

class is employed.

#### E. The Employer or Capital Hierarchy

The sources of capital operative in Israel today are: foreign private capital, foreign public capital (State capital), co-operative (mainly Hista-drut and kibbutz) capital, and local small private capital.

During its "nation-building" phase, Israel depended heavily on transfers of foreign public capital (as opposed to foreign private investment capital). The main sources of these transfers were three:

1. Philanthropic Capital: mobilized from world Jewry by world Zionist organizations, specifically Keren Hayesod-United Israel Appeal, the financial arm of the Jewish Agency, through which world Jewry in 69 countries has helped to create the State of Israel and continues to share the heavy financial burden of the country. The amount raised by this institution between 1948 and 1972 exceeds two billion dollars.<sup>5</sup>

2. German Reparations Funds: paid directly to the State and accompanied by personal restitutions from Germany to individuals who suffered under Nazism. This has been an important source of foreign capital for the State during the nation-building phase; "they probably saved Israel from bankruptcy during the crucial financial difficulties of 1953," as Segre concludes, and later provided the base for Israel's industrial infrastructure, specifically the naval and railway communications, telephone and electricity, and regular supplies of essential raw materials.<sup>6</sup>

3. Foreign Aid and Grants: mainly from the United States, and later French loans and credits, and floating Development Bonds in most Western countries.