



MARKETPLACE: Shlomo Maital

Mideast Marshall Plan

ISRAELI AND PALESTINIAN leaders are trying to negotiate a peace deal. They use threat tactics – “stop building in the settlements or I will break off talks” (Palestinian Authority President Mahmoud Abbas), or “accept Israel as a Jewish state, or else” (Prime Minister Benjamin Netanyahu).

The talks have stalled.

While Abbas and Netanyahu dance their foxtrot of futility, Israelis and Palestinians from the ranks are doing deals, quietly and off-camera. They are building businesses together to create jobs, income and economic security for the benefit of both peoples. These deals build trust and goodwill, slowly but surely.

The “threat” game is going nowhere. But the “deal” game is far more hopeful. A wide variety of business initiatives are taking shape that offer hope to moderate Israelis and Palestinians who long ago gave up believing any good would come from their political leaders.

Here are a few examples:

Business for Peace: At an impressive ceremony in Oslo, on October 18, Israeli industrialist Stef Wertheimer was one of seven global business leaders to win a Business for Peace award. Wertheimer founded Iscar, now one of the world’s largest makers of carbide cutting tools, acquired by Berkshire Hathaway Chair and CEO Warren Buffett for over \$4 billion.

At Tefen, the Galilee industrial park Wertheimer initiated, Jews, Arabs and Druze work and study together. Wertheimer has proposed a “Marshall Plan” for the Mideast. America’s Marshall Plan aid for Europe ended a century of bloody wars between France and Germany, who used the money to build businesses and to trade with one another. A Mideast Marshall Plan can do the same, Wertheimer says.

“When people work together,” he asserts, “they’re too tired at night to commit terrorist acts. They work together, not against each other.”

Wertheimer funded a study showing that societies with per capita Gross Domestic

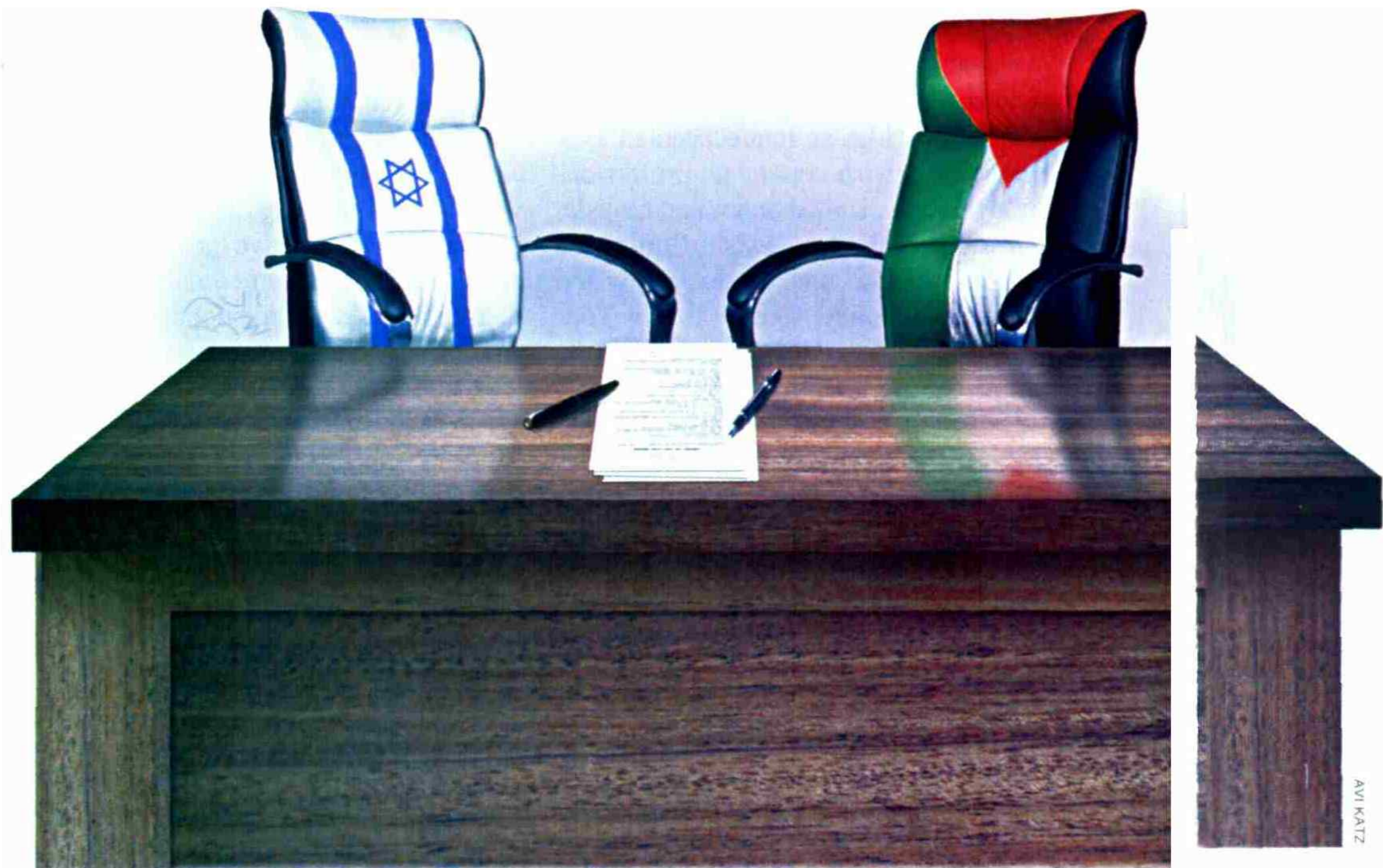
Product (GDP) over \$6,600 do not normally harbor terrorists. Today, the per capita GDP of West Bank residents is only half that. Yet their GDP growth exceeded 7 percent last year and terrorism has declined overall, validating Wertheimer’s view, despite the terrorist killing of four Israelis on a West Bank road on August 31.

This Fish Story Is True: Five Tel Aviv University students from four countries (Turkey, Ireland, Israel and America) have teamed together to develop a model project inspired by Wertheimer’s Marshall Plan vision. Their “Nets of Peace” plan, conceived in 2009, involves launching an industrial park in Gaza based on fish farming. Their business plan calls for starting “an international fish-farming company... to effectively own and manage the facility while a minority equity stake would be granted to a [local] trust.” The goal is to

“create a foreign business successfully operating from Gaza and benefiting both its shareholders and the Palestinian community.” The fish from the fish farm would supply vital protein for Gazans. A profitable operation, the students believe, might draw other investments.

Many will be amused at the very notion that Gaza is a high-potential site for foreign investment. Nobody laughed, though, when the five students presented their vision last April to the inaugural meeting of “Spirit” (an acronym for Students Participating in Resolving International Tensions), at the United Nations in New York. Their idea drew high praise.

Bridging the Cultural Divide: Babson College Professor Ted Grossman and I have designed a program that will bring 20 young Israelis (Jews and Arabs) and 20 young Palestinians to Babson, located in a suburb



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of Boston, for two months next summer to study entrepreneurship. They will then come home and start businesses, guided by mentors. The goal, according to Grossman, is "to help [each group] to better understand each other's culture, perspective and aspirations." Babson ranks first in the world in undergraduate entrepreneurship education.

Information Technology (IT) Is IT! Each year, some 3,000 Palestinians complete undergraduate degrees in computer science. Many cannot find jobs. Jonathan Levy, general manager of Winbond, an Israeli chip manufacturer, helped launch Asal Technologies, an IT outsourcing company based in Ramallah. "Better to hire a Palestinian engineer to develop our less complex products," he says [than outsource to India and China]. Asal's clients now include Intel, Cisco and Mellanox.

CEO of the Year, Idea of the Year: Eyal Waldman is CEO of Mellanox, a 10-year-old Israeli company, employing 500, that sells annually \$100 million worth of connectivity solutions for data-center servers and storage systems. Waldman was chosen CEO of the Year in January by the Israeli Center for Management. He has opened an outsourcing center in Ramallah, employing five Palestinian engineers, through Asal Technologies, who perform quality assurance and verification tasks. A shortage of Israeli engineers has made their cost very high. Opening an R&D center in Asia is also expensive. Why not Ramallah? Waldman said. The Palestinian engineers are undergoing a training program. If everything goes

well, Waldman says he will expand the number of Palestinian engineers he employs to 15 or 20. Perhaps other high-tech CEOs will emulate him..

New Generation Technology: Entrepreneur Davidi Gilo's start-up, DSP Communications, was bought by Intel in 1999 for \$1.6 b., then Israel's largest exit. Gilo has since founded NGT New Generation Technology, a business incubator in Nazareth. NGT's goal is to "accelerate technologies in both the Jewish and Arab sectors, with a focus on life sciences," Gilo says. "NGT is the only project that is a pure, true partnership between Jewish and Arab businessmen in Israel."

It could serve as a model for similar Israeli-Palestinian joint ventures. Two successful NGT products so far are D-Herb, an herbal formula that counters diabetes, and Nutrinia, an infant formula with proteins so far found only in mother's milk.

Psychologist Anatol Rapoport once defined "threat" and "deal" precisely: "In a threat system, each party would prefer it if the other were not there," he wrote. Some Israelis and some Palestinians behave in this manner. They are misguided. We Israelis are not going to disappear and neither are the Palestinians. Deep down, both sides know it.

"In an exchange [deal] system," Rapoport added, "each party needs the other, not as a hate object... but as a source of satisfaction of 'normal' needs."

Let Israelis and Palestinians launch innovative businesses together, because we need each other and complement each other. Let us deal, not threaten. If we do enough mutually beneficial deals, one day our stubborn visionless leaders who know only how to threaten may themselves learn the language and logic of deal. ●

The writer is a senior research fellow at the [S. Neaman Institute](#), Technion.