

Koor group enterprises, where American-German capital is invested.¹⁴

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On account of the foreign capital imports, chiefly through government channels, the State sector's share in the economy is large. The share of State capital in investment in industry is smaller than that of the Histadrut.

State capital is mainly for investment in infrastructure. This role becomes increasingly important since the shift into high technology military production as the main exporting sector of the civilian economy. This is especially true in the sphere of Research and Development. The State in this way socializes the cost of production for foreign and national private capital. The State investment in industry is mainly indirect, through provisions of subsidies and other incentives. In the sixties, from 30-50 percent of the development budget was loaned out to private enterprises, thus helping to enlarge the private sector. This was especially true for directing private investment into New Development Towns, where State-subsidized private industry is still predominant.

The private sector (1961/62 Census) embraces nearly three-fourths of the industrial enterprises and about two-thirds of the workers employed in industry (while the State-cooperative sector, including the Histadrut, has 26.7 percent of the factories with 37.5 percent of the workers).¹⁵ The private sector dominates the light and medium size industry, commerce, citrus plantations, and the building trade, as well as traditional industries such as textile and diamond working.¹⁶ These are basically intermediary-level consumer industries, and the above probably represents the national private capital sector.

Since the 1967 military and political victory, Israel has started to attract foreign private investment capital on a scale unknown before. Re-