ment funding, and it is doubted whether the Treasury will be able to fund all the suggested public programmes. The only practical option for employing the rest is to create high-technology companies that will concentrate on the export of research and development services. Hundreds of high-technology companies should be started, these critics say, using a combination of private capital and government guarantees. Even if a number of such projects were to fail, a few successful ones would justify the effort.

In response, the Ministry of Science and Technology has designated fields in which Israel has a chance of gaining a substantial share of the world market and it has asked the Treasury for increased funding to help immigrants establish research and development ventures, and eventually factories, in such fields. These include computer software development, micro-electronics, electro-optics and certain aspects of advanced agricultural systems.

The Soviet Jewish automation expert, Alexander Lerner, a refusenik for the sixteen years that preceded his arrival in Israel in January 1988, has envisaged the establishment of the following enterprises based on the participation of Soviet academics:

- 1 Research and development projects aimed at creating goods for export.
- 2 *Ad hoc* think-tanks consisting of expert consultants ready to go wherever they may be needed and to offer their expertise for a comparatively low fee.
- 3 English-language educational programmes for foreign students, offering everything from high school courses to doctorates.
- 4 Medical services for foreign patients for moderate fees.
- 5 Low cost publishing and printing projects and translation services from Western languages into Russian, and vice versa.⁶⁴

Tsvi Bisk, a research worker at the Beit Berl Centre, has pointed out that Israel will soon contain the second-largest concentration of Russian-speaking academics in the world, after the USSR itself. They could become a bridge between the needs of the Soviet Union and the technology and management techniques of the West. He has suggested developing the following services in Israel for foreign companies:

- 1 A convention and seminar centre for Soviet managers and academics who would like to learn Western technologies and techniques.
- 2 Consultation in arid-land farming, water management and agriculture in general for Soviet needs.

61 Judy Siegel, 'Ne'eman plans to revive Med-Dead canal project', *Jerusalem Post*, 13 June 1990.

62 Judy Siegel and Herb Keinon, 'US trying to snatch Soviet scientists', *Jerusalem Post*, 5 July 1990.

63 Herb Keinon, 'Moscow firm aids brain drain', *Jerusalem Post*, 6 July 1990.

64 Nechemia Myers, 'Channelling Soviet brain power', *Jewish Exponent*, 11 May 1990.

- 3 Correspondence courses in management and agriculture.
- 4 A centre for translating and marketing computer software for the Soviet Union.
- 5 Advertising for Soviet markets on behalf of Western companies.
- 6 Organization of Soviet tourism to Israel, allowing payment in roubles, to be used to buy Soviet products needed by Israel and for barter with other countries.⁶⁵

Foreign investors are beginning to show interest in the use of Soviet olim academics. For example, the combined Jewish Philanthropies of Boston have a plan to create a data-base of Soviet scientists in Israel who would be matched with high-tech firms in the Boston area, which may either want to use the scientists in Israel for research and development or to market their inventions. The Boston group also wants to invest in economically viable and profitable projects in Haifa, where the money they collected for Operation Exodus could be used to create jobs for Soviet olim.

An innovative plan by Arie Lova Eliav MK, proposed the establishment of large skills pools of immigrants which would be attached to all major academic institutions and hospitals, as well as to industrial plants. Salaries would be set at the minimum wage and paid by the government, thus not burdening the institutions themselves. While the institutions could draw on pools of free employees, they would be obliged to provide training and professional screening. The adopting institution would also provide part-time work for the immigrants in their professions so that they could keep up their skills.⁶⁶

'Let's take Hadassah Hospital as an example,' said Mr Eliav. 'I would give them a pool of, say, 1,000 doctors and other medical personnel and tell them, "Don't put them on the payroll, but give them an ulpan. Teach them medical terminology in Hebrew. Start retraining them." I would tell Israel Chemicals, "We'll give you 500 people who say they are chemical engineers. We don't know. You take them and sort them out. We will meet the cost."⁶⁷

Mr Eliav understood the inefficiency and other drawbacks of such an approach, but saw it, nevertheless, as the most promising of the possibilities available; his plan is now being considered by the Knesset. In the second stage of his plan, the skilled workers who have acclimatized and been screened, would be matched with capital to create various profit-making enterprises. This capital may come from a special absorption tax levied on veteran Israelis and

from world Jewry. Other foreign sources of money, like the World Bank, could also be approached. 'With time, and it wouldn't take long,' said Mr Eliav, 'will come the big capital, private capital which will run after these skills. There is no scarcity of capital in the world—Japanese, German and other. There is a scarcity of skills.'⁶⁸

For all its faults, argued Mr Eliav, the Soviet Union gave its citizens a high level of education from which Soviet Jews benefited. For Israel to avoid embittering the Soviet immigrants and driving them into leaving the country, it is necessary to adopt an unconventional approach. 'Immigration on this scale is too big for the free market to handle. I'm dead against permanent government intervention, but at this transitional stage there is no other way. The mixture of this skilled immigration and capital will propel Israel into the twenty-first century. It will change the country.'⁶⁹

Paradoxically, the lack of job opportunities in the Israeli market may have a beneficial side effect. As in other societies settled by successive waves of immigration, positions have a way of being occupied not necessarily by the most highly qualified candidate, but by the person who got there first, who guards their territory fiercely. The most successful form of absorption may therefore be in areas independent of the traditions and controls of entrenched veterans. In institutions specially designed for them, immigrants would not be penalized for being better qualified newcomers.

A drawback to Mr Eliav's plan is that it can so easily fall prey to this situation by allowing Israeli institutions to screen the qualifications of newcomers. Qualifications should be screened, ideally, by an independent body, not by those who may see each arrival as a potential threat.

Manufacturing and Industry

On 3 June 1990, Dov Lautman, president of the Israeli Manufacturers' Association, warned the public of the prospects for increased unemployment and factory closures if the government failed to initiate an active policy of investment in industry.

He criticized the Bank of Israel policy of supporting a high level of unemployment in order to create a healthier economy in the future, stating,

If the bank's present economic policy continues, unemployment will grow along with the aliya. The current unemployment level is 9.1 per cent, already a dangerous figure, and if we do not invest in industry soon the jobless rate will be 25 per cent. The creation of new jobs should be our main objective. Like Israel, Germany is also

65 Tsvi Bisk, 'Using immigration as a lever', *Jerusalem Post*, 28 June 1990.

66 Abraham Rabinovich, 'Absorbing visions', *Jerusalem Post*, 1 June 1990.

67 Ibid.

68 Ibid.

69 Ibid.

absorbing a large skilled workforce but, unlike Jerusalem, Bonn has moved to invest significant amounts of capital in expanding the number of work places. The West German government plans to invest approximately \$600 million during the next decade.⁷⁰

Mr Lautman suggested several measures to reduce industrialists' labour costs and boost investment, which are based on a model constructed to provide for the expansion necessary to create jobs for Soviet immigrants.

- 1 A substantial devaluation of the shekel and the exclusion of housing expenses, the most inflationary item, from the cost of living index. This would reduce the inflationary impact of the devaluation.
- 2 A 4 per cent reduction in national insurance payments which are paid by employers on behalf of each worker as a psychological incentive to hire more workers.
- 3 Legislative measures to stabilize the minimum wage. 'Right now in Israel, the social benefits constitute 40 per cent of the salary paid to the employee. We need to move closer to the American model where that number is closer to 20 per cent', said Mr Lautman.⁷¹
- 4 Investment in research and development.
- 5 Widening the network of vocational training programmes.
- 6 Reduction of government taxes on businesses.
- 7 The use of the rate of exchange of the shekel as a means of lowering labour costs and of encouraging investment in industry. 'The lowering of real wages in industry by 1-2 per cent will bring an increase of labour productivity of 3-4 per cent', Mr Lautman said.⁷²
- 8 Creation of a nationwide data bank to match migrant skills with the needs of various industries.

The Histadrut gave the Israel Manufacturers' Association its full support in its drive towards immediate action on job creation and economic growth. At a joint Manufacturers' Association-Histadrut press conference on 25 May 1990, Dov Lautman and the head of the Histadrut, Yisrael Kessar, sharply criticized 'government inaction on the unemployment crisis'. 'In order to prepare jobs for the olim, investment should have been undertaken and land sold for new housing; pilot plants' budgets drafted to accommodate new R and D ideas; the exchange rate floated to reach its true market equilibrium in order to

stimulate exports; foreign-exchange regulations ended and most duties and non-tariff barriers wiped out to avoid inflation', wrote Shlomo Maoz, a former economics correspondent of the *Jerusalem Post* and now adviser to the Treasury.⁷³

The Manufacturers' Association and the Israeli Association of Chambers of Commerce have been running job-training courses for Soviet olim. However, the numbers of olim involved have been quite low. In order to develop this network, the Ministry of Labour introduced a programme of vocational training for workers in building, tourist services, industry and agriculture. Every unemployed Israeli, including Soviet olim, can start job-training at an industrial enterprise, hotel, building company or moshav/kibbutz and get a salary supplemented by the government with an initial minimum wage of \$750 a month. Each enterprise taking on either an *oleh* or unemployed trainee as well as retraining its own workers, will receive from \$150 to \$250 a month for the training period. The cost of this programme is estimated at \$15 million for the 1990 financial year.⁷⁴

Retraining is also used in other areas. Some of the Soviet olim teachers have attended special training courses in Beersheba so that they can take up vacant teaching positions in the Negev development towns. These teachers receive an apartment in the development town provided by the Absorption Ministry. Such courses are due to start for Galilee as well.

This approach benefits both the Soviet olim and the children of veteran Israelis in development towns, where only 17 per cent of the mathematics teachers have a first degree compared to 79 per cent in the centre of the country.⁷⁵

Unemployment: the major obstacle

Israel's major employers, such as the Koor concern owned by the Histadrut, or the Israeli aircraft industry, cannot employ any significant numbers of Soviet olim. Plant closures, particularly in defence, and reductions in the workforce, reflect their current shaky financial situation. Government cuts proposed to finance the Soviet aliya will have a further detrimental effect. The demand to cut the Ministry of Defence budget by \$40 million discussed in August 1990 will affect defence-related industries.

Workers have demonstrated in reaction to these cuts. At the Soltam weapons factory at Yokneam, 180

70 Jacob Wirtschafter, Galit Lipkis, 'Industrialists call for government intervention to handle aliya wave', *Jerusalem Post*, 4 June 1990.

71 Ibid.

72 Avi Ganor, 'Hifsadnu shalosh shnot tsmikha. Yesh li hargasha shehapkidim birushalayim lo korim et hamapa' ('We lost three years of growth. I feel that the officials in Jerusalem do not read the map'), *Haaretz*, 4 June 1990.

73 Shlomo Maoz, 'Don't ignore the industrialist who cried wolf', *Jerusalem Post*, 5 June 1990.

74 Tsvi Zerakhia, 'Haotsar: netunei sharon shguim' ('The Treasury: Sharon's data are a mistake'), *Haaretz*, 1 August 1990.

75 Department for Renewal and Development, *Report to the Assembly of the Jewish Agency*.

senior employees were laid off.⁷⁶ The Institute for Economic and Social Research of the Histadrut therefore sees the need to address the problem of employment with regard to the entire Israeli population, not just new olim. It is suggested, first, that the system of retraining courses should be enlarged, and should serve not only academics but unskilled workers as well. Second, the regulations governing unemployment benefits must be liberalized, so that benefits are paid for a longer period and the conditions for payments to employees in key professions are improved.

The need to solve the unemployment situation in Israel today is critical. It is hampered by the following factors:

- 1 The absence of a national data bank listing job vacancies.
- 2 An insufficient number of expert vocational consultants in the labour exchange.
- 3 The absence of an assessment of future needs in the economy which could co-ordinate the needs of the economy and vocational retraining.
- 4 Vocational retraining courses are restricted to people with higher education and are not offered to all olim.
- 5 The creation of more vocational retraining courses is currently postponed for lack of funds.
- 6 In the past, most olim have found jobs as salaried personnel, and only 3 per cent opened independent businesses. Clearly, the entrepreneurial skills of olim should be developed.

The poignant employment situation can be seen in the figures published in May 1990 by the Israel Institute for Economic and Social Research of the Histadrut (Table 11).

To solve this crisis, suggests the Histadrut, action is required in three areas. First, finding a way substantially to increase demand for workers, particularly in fields where specialists with higher education are needed. Second, massive effort must be put into vocational retraining for professions in which workers are needed now or are expected to be needed in the future economy. This should always take into account the former profession of those being retrained, so that loss

of former qualifications and experience will be minimal. Third, finding temporary solutions to the shortage of jobs for an intermediate period.

A leading Israeli economist, Professor Gur Ofer, considers all such steps to be insufficient. He noted that the professional structure of the new Soviet aliya is similar to the professional structure of the Jewish community in the USA. He therefore suggests that no change be made in the professions of the olim in order to match them to Israeli needs but, instead, to make a quantum leap into a new technological era by bringing the developing Israeli economy in line with the professions of the olim. This would take Israel forward towards the economies of the developed world. Professor Ofer has suggested that Israel could retain a certain amount of agriculture and traditional industries, but the economy as a whole should be restructured into earning a profit by combining local, highly qualified specialists with foreign investment.⁷⁷

The singularity of Israeli terminology may be significant here. Whereas other nations refer to 'integration' or 'assimilation' *vis-à-vis* their immigrants, Israel speaks of 'absorption', implying the relinquishing of the immigrants' characteristics on arrival in Israel. By recognizing the professions and training of Soviet olim, the Israeli economy would be merging the two streams, rather than attempting to absorb one into the other.

TABLE 11
DEMAND FOR EMPLOYEES AND EMPLOYMENT PER 100,000
NEW IMMIGRANTS

Construction workers	15,000
Teachers	700
Nurses and social workers	1,000
Employees in the business sector	11,000
Total demand for workers	27,000
Number of job seekers per 100,000 olim	33,000 ¹
Other new workers (released soldiers etc.)	60,000
Total demand for employment	93,000

1 This estimate seems very conservative. The real figure is probably 40,000 or more.

Source: Institute for Economic and Social Research of the Histadrut, *Medinat Israel bashnot batishim ba'eydan ba'aliya habamonit* (The State of Israel in the 1990s in the Era of Mass Immigration) (Tel Aviv 1990).

76 David Rudge, 'Workers close Soltam arms plant over firings', *Jerusalem Post*, 31 July 1990.

77 Gur Ofer, 'Communication in the discussion' in Israeli International Institute for Applied Economic Policy.

7

HOUSING

Israel has a housing shortage of catastrophic proportions. The construction industry suffers from staff shortages exacerbated by the intifada and from a dangerous level of undercapitalization.

Approximately 24,000 new dwellings a year are needed to house only the native-born population. Over the past six years, housing starts have averaged 20,958 units annually, leaving a deficit of 18,000. Government economists predict a deficit of 29,000 units by the end of 1990, even if the plan to start building 70,000 units this year is realized—25,000 for the current needs of the local population and 45,000 for new immigrants.

On 18 June 1990, the disastrous situation in housing was acrimoniously debated in the Knesset Finance Committee. The Director General of the Ministry of Housing, Amos Unger, came under sharp attack after he admitted that since February 1989, the government had begun only 7,500 housing units. Unger also told the Committee that, despite the fact that they themselves had approved a plan to begin 15,000 units between April and June 1990, not a single unit had been started. He blamed the small number of building starts on lack of money caused in part by delays in receiving funding that had already been approved.

Committee member Dan Tikhon said that it was wrong to blame the government for the current lack of housing, which he called 'natural under the circumstances'. 'Whoever believes that the government could have caused contractors to begin building thousands more units than they did, just doesn't understand the situation. The contractors simply don't have the financing. Also, there aren't enough building materials.'⁷⁸

It would appear that the main reasons for the crisis in housing are:

- 1 The cartels of local contractors, who do not allow foreign firms to enter and compete in the market.
- 2 The labyrinthine and interminable bureaucratic procedures for getting the necessary building permits.
- 3 The absence of proper central planning of housing needs.
- 4 The rivalries between ministries, especially between the Housing and Finance Ministries.
- 5 The backwardness of Israeli construction techno-

logy that depends on cheap, manual labour (90 per cent of all workers in the building industry are Arabs). Every wall is made of hand stacked cinder blocks and every floor of hand laid tiles. As a result, it takes two years on average to build a house in Israel, twice the time taken in the United States or Western Europe. The cartel of Israeli contractors prevents the introduction of building technology that could speed up the pace of building and economize on the use of manual workers.

- 6 The resistance of various interested parties to importing cheap, prefabricated housing. The maximum capacity of the local industry to produce such structures is limited to 1,500 units per year.
- 7 The shortage of capital for construction.
- 8 For several years, the government has abandoned an earlier practice of ordering inexpensive, three-room flats from contractors to be used as public and immigrant housing. Instead, contractors build larger, more expensive units that only more affluent private customers can afford.

As a result of these factors, there is such a lag in the national construction programme that all the country's building reserves will be used up by the autumn of 1990.

On 1 July 1990, Ariel Sharon obtained government approval to import 3,000 prefabricated houses and erect them under emergency conditions that disregard all the usual building permits and regulations. According to reports, during his visit to the Soviet Union in September 1990, Sharon discussed with Soviet trade representatives the possibility of importing prefabricated housing from the Soviet Union. But this type of housing can only be a stop-gap measure. It is estimated that at least 45,000 housing units are needed to keep up with the current deficit of immigrant housing. Once this deficit is eliminated, and if immigration continues at current rates, 7,000 housing units a month will be required for immigrants and the native population. Unless local builders find ways to increase their present capacity of 2,500 units a month, almost two-thirds of the housing will have to be imported. The prices of flats should then fall and the young couples, army veterans and others now being priced out of the market because of immigrant subsidies should be able to afford decent housing once more. But the declared emergency conditions came under fire from the High Court of Justice which cancelled them on the grounds that existing legislation

⁷⁸ Alisa Odenheimer, 'Steep lag in government housing plan seen', *Jerusalem Post*, 19 June 1990.

could deal adequately with the situation, saying 'we must resort to emergency regulations only when it is impossible to wait for the Knesset legislative process'.⁷⁹

Sharon's announcement was followed, on 11 July, by his declaration that 400,000 housing units would have to be built in the five coming years. He ordered the creation of caravan neighbourhoods on the outskirts of cities to solve the immediate housing crisis. His plans were criticized by the Treasury which accused him of overestimating the need. Yitzhak Moda'i criticized Sharon for failing to take into account where olim would work and their needs for services, saying, 'living in tents never hurt anyone'.⁸⁰ In this vein, the Treasury proposed reliance on mainly existing empty housing stock including 10,000 rooms in kibbutzim, hotels and army camps.⁸¹ Kibbutzim are in fact eager to absorb 10,000 olim. One of their movements, Kibbutz Artzi, has complained that its representatives are denied access to the arrivals at Ben Gurion airport, whom they could acquaint with opportunities in their settlements. The Immigrant Absorption Ministry says it allows nobody except its own personnel to approach the new immigrants to ensure that they have freedom to choose where they want to go. After olim move out into direct absorption they may approach the kibbutz movement on their own.

Hagi Mirom, MK, asked the Minister of Immigrant Absorption, Rabbi Peretz, whether it was true that immigrants were not directed to the kibbutzim because these settlements work on the Sabbath and their kitchens are not kosher. For this reason, Mirom suggested, the government will not appropriate funds to recondition kibbutz housing for olim, and will not grant the absorption basket to immigrants who settle on kibbutzim. The Minister of Absorption denied bias and suggested that immigrants were free to approach the kibbutz movement privately whenever they wanted. While some olim are interested in kibbutzim, other emigrants from Communism are less anxious to take up residence in what they regard as kolkhozes.

Geographical Location of Housing

The settlement of olim is largely dependent on availability of work. Well over half the Soviet immigrants who have arrived since the beginning of 1990 have settled between Hadera and Gedera, in the centre of the country, a third went to the North, 10 per cent went to Jerusalem and 4 per cent went to the

South. The number of immigrants settling in Jerusalem is well below the 30 per cent goal set by the aliya planners at the beginning of the immigration wave. While 25-30 per cent of a more ideologically motivated Soviet Jewish aliya of the 1970s settled in Jerusalem—a natural choice for this group—the new olim feel no special attraction to the capital.

The system of direct absorption allows olim to choose their own place of settlement, encouraging the tendency to gravitate to areas of plentiful employment. Most go to large cities, while a few choose development towns. This distribution could change if better roads were built from the country's periphery to the main job centres.

In their attempt to populate the periphery of the country, housing planners want only a third of all new housing in the central region, half in the area surrounding the centre, between Karmiel and Kiryat Gat, and the rest in the further centres of development areas, such as Safed and Kiryat Shmona. The achievements of Israeli planners in the 1950s were noteworthy in avoiding the worst outrages of modern growth like urban spread. The fact that there is open space between Tel Aviv and Lod, for example, is the choice of planners, not of natural market forces.⁸² The hope now is that the green belt will not be violated to find solutions to the present crisis.

While other countries of immigration, such as Argentina, tend to have population concentrated in the port cities and a largely empty interior, Israel has been covered by settlements, even into the desert. But not all locations are attractive and it is not clear that the settlement planners will succeed in redirecting a substantial part of the stream of olim away from the coastal plain towards nearer and further periphery.

The Housing Crisis and the Ashkenazi-Sephardi Divide

The tremendous increase in rents caused by the comparatively high subsidy of \$300 per month given to immigrant families coupled with the great demand for flats by olim, have forced a number of Israelis out of the rental market. Some 23,000 under-privileged, veteran Israeli families, who received monthly subsidies of up to \$185, could not compete with olim over the rents which were inflated by landlords.

By the end of July, some 600 households had moved into tent camps throughout the country, demonstrating to attract public attention to their plight. Most, though not all, were Oriental. One of their leaders, Yemin Suissa, demanded in 1989 that

79 *Jerusalem Post*, 18 July 1990.

80 *Jerusalem Post*, 30 July 1990.

81 *Jerusalem Post*, 1 August 1990.

82 Abraham Rabinovich, 'Planning dots on the map for newcomers', *Jerusalem Post*, 23 March 1990.

Soviet immigration be stopped because of its damaging effects on veteran Israelis, and the movement as a whole was initially opposed to Soviet aliya. Yemin Suissa claimed that 'the government of Israel is racist; all the Ashkenazim are racist'. Similarly, a tent camp dweller in Jerusalem complained that the government had always discriminated against Sephardi Jews. Another asked, 'Why do I have to return to a temporary camp when Soviet immigrants are being given new housing?'⁸³

Most of the tent settlers are from the lower or lower-middle socio-economic class, the first to suffer if there is competition for housing. The Moroccan-born Knesset Member Shimon Sheetrit said, 'They are our sons. It is inconceivable that we would bring people from Leningrad and send out our own to Los Angeles. We want to increase our population, not exchange it.'⁸⁴

But the housing shortage is only one aspect of the problem. In the atmosphere of rising unemployment, Sephardim who will have to compete for jobs with Soviet olim may again feel discriminated against. However, the picture seems to have altered with support for the tent camp movement from unexpected quarters—Soviet olim in the form of Natan Sharansky and the ultra-orthodox community, who, with their many children, have severe housing problems. On 30 July 1990, representatives of immigrant groups, tent camps and 'mortgage victims' formed an alliance and called on the government to equalize the financial terms for housing available to new immigrants and young couples. Natan Sharansky said, 'it is not the question of housing against us, but of both of us against bureaucracy'.⁸⁵

Camp leaders have recently seemed to tone down the anti-Soviet immigration implications of their movement. Suissa retracted his widely condemned demand to stop Soviet immigration saying, 'I was shown a film on antisemitism in the Soviet Union, and that made me change my mind'.⁸⁶ A camp dweller stated emphatically, 'People shouldn't have the wrong idea. We're not against the Soviet olim. They should come, but we should also be helped'.⁸⁷

These attitudes are borne out in recent polls. Results of a poll conducted early in 1990 by the leading Israeli pollster, Dr Minna Zemach, showed that while 90 per cent of Ashkenazim are satisfied

with the Soviet aliya, 80 per cent of Sephardim are of the same opinion—though this is still a high figure. On average, 84 per cent of the total Israeli Jewish population are satisfied with the Soviet aliya, while 76 per cent of the population are prepared to help personally in its absorption.⁸⁸ However, some researchers expect that with the deterioration of the situation in housing and employment, the 'nativist' tendency among disadvantaged veteran Israelis will become more overt and their attitude to Soviet olim may worsen.⁸⁹

Israeli Arabs also feel endangered by the Soviet aliya, fearing that the aliya will cause the mass expulsion of the Arab population. Their leaders have claimed a congruence of interest with Oriental Jews. 'There is a co-ordination of positions, mainly by telephone, with Jews of Oriental origin, such as Yemin Suissa and Chaim Hanegbi, secretary of the Knesset faction for Democracy and Peace, and the movement Mizraha Leshalom,' claimed Radja Adj-briah, head of the Arab protest movement Sons of the Earth, which demands preservation of Arab land rights.⁹⁰ This claim would appear to be only partly correct, as I am unaware of any common front of Israeli Arabs and Oriental Jews against the Soviet aliya.

The ambivalent attitude of underprivileged Israeli Jews and Israeli Arabs to Soviet olim may be seen in the requests for Soviet olim by the mayors of some development towns and Arab towns. For example, Ofakim, a Negev town of 14,000 predominantly Oriental Jews that lies between Beersheba and Gaza, has undertaken a major campaign to attract olim whom the town's dynamic mayor, Yair Hasan, sees as a key to the town's future. Busloads of Soviet olim are regularly brought to Ofakim to show them the town's potential. Thirty-six Soviet olim families have already signed contracts on flats.⁹¹ The town council plans to develop a year-long retraining programme for Soviet olim with the Ofakim-based Negev College. Although some Ofakim veteran residents express their anxiety at competition for housing and jobs, the general atmosphere in the town is positive towards Soviet olim.

The mayor of Dimona, Gabi Laloush, invited the Marantz family to come directly from Ben Gurion airport to stay in his home, while the flat allocated for them in the town was being repaired. The Marantzes could not find enough words to praise the people of

83 Bill Hutman, 'Homeless in the tents of Jacob', *Jerusalem Post*, 20 July 1990.

84 Avigail Gutman, 'We're black, they're white', *Jerusalem Post*, 20 July 1990.

85 Herb Keinon, 'Alliance of olim, homeless asks equal housing rights', *Jerusalem Post*, 31 July 1990.

86 Bill Hutman, 'Homeless in the tents of Jacob'.

87 Ariel Dean Cohen, 'No solution seen for the homeless', *In Jerusalem*, 6 July 1990.

88 Sever Plotsker, 'Hamishpacha hayisraelit—kavim lidmura' ('The Israeli family—its characteristic features'), *Yediot Aharonot*, 16 April 1990.

89 Varda Yerushalmi, 'Nisharim sovetim' ('They remain Soviet'), *Haaretz*, 2 August 1990.

90 Uzi Makhneimi, 'Yom haadama neged 'aliya' ('Day of earth—against aliya'), *Yediot Aharonot*, 30 March 1990.

91 Carl Schrag, 'The flood spills over into the desert', *Jerusalem Post*, 27 July 1990.

Dimona: 'We saw a beautiful town, and suddenly people came who wanted to help us. It was nice to meet all these people, each of whom brought something for us. It was so wonderful'.⁹²

Az al-Din Amash, head of the local council of the Druze village Jasr el Zarka, also expressed his desire to absorb Soviet olim in his village. He hoped that this would solve the village's housing problem. 'We shall build housing projects on the sea coast which will serve as an example of co-existence between Jews and Arabs', he said.⁹³

Positive Moves

One of the few exceptions to the general picture of rampant problems is the municipality of Ra'anana, which, with the help of a grant of \$500,000 from a community in New Jersey, has created an exemplary absorption service. A single organization uniting representatives of the Jewish Agency, the South African Olim Federation and the municipality, deals with immigrants' affairs from the moment they arrive in the town. A flat is prepared before the prospective inhabitants arrive; the municipality and voluntary organizations like Forum and Ezra (the British Olim

Society) assist in finding jobs, food for the first period after its arrival and household utensils. Sixty per cent of the 700 olim who have arrived in Ra'anana since November 1989 have already found jobs. Only 7 per cent are registered as unemployed. Most of the olim are prepared to accept any job offered; for example, five engineers are working as hospital orderlies.

In response to the tensions in Israeli society, the mayor of Ra'anana, Ze'ev Bielsky, has devised a plan that he calls Natasha and Rachel. Every shekel invested in improving the lot of new olim will be matched by one invested for young Israeli couples in the town.⁹⁴

Special attention is given to immigrant children. Every school has a supervisor for child olim and every immigrant household is 'adopted' by a local one. The success of absorption is so great that Ra'anana cannot accept all the Soviet olim who want to settle there.⁹⁵

A similar approach has been successfully implemented by the municipality of Rishon Lezion. A growing number of cities have expressed their willingness to expand municipal absorption. The government, however, must guarantee that the necessary financial resources reach the local level, and the immigrants themselves.

8

SETTLEMENT IN THE TERRITORIES, ARAB REACTION AND THE PEACE PROCESS

Between April 1989 and 1 June 1990, only 285 Soviet immigrants settled on the West Bank, occupying all available housing. Nevertheless, international criticism of Israel for allegedly settling new immigrants on the West Bank and in the Gaza Strip has been widespread. Arab governments protested initially against this supposed policy, joined by the US administration, the European Community and the Soviet Union and former Communist bloc countries. President Gorbachev threatened to act against immigration if he did not receive assurances that immigrants would not be settled on the West Bank. Finland allowed Soviet immigrants to pass through the country *en route* to Israel only after promises that they would not be settled in the territories.⁹⁶ In reality, less than 1 per cent of the current wave of Soviet olim have settled on the West Bank. Flats for newcomers have often been chosen in advance by local contacts who concentrate on areas of

high employment prospects—the coastal plain, rather than the territories.

There is also the question of space for all the immigrants. Israeli government intentions to populate the Negev and Galilee are restricted by their capacity. As Yaakov Feitelson, head of Ariel municipal council, pointed out, even if the population density of Galilee were to double, only 700,000 immigrants could be settled there. As for the Negev, 40 per cent of its territory is uninhabitable and the area has a severe water shortage. Even if sufficient water were tapped and if the density of population in the Negev were 50 per cent higher than the present Israeli average, there would be room for only 1,300,000 immigrants.⁹⁷ Thus, the population density in Israel would have to double in order to settle two million Soviet immigrants.

92 Roni Sofer, "'Ptah et beiti le'olim", hora rosh kiryat dimona le'ozro—umishpachat marantz shukhna bo zmanit' ("Open my house to Olim" ordered the Mayor of Dimona to his assistant—and the Marantz family moved in there temporarily'), *Ma'ariv*, 2 August 1990.

93 *Ma'ariv*, 17 July 1990.

94 Ronald Kronish, 'Common destiny', *Jerusalem Post*, 20 February 1990.

95 Ehud Rabinovich, 'Sipur hiyuvi leshem shinui' ('A positive story, for a change'), *Ma'ariv*, 14 May 1990.

96 *Jerusalem Post*, 29 June 1990.

97 Yaakov Feitelson, 'Milkhama bilti nimna'at' ('War is inevitable'), *Haaretz*, 1 August 1990.

98 *Jerusalem Post*, 25 June 1990.

There is little space for additional immigrants.

The main question in the Arab campaign against the alleged Israeli policy of settling olim in the territories seems to relate directly to the political conflict which Ariel Sharon's declaration on 24 June 1990 that 'immigrants [would] not be settled beyond the Green Line'⁹⁸ did little to alleviate. As Faisal Husaini, a Palestinian leader, explained,

The areas of the West Bank, the Gaza Strip and Jerusalem must in the future solve the problem of Palestinian refugees and not the problem of Soviet Jews. We use the same water reserves and we need this water for our refugees. I do not believe that Israel has the right to use this land and this water which belong to us and solve the problem of Soviet Jews at the expense of Palestinian refugees.⁹⁹

He also expressed concern that the settlement of Soviet Jews inside the Green Line was being carried out at the expense of 'those Palestinians which are part of the Israeli society'. As Feitelson's remarks suggest, the demographic implications of the Soviet aliya are of Palestinians having to make way for the new intake.

For Arab countries, the real issue seems to be not where Soviet immigrants are settling, but the fact that they are coming at all, and coming in growing numbers. The current Arab attack on aliya is simply a continuation of their permanent resistance to any Jewish settlement on Israeli soil. As the aliya activist, Yuri Shtern, noted, 'Even if not a single Jew leaves the municipal borders of Tel Aviv, there would still be an Arab excuse for stopping Soviet aliya—different, but essentially the same.'¹⁰⁰

Hafez al-Asad, the Syrian President, protesting against the Soviet aliya, said that Zionists are planning to enlarge their state from the Nile to the Euphrates. New Soviet immigrants, he said, are not descendants of ancient Hebrews, but of Khazars who converted to Judaism centuries ago. They and their ancestors never had any connection to Palestine. The immigrants are neither Jews nor Semites. He called on Arab states to continue fighting Israel—a fight which is 'only starting'.¹⁰¹ This theme was taken up by the declaration of the 1990 Arab summit in Baghdad which linked the continuation of Soviet aliya with the danger of a new Middle East war, although events have, for the moment at least, overtaken this conclusion.

On another level, the Soviet aliya—seen as a humanitarian, life-saving operation—is used by the USSR and other countries to drive Israel towards the peace process. It is implied that unless Israel co-operates, the emigration may be cut off. When Yitzhak Shamir responded to President Gorbachev's threat to curb emigration by asking the leaders of the Western democracies to protest and express their unequivocal

support for aliya, only President Mitterrand answered his appeal. Soviet Jews, once hostages of the cold war, are today in danger of becoming used in the Middle East hostilities and the so-called peace process. Opinion is divided on the long-term influence of mass Soviet aliya on the prospects of peace in the Middle East.

Arab reactions to the increase both in population and investment finance made available to Israel which the Soviet aliya will bring are followed carefully by the Israeli right. The investments which will flow to Israel to finance the economic development caused by the mass aliya could reach \$100 billion. The Israeli GNP, even if it does not rise per capita, could reach \$70 billion a year by the year 2000.

By the most conservative estimate, say right-wingers, the Israeli military would exceed one million soldiers. Such an Israel could not be wiped off the map of the Middle East and this shatters the dreams and plans of the Arab confrontation powers. Therefore, they say, the Arabs do everything possible to stop the present Soviet aliya, believing that a strong Israel will attack them sooner or later to gain additional territory and water resources.

Yaakov Feitelson believes that the Arabs will not wait long before starting a new war against Israel, and that attempts by President Mubarak of Egypt to create an Arab-African front against Israel is a step in this direction. 'Our answer to this should be only the policy of strengthening our military deterrent and speeding up the pace of absorption of the mass immigration', he has written.¹⁰²

A more moderate view holds that there is no causal connection between aliya and territory, and aliya and peace. The demographic argument has been discussed by Peace Now supporters in Israel. They claim that the annexation of the West Bank and Gaza, even with the increase of the Israeli Jewish population due to mass Soviet aliya, would mean that Israel would, with time, cease to be a Jewish state, or would cease to be a democratic state. But even if Soviet aliya were sufficient to guarantee the Jewish and democratic character of an Israel that had annexed the West Bank and Gaza, with its Arab population, the need for a political settlement would still remain. As Allan E. Shapiro wrote,

There is only one significant number involved in the destiny of this troubled land, and it does not relate to population. It is the number two; the basic reality of this land is the conflict of two nations and two cultures. Without a political settlement, the ongoing conflict, whose roots would be fundamentally unchanged, would remain. This is the reality with which we must deal, unless peace itself is to remain a myth.¹⁰³

102 Yaakov Feitelson, 'Milhama bilti nimna'ar'.

103 Allan E. Shapiro, 'Aliya won't solve the problem', *Jerusalem Post*, 1 March 1990.

99 *Jerusalem Post*, 25 June 1990.

100 Yuri Shtern, 'Ensuring a free flow of olim', *Jerusalem Post*, 19 June 1990.

101 *Yediot Aharonot*, 9 March 1990.

POPULAR RESPONSES TO SOVIET OLIM

So pervasive is the image of Russian immigration that it comes as something of a shock to many Israelis to be reminded that Russians are not the only new arrivals. Ethiopians, Argentinians, Iranians and various Eastern Europeans are all contributing to aliya. But Russians are seen as 'real' immigrants and there is widespread desire among individuals to meet and interact with what is seen as an historic phenomenon. In a departure from the traditional expectation that immigrants must make the major effort to speak Hebrew in order to communicate, it has become fashionable, for example, for the staff of institutions such as banks and schools to learn Russian.

Preoccupation with Soviet aliya can be seen in unexpected quarters. For example, members of a kibbutz in the Jezreel Valley repeatedly stressed their connections to Russian culture and history—to the complete absence of Jewish themes.

The absorption of Russian olim has become a screen on which are projected the idealistic and altruistic urges, preoccupations, causes and hobby horses of many elements in the Israeli population. So many Israelis wanted to witness the contemporary exodus and to bring to life the ritual invitation to strangers at Passover by volunteering to entertain Russian immigrants at their seders, that there were too few immigrants to go round.

The theme of Russian immigration has become so omnipresent that its image is used in areas far removed from the immigrants themselves, such as in marketing food products, whose price clearly shows they are intended for Israelis rather than immigrants. In another example, a critic of ugly and shoddy building practices linked his protest to the danger that new housing for mass Russian aliya would repeat past errors, unless aesthetic and structural standards were improved.

Informal, spontaneous outpourings of help have eased the absorption of many immigrants. However frustrating the realities of finding housing and jobs may be, the warmth of ordinary people's welcome makes a difference. Newspaper articles on Israelis forced to vacate flats because of sudden rent rises, who saw their former homes occupied by Russian olim with government rent allowances, mentioned that, oddly enough, these Israelis expressed no resentment against the newcomers, though they were extremely critical of the greed of landlords.

Informal hospitality and 'adoption' have already been described. More transitory contacts also help.

The governors of a private hospital, who had met for a conference, were taken to the airport at three in the morning to welcome a plane-load of Russian immigrants. One member who had voted against the trip changed her mind at Lod. A buffet breakfast had been set out for the arrivals, who were tired and apprehensive. As the Russians began to fill out forms and face decisions about their new life, it seemed that the presence of concerned, high-status, Yiddish-speaking people who had bothered to turn up at such an hour, who were clearly not intimidated by the bureaucracy and who expressed sympathy and optimism about the immigrants' future, palpably lightened the atmosphere.

Israelis as well as olim benefit from the co-operative efforts which the aliya inspires. As in times of war, this mass immigration, precisely because it caught the official agencies unprepared and revealed the shortcomings of government planning, has drawn society together and mobilized democratic initiatives. People have been inspired to unusual effort, rising above their own routines to cheer up others, and in the process heartening themselves. Dormant Zionist ideals have been revitalized and those who felt powerless over their own existence have shown expertise and energy in improving the fate of newcomers, thereby increasing their own self-esteem. Despite exasperating red tape, the failure of the government to plan for the influx and apprehensions about how long the immigration will last, the morale of those ordinary people who help immigrants seems unusually high.

Despite this, however, there is the potentially explosive fact that the miseries of poor Israelis are also mentioned in the same breath as absorption, which then become a focus for chronic feelings of neglect and despair. The failure to provide housing for deprived sectors of Israeli society is contrasted by their spokespeople with more energetic efforts to accommodate newcomers.

At a demonstration in front of the Knesset by the relatives of drug addicts protesting the dearth of treatment facilities, the mother of a young imprisoned addict said, 'The jails are full of our children, who resorted to stealing to buy their drugs. But the government is more interested in bringing new people into the country than helping those of us already here'.¹⁰⁴

A significant segment of the Israeli population feels discriminated against in favour of olim. Israeli musicians, for example, are apprehensive about the

104 Pamela Kidron, 'Standing room only'.

competition for already limited resources, government subsidies and audiences from thousands of Soviet immigrant musicians. Herzliya Chamber Orchestra director, Harvey Bordowitz, said 'It's a moral dilemma in that Israeli musicians who have worked hard and are talented are suddenly finding themselves with competition, and in a situation where preference may be given to new immigrants. Being "for" immigrants is like being for motherhood and apple pie. We welcome new immigrants into our ranks, but a balance must be struck.'¹⁰⁵

Young couples and recently demobilized soldiers were particularly bitter at the inflation in rents and the prospect of competing with olim and their subsidized salaries in what was an already tight job market. In protest, tent cities were erected. 'Every Russian gets a job the day he arrives,' shouted a middle-aged resident of Jerusalem's low-income Katamonim neighbourhood. 'Why doesn't the government send the Russians to transit camps? Why don't they get the same reception the Moroccans got?'¹⁰⁶ This man admitted that aliya is important for Israel, but not at any other citizen's expense. Another protester complained, 'My friend's daughter rented a flat for \$250 per month. Then the Russians came along and offered the landlord \$400. She's out on the street because she can't afford that kind of money. If young couples have to pay the price of absorbing Russian immigrants, then something is wrong with this country and our priorities.'¹⁰⁷

A more measured opinion came from another Katamonim resident: 'In principle, aliya is good for Israel. It is the best thing that can happen to the country, it's like a breath of fresh air. But it cannot come at the expense of poor Israelis. Until now, it has been a problem. Young couples, released soldiers and large families have been paying the price, and that's not

right . . . Olim and soldiers need to get the same rights.' The man suggested curbing government waste to pay for this. 'The ministers all need secretaries. The secretaries all need offices. The offices all need air conditioners. And the air conditioners all need technicians. That all has to go.'¹⁰⁸

Still another critic underlined the ambivalence of many Israelis:

If we can get ourselves ready to absorb them without chasing away our children, then one million new olim can change the face of the country. If the government doesn't get its act together, though, it will be a disaster. A brother does not turn his brother away. But with all due respect to aliya, a sabra is already ripe. An oleh may have great potential, but he needs a huge investment. A released soldier can contribute immediately. We must not do anything to stop aliya, but we must not do anything to make life any harder for young couples.¹⁰⁹

One unfortunate symptom of this growing resentment was announced on 3 July 1990. Suddenly, fewer people were volunteering to help olim. The drop-off may have been due to quite innocuous reasons—the beginning of summer holidays or the supply of volunteers had already been exhausted or simply that the novelty may have been wearing off after months of excitement. But members of voluntary organizations have suggested more serious causes. Aviva Tuite, of the absorption division of the Centre for Volunteers, said, 'Someone who sees that his son won't be able to rent an apartment isn't a likely volunteer candidate'.

The problem of resentment and envy may be solved through a national plan covering the entire population that would standardize housing and employment benefits and entitlements for all categories of Israelis with special needs. This would indeed be expensive—it would cost more than ministerial secretaries and air conditioners.

10

THE SOVIET JEWISH ALIYA AND FUTURE ISRAELI POLICY

It is generally believed in Israel that the new wave of Soviet immigration is the best hope for the future of the country. The renowned US economist Lawrence Klein, a Nobel prize winner, has said, 'The immigrants are "classy people": educated, intelligent and have high aspirations to succeed. And the second

generation is even better. So one would conclude that the medium- and long-term outlook is better than the immediate cost.'¹¹⁰

Immigrants in general demonstrate desirable economic traits. According to US data, when compared to non-immigrants, 'they work more hours per

105 Pamela Kidron.

106 Carl Schrag, 'Young Jews fear they'll pay the price', *Jerusalem Post*, 29 June 1990.

107 Ibid.

108 Ibid.

109 Ibid.

110 Alisa Odenheimer, 'Two Nobel economists wax optimistic', *Jerusalem Post*, 29 May 1990.

week, save more, have higher rates of participation in the labour force, contribute new productivity enhancing ideas and are unusually self-reliant and innovative'.¹¹¹

The size and productivity of the economy increases with immigration inasmuch as more must be produced and sold. Some public facilities, such as transport, are more efficiently used with a larger population, as long as their capacity can stretch. By sharing the total burden, immigration cuts the irreducible costs of supporting the elderly which, given the relatively high proportion of people over fifty in the Soviet aliya, will be rather high. Taxes paid by olim also contribute to the defence budget, reducing the burden on everyone, because the total cost of defence increases little with population growth. If the size of the reserve army remains the same, immigrants will lighten the load of army duty on veteran citizens. Olim increase the use and, therefore, the profits of the country's shops, restaurants, hotels etc.

The cost accounting of immigrant absorption has been calculated by Professor Julian Simon in a number of works,¹¹² in which he balances the expenses of absorption against the economic gains: 'Transfer to an immigrant for housing and absorption from veteran Israelis amounts to about 10 per cent of the immigrant's average working income in the first year, 5 per cent thereafter.' Over the first four years of an immigrant's life in their new location, contributions from the immigrant for defence amount to 9 per cent in the first year, 22 per cent in the second year, 26 per cent in the third year, and 30 per cent thereafter, Professor Simon has calculated. 'Losses to veterans from reductions in their income due to capital dilution are 10 per cent, 17 per cent and 12 per cent in the first three years, falling to zero by the seventh year, at which time the immigrants' beneficial effect on the economy begins to result in an economic boost for the veteran population.'¹¹³

That economic boost, or the 'rate of return', Professor Simon believes, is 'staggering', amounting to 80 per cent annually. This suggests that 'Israel's economy could give the olim about six times the sums now given and still obtain a return of 15 per cent a year.'¹¹⁴

The new Soviet aliya may also revitalize Israel's

educational system. The suggestion that musicians be brought into schools has been noted above. The Russian language could also be put on the school curriculum, employing many specialists in Russian language and literature now arriving and exposing Israeli children to a major literary and scientific tradition. New mathematics textbooks are about to be introduced into schools, the work of newly arrived teachers who will introduce successful Soviet pedagogical methods for mathematics, physics and science.

Some political observers predict that the large Soviet aliya will massively affect Israel's social and political structure. Professor Dan Segre, a prominent political scientist, believes that this Soviet exodus is the most important for Israel since the German immigration of the 1930s that gave Israel 'its infrastructure for a state'. The Soviet immigrants of the 1990s share many of the same qualities: 'They hate the antisemitism of their country of origin, but love its culture. Many of them consider themselves superior to the "natives". It is very important when you have an aliya of people who look down and feel they can contribute.'¹¹⁵

Segre believes that in changing the demographic structure of the country, the new Soviet aliya will help to resolve the conflict between secular and religious and between modern and traditional that Israel shares with many developing societies. The participants in mass migrations come with 'shared hopes' but not necessarily with 'common faith': 'The Sicilian farmer who immigrates to the US has little faith in common with the Pilgrim Fathers, but they have the same hopes. Of faiths we have too many, and faith is always a dividing element. Hope is common to every one of these new immigrants and is a tremendous source of energy, and that I think is a factor which Israel lacked during the last twenty years.'¹¹⁶

Other critics are using the aliya to question the most sacrosanct institutions. David Krivine, a senior *Jerusalem Post* columnist and supporter of free market forces, wrote on the crisis in housing and jobs, 'if we fail to house and employ the new settlers as they arrive, we shall—no more nor less—bring the Zionist enterprise to a close'.¹¹⁷ He felt that radical, structural changes were needed in the most basic institutions, even the army, to solve a situation in which 'one in ten of Israel's adult population is unemployed—that is, twiddling his thumbs and doing nothing, while the army calls up for reserve duties those who already have

111 Julian L. Simon, Charles Myerson and Martin Spechler, 'Are Russian olim good for Israeli economy?' *Jewish Frontier*, April 1977, 23-5.

112 J. Simon, 'The boon of immigration'; J. Simon, C. Myerson and M. Spechler, 'Are Russian olim good for Israeli economy?'; J. Simon, 'Hashlakhhot kalkaliyot biklitat olim mibrit hamo'atsot' ('Economic consequences of the absorption of immigrants from the USSR'), *Riv'on Lekalkala*, vol. 23, no. 9, August 1976, 244-53; J. Simon, *Economic Consequences of Immigration* (Oxford 1988).

113 Julian Simon, 'The boon of immigration', *Jerusalem Post*, 23 February 1990.

114 Ibid.

115 Jon Immanuel, 'Marching to the rhythm of history', *Jerusalem Post*, 25 May 1990.

116 Ibid.

117 David Krivine, 'When business as usual won't do', *Jerusalem Post*, 9 July 1990.

jobs, tearing them away from their workplaces.¹¹⁸

Krivine suggested the creation of a professional army to mop up the unemployed, thereby reducing the damage to productivity caused by reserve duty.

On the question of investment, the core obstacles, Krivine believed, were not high wages, taxes or exchange rates but within the Israeli system of decision making.

Abroad the industrialist is master of his own workplace, in Israel he is not. Whenever he resolves to do something, others interfere. If he wants to close a department, give work to a sub-contractor, import a certain component from abroad or shift a certain process to an industrial site in another town, a howl of objections is heard from every quarter—the works committee, the trades union, the local authority, protectionists (who want work given to them and not to others), politicians, newspapers.¹¹⁹

To counteract this, Krivine suggested that 'some of the Histadrut's activities could well be placed in cold storage'.

The Likud has also frequently denounced the Histadrut's stranglehold on the economy. 'Let [the Likud],' wrote Krivine, now put its policies where its mouth is', since

during the present emergency period, the Histadrut's role is destructive. It prevents by every means at its disposal the production [sic] of the economy. It causes inflation by forcing the Treasury into deficit financing . . . It stymies the Sussman Committee's proposed reform of the civil service. It pushes firms into bankruptcy by obstructing recovery measures designed to make them more competitive. It supports the survival of inefficiency by backing protective measures for losing concerns. These conditions do not exist in Singapore or Taiwan.¹²⁰

The Impact on Party Politics

Recent polls indicate that over half the Soviet newcomers are uncommitted to any particular party. The two major Israeli political parties, Labour and Likud, have long neglected Soviet olim as a constituency. The Labour Party were suspicious of what they regarded as Soviet immigrants' negative attitudes toward socialism, stemming from their bitter experiences with Soviet Communism. This view was borne out in the 1977 general election, when most Soviet olim supported the right-wing parties—although 60 per cent of the immigrants did not vote at all. Ephraim Gur, a Georgian Jew, is a Member of Knesset; no other Soviet immigrant has been elected to the Knesset although, had direct voting been possible, there were enough Soviet immigrants to have selected five Knesset members. Twice, Russian olim tried to run for the Knesset on an independent list but without success. Such attempts may be repeated in the fu-

ture, especially if the absorption process is mismanaged by the present government.

Soviet olim have the potential to become a serious political force which could break the political stalemate between Labour and Likud.¹²¹ Any failure in absorption may cause strong protests. This has already manifested itself in the alliance between the Soviet olim and underprivileged groups of Israelis to pressurize the government into building affordable housing. Natan Sharansky, behind the alliance, is becoming a formidable figure on the Israeli political scene. Although the Zionist Forum spokesman, Dr Abraham Ben Yaacov, denied rumours that Natan Sharansky will create a political party, he may feel himself forced to do so if the problems of absorption grow more acute.

Labour hopes that because of its high proportion of intellectuals, the Soviet aliya will have a liberal political outlook and could return Labour to power. Michael Agursky, a well-known Israeli sovietologist and a member of Mapai who has advocated wooing Soviet olim to the Labour Party, has said,

Only the ideas of the central stream of the Labour party will be close to the hearts [of Soviet immigrant intellectuals]. We could sell them the Allon plan—territories for peace—but not a Palestinian state. Therefore, we have to let the representatives of this central stream in our own party to work in the midst of them. First of all, we need a newspaper in Russian. We have to work within the Soviet Union as well.

Dr Agursky wants the Labour Party 'to take the initiative and to start a new kibbutz, as was done in the 1920s', in order to attract the possibly disillusioned Soviet olim to socialist ideals.¹²²

Likud strategists are confident that the Soviet olim will choose *their* party. While they are planning a Russian language newspaper and publishing a collection of Jabotinsky's works in Russian, they are short of funds for these projects. However, they have already made inroads in the Soviet Union. The Beitar movement has renewed its activities in the USSR, after being banned since it first appeared there, and has opened branches in Moscow, Leningrad, Vilnius and Kharkov. Soviet Beitar activists come to Israel for training, and then return to the USSR.

The religious parties may lose most heavily as a result of Soviet aliya, seeing their traditional role as the balance of political power in Israel vanish. 'The failure of the Orthodox parties [to deal with Soviet olim] will cost ten times more than the failure of the government', Israel Eichler, editor of *Ha-Mahane Ha-haredi*, the organ of the Belz Hassidim, has written.¹²³

118 Ibid.

119 Ibid.

120 Ibid.

121 Allan E. Shapiro, 'The political impact of aliya', *Jerusalem Post*, 3 August 1990.

122 Amos Nevo, 'Hizur gorali' ('A fateful courtship'), *Yediot Aharonot*, 30 March 1990.

123 Cited in *ibid.*

Nevertheless, the religious parties are trying hard to attract Soviet immigrants. Active in the USSR and Israel, they organize *ulpanim*, teach courses on religion and provide material assistance to Soviet Jews. However, they face problems given that this aliya is a secular one, removed from Jewish traditions, and that some olim are non-Jews. While some religious party leaders ignore the olim, others attempt to save some of these 'lost souls' and return them to Judaism. Even Shas, the Sephardi religious party, does its best in this area although the majority of Soviet olim are Ashkenazi.

In his classic study, *Israeli Democracy*, Daniel Shimshoni described the 1970s Soviet olim as non-partisan, in the sense that their aliya was motivated by

the idea of Israel as a whole and not by their devotion to one segment or specific ideology.¹²⁴ The Soviet researcher Valery Afinogenov of the Institute of Oriental Studies of the Soviet Academy of Sciences in Moscow, has suggested that new Soviet olim will tend to join the rightist parties in reaction to the anti-semitism experienced in the USSR. Only with time may they turn to more moderate views of the socialist parties.¹²⁵ They may even feel some atavistic attraction to strong leadership. Recent Soviet olim have complained of a leadership void in Israel and called for 'order' and an 'Israeli Gorbachev', and Natan Sharan-sky himself has warmly praised Ariel Sharon's leadership qualities.¹²⁶

11

RESETTLEMENT AND SATISFACTION

The evaluation of resettlement problems of the Soviet Jewish immigrants of 1990 has not been thorough. The only survey so far, by the Institute of Economic and Social Research of the Histadrut, took a sample of 478 olim who had come to Israel between November 1989 and May 1990.¹²⁷ They were interviewed on issues that aroused their anxiety, their degree of commitment to their profession, an estimate of employment possibilities and their willingness to change profession.

The issues that aroused the greatest anxiety among olim were housing (55 per cent), employment (54 per cent), difficulties in learning Hebrew (18 per cent) and bureaucracy and the complexity of the absorption procedure (19 per cent). The two latter categories were more dominant during the earliest period of absorption, while housing and employment rose in importance as time passed.

The ability to earn the highest amount of money possible was considered most important by 20 per cent of olim. While 68 per cent were prepared to change their job if necessary, this data varied according to profession. It was lowest among physicians (22 per cent), musicians and artists (52 per cent) and highest among clerical workers (92 per cent) and teachers (84 per cent).

In the past, Soviet immigrants adapted to Israeli life extremely well. Income per household for new immigrants from the USSR was a full third above the average for all Jewish households in Israel and 20 per cent above the average for Israelis of European or North American origin.¹²⁸

Despite these economic achievements and an

overwhelming sense of improvement in their material circumstances (80 per cent of respondents to the survey reported that their general satisfaction with housing, consumer goods and diet was better or much better than in the USSR), about 28 per cent felt that their social status had declined and 38 per cent declared that their social life was worse than in the USSR.¹²⁹

A number of other problems lie behind these statistics, among them the severe burden placed on local Ministry of Immigrant Absorption offices. In May 1990, 300 olim demonstrated in Netanya, where thousands of immigrants are concentrated, against the Ministry's bureaucracy and staff shortages—only eleven officials were handling the cases of over 300 olim each day. After the demonstration, the number of clerks was increased.¹³⁰ Many olim complain of the bureaucracy which prevents them from working and thus from settling. Some are beginning to advise relations still in the Soviet Union not to emigrate to Israel.¹³¹

124 Daniel Shimshoni, *Israeli Democracy: The Middle of the Journey* (New York 1982).

125 Speaking at an international symposium on Jewish emigration, Jerusalem, 9 July 1990. See Varda Yerushalmi, 'Nisharim sovetim' ('They remain Soviet'), *Haaretz*, 2 August 1990.

126 *Yediot Aharonot*, 9 March 1990.

127 Yehoshua Hendels and Roni Bar-Tsuri, *Seker emdot olei brit hamo'at-sot bithum haklita bata'asukatit* (A Survey of Attitudes of Soviet Olim in the Area of Employment Absorption) (Tel Aviv 1990).

128 G. Ofer, A. Vinokur and Y. Ariav, 'Klita ba'avoda shel olei brit hamo'atsot'.

129 J. Shuval, Y. Marcus, Y. Dotan, *Adjustment Patterns of Immigrants from the USSR* (Jerusalem 1974).

130 Ehud Rabinovich, 'Shtei yadaim smoliyot' ('Two left hands'), *Ma'ariv*, 19 May 1990.

131 Ehud Rabinovich, 'Po yoter garu'a mibrit hamo'atsot' ('Here it is worse than in the Soviet Union'), *Ma'ariv*, 14 May 1990.

In Kfar Saba, where three Ministry officials have to deal with an immigrant population of over 750, the municipality and voluntary associations organize courses, study groups and social events, and run a warehouse of used clothing and household goods. The olim interviewed in Kfar Saba expressed general satisfaction though they had complaints about employment. The officials of the Kfar Saba municipality said that 'without the fine local reception, the olim would have been on the barricades a long time ago. Without a change in housing, employment and financing the municipality, an explosion will occur here, in view of the immigration wave coming.'¹³²

Slightly more than half the olim in the survey felt satisfied with their life in Israel (54 per cent with only 11 per cent completely satisfied), while 40 per cent had a negative view of the Jewish Agency and the Immigrant Absorption Ministry.¹³³

The ultimate measure of absorption, though, is the re-emigration rate of any immigrant community, and the past record of Soviet Jewish olim demonstrates unusual stability by both Israeli and international standards: only 5 per cent have left the country in the

past, while for Israel as a whole the re-emigration rate after three years is about 15 per cent.¹³⁴

Some Soviet olim may have regarded Israel as a transit point, intending to re-emigrate to the USA. One newcomer told the *Financial Times* that after years of struggle to leave Moscow, he felt trapped in Israel: 'He objects to rules forcing him to repay the state's outlay on his family if he leaves the country within five years—as he might choose to do if he cannot find a job. He says that the authorities should remove the penalties for re-emigration—although for the authorities to introduce one would be an almost unthinkable admission of failure.'¹³⁵

The success of the absorption of the new wave of Soviet Jewish aliya will influence the level of future re-emigration. As many recent Soviet immigrants came to Israel because of the desire to escape, rather than the urge to settle in Israel, they may try to leave the country at the first opportunity. For many people, however, the decision to re-emigrate is psychologically and practically difficult. In contrast with newcomers from the West, the Soviet olim have nowhere to go back to and an onward passage to the US may not be easy.

12

CONCLUSION

One of the difficulties in writing this study has been the constantly changing nature of the material. Since the new government was sworn in on 11 June 1990, the absorption process has moved into high gear. There are new developments literally every day—new statistics, reactions to the aliya within Israeli society, and new government plans and measures that radically affect the absorption situation. In typically Israeli fashion, after months of muddle and verbiage has come an explosive burst of action. After months of no coherent plans, a collection of new formulations from the highest authorities is now vying for attention and primacy.

The key word, repeated in every context, is 'emergency'. This is the energising formula that mobilizes all levels of Israeli society, cuts through the bureaucracy, the status quo and the jungle of political in-fighting. It clears the way for decisive, often painful action.

132 Ehud Rabinovich, 'Ubikfar saba: "katastrofa"' ('And in Kfar Saba: a catastrophe'), *Ma'ariv*, 14 May 1990.

133 Zvi Gitelman, 'The quality of life in Israel and the United States' in Rita J. Simon (ed.), *New Lives: The Adjustment of Soviet Jewish Immigrants in the United States and Israel* (Lexington, MA/Toronto 1985), 47-8.

But how much will the Israeli population sacrifice for aliya, even in a period of emergency? At a conference held at Harvard University in May 1958, Gerald Caplan, Professor of Community Psychiatry at Harvard and expert on the Israeli scene since 1948, noted,

Active encouragement of immigration and the integration of the newcomers into the economy and social life of the country constitute one of the corner-stones of the state, and an attitude of welcome and of helpfulness to immigrants has a high place among the ideals of the nation. And yet every newcomer adds extra burdens, and there is a widespread realization that the open door immigration policy is resulting in personal hardship to the existing population. There is an explicitly stated willingness to suffer in this cause, but a measure of ambivalence is only human and natural.¹³⁶

More than thirty years later, a new wave of aliya is raising the same ambivalence. Israelis are deeply moved to witness this revolutionary event in Jewish

134 Theodore Friedgut, 'The welcome home: absorption of Soviet Jews in Israel' in Robert O. Freedman (ed.), *Soviet Jewry in the Decisive Decade, 1971-80* (Durham, NC 1984), 68-78.

135 Hugh Carnegy, 'Voting with their feet', *Financial Times*, 15 June 1990.

136 Gerald Caplan, 'Some Comments on Problems of Community Psychiatry and Technical Co-operation in Israel', address delivered to the Conference on Economic Planning and Social Policy in Israel, Harvard University Center for Middle Eastern Studies, Cambridge, MA, 10 May 1958, quoted with permission of the author.

history and have created an atmosphere of welcome for thousands of olim. Dozens of voluntary organizations from all sectors of Israeli society are involved in the absorption process and in helping over-burdened officials to cope.

But alongside the goodwill is much strain. The absorption of the new Soviet immigrants will be a painful process; both for them and for the local people, especially the deprived segments of the Israeli

population. As Israeli citizens will have to lower their collective standard of living and make major economic sacrifices to absorb the huge wave of immigration, Jews in the Diaspora are expected to provide the maximum assistance they can. The whole future of Israeli economic development is at stake. There will be many difficulties and individual tragedies on both sides but, eventually, a major social and technological transformation will propel Israel into the twenty-first century.

13

RECOMMENDATIONS

Throughout this report, various aspects of the situation in which the Soviet olim and veteran Israelis find themselves have come in for critical examination. The following are areas in which improvements or reforms are needed.

- 1 The Soviet olim are extremely well educated; Israeli science, culture and industry and educational and technological systems will receive unique opportunities by utilizing their skills. Small businesses could harness much of the initiative and inventiveness available.
- 2 Voluntary organizations can be key actors in breaking down stereotyped views of Soviet immigrants, in giving a human face to the bureaucratic process and in 'adopting' olim.
- 3 The Jewish Agency needs to streamline its bureaucracy and ensure that its donors know the destination of their funds.
- 4 Diaspora Jews have a vital role to play in the successful absorption of Soviet Jews. They can provide not only funding but expertise in sophisticated management and economic techniques for use by Israeli business and government.
- 5 The establishment of a single, integrated national development policy encompassing employment, housing, population dispersal, education and Israel-Diaspora relations is urgently required. In addition, a national plan covering the entire population with a single standard for housing, employment, benefits etc., should be created to solve the problems of resentment among under-privileged Israelis and prevent the formation of a double standard.
- 6 The private manufacturing sector must be developed and a corresponding reduction made in the size of the public sector. This will create a welcoming environment for private investment and rejuvenation of the Israeli economy.
- 7 Scientific advisers should be appointed to the government to advise on all policy aspects with a scientific edge—the brain drain, the problem of obsolescent industry, the absorption of thousands of highly qualified immigrants etc.
- 8 Newcomers' qualifications should be screened independently, not by a prospective employer or colleague, to eliminate the possibility of the immigrant being seen as a threat and therefore of being rejected.
- 9 Ra'anana Weitz's plan for creating privately-funded special project areas may be the most practical employment plan described since only in semi-isolated niches can an environment be maintained to absorb and nurture immigrant professionals.
- 10 Unemployment must be tackled immediately. The following are needed:
 - a a national data bank listing job vacancies;
 - b more expert careers consultants at labour exchanges;
 - c research into future economic needs to co-ordinate needs with retraining;
 - d vocational retraining for all olim, not just the well educated, which would take into account the immigrant's original profession to minimize loss of experience;
 - e more vocational retraining;
 - f the establishment of more independent businesses owned by olim;
 - g increasing demand for workers in their skills areas;
 - h temporary solutions to the shortage of jobs.
- 11 More roads are required from peripheral to metropolitan areas with jobs to allow olim to settle outside the crowded urban areas.
- 12 Russian should be offered as an elective in

- schools, both to employ Soviet specialists and induct Israeli children into a major literary, scientific and cultural tradition.
- 13 Electoral reform and improvement in the ethical standards of the main political parties will allow Soviet olim full participation in the political process and enhance the system for all.
 - 14 In housing, various changes are needed:
 - a urgent reform of the cartels of local contractors. They prevent foreign firms from entering and competing in the market and keep the pace of building slow by relying on manual labour;
 - b the bureaucratic procedures for getting building permits also need reform;
 - c central planning of housing needs should be undertaken as a matter of course;
 - d the rivalries between ministries, especially between the Housing Ministry and Treasury, need to be challenged and overcome;
 - e Israeli construction technology needs updating to shorten building time;
 - f prefabricated housing must be imported if all those who need it are to be housed;
 - g more capital for construction must be found;
 - h the government's earlier practice of ordering inexpensive, three-room flats from contractors to be used as public and immigrant housing should be revived.

GLOSSARY

aliya emigration to Israel
kollel small religious school
kolkhoz Soviet collective farm
minyan(im) the ten men necessary for a religious service to take place
moshav(im) Israeli co-operative farm with some common ownership but autonomous households
oleh/olim immigrant(s) to Israel
sabra a native-born Israeli
tzaddik(im) pious or saintly man
ulpan(im) Hebrew school for immigrants
yeshiva (yeshivot) religious school