Economy & Commerce

Leadership

Leadership is that quality which is found in some people and which imbues them with the ability to influence and lead others. We can generally characterize this quality as "authoritativeness," "inspiration," "charisma," and the like, and still find ourselves left with a mystifying inner core.

Thus the question remains: What motivates people to follow leaders and give them their unconditional trust? It is selfapparent that there is a fundamental difference between positive leadership, which endeavors to fulfill moral objectives such as self-defence, freedom and justice, and negative leadership, which seeks to bring about oppression, enslavement and mass murder. Winston Churchill is an example of the former, and Adolf Hitler personifies the latter. In any case, I do not intend to discuss leadership from a theoretical point of view, but rather in concrete terms, i.e. its link to Israel's present security, political, economic and social climate.

We are all familiar with the statement made by David Ben-Gurion, who was undoubtedly the Jewish People's greatest 20th century leader and one of the world's great leaders: "I don't know what the people want, but I know what they need, and that is what guides me."

I believe this statement should forever be included among the classic quotes uttered by world leaders. I think it should be regarded as a key pronouncement for national leadership in democratic societies.

On the surface, this declaration smacks of arrogance, and, in a totalitarian regime, even bears the danger of arbitrariness on the part of a leader who feels that he alone knows what is good for the people and does not have to take other opinions into account. But in a democratic regime – which has a system of checks and balances as well as a separation of authorities – the leadership quality embodied by Ben-Gurion is that which enabled him to lead the Jewish People to achieve great things under the most difficult conditions. Obviously, his greatest successes as a historical leader were: 1) leading his people from settlement to State when they seemingly had no chance of winning the War of Independence; 2) opening up the country to mass immigration despite the opinions and recommendations of most experts, who claimed that the fledgling state would collapse under the strain;

3) establishing the IDF as one state-run army under the exclusive authority of the Israeli government.

There are those who claim that someone like David Ben-Gurion could not have got elected in an era of television and ratings. He was short, completely untelegenic, and spoke in choppy sentences in a shrill, raspy voice. Even Moses, who brought the Children of Israel out of Egypt, was an old man who stuttered. The conclusion is that a real leader is, first and foremost, someone with the right attributes – not necessarily someone with a shiny exterior.



Minister of Defence

Nowadays, especially in Israel's political climate, the media acts as a mediator

between the public and those who seek to lead it. There are those who are highly skilled at using, or manipulating, the media, and there are those who are less skilled at doing so. The ability to present a smooth façade does not reflect genuine leadership qualities, but rather a mere media image.

We must know how to distinguish between false leadership and genuine leadership; between "weathervane" leadership, which continually changes its position to accommodate the public mood and opinion polls, and consistent leadership, which constantly and thoroughly strives to fulfill national objectives; and between fluctuating leadership, which dresses itself in the theatrics of impression and style, and stable leadership, which projects inner strength, direction and purpose.

Israel is faced with enormous challenges. Like a ship in troubled waters, the country requires Ben-Gurion-type leadership to navigate it between crises and bring it to safe shores. Its steering wheel must be held by someone who knows how to maneuver safely and avoid dangers, without losing control.



Israel has three main objectives: 1) to strengthen security and move toward peace; 2) to achieve prosperity and increase economic growth; and 3) to cure social ills (by narrowing the gaps between the country's center and its periphery; eliminating the pockets of poverty, distress and crime; improving the education system; and providing all members of the younger generation with equal opportunities for acquiring a college education that meets 21st century needs).

The test for leadership lies in its ability to advance Israel toward all three objectives simultaneously. Not toward one objective at the expense of the others. Not toward neglect of society in the name of security or economic interests, nor vice-versa. This requires leadership that strikes a balance between the needs, and acts with moderate, thorough discretion, devoid of empty slogans, media spins, sparks or fireworks.

Both as IDF Chief of Staff and the Minister of Defence, I have advocated the necessity to develop a young, educated social leadership that will bring about a long-lasting quiet revolution throughout Israel's social structure.

To that end, I worked with several partners to conceive the Atidim program.

Atidim has been operating for the past five years. The basic idea is to search the social fringes for talented young people with potential, and place them on a track of knowledge enrichment and higher education. The program has been a huge success. The average academic achievements of the male and female Atidim participants are significantly higher than those of their well-to-do peers. The Atidim graduates receive placements in professional and command positions in the IDF, and integrate smoothly into the top hi-tech fields and public administration. They constitute a leadership reserve that will produce a welcome turnaround in Israeli society.

Each graduating class is another group of young leaders who serve as role models and broaden Atidim's sphere of influence. They are highly motivated individuals who strive to improve Israeli society by narrowing gaps and providing equal opportunities to each and every teenager.

I am certain that from among the Atidim graduates, who are endowed with leadership qualities and excellence, we will see the emergence of a group that will play a key role in leading Israel in the next generation.

Leadership is not a career. It is a purpose and a mission involving tremendous responsibility.

Israel needs genuine leadership. I believe our citizens are fully aware of it, and I believe we will all be intelligent enough to make the proper distinction.

Free Market Reform -

Dependant on the Peace Process

"When I look at the history of Israel's economy, I see a considerable success story" declared Prof. Stanley Fisher in his address upon being appointed Governor of the Bank of Israel in May 2005.

And indeed, a glance back over the 57 years since the establishment of the State of Israel reveals an average 6.5% annual growth, an impressive 11.4% per annum increase in exports and current per capita income of \$17,000 – rated 24^{th} worldwide.

Another noteworthy achievement is the series of comprehensive reforms that the economy has undergone over the past 20 years. Realistically this refers to the import-exposure plan introduced in 1991, canceling import restrictions from Asia, Latin America and Eastern Europe. This resulted in an influx of inexpensive goods forcing Israeli industry to streamline and switch to more sophisticated and feasible industries. In the past, savings accounts had to be cashed in to buy a TV or T-shirt ... but thanks to today's cheap imports, prices in Israel are low, raising the standard of living for the general population.

The fiscal market has also undergone far-reaching reform. Until 1985, the government controlled the financial market without

restraint, deciding who qualifies for credit facilities and at what price. Those closest to the leadership were granted a lot while those further away received nothing. The banks acted only as the government's executive arm.

However, during the 1990's the Bank of Israel "privatized" credit. In other words,



the Bank of Israel transferred the authority to the banks to decide who would be granted credit facilities and at what price – based on business figures and without any governmental interference. This move introduced new blood into the economy, allowing development and growth.

Later, in December 2001, foreign currency controls were abolished entirely. Today, Israeli citizens may hold any amount of foreign currency and invest as much as they wish abroad – and the outcome: inflow of dollars and not outflow as was feared by many.

The budgetary process was also reformed. After many years during which there was no budgetary discipline, the government adheres to a low deficit and gradual cost reduction regime. At the