THE ROOTS OF OBAMA WORSHIP

Auguste Comte's 'Religion of Humanity' finds a 21st-century savior

BY **JAMES W. CEASER**

Contents

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COVER BY THOMAS FLUHARTY

Israel's Secret

*The 'informal . . . improvisational' approach
to business innovation.* **BY DOUGLAS J. FEITH**

Israel's birth, survival, and prosperity contradicted some stereotypes and confirmed others. Early in the last century, as British officials debated whether to support Zionist aspirations for a Jewish homeland in Palestine, a principal argument against such support was that Europe's Jews, the potential immigrants, were largely soft city people who would starve in so poor, rural, and uncongenial a land. Lord Curzon sniffed that the Jews were not "a people inured to agriculture."

Moreover, it was widely believed that the Jews were incapable of military skill or physical courage. Even in the late 1940s, leading officials in Palestine's mandatory government assumed that the Arabs would crush the incipient Jewish state. An American diplomat reported from Jerusalem that the British police "have no sympathy for the Jews, and state freely their opinion that the latter will 'collect a packet' from the Arabs once the British relinquish the mandate."

Unpromising as the Jews may have looked at the time, they quickly became world-class farmers and world-class fighters in their reconstituted homeland. Later on—especially in the last 20 years or so—Israel has become a world center for high-tech innovation and entrepreneurship. In 2008, Israel attracted two-and-a-half times as much venture capital per capita as the

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United States, and greater than 30 times more than Europe. Next to the United States, Israel has more NASDAQ-listed companies than any other country in the world, and remarkably, defense, counterterrorism, and homeland security companies account for less than five percent of Israel's gross domestic product.

Start-Up Nation
*The Story of Israel's
Economic Miracle*
by Dan Senor and Saul Singer
Twelve, 320 pp., $26.99

Perhaps this is unsurprising, given the Jews' longstanding reputation as high-achievers in science and business. But Israel is a speck of a country with a population of 7.3 million. How it established such a large role for itself in international business—despite the Arab economic boycott, terrorism, and multiple wars—is quite a tale. Dan Senor, a businessman and former aide to the Coalition Provisional Authority in Baghdad, and Saul Singer, an editorial writer for the *Jerusalem Post*, tell that tale here. Their writing is lively and geared to a general audience: It will certainly appeal to people who have enjoyed *Freakonomics* and the books of Malcolm Gladwell.

Start-Up Nation reviews the achievements of a diverse set of Israeli high-tech engineers and start-up businessmen. One is a young man who drew on his experience as a terrorist hunter in the Israeli military to found a small firm called Fraud Sciences, which invented ways to counteract identity theft and payment fraud on the Internet. He pitched his processes to PayPal, the world's second largest Internet payment company. PayPal gave him 100,000 transactions to analyze—transactions that PayPal, using more complete data than they shared with the Israelis, had already processed. PayPal assumed that it would take months to complete the

analysis but the Israelis finished in three days and their results were 17 percent better than PayPal's. Two years ago PayPal announced that it was buying the Israeli start-up for $169 million.

Israeli engineers—contrarian, pushy, brilliant—have been instrumental in developing personal computing and the Internet. Israelis in Haifa produced Intel's greatest early success: the 8088 chip, around which IBM engineered the very first PC. Six years later, in 1986, Israelis in Jerusalem made the 386 chip, seven times faster than the 8088.

If computers were to become smaller and more versatile, chips had to become faster and faster. But faster chips required more power and produced more heat. This required cooling and precluded miniaturization. If this problem were not solved, computers could not evolve into laptops, let alone sophisticated cell phones. It was engineers at Intel Israel who created an entirely new chip design that would run software faster without requiring more power. But this stunning technological coup won only half the battle. Industry financiers still had to be persuaded to stop evaluating chips by their "clock speed"—the metric the Israelis had just abandoned—and focus on the ability to run software. Intel Israel convinced not only the company's American headquarters but Wall Street generally to assess the new design by new standards. The result was the Centrino chip. Israeli technology then became instrumental in Intel's Core Duo chips and in dozens of new Intel processors.

In the mid-70s, Intel's initial investment in Israel was $300,000 and the company employed five people there full-time. Yet eventually, Senor and Singer write, Israel was "responsible ... for the first Pentium chips, and the new architecture that analysts agree saved Intel from a downward spiral during the 1990s." Intel Israel is now Israel's largest private-sector employer. It exports $1.53 billion annually and its production has never been interrupted, not even by war.

Other stories highlight the Israeli innovations that made possible Google Suggest, the list of suggestions that appear instantly in menu form as you type a search request; the PillCam, a

miniature camera embedded in a pill so that 18 photos per second can be wirelessly and painlessly transmitted from gastrointestinal tracts; ICQ, the original instant messaging program for Windows users (which "became the most downloaded program in the history of CNET. com, with 230 million downloads"), and Cisco's CRS-1 router, which can process 92 trillion bits per second:

> CRS-1 has the capacity to download the entire printed collection of the U.S. Library of Congress in 4.6 seconds. Doing this with a dial-up modem would take about 82 years.

Senor and Singer suggest various explanations for Israel's superpower status in the world of technology startups. They argue that Israel's informal, anti-hierarchical, improvisational, risk-taking, self-critical military culture helps produce its similar business culture. Because Israel is too small to maintain a large standing army or a large body of senior officers, it relies heavily on reserves, and its ratio of senior officers to combat troops is one to nine. (In the U.S. Army it is one to five.) "Fewer senior officials means more individual initiative at the lower ranks," Senor and Singer observe, emphasizing that compulsory military service gives many young Israelis weighty responsibilities and invaluable leadership training.

Israeli irreverence and skepticism are valuable in business. Senor and Singer quote an Israeli who explains that "from the age of zero we are educated to challenge the obvious, ask questions, debate everything, innovate." There is value in the strong sense of national purpose common among Israelis, who are aware that they do good for their country when they do well for themselves in business. Senor and Singer write that Israel benefits from its "profitable patriots" who appreciate "survival through success." Also, as a result of immigration, Israel has more engineers and scientists per capita than any other country. "A nation of immigrants is a nation of entrepreneurs," they are told.

One quibble: *Start-Up Nation* is unpersuasive in its praise of the government's central planning efforts, especially in Israel's early years when David

Ben-Gurion was prime minister Senor and Singer make the debatable assertion that it is a "myth" that Ben-Gurion was a socialist; but there are economists— Daniel Doron, for one—who have argued more compellingly that Israel's early economic successes came despite, not because of, the government's decidedly socialist economic policies.

Though its agricultural, military, and high-tech achievements have been impressive, Israel still faces serious

threats to its existence, not least from Iran's nuclear program. Vulnerability to destruction is often a trait of countries either fledgling or in decline: Israel is neither. It is, arguably, in its prime; but it remains vulnerable, as it has always been. A key point of *Start-Up Nation* is that the traits that have allowed Israel to survive militarily have also helped it to thrive economically. The Jewish state will need all those traits, and then some, to continue to survive. ♦

Homage to Patagonia

High adventure at the bottom of the world.

BY DAVID GUASPARI

Ushuaia, Tierra del Fuego

The passenger windows frame nothing but Patagonian steppe—no roads, farms, domesticated animals—but the plane descends relentlessly and, at the last moment, El Calafate's runway appears beneath its wheels. This tarmac was laid 10 years ago to service the growth in Adventure Travel, a passion of Baby Boomers refusing to go gently (or any other way) into the good night and hastening to remote destinations that new infrastructure makes not too daunting—e.g., after the locals have heard of vegetarians.

Our group is demographically mixed. There are three tough nuts in their seventies: Dan, a field geologist and recent age-group medalist at the Nordic World Ski Championships; and Bob and Dave, scoutmasters before the Boy Scouts switched from hiking and camping and hunting to computer programming, recycling, and AIDS awareness-raising. Bob used to march his charges 700 miles per year, and if they or their parents complained, he told them to find something else to do. Dave, retired from teaching elementary school, is a minimalist: While the rest

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of us were wrapped head to toe in high-tech climate-control synthetics, he seemed to have been outfitted at Sears Father's Day sales. If this were a movie, Dave would be the quiet, unassuming guy with 12 bodies buried in the back garden and some filets in the freezer.

The remainder consists of Dana, a thirtysomething radiologist, and five authentic Boomers: Rick, who leads trips like this throughout the world (Nepal, Mongolia, Bhutan); Rebecca and Terry, a married couple who compete regularly in triathlons; and me and my significant other, Anne. Last year, she and I and Terry and Rebecca Adventure Traveled with Rick to the top of Mount Kilimanjaro. That had a natural story line, but this trip is more of a highlight reel: treks in two national parks and a journey to Ushuaia, southernmost city in the world (with the southernmost golf course, a nine-holer).

All the campsites are cushy: A trekking company has packed in food and tents, by llama when necessary, and supplied an employee to cook. Our first four days are spent in Argentina's Parque Nacional los Glaciares and dominated by the sight, in fluctuating light and clouds, of the Fitzroy Massif and Cerro Torre—8,000-foot granite walls that offer some of the most technically