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Purse-string tangles

THE DEBATE on economic policy in the Knesset last week arose from a proposal by the Alignment Opposition's call for "a state of economic emergency." Only two speakers, however, referred to the central malady which dictates so drastic a cure: Israel as a nation is living beyond its means.

It did not earn its keep when the Alignment governed. It earns its keep even less under the Likud.

While a hefty segment of the population enjoys a high, "Western" standard of living, the state barely makes ends meet – only after the finance minister's annual pilgrimage with his begging-bowl to Washington.

Gad Ya'acobi, who presented the Alignment case in the Knesset and recited a catalogue of Israel's economic woes, asserted that they were "damaging to our national strength, adversely affecting our capacity to consummate our independence, undermining our capacity to take decisions determined by our own will."

Yigal Hurvitz, alone among Israel's finance ministers to show the perception and the courage to insist in his day on a belt-tightening policy – now did not mince words.

"In the very month," he declared, "when we say No to the Americans on the Reagan Plan – and I am for saying No to the Reagan Plan – we go and ask for \$3.1 billion. This very month, this very government."

Here, encapsulated, is the heart of the problem, humiliating in its economic implications, debilitating in its social impact, and dangerous in its political consequences.

The finance minister, in his reply, did not bother to mention it.

THE SENSE of "dependence" on the United States has time and again sapped the will of Israeli leaders and dictated to them a retreat from positions long and sincerely held, an abandonment of tested national, and rational, axioms basic to Israel's security. Why did the Golda Meir government on October 22, 1973, accept a cease-fire which prevented the achievement, after so much suffering and loss, of total victory over the Egyptian and Syrian aggressors? Only two days earlier, Foreign Minister Abba Eban had unequivocally rejected the idea of a cease-fire – only victory would serve.

Why, subsequently, did the government – in an act unprecedented in history – free the enemy Third Army from encirclement? And later – not only give up the area captured inside Egypt but withdraw from the Suez Canal zone, turning hard-won victory into ominous defeat?

That was not the end of the process. Was it all because Golda Meir and Moshe Dayan, and afterwards Yitzhak Rabin and Shimon Peres, were convinced by logic, by superior wisdom in Henry Kissinger, or by an assumption of his greater understanding of the situation in the Middle East?

Nothing of the kind. They were so afraid of American "anger" (in a thoroughly unjust cause) that they surrendered interests that they had but yesterday described as vital – and undermined their own credibility. They were afraid of losing U.S. economic assistance.

Notwithstanding denials and pretences by Likud leaders, their thinking and behaviour has been dominated time and again by the same fear. In the result, so

accommodating have Israel's leaders been (sometimes unwittingly) to the idea that the "tap might be turned off" that fear has filtered through as the conventional wisdom to substantial sections of the people.

A DISTURBING example of this fear and its implications was provided last week by Israel's Ambassador to Washington, Prof. Moshe Arens. Suddenly – suddenly indeed – Arens suggested to the prime minister that it might be a good idea to accede to the U.S. demand – included in the "Reagan Plan" and reiterated three times daily by spokesmen of the administration – that Israel "freeze" temporarily the establishment of new settlements in Judea, Samaria and Gaza.

Does Arens not understand the implications of such a "freeze?" That by agreeing to it, Israel would be embracing the principle that the settling of Jews in Eretz Yisrael is a bad thing; is, in fact, an "obstacle to peace?" That it will be interpreted as acquiescence in the monstrous Arab charge that the absence of peace is due to the presence of Jews in Judea, Samaria and Gaza, and not to successive Arab aggressions?

Does he not know that the sly suggestion of a "temporary" freeze is only a move in the campaign not only to delegitimize Jewish rule in that part of Eretz Yisrael but to delegitimize any Jewish presence there? That if Jews settling is bad and holds back peace for six months, how would it become positive and "peace-making" afterwards?

The list of questions is endless. The truth is that Arens knows all the answers.

Moreover, he has always been (and remains, as he reaffirmed a few days ago) a vigorous proponent of Jewish settlement in every part of Eretz Yisrael – as a vital element in Israel's security and in consummation of the right of the Jewish people to its homeland.

THE IDEA, so alien to his outlook, of making this "gesture," is purely the consequence of intimidation, of the fear that "intransigence" (the label attached by State Department propagandists during the last 20 years to any refusal by Israel to be dictated to) might be met by "sanctions" – that is, a stoppage of economic aid.

The ambassador's anxiety was reflected even more clearly by his reaction to the U.S. protest last week at the news from Israel that six new settlements were about to be established. Instead of rejecting the protest on principle, for the very good reason that Israel is not only within her rights in enabling and helping Jews to settle anywhere in Eretz Yisrael, but also did not intend to be harried into making further concessions; instead of giving expression to the resentment and anger among the people at this constant hectoring of Israel to please the Arabs, the ambassador complained that the U.S. protest was not in order – because there had in fact been no recent decision to establish six settlements.

THE THREAT of sanctions has actually been implemented several times. It was applied against the Rabin government in 1975 (by withholding supplies) to achieve acquiescence in demands inimical to Israel's security. It has been applied against the Begin government as "punishment" for deeds done (operations against the Iraqi atomic reactor and against the PLO). At this moment, F-16 planes, already contracted for, are being held up.

It is nevertheless most unlikely that the U.S. will take measures in the foreseeable future calculated to affect the Israeli economy seriously. Not only would it encounter considerable opposition in the American people, but there are other inhibiting grounds.

One good reason is that in the establishment itself, only a small minority fails to understand that there are limits beyond which no Israeli government can be pressed.

Another reason is that the aid enjoyed by Israel is repaid many times over in a variety of services. Moreover, Washington is objectively interested in promoting a high standard of living in Israel because it breeds acquiescence in the state of “dependence” on U.S. aid.

This however could change possibly because of internal American circumstances. A cutting-off of aid would force upon Israel just that state of economic emergency called for by the Alignment Opposition. Its central feature would be an Israel living within its means. There would be less cake and chocolate, but nobody need go short of bread, nor clothes, nor a dwelling.

Those in Israel who live in dread of their government being forced into policies opposed to the will, democratically expressed, of the people, will breathe freely, straighten their backs, and hold their heads high.

When U.S. aid is no longer a crucial item in Israel’s budget, disagreements with Washington will be thrashed out in free and friendly discussion, by argument and persuasion, not by threats or the hint of threats.

This is precisely the policy that Israel itself should initiate. It must achieve an adequate measure of economic independence if it is not to lose its political independence and if it is to halt the undeniable erosion of the social and moral values and virtues of Zionism.

One of the three great sins of the Likud is that it did not implement its pre-election promise in 1977 that it would free Israel of economic dependence.

Today, this has in some respects become more practical than it was then – in view of the substantial advances in technology in the field of military production.

But an essential condition for the institution of far-reaching reforms is cooperation between government and opposition.

If the Alignment motion in the Knesset was not merely lip-service, Ya’acobi and his colleagues should even now be seeking ways and means to press such cooperation upon the government.