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WORKERS OF ALL COUNTRIES UNITE '

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## A ROBOT ON FEET OF CLAY

*(Speech of Comrade Tawfiq Toubi  
in the Knesset on 13.9.84 in  
the debate about the composition  
of the new government)*

*The establishment of the Likud-Labour government, which is called government of "national unity" will be in fact a new edition of the Likud government, an expression of the turn to the right and reaction in Israeli society, a turn which has deepened ever more since the 1967 war, in the shadow of occupation, the lust for annexation and the policy of the "Complete Land of Israel".*

The turn to the right in the upheaval of 1977, which brought the Likud to power, was also expressed in the strengthening of the forces of racism and fascism in the elections to the 11th Knesset. We had said all the time, and we repeat this today with greater vigour that only a courageous struggle for peace and peace itself are apt to cure Israeli society and will stop the chauvinist, the anti-worker and reactionary forces.

The continuation of the occupation and the absence of peace were and will be the fundamental source of the negative development, which will aggravate still more within the Israeli society. This is the important lesson from the last election campaign and from the setting up of the new monster called "government of national unity".

The leadership of the Labour Party could have - if it had acted courageously and had changed direction - established a government without the Likud and come to terms with the anti-Likud forces in the Knesset. But the truth is that the present leadership of the Labour Party is bound, and perhaps incurably, to a common policy with the Likud, a policy which has enabled the

setting-up of the government of "national unity". It has turned out that the leaders of the Labour Party were prepared to set up such a government under the leadership of Begin as far back as 1982, as has been lately revealed by Shimon Peres.

#### THE PRETEXT OF ECONOMIC CURE

The fundamental lines and the experience of daily practice show that this old-new government will be unable to solve the political, social and economic problems of Israel, which will intensify. The government of "national unity" will be a government of ordeals and blows dealt to the living standard of the working people; a government which will continue erecting obstacles on the road to just peace with the Palestinian Arab people; a government which will violate the democratic liberties, in the name of the false national unity; a government which will continue waging a policy of national discrimination towards the Arab population.

The Labour Party has entered into a partnership with the Likud under the pretext that this is the 'only way to cure the economic situation. However, the two partners have ignored and are ignoring the root of the economic and social crisis which afflicts Israel - and that is the policy of occupation, colonial settlements and war, which is responsible for the enormous military spendings, which swallow up more than 70% of the state budget. In the treasury already an emergency regime is being planned, which means: imposing a new burden on the workers and supporting the local and foreign monopolies. The emergency regime will include the imposition of new taxes; a further blow at the savings; the lowering of wages; the plunder of one of the payments of the cost-of-living allowances, within the framework of a "package deal" with the Histadrut; sharp cuts in the subsidies for vital consumer goods, which means raising prices; austerity which means unemployment, which is already encompassing 85 thousand persons; and additional cuts in the social services. All these steps will not solve a single problem of Israel's economic problems, which originate in the policy of occupation and war, in Lebanon and against the Palestinian people.

The finance minister, Yitzhak Moda'i, will soon come

to the United States and in his briefcase he will bring a plan for further decrease of wages and the workers' living standard. Such a policy is the condition which the US bosses have stipulated in exchange for increasing the charity payments to Israel, so that in the future too, it will serve loyally the strategic and global interests of the United States. In this way the Peres-Shamir government will intensify the dependence of Israel on the United States.

After all the criticism which were presented by the leaders of Labour party, when they were in the opposition, against the function of the Likud ministers in the economic and social spheres, in the new government almost all the economic portfolios were entrusted to ministers from the Likud. The picture will thus look like this: The Likud will conduct the economic and social affairs and a minister on behalf of the Labour party will conduct the ministry of police which will suppress the intensifying resistance of the masses of workers against the economic blows which are being planned.

What is being done today to the workers of "Vulcan" in Haifa - arbitrary dismissals in contradiction to the labour agreements and by gangsters methods - this is a living example of what the economic emergency regime of the Peres-Shamir government is preparing to the masses of the workers in Israel.

#### CAMP DAVID IS A CONJURED-UP GHOST

The Peres-Shamir government talks about "the evacuation of the Israeli army from Lebanon after the ensurance of the security of the "Israeli northern localities", as the government's fundamental lines state. We know the plan of the new minister of defense, Yitzhak Rabin, which bases the evacuation of the Israeli army from Lebanon on strengthening the army of Lahad, Hadad's successor, which means - continuation of Israeli occupation with the help of mercenaries combined with the preservation of freedom of action of the Israeli army by land, air and sea. An example of this freedom of action was given last week, when Israeli army forces again crossed the river Awali in order to allegedly "restore order" in an area which had been evacuated by the Israeli army last year. This indicates that the Israeli army will continue its military and political intervention as a conquering state,

which violates the independence and sovereignty of Lebanon.

We reiterate our demand that the Israeli army should get out of Lebanon unconditionally and that Israel should stop its intervention in that neighbouring country. The safety of the localities in the north is conditioned by respecting the sovereignty of Lebanon. The Israeli government must understand that the safety of the localities in the north as well as in the east and the south is after all closely connected with respecting the safety and the rights of the Palestinian Arab people and the other neighbouring peoples.

The Peres Shamir government decorates itself with empty phrases and hollow words. This is demonstrated in its fundamental lines which include formulas such as: "The government will continue placing the aspiration for peace at the head of its concern and will not spare any effort to advance peace".

What concern for peace is that when the government says that it will oppose the establishment of a Palestinian State; that it will not negotiate with the PLO, the authorised and sole representative of the Palestinian people; that it will act in accordance with the Camp David accords, which had denied the Palestinian Arab people their right to national independence? All the Israeli governments had adhered to this unjust and aggressive policy and the result was - one war after the other.

What concern for peace is this on part of the Peres Shamir government when it digs out of oblivion the accords of Camp David and the autonomy, which were opposed by the Palestinian Arab people and which were buried in consequence of the failure of the aggressive war in Lebanon, and on these shaky bases they call demonstratively on King Hussein to come for negotiations and present his proposals. Also the ministers of this government are supposed to know that without a change of the Israeli policy, the appeal to Hussein is nothing but a cover for the continuation of the crisis and to the danger of a new war.

The bankrupt Camp David accords are brought up in new formulations because the aim of the two parts of



the government - and I accuse both parts of the government - is to continue the policy of colonial settling and to liquidate the national existence of the Palestinian Arab people. There is no other road to peace besides the road of respecting the right of the Palestinian Arab people to national independence and sovereignty, the establishment of a Palestinian State in the West Bank and the Gaza Strip and by this way to achieve co-existence and mutual recognition. Just and comprehensive peace can be attained by means of an international conference with the participation of all parties involved, including Israel, the PLO - the sole representative of the Palestinian people - the neighbouring Arab states, the Soviet Union and the United States. The leaders of the Likud and the Labour who rejected the idea of the peace conference imperil Israel with an additional entanglement of war.

The Palestinian people, through its authorised representative, the PLO, has repeatedly declared that it is prepared for just and decent peace on the basis of mutual respect to the principle of two states for two peoples within the border lines of 1967. This principle was embodied in the resolutions of the PLO, which support the resolutions of the UNO, the plan of the Arab states which was adopted in Fes, and in the Soviet peace plan, which are in accordance with the interest of the independence and security of both peoples.

The appeal for restoring the diplomatic relations with the Soviet Union which is included in the fundamental lines (of the Israeli government) is a vain appeal since it is not bound up with concrete steps which would lead towards a settlement of the conflict and the cessation of the incitement and propaganda against the Soviet Union.

The statement of Peres that the Soviet Union is a state of "refusal" is not only a crude falsification of the acknowledged and well-known contribution of the Soviet Union to the advancement of just peace between Israel and the Palestinian Arab people and the Arab states, but is also a cover for the criminal task of the Israeli rulers who are rejecting the prospects of just peace and are acting for unleashing aggressive wars in the service of the foreign interests of the United States.

## THE CHALLENGE OF EQUALITY

The new prime minister, Peres, has repeated the old platitudinous phrases about the equality of the Arab citizens of Israel. But in real life the situation is different. The policy of national discrimination is the prevalent policy and it is encouraging the raving anti-Arab racism. The call for expelling the Arab population from its homeland has attained legitimation and its proponents already sit in the Knesset.

Many people talk about the enactment of a law against racism. We have, in the past, repeatedly proposed such a bill, also in the 11th Knesset. But the mere promulgation of such a law will not change the situation if the policy of discrimination which is directed against the Arab population will not change. Precisely in these days grave crimes against the Arab population have been committed, when the authorities demolished dwelling-houses which had been built 15 years ago in Arab-Assouad in Galilee, with the aim of driving out these inhabitants from their place, where they have been living for generations. In these days five houses in the railway quarter in Lod have been demolished, where thousands of Arab inhabitants are living under inhuman conditions, in tin huts and overcrowded.

We call for taking immediate steps - and their implementation will prove if this government really intends to ensure equality to the Arab population. We call: Stop completely the confiscation of the lands and commit yourselves not to confiscate any more lands of Arab inhabitants, in order to settle in their place Jewish inhabitants; to stop immediately all acts of demolition of houses of the Arab inhabitants under the pretext of illegal building; to free properties of the Muslim Waqf and return them to the management of the elected institutions of the Arab population; to abolish the discrimination of the National Insurance grants, which exists between Jewish children and Arab children; to lay down equal criteria for all local authorities for receiving grants from the state, and this in order to abolish the national discrimination in municipal services; to abolish the areas of military manoeuvres in the area of Um-El-Fahem and to ensure the fellahin free use of their lands. Um-El-Fahem must also be given the status of a town, as we have demanded throughout the years, and a concrete plan for the immediate solution of the painful problems

of the 25 thousand inhabitants who live without a drainage system, without human conditions of dwelling and without any development plan and to abolish the office of the advisor on Arab affairs in the Prime Minister's office.

The Peres-Shamir government portends danger to the democratic freedoms and to the normal parliamentary-democratic rule. The proposal to change the law of the Knesset elections and to increase the minimum percentage of votes necessary for a seat to 3 per cent, this is the beginning of an anti-democratic road.

A government based on rotation (the post of Prime Minister will be held by Peres of the Labour Party for two years and then be handed over to Shamir of the Likud -IB) relies on anti-democratic changes in the fundamental law, which will decrease the authority of the Knesset and will hit normal administration.

A government robot which relies on 97 Members of Knesset is a robot on feet of clay. When the wage-earners and workers will become more and more aware that this government is acting for lowering their living standard and is leading towards new adventures, the forces who are against this government will rise and gain strength, and the struggle will intensify for new government without the Likud and without its adventurist nationalist policy; for a government which will truly lead Israel to the road of peace and democracy, social progress and equality. We rely on the force of the just struggle of the popular masses for these lofty aims. Therefore we will vote against the government headed by Peres-Shamir.

ZO HADEREKH September 19, 1984

## ZIONISM AS A POLICY

*Speech by Tawfiq Toubi  
in the Knesset*

The government of "national unity", the Alignment-Likud government has not yet reached the age of a month and a half, and it has already proved how much we were correct in assessing that it is nothing but a government of "Likud number 2". We had warned, and so quickly it was verified, that the leadership of the Labour Party, in the framework of its partnership with the Likud would carry out in practice the "likudist" policy which had brought the country to the brink of an economic and social catastrophe and which prevents peace to the people of Israel and the region.

You said that you are establishing a "unity government" in order to cure the economy and the society. We warned that if you ignore the roots of the aggravating crisis, and these are the military spendings, the spendings on occupation and the war in Lebanon, the spendings on colonial settlements and the spendings in the service of the US strategy in the region; and on the other hand, if you continue conducting an economic policy which is dictated by the banks and the big capitalists, both local and foreign, for their profits; when such is the situation, then all your steps will be nothing but blows dealt to the popular masses, to the working class, and there will be no plan for economic recovery.

Look at what the government has done during the last month. The principal cuts in the budget, in the expenditures of the government were the decrease of the subsidies, which has led to a dizzy price rise of the most vital consumer goods. You have made cuts in the social services, you have increased taxes, particularly on the wage earners. This is called "tightening the belt", in order to embark on the highway. You have decreased the real wages by 20% but did the industrialists decreased the prices? They doubled and tripled them and there is no one to stop them. Have these steps curbed the inflation? On the contrary, the inflation this year will apparently reach 1,000%. Now you cling to what is called "package deal" and

bring pressure to bear on the Histadrut to accept the freezing of wages and in practice to decrease them, without any serious guarantee for the freezing of prices, profits and taxes. Every day there is a new team of experts and all these counsels and remedies which they propose and whose main point is the lowering of the wages and living standard have been experienced in the past, too, and they did not help and will not help even if they will be aggravated and will be still more painful, as for instance the minister Horovitz is demanding and exerting pressure towards this end.

It is not the allegedly high wages nor the living standard which has allegedly risen, are the source of the inflation. This is demagoguery when one ignores the main cause, which is the continuation of the work of the printing press which ceaselessly pours out money for financing the spendings for occupation and preparation of war.

These days the prime minister, Peres, has visited the United States, in order to find remedies for the crisis. He travelled there after the government had dealt hard blows on the popular masses in accordance with the dictate of the heads of the US government and the representatives of the US monopolies. For carrying out such steps Peres received compliments and promises for investments on part of US capitalists who are encouraged by the lowering of wages and the perspective of increasing the profits of their investments, what should be a source of concern is the fact that the greater part of the investments will be in the development of a military industry intertwined with the strategic needs of the United States in the region, to the detriment of an independent civilian economic development of Israel. This is a situation which carries in its wake a grave danger to the future of Israel, when it will be dependent upon the war plans of the United States and on its regional and global policy. For this purpose the "joint American-Israeli Committee" was set up, in order to ensure supreme American supervision.

The prime minister has also promised that Israel would not decrease the military spendings and will continue the economic blows and the process of lowering the living standard of the working people. For this, Minister Peres received from Reagan and Weinberger additional palliatives. I am referring to the billion dollars which will be

received in addition to the usual assistance amounting to 2.6 billion dollars - the price received for the dangerous services to the United States. These services given to the United States cost Israel very dear - the blood of the sons which is being shed and will yet be shed; the perilous increase of economic and political dependence, which increases the debts, while the whole assistance received today is nearly amounting to the repayment of debts to the United States.

And what is more important is that this dependence encourages an aggressive policy which prevents peace from the peoples and imperils the people in Israel, as it turns Israel into a cogwheel in the American war machine against the peoples of the region and also against the Soviet Union.

Members of Knesset, only one and a half month have passed since the establishment of the government of "national unity" and we are witnessing how the leadership of the Labour Party is straightening with the Likud and its policy, on fateful issues. When former war minister, Sharon, signed the strategic agreement with the United States you tabled, together with us, a vote of no-confidence in Sharon's government. Today the prime minister, Peres, glorifies and deepens the military and political relations of Israel, with the US and thus enslaves Israel still more to its strategical interests.

The prime minister speaks again and again about his aspiration for normalisation of relations with the Soviet Union. Fine. But this sounds cynical and hypocritical when it is accompanied with wild anti-Soviet incitement while distorting the reality about the situation of the Jews in the Soviet Union, who enjoy today full equality and a prosperous life in their socialist homeland. This talk sounds cynical when the Israeli government is stubbornly pursuing a policy of occupation contrary to the UNO resolutions, a policy which prevents peace; this talk is being voiced after the implementation of the strategic agreement with the United States against the Soviet Union. The key to normal relations with the Soviet Union is in the hands of the government, if it embarks on the path of peace and stops its pathological hostility against the Soviet Union.

Before the elections you demanded the immediate withdrawal of the Israeli army from Lebanon. Indeed you pre-

sented a path and conditions which we criticized, but you attacked the Likud government for preventing the withdrawal of the army from Lebanon: and you said that you will carry out a unilateral withdrawal. But in practice you pursue today the same policy of the Likud government, which prevented the withdrawal of the army from Lebanon. You, together with the Americans are seeking ways for ensuring fruits of the military adventure which failed. Together with the United States you want to turn the haggling about the withdrawal of the army from Lebanon into means of pressure. You are aiming at violating the sovereignty of Lebanon, at continuing the occupation under the help of mercenaries, at dragging Syria into arrangements under the auspices of the Americans against the sovereignty of Lebanon and against just peace with the Palestinian people. If this will not succeed, you are threatening to start a new adventure against Syria. What else is the meaning of the statement of the prime minister that the Israeli forces will continue to stay at a distance of 25 kilometres from Damascus?!

From all this it emerges that the Israeli army will pass yet another winter in Lebanon and the continuation of the occupation with its attending disasters and failures will ever more increase. In order to extricate oneself from the adventure in Lebanon which has failed, there is no other way but to withdraw and immediately. The sooner the better.

The leadership of the Labour Party and the Peres-Shamir government continue to pursue the same blind aggressive policy towards the Palestinian Arab people. Again attempts are being made to restore Camp David accords and the autonomy plan which had already been buried. Again illusions are being developed regarding dubious and separate deals with Hussein and Mubarak which will perpetuate the occupation and prevent the Palestinian people from establishing their sovereign State in the West Bank including Arab Jerusalem and the Gaza Strip alongside Israel.

The Peres-Shamir government consciously rejects the realistic possibility of establishing just and comprehensive peace by means of convening an international conference under the auspices of the UN, with the participation of Israel, the PLO (the sole legitimate representative of the Palestinian people) the involved Arab countries the Soviet Union and the United States.

The Israeli government and the Americans are proposing a plan for "improving the quality of life" in the occupied territories. The aim of this plan is to try again to find Palestinian clients to the worn out US plans. At the same time acts of oppression in the occupied territories are being intensified, such as the terrorist patrols of armed colonial settlers in Dehaishe (a Palestinian refugee camp IB). The continuation of the colonial settlements, the provocative (Jewish religious) ceremonies in Hebron held to support the accused Jewish underground terrorists with the participation of minister Sharon, the man responsible for the criminal war in Lebanon and for the massacre in Sabra and Shattila, repeated threats are being voiced against personalities in the occupied territories who oppose occupation and support just peace.

If you really want to improve the quality of life in the occupied territories, I call upon defence minister Rabin to enable the expelled Mayors Quassmi and Milhem to return back to their homeland and to enable the dismissed Mayors to return back to their post.

#### THE SOCIO-ECONOMIC PLAN OF THE DEMOCRATIC FRONT FOR PEACE AND EQUALITY

As against the anti popular and anti national policy of the government, the DFPE proposes a plan for national salvation which its main points are the following:

1. A significant cut in the military budget by eliminating the occupation and the establishment of comprehensive peace; to cancel the following points from the military budget: The financing of the presence of the Israeli army in Lebanon; the financing of the mercenaries in southern Lebanon, who are called "Tzadal", the financing of the colonial settlements and the investments in the occupied territories; the financing of the presence of the Israeli army in the occupied territories; the financing of the project of the air craft "Lavi".

2. Stopping the dangerous service to the United States and its strategical interests. To stop receiving payments for military and strategic services; These services are the source of the monstrous debts to the United States pursuing a foreign policy of peace and neutrality which will open before Israel opportunities for trade relations on a basis of equality with the Soviet



Union, the socialist countries and the third world.

3. Channelling the government investments to civilian industry, to agriculture, to research and development and not to the military industry.

4. Imposing taxes on capital profits; collecting real taxes from the banks, from big companies and concerns; decreasing the tax burden imposed upon the workers and medium strata; elimination of indirect taxes on vital consumer goods and services.

5. Protection and increase of the real wages of the workers; immediate compensation for price rises at a rate of 30% of the wages; the payment of wages twice a month; updating the tax grades, (and allowances ( for children old age pension etc.-IB) every month.

6. The continuation of the existing subsidies for vital products and services.

7. Increment of the allocations for social services for education at all levels, for health institutions, welfare, cultural and sport institutions and the universities..

8. The carrying out of comprehensive state plan for housing at cheap rents; ensuring human housing to the inhabitants of the slums, to the Arab population in the villages and poor quarters of the mixed townships; for young married couples and families with many children.

9. Increment of the allocations to the local authorities, especially the Arab local authorities, in order to close up the gap and ensure equality; putting the whole burden of social services on the government.

10. State responsibility for ensuring full employment to every body; prevention of closing down enterprises; cancellation of the plans for dismissals of workers in public services.

The struggle for the implementation of this plan is a struggle for a life in peace and security, for the well-being and decent life for the popular masses in Israel.

22 October 1984

## DOES THE GOVERNMENT REALLY WANT TO STOP THE INFLATION?

*By Tamar Gozanski*

The Israeli inflation celebrates a festival - and not behind the curtain. One may estimate that in October the inflation has galloped at a rate of 1% every day, that is to say, to a monthly level of 30% and that means to an annual level of 2000%. And although we already now are living at a level of inflation of 1000% (annually), even we find it difficult to imagine the meaning of living with prices which do not change only every week, but on each and every day, and even twice a day.

This percentage reminds one of the galloping inflation which took place at the beginning of the 'twenties in four European countries: In Austria the inflation reached in 1922 - 6,500%; in Germany in 1923 - 600,000%; in Hungary in 1924 - 2,300% and in Poland in 1924 - 44,400%. In each of those countries a monetary and budgetary reform was carried out which lowered the inflation suddenly from its frightening level to a level of few percentages per year.

What is similar and what is different in the inflation of Israel and those inflations? Is the experience of the 'twenties applicable to Israel in the 'eighties?

### ACCELERATING STEPS

Talk has been going on for years about curbing the inflation. Also when the inflation in Israel was 30% per year and not per month - there was talk about the urgent necessity of curbing the inflation. But in reality the inflation is galloping especially since the coming of the Likud to power.

The prime minister, Shimon Peres, and his deputy, Shamir, advocated the urgency of establishing a government of "national unity", by stressing the vital necessi-

ty to contend unitedly against the inflation and the deficit in the trade balance. Meantime a month has passed and during that month we had the "pleasure" to notice a rise from an annual inflation of 400% to an inflation of 2,000%. Does this fact prove the importance of the Peres-Shamir government or is there perhaps a socio-economic tendency which guides this government?

The economic measures which the Peres-Shamir government has already adopted until now, have all of them led to an additional speed-up of the price rise. Such was the result of the 9% devaluation; of the cutting of subsidies; of the talk about the possibility of freezing prices; of the imposition of VAT on purchase of foreign currency; of the freezing of import of certain products.

Also what is called "the cut in the budget" (state budget - IB) is nothing but a prescription for an additional spurring-on of the inflation. Peres promised to cut off a billion dollar from the budget (in annual calculation). The finance minister, Modai, has proclaimed an annual cut of 920 million dollar. Meantime it has turned out that only 220 million dollar of those will be cut from the military budget - and this only next year. So, 700 million dollar are still to be cut.

Then it turned out that 700 million dollar include about 200 million dollar which will go into the state coffers as a result of the imposition of taxes on allowances for children and old-age pensioners; and another 220 million dollar which the government will "save" because of the sharp curtailment of subsidies for vital consumer goods. A total of 280 million dollar are still to be cut, but it is not clear at all from where they will be cut down.

However, what is important for the subject of our discussion is the fact that the introduction of new taxes, the raise of educational fees and a severe cut of subsidies (for fundamental products - IB) will lead to: A rise of prices and an additional contribution to the ravaging inflation.

The conclusion of what has been mentioned above is that the policy of the present government has led towards one clear direction - an additional severe acceleration of the inflation. Why has the Peres-Shamir go-

vernment adopted such a policy?

### A POLITICAL INTEREST AND A DIRECT INTEREST

More than once we have written about the root of the chronic diseases of the Israeli economy - the military huge spendings (including the war in Lebanon, the occupation and the colonial settlements, the "Lavi" aeroplane project), which have caused a militarization of the budget and the whole Israeli economy. Today, too, it is clear that as long as the militarist gallop is not stopped, the budget will not be balanced and it will be impossible to prevent the acceleration of the inflation.

The minister without portfolio -- until one month ago, the war minister - Moshe Arens, said in an interview to "Bamahane" (a periodical for the army - IB) on October 3, 1984 that it is impossible to cut-down the military expenditures "without hitting the Israeli army" and when his interviewers persevered and asked him what should be cut, he replied: Education, health, housing, welfare". But one must assume that also M.Arens knows that a cut, even a painful cut, in these points will not reduce the deficit in the budget: by more than a slight reduction. The military spendings and the reimbursement of debts constitute 74% of the budget for the year 1984, while the spendings for all the social services, constitute only 13% of the state budget (as presented in February this year).

The visit of Peres and Shamir in the United States and the visit of Weinberger in Israel have only proved that in politico-military respect, the government of the "national unity" continues to adhere to the policy of integration in the US aggressive strategy, and hopes that on such basis it will continue holding the occupied territories and perhaps also expanding them. From this aspect, there is not the slightest sign of a political change which might lead Israel to peace, which will pave the way towards economic recuperation.

But in analysing the present economic policy it is appropriate to add the aspect of the direct interest which the Israeli bourgeoisie had in the acceleration of the inflation. The capitalists in Israel rake in profits from the very process of militarization. Those companies which deal with the production of arms and other military items, the construction of fortifications and the paving of roads

in Lebanon, and the establishment of colonial settlements the supply of various products and services to the army profit already for years from the wars and the occupation. More than once, it was also pointed out that the industrialists and other employers derive additional profits from the employment of workers from the occupied territories, who receive lower wages and only a small part of the social conditions of the Israeli workers.

But in addition to these militaristic profits, the Israeli bourgeoisie also rakes in inflationist profits, which grow parallel to the increase of the rate of inflation. A few examples will elucidate the meaning.

#### THOSE WHO BECOME RICH FROM THE INFLATION

The fresh example on this issue is the soaring prices at a rate between 50 and 200% of many industrial products in the last months. In the press, radio and television, numerous examples have been adduced about industrialists, among them "Elit", "Osem", "Vita" (food-producing enterprises-IB) who cause the prices to jump up, above and beyond the average price rise. This rise of prices, in a period of vociferous declarations on part of government spokesmen about the vital necessity of curbing the rise of prices and even their freezing, testify unequivocally to the fact that the companies which produce for the local market deliberately acted for preventing the realization of the declarations about the freezing of prices, because this rise of prices - under conditions of hysterical purchases - ensured them particularly large profits.

Another example - the decrease of the weight of the companies in the revenues of income taxes. The payments of the companies constituted 25% of the revenues from income tax in 1979 and only 14% of the revenues in the first months of the year 1984. One of the principal causes of this decline is the fact that the wage earners pay the full amount of tax already before the wages reach their hands, while the companies pay the tax at the end of the period under conditions of an accelerated inflation this is a pure profit.

A third example: the employers and owners of companies hold back, for a certain span of time, the VAT (value-added-tax) which they collect and also various deductions from wages. In such conditions of the present inflation

it is possible to make a nice profit even from depositing such sums for a few days, and the capitalists do not miss this opportunity.

A fourth example, which is the most important of all even if according to official data the erosion of real wages since the elections (to the 11th. Knesset -IB) was from 20 to 30% and if in the same period the prices of goods and services have not decreased, but have risen at a frightening pace, the meaning of this is: Everything that the wage earners have lost in their real income, has gone directly into the pockets of the employers.

The only conclusion from all this is: that the capitalists and the employers have raked in unprecedented profits in the last months precisely because an unprecedented acceleration of inflation has taken place. Thus the capitalist law, which states that inflation causes a new distribution of incomes to the detriment of the wage earners and to the benefit of the capitalists, has received an additional confirmation. This explains why the bourgeoisie is interested in inflation.

#### HOW THE INFLATION IN GERMANY WAS ELIMINATED?

The direct interest of the bourgeoisie in the inflation is of course conditioned by the fact that it will bring them special additional profits. Hence, when the conditions change and the inflation shakes the system to such an extent that "business simply does no longer work" then the bourgeoisie wakes up to act against the inflation.

If we return to the example of Germany of the year 1923, with a rate of inflation of 600,000%, we will find that the German bourgeoisie had acted for stopping the inflation, when it became clear that under the conditions of a 6-figure inflation it was unable to realize the inflationist profits: A sharp crisis broke out in exports; the number of unemployed increased rapidly; on the market appeared currency notes which were issued by various institutions; the bitterness of the wage earners intensified very much.

On November 15, 1932 the capitalists in Germany deci-

ded to establish a private central bank which would issue a new currency called "Rentenmark". The capital fund of the Bank was obtained by depositing gold marks by the industrialists and other capitalists. That bank which in fact replaced the state bank, did not give any credit at all, and its currency had a security in gold. As the result of this measure, in which the bourgeoisie took upon itself directly the management of the monetary matters in the state, there was no more deficit financing of the budget; a new currency which was also a stable currency, was introduced into the economy. The new currency pushed away and replaced the old currencies whose value had decreased every hour and thus paved the way to a law which was adopted in August 1924, which returned monetary matters to the government and accordingly a new state currency under the name of "Reichsmark" was established, whose value equalled one trillion (!) old marks. Then the state bank (Reichsbank) was also restored and half of its management were representatives of foreign countries. The stabilization of the currency was to a great degree enabled due to the big assistance which Germany received from the United States, Britain and France (the "Dawes Plan").

This measure in Germany (and similar measures in the other three countries) was successful and it put an immediate end to the inflation in Germany.

Can this German experience be applied in Israel of '84 ?

#### ISRAEL OF '84 IS NOT GERMANY OF '23

The talk about a "monetary reform" and about a "dollarization" are indeed proposals in the direction of that German experience. The idea is essentially the determination of new currency, whose purchasing power will be linked to something stable. And since in the conditions of today it is impossible to effect a linkage to gold, there is a talk about linkage to the dollar. The introduction of the new currency will be accompanied by a strict prohibition of any deficit financing of the budget; the complete elimination of the linkages (including the cost-of-living allowance) and the diminishing of the rates of the income tax. And thus, "at one blow", Israel is supposed to get rid of the raving inflation: The prices will no longer rise, the budget will be balanced and the economy will recuperate.

But Israel of '84 is not Germany of '23. Apart from the social price of such a reform which will perpetuate the erosion of the wages, cause mass unemployment and endanger the very existence of the social services - it is very doubtful if it can at all realize its economic goal: The crushing of the inflation. The reservations are at several levels:

First of all, Germany was in those years after the first world war, while Israel is in the middle of a war in Lebanon and the continued occupation. Germany of that time could stop for a certain span of time military purchases. Will the state of Israel think at all in such a direction? Without a significant curtailment of the military expenditures, how can one eliminate the deficit in the state budget?

Secondly, linkage to the dollar is not a linkage to gold. The dollar itself is not stable, and after the sharp rise occurred lately in its rate, a downfall is to be expected in the near future. And if we will be linked to the dollar, we will fall together with it.

Thirdly, the Israeli bourgeoisie with all its power, cannot compare itself to the power of the German bourgeoisie and it is difficult to assume that it will take up an initiative similar to the initiative of the German bourgeoisie in 1923. Besides the bourgeoisie of the United States attaches greater importance to the strategic services of Israel than to its internal economic situation and will not agree to a curtailment of the military spendings. That is why the Reagan administration is prepared to increase the stream of dollars to Israel by another one or two billions; that is why it is also ready that Israel will exchange dollars for shekels and will make use of them in Israel, that is why it is considering postponement of the payment of debts.

The conclusion to be drawn from these reservations is that no such comprehensive upheaval is expected in Israel and that "the economic steps" at this or the other dosage will continue, and together with them - the raving inflation, the widening unemployment and the deepening dependence.

ZO HADEREKH, October 24, 1984



## TALK IS ONE THING AND ACTS ARE ANOTHER THING

*By Salem Jubran*

On his return from the United States, the prime minister, Shimon Peres, hastened to "correct" the declaration attributed to him, as if he had said that within five to six weeks the Israeli army would unilaterally withdraw from Lebanon. Peres stressed that within five to six weeks the government will only discuss the issue of the withdrawal.

Still, the war minister, Yitzhak Rabin, emphasized at the meeting of the government last week "the damage in talking about unilateral withdrawal". Rabin said at that meeting that the Israeli army would withdraw only after reaching conclusions through direct negotiation with the government of Lebanon, after achieving conclusions with Syria and after the participation of the Israeli mercenaries in southern Lebanon, who are termed in the official political dictionary - "Tzadal" (initials of the Hebrew words "Army of South Lebanon") - will be ensured. Ministers Moshe Arens and Mordechai Gur expressed their enthusiastic support of the unequivocal clarification of Rabin. In the press of October 16 it was announced that the prime minister and circles close to him are worried from the open criticism presented forward by Rabin against Peres.

### WITHDRAWAL - YES AND NO?

The truth is that one must see in the declaration of Sh. Peres in Washington about a speedy withdrawal from Lebanon a gesture towards the American hosts who are interested in shaping out the Cairo-Amman axis as the centre of gravity of the pro-American states in the Middle East, and to prevent any convergence between these countries and the Soviet Union.

The Israeli and US press have stressed the fact that President Reagan chose precisely the ceremony of seeing-off Shimon Peres in order to call to mind that the plan,

called "Reagan plan for peace in the Middle East" lives and exists. Reagan made it clear that this plan is the most complete expression of the present policy of the United States in this region and that the White House will find the suitable timing for its resurrection. This sort of talk constitutes a US answer to the growing international support of the proposals of the Soviet Union for the establishment of peace in the Middle East, by means of an international conference under the auspices of UNO.

It may be assumed that the prime minister, Pines on his part, needed the image of a so-to-speak "moderate" who is ready to withdraw from Lebanon, also in order to facilitate the possibility of a fresh tightening of the relations between his government and the Egyptian regime. However after all, it is not declarations which count but acts, the facts in the field. And in the field it is difficult to have the impression that the government intends to pull back the Israeli army from Lebanon in the foreseeable future. The Israeli press is full of reports about consolidation, digging-in and carrying out works of infrastructure in southern Lebanon, which is occupied by Israel. At the same time there is a concentrated Israeli effort to build up the army of mercenaries and prepare it to be the "inheritor" of the Israeli army of occupation, if and when the Israeli army will be compelled to withdraw. But it will be appropriate to listen to the declarations of the Israeli military men and politicians who stress that the "Tzadai" is still very far from being a practical inheritor of the Israeli army of occupation. The conclusion is that the Israeli effort in Southern Lebanon is directed also at the continuation of the presence of the Israeli army on the spot and at enlarging, training and arming the mercenary army.

#### HAS ISRAEL RENOUNCED ITS AIMS IN LABANON?

If we re-examine the primary aims of the war in Lebanon we will see that not one single aim has been achieved: The PLO has not ceased being the sole legitimate representative of the Palestinian Arab people; the fascist Phalanges have not seized power over the whole of Lebanon; Lebanon has not been turned into a state which is dependent on Israel, the anti-imperialist, patriotic regime in Syria has not been shaken.

But despite their failure, and perhaps precisely due to their failure, Israel and the United States exert efforts in order to attain at least partial achievements. For this purpose the Israeli army of occupation sharpens the acts of oppression (including the imposition of curfew, demolition of houses, large-scale detentions); for this purpose, Israel and the United States proceed with their attempts to shake the partial stability of the regime of National Unity in Beirut, to sow destruction and stir up inter community riots in Lebanon.

Last week it has been published that one of the plans of the Peres-Shamir government is that the Israeli army will evacuate the western area of South Lebanon but will remain in the area of the Lebanon Valley opposite the Syrian army, and thereby be able to exert constant pressure to bear on Syria.

It is possible to assume that the plan for evacuating the western area of South Lebanon is also the result of the tide of armed struggle of the Lebanese patriots against the Israeli occupation and also a result of the large losses of the occupation army, and therefore it is not a part of a general plan of evacuation.

Quite transparent hints are also dropped concerning the method of stick and carrot, which the Americans are using in relation to Syria. The USA exerts efforts, on one hand to maintain diplomatic contacts and dialogues, thinking that perhaps it will be possible to tame Syria by enticing baits and lead it on to the way of reconciling itself to the US policy in the region. On the other hand, the USA preserves for itself the option of an Israeli (or perhaps an Israeli-US) military blow at Syria.

Here is the place to remark that the Lebanese claim and the demand which is included in the UNO decisions stress the illegality of the Israeli occupation in Lebanon, and the right of the Lebanese government to extend its sovereignty over the whole of the Lebanese territory including the whole of southern Lebanon. Therefore one must assess the plan that Israel will intervene in Lebanon also after the withdrawal and will determine the status of the "Tzadal", as acts of trampling underfoot the sovereignty of Lebanon and international law. With the liquidation of the occupation, the Lebanese people will have the right to liquidate also the mercenary army

and set up Lebanese sovereignty in southern Lebanon which will be maintained by the Lebanese army.

Dangerous is also the proposal (which has been made, for instance, by Member of Knesset Matti Peled) that the Israeli government should abandon the hated and despised "Tzadal" and try to muster for Israeli's service the "Amal" movement headed by Nabih Bari. Israel should be asked to do only one thing: To get out of Lebanon and cease intervening in its internal affairs in any form whatsoever.

#### THE NEED FOR INTENSIFYING THE STRUGGLE FOR IMMEDIATE WITHDRAWAL FROM LEBANON

The establishment of the "national-unity" government of Peres-Shamir and the "soothing" declarations of the rulers are liable to blunt the struggle of the peace forces in Israel for a full and speedy withdrawal from Lebanon. Therefore it is important that all those forces which throughout the last two years have struggled against the war in Lebanon with all its crimes and for an immediate withdrawal - should intensify the struggle. There is no doubt that the continued presence of the Israeli army in Lebanon means continuation of the oppressive and colonialist actions of the occupation army against the Lebanese and Palestinian peoples, the continuation of the armed resistance to the occupation, and a concrete peril of the outbreak of a full-scale war between Israel and Syria.

The forces of peace in Israel, will, by their struggle for a general withdrawal from Lebanon, save the lives of the Israeli youths, who are forced to oppress another people, and will make an important contribution to the prevention of the next war.

ZO HADEREKH, October 24, 1984

## THE BIGGEST JEWISH-ARAB ANTI-RACIST DEMONSTRATION IN THE HISTORY OF ISRAEL

The 29th. of August 1984 will be recorded in the history of the struggle against fascism in Israel as "The Day of Um el-Fahem".

This was the day of the entire Arab population, the day of all the Jewish truly democratic forces who stood together, united, firm, resolute and repulsed the fascist spearhead. They foiled the police provocation which protected the fascist fiend - Kahana. The 40 thousand fists which were raised against fascism succeeded in preventing the realisation of one of the most dangerous terrorist, racist provocations against the Arab population.

The joint stand of Jews and Arabs with linked arms in Um el-Fahem wrote a glorious page in the history of this country. It is a vital need that the democratic struggle against fascism and racism will be continued in the widest possible democratic front.

### THE STORY OF AN ANTI-FASCIST BATTLE

The night between August 28 and 29 was an uncommon night in Um el-Fahem. From the early hours of the evening some restlessness was in the air. Whoever had thought that Kahana would come alone to the Arab village, was compelled to foresee the real event by the police which had decided to take Kahana under their wings and enable him to enter Um el-Fahem under the pretext that he, as a Member of Parliament, was immune.

In the evening the first delegations from the neighbouring Arab villages and the adjacent kibbutzim started arriving. They had come to spend the night in the village in order to be able to participate in blocking the entrance to Kahana.

On August 29, as the first rays of dawn appeared, the police already surrounded Um el-Fahem with a ring of road-blocks and closed all approaches. The police officers announced that they will prevent the Kahana gangsters from entering the village and that they will prevent too all those who came to express solidarity with the people of Um el-Fahem in their struggle against the provocation of Kahana, but they will not prevent Kahana himself from entering the village.

At 8 o'clock in the morning the whole village was already on its feet. The people and the delegations which had succeeded in arriving, at their head - Members of Knesset of the DFPE (Democratic Front for Peace and Equality) - Tawfiq Zayad and Charlie Biton - took their stand all around the village. At 8.15 hours the masses of people, with the Mayor of the village, Hashem Mahamid (DFPE), MK's Biton and Zayad, and heads of Arab Local Councils from all around the country, moved to the main entrance of the village, where the fascist Kahana was expected to make his appearance. But they encountered a police force entrenched behind barricades as if there was a permanent front line. The police demanded that the demonstrators should not advance any further.

On the other side of the barricades, behind the police, stood thousands of Jewish and Arab demonstrators from towns, villages and kibbutzim in order to resist the fascist terrorism. But the police did not permit them to enter the village.

The number of Members of Knesset kept increasing, reaching 12 MK's : Meir Vilner, Tawfiq Zayad and Charlie Biton (DFPE) ; Yossi Sarid, Muhammed Watad, Abed el-Zahab Darawsheh, Eliezer Granot, Edna Solodar and Nava Arad (Alignment) ; Muhammed Mi'ari and Matti Peled (Progressive Party) ; Ran Cohen (Ratz). Among the demonstrators was also the Mayor of Haifa, Arye Gurel. The masses of people deployed on the slopes around the village and shouted rhythmically slogans against Kahana and fascism. The most prominent slogan was : Fascism will not pass! All the time the police broadcast their announcement that they would accompany Kahana into the village and let him enter the building of the Local Council under police protection. At a certain moment a strange movement of the police and Frontier Guards forces took place and a report that Kahana had arrived was spread. A stone which was hurled by a boy in direction of the police force which was moving forwards, gave the police

the pretext to fire tear gas bombs. Several youngsters ran away and the police tried to catch them. The Frontier Guards jumped into previously prepared fire positions and trained their arms on the masses. The excited masses did not keep quiet in face of this provocation. They reacted by throwing rocks and stones. People on both sides were wounded. The angered masses continued repelling the provocative acts and forced the police to retreat from their position in direction of the Afuleh-Tel-Aviv main road. Here the Members of Knesset intervened and achieved a truce between the two sides.

After the police became convinced that the inhabitants of Um el-Fahem and their allies - the Jewish and Arab democratic forces - were resolved to defeat Kahana and his provocation, the Police Inspector-General, Arye Ibtzan, announced that he had decided to forbid Kahana from entering Um el-Fahem, that three buses, in which Kahana's men travelled had been stopped and that the entry of the racist Finkelstein was also forbidden. Finkelstein had come armed to Um el-Fahem.

At 3 p.m. the police left the place. The villagers of Um el-Fahem and several delegations, on their way back to the village, held a mighty anti-fascist demonstration. In front marched the Mayor of the village and members of the Local Council and their colleague, the Mayor of Nazareth, Tawfiq Zayad.

Hashem Mahamid summed up the day of struggle, saying that he and the inhabitants of Um el-Fahem are proud of this unforgettable day. He stressed that the great achievement of that day is the wide Jewish-Arab front which was mobilised in the campaign for curbing fascism. He expressed his hope that this front will expand still more and will silence the voice of fascism in this country, and that a life of brotherhood and just peace will be attained.

#### MASS ARRESTS

The Mayor of the Local Council of Um el-Fahem, Hashem Mahamid, sharply accused the government and the police chiefs who had adopted a racist, political, vindictive campaign against Um el-Fahem, because the village had defended its honour, stood up against the fascist provocation of Kahana and reacted to the firing of tear

gas grenades.

Hashem Mahamid added that this vengeful campaign is expressed by extensive arrests carried out by the police and acts of tortures from which the arrested persons are suffering. He demanded the immediate release of the arrested people in order to enable them to celebrate their holiday (the Muslim feast of Korban) together with their families.

All the protests of the head of the Council and its members and the influence of democratic public figures, in which they laid emphasis on the necessity to arrest Kahana and his band and bring them to court, and not the inhabitants of Um el-Fahem who defended themselves, did not convince police officer Sasson and he declared that the campaign will continue and will encompass more people who will be arrested, and their number may go up to 100!

Families of the arrested signed a petition demanding the release of their sons who had defended the honour of their village.

Member of Knesset Meir Vilner attacked the terror campaign and announced that he will table an urgent motion for the agenda of the Knesset in order to have the Knesset debate the question and instruct the minister of the interior to stop the persecution.

A delegation of the Association for Civil rights visited Um el-Fahem and expressed its solidarity with the struggle against the arrest by the police, against Kahanism and racism. The Association published on September 1, 1984 a public statement in which it accused the police with having punished the youngsters even before bringing them to court. While the police arrested the Arab youngsters and prolonged their arrest, they set free the hooligans of Kahana, a few hours after their arrest.

ZO HADEREKH, September 5, 1984



## DOCUMENTS AND MATERIALS

Communiqué about the meeting between comrade Meir Vilner and comrade Todor Zhivkov

### THE PEOPLES OF THE MIDDLE EAST NEED COMPREHENSIVE PEACE AND NOT A SEPARATIST DEAL

The general secretary of the Central Committee of the Bulgarian Communist Party, comrade Todor Zhivkov, met with the general secretary of the Communist Party of Israel, comrade Meir Vilner, who is now sojourning in Bulgaria.

During the meeting which was held in a cordial comradely atmosphere, information was exchanged about the tasks which the Bulgarian Communist Party and the Communist Party of Israel are acting for their realization at this stage. Also a number of international topical problems and questions of the World Communist and Workers' Movement were discussed. Comrades Todor Zhivkov and Meir Vilner pointed out the great significance of the peace initiatives of the Soviet Union and the other countries of the socialist community, in order to curb the armament race at a time when the international situation is being aggravated due to the aspiration of the ruling circles in the United States to attain military superiority. They emphasized that in this complicated international situation, which places mankind at the brink of a catastrophic nuclear conflict, utmost importance is attached to the question of unity of all the democratic and peaceloving forces in the struggle for foiling the aggressive designs of imperialism, for preventing the militarization of the cosmos, for achieving a turning away from confrontation to dialogue on the basis of equality and mutual benefit. During the exchange of views about the situation in the Middle East it was stressed that the aggressive and adventurist policy, which is conducted by the governments of Israel and the United States in the framework of their "strategic alliance", the Camp David accords and the Reagan Plan, is the main cause of the explosive situation, which prevails in the region. The aim of this policy is - paving the road to

the establishment of a complete imperialist control over the Middle East, in contradiction to the interests of the peoples in this region, including the interests of Israel itself.

The leaders of the two parties upheld their confidence that stable peace in the Middle East can be attained by means of a comprehensive and just settlement and not by way of separatist deals and intrigues behind the scenes. In this context they expressed their support to the Soviet proposals of July 29 this year, which define not only the fundamental principles but also the effective apparatus for solving the conflict - the convocation of an international conference for the Middle East with the participation, on a basis of equality, of all sides concerned, including the PLO - the sole legitimate representative of the Palestinian Arab people.

Comrade Todor Zhivkov expressed the solidarity of the Bulgarian Communists with the consistent work of the Communist Party of Israel for rallying the progressive forces in the country in the struggle for peace, for the defence of the vital interests of the workers, for democracy and equality.

Comrade Meir Vilner highly appraised the achievements of the Bulgarian peoples under the guidance of the Bulgarian Communist Party in up-building the developed socialist society and the constructive contribution of the Bulgarian People's Republic for strengthening peace and security in the world.

Comrades Todor Zhivkov and Meir Vilner expressed their satisfaction at the successful development of the relations between the Bulgarian Communist Party and the Communist Party of Israel. They confirmed that the two parties are firmly resolved to act in the future, too, for strengthening and expanding still more the relations between them on the basis of Marxism-Leninism and proletarian internationalism in the service of the common struggle for peace, democracy and socialism, for the benefit of the peoples of the two countries.

Secretary of the Central Committee of the Bulgarian Communist Party, comrade Dimiter Stanishev took part in the meeting.

ZO HADEREKH, October 16, 1984

Greetings delivered by Meir Vilner,  
General Secretary of the Communist Party of Israel  
at the founding Congress of the  
Workers Party of Ethiopia

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Dear Comrades,

On behalf of the Central Committee of the Communist Party of Israel and all our Jewish and Arab comrades, we have the honour of extending our warmest fraternal greetings to the Founding Congress of the Workers' Party of Ethiopia and its leadership headed by the great fighter for Ethiopia's freedom, Mengith Haile Mariam.

Your Congress is of the highest importance not only for the people of Ethiopia but also for all revolutionary forces in Africa and the world at large.

We wish you, dear comrades, success in the fulfillment of your 10-year-plan for the development of the economy of your country and the raising of the material and cultural standard of your people on the way to a socialist Ethiopia.

Dear Comrades,

We are coming from a country where the zionist ruling circles pursue a policy of war and territorial expansion, serving the global strategy of American imperialism against the Soviet Union and the forces of national and social liberation in the Middle East, Africa, Asia and Latin America. They are hostile to the Ethiopian revolution and closely allied to the fascist apartheid regime in South Africa. Their reactionary policy has engulfed our people in deep economic, social and moral crisis.

Our Communist Party is engaged in a relentless struggle against this disastrous policy. We are fighting against the Israeli-American aggression against Lebanon, for an immediate unconditional withdrawal of the Israeli army from this country, for the evacuation of Israel from all Arab territories occupied since 1967 and for the establishment of an independent Palestinian state alongside the state of Israel. We support the Soviet initiative for the convocation of an international conference for peace in the Middle East under the auspices of the United Nations Organisation with the participation of all parties concerned, including Israel, the Palestine (Libe-

ration Organization, the Soviet and the United States.

Our Party is fighting against the growing racism and the fascist danger in Israel, against discrimination of the Arab population of Israel and for the rights and interests of the workers.

Long live Marxism-Leninism and Proletarian Internationalism!

Long live the heroic Workers' Party of Ethiopia!

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LETTERS AND CABLES SENT BY THE  
CENTRAL COMMITTEE OF THE COMMUNIST PARTY OF ISRAEL

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To the Central Committee of the  
Socialist Unity Party of Germany

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Dear Comrades,

On the occasion of the 35th. anniversary of the establishment of the German Democratic Republic, we have the pleasure to extend to you and through you to the people of the GDR, sincere congratulations and heartiest fraternal greetings.

The establishment of the German Democratic Republic 35 years ago has inaugurated a new epoch in the history of the German people and constituted an event of great historical importance to Europe and the world.

The victory of the glorious Soviet army over fascism, the shattering of the nazi war machine and the unity of all antifascist forces have opened the way to the establishment of the German Democratic Republic and the victory of socialism on German soil.

During the 35 years of its existence, the German Democratic Republic, under the leadership of your party which is guided by the principles of Marxism-Leninism and proletarian Internationalism has scored remarkable achievements in all fields of socialist construction and led to an advanced socialist society which has resulted in a substantial rise of the material and cultural standard of the people of the German Democratic Republic.

The universally acknowledged achievements of the German Democratic Republic provide a living proof to the superiority of socialism over capitalism.

Today the German Democratic Republic, as an inseparable part of the socialist community constitutes an important force in the fateful struggle against the aggressive policy of the US imperialist circles and their European allies in the front rank of whom stand the re-vanchist circles of the Federal Republic of Germany, against the grave danger of nuclear war, for dismantling the US nuclear missiles which were deployed in West Europe, for European security and world peace.

We highly esteem the internationalist principled positions of GDR and its strong support to the struggle of the peoples against imperialism for national independence and social progress.

Dear Comrades,

We wish you and through you we wish the people of GDR additional achievements in all fields of socialist construction and in the struggle for peace, national independence and social progress.

\* \* \*

To the Central Committee of the  
Communist Party of Syria

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Dear Comrades,

The Central Committee of the Communist Party of Israel, on behalf of all Israeli communists, Jews and Arabs, have the pleasure in extending to you and through you to all Syrian Communists heartiest fraternal greetings on the occasion of the 60th. anniversary of the foundation of your party.

Since its inception, the communist party of Syria has registered bright pages in the struggle against imperialism for national liberation, for independence and sovereignty of Syria and for the interests of the wor-

kers, peasants and popular masses.

During its long history and despite the difficulties including years of illegal activity, the communist party of Syria, through its adherence to the principle of Marxism-Leninism and proletarian internationalism has played an important role in the anti imperialist struggle in the Arab world. In this relentless struggle and by their great sacrifices, the Syrian communists have proved to be devoted patriots and loyal internationalists.

We highly evaluate your creative attitude and sincere efforts directed and strengthening the cooperation and cementing the unity of all the anti imperialist and patriotic forces in your country.

We highly appreciate the struggle of your party, together with all the patriotic forces in Syria against the US-Israeli aggression in Lebanon, against the continued Israeli occupation of the Syrian Golan Heights the West Bank and the Gaza Strip and for realizing the just national rights of the Palestinian people.

With keen interest we have been following the efforts exerted by your party to help overcoming the differences inside the PLO and the differences between Syria and the PLO and your contribution to the Aden-Algier agreement which constitutes a basis for restoring and strengthening the unity of the PLO. It is obvious that solving these differences and overcoming the difficulties will help to intensify the struggle of the Palestinian people against occupation, for the establishment of the Palestinian independent state, and for just and stable peace.

We highly esteem the firm solidarity of your party with the Soviet Union, the motherland of the October socialist revolution and your deep concern to the unity of the International Communist movement on the basis of Marxism-Leninism and proletarian internationalism.

Dear Comrades,

You are celebrating the 60th. anniversary of your party at a time when the zionist ruling circles in Israel are deepening their strategic cooperation with US imperialism against the Arab peoples, specially against Syria, Lebanon and the Palestinian people, at a

time when the feverish attempts are being made to bring to life again the Camp David accords and the Reagan plan and drag other Arab countries into this net.

Under such dangerous conditions it is the urgent task of all anti-imperialist forces in our region to strengthen their unity and deepen the relations of friendship and cooperation with the Soviet Union and other socialist countries, as was expressed during the last visit of Syrian President Assad in Moscow.

Dear Comrades,

The communist party of Israel is waging a fateful struggle against the aggressive policy of the Zionist ruling circles who have lately established what they call the "national unity government" in Israel, which carries in its wake new dangers to the people of Israel and new threats to peace in the region.

The Israeli communists are exerting every effort for enhancing the struggle of all the progressive forces in our country, Jews and Arabs, for bringing about an immediate and unconditional withdrawal of Israel from Lebanon, for the just solution of the Palestinian problem and for just and lasting peace in our region. In order to achieve this aim we carry on a relentless struggle for the complete withdrawal of Israel from all Arab territories occupied in June 1967, for the recognition of the just national rights of the Palestinian people, including their right to self-determination and the establishment of their own independent state in the West Bank and the Gaza Strip with Arab Jerusalem as its capital. This is the way for a just and durable peace in the Middle East which will ensure the independence, sovereignty and security of all countries and peoples in the region. Such a solution can be achieved by convening an international peace conference on the Middle East under the auspices of the UN and the participation of all parties concerned, including the PLO, the sole and legitimate representative of the Palestinian people.

Dear Comrades,

On the occasion of the 60th anniversary of your party we wish you every success in your struggle against imperialism, for consolidating national independence,

democracy, social progress and peace.

Long live the communist party of Syria!

Long live Marxism-Leninism and Proletarian Internationalism!

Long live peace and communism!

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To the Central Committee of the  
Communist Party of the Soviet Union  
Comrade Andrei Gromyko,  
Member of the Political Bureau - CPSU

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Dear Comrade Gromyko,

heartiest fraternal greetings on the occasion of your 75th. birthday. We highly esteem your persistent lifetime substantial contribution to the cause of world peace, peoples' freedom and strengthening the positions and prestige of the Soviet Union in the international arena.

We wish you good health and many more years of creative and fruitful work for advancing the noble cause of peace and socialism.

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To Comrade Dimiter Stanishev  
Central Committee of the  
Bulgarian Communist Party

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Dear Comrade Stanishev,

Heartiest greetings and warm congratulations on the occasion of your 60th. birthday and receiving order Hero Socialist Labour Bulgaria, order Georgi Dimitrov and order friendship among peoples USSR.

We wish you good health and many more years of creative work and success in the service of our common noble cause.



To Comrade Aziz Muhamad  
General Secretary of the  
Iraqi Communist Party

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Dear Comrade Aziz Muhamad,

Heartiest fraternal greetings and congratulations on the occasion of your 60th. birthday and for receiving order Lenin.

We highly esteem your role and contribution as leader of the heroic Iraqi communist Party.

We wish you good health and many more years of creative fruitful work for advancing our common noble cause - peace, national independence, democracy and socialism.

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To Comrade William Kashtan  
General Secretary of the  
Communist Party of Canada

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Dear Comrade Kashtan,

Heartiest greetings and best wishes on the occasion of your 75th. birthday.

We wish you good health and additional achievements in the struggle for the interest of the working people of Canada and for our common noble cause - peace, democracy, national independence and socialism.

SUPPLEMENT :

ON THE DEVELOPMENT OF STATE MONOPOLY  
CAPITALISM IN ISRAEL

By MOSHE BEN KHORIN

Abridge from "ARAKIEET" No.3, July 1984

# ON THE DEVELOPMENT OF STATE-MONOPOLY CAPITALISM IN ISRAEL

*By Moshe Ben-Khorin*

## • ON THE CONCENTRATION OF CAPITAL

On the development of the concentration of capital and production in Israeli industry one can learn from the following table. Israeli statistics defines a big enterprise, those which employ 300 and more workers. Here are the official data about them:

YEAR	No. of ENTERPRISES	No. of WORKERS IN THOUSANDS	PERCENTAGE OF ALL THE ENTERPRISES	PERCENTAGE OF ALL THE WORKERS
1955	20	9.8	0.3	10.5
1959	45	24.1	0.5	18.8
1969	117	72.0	0.6	30.8
1982	152	126.1	1.4	43.3

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Data according to the Statistical Yearbook  
Nos. 9, 12, 22, and 34

Each of these enterprises employed on the average 490 workers in 1955; 535 workers in 1959; 615 in 1969 and 830 workers in 1982.

We refer here always to enterprises in the physical meaning of the word. But it is well known that there are corporations (such as "Ata", "Elit", "Kor" and others) which own several enterprises in various towns of the country. I have found interesting data in the publication of "Dun and Bradstreet", "The 100 big Industrial Enterprises". (Regarding the turnover of their sales in 1981). It becomes clear that there were 32 enterprises which employed 83,470 workers. If these enterprises are classified according to their parent company, then it will turn out that there were 26 companies which employed (when their smaller plants are included) 89,942 workers - an average of 3,420 per company, or 31,4% of all the wage earners employed in industry.

As to the value of the products of the above mentioned companies, it amounted to 50.8 billion shekel, only about 33.6% of the whole Israeli industrial output in that year. This modest gap - 31,4% of all the wage earners, as against 33,6% of the whole output is at first sight surprising. Here one must take into account the fact that in the small plants, exploitation is considerably greater than in the big enterprises to an extent that it is even impossible to compare. Regarding the technical equipments, the organisation etc... the level is much higher in the big enterprises than in the small ones. There is no enterprise of a fair size in Israel in which labour is unorganised, and in which there is no workers committee. But in the small enterprises, which are unorganised, anarchy reigns supreme.

This development also testifies to the fact that capital is not interested in the application of the achievements of science and technique, unless this is bound up directly or indirectly with profit. It is not by mere chance that beside big plants frequently small enterprises exist which are dependent on them and serve them as subcontractors.

Let us now pass on to the sphere of banking. Here, too, a process of concentration and centralisation of capital exists. According to the report of the supervi-

sor of banks, "Annual Statistics of the Banking Institutions 1976-1980", the number of banking institutions declined from 116 in 1954 to only 30 in 1980 (p.3), and parallel with that, the number of the branches of the banks rose from 76 to 1043 (ibid.). If we take into account that 17 banks out of the above given number of 30 have in reality turned into branches of banking groups, (p.44), then it becomes clear that no more than 13 banks have remained! On the other hand, the most important Israeli banks have opened branches abroad:

Bank Leumi:	35 branches
Bank Hapoalim :	5 branches
Bank Discount:	4 branches
Bank Mizrahi:	2 branches
<hr/>	
Total :	46 branches (p.39)

The supervisor of banks has divided the 30 banks into 4 groups, in accordance with the size of the various deposits of the public:

Group "A": Deposits above 2 billion shekel (in 1978)  
3 banks: Discount, Hapoalim, Bank Leumi;

Group "B": Deposits from 400 millions up to 2 billion shekel (4 banks);

Group "C": Deposits from 50 up to 400 million shekel (4 banks);

Group "D": Deposits up to 50 million shekel (19 banks).  
(viz. pp. XII- XIII).

In the following we adduce several data about the dimension of concentration of the financial power: The total deposits of the public amounted at the end of 1980 to 204.9 billion shekel (p.76). These deposits were divided among the four groups of the financial institutions as follows:

Group "A" (the Big Three): 205.7 billion - 85.4%

Group "B" (4 banks): 26.5 billion - 11.0%

Groups "C" and "D" (23 banks): 8.7 billion - 3.6%

Regarding the bank credit to the public, it amounted at the end of 1980 to 82.8 billion shekel (p.104) and this is its division among the four groups (p.106):

Group "A": 64.0 billion - 77.3%

Group "B": 14.7 billion - 17.8%

Groups "C" and "D": 4.1 billion - 4.9%

The power of the banks stems also from the fact that they control many dozens of industrial plants; commercial chains, investment and insurance companies. Also, their representatives sit in the management of the Tel-Aviv stock exchange and everything is done in accordance with their wishes. In the framework of this survey I will not go into details (such can be gleaned from the book of Yair Aharoni "The Structure and Behaviour in Israeli Economy" published by Chirikover, 1976).

#### THE BLACK 9TH OF OCTOBER (\*)

The October 1973 war which could have definitely been prevented, if the Israeli government had conducted a realistic policy, a policy which would have been in accordance with the interest of the people - destroyed the economy of the country. It was again proved that Marx had been right when he wrote that "war... is as if a nation has thrown a part of its capital into the water" (Collected Works, MEGA I,I,II,p. 62). For years, two third of the Israeli state budget has been directly or indirectly spent on wars. And as the coffers are empty, loans were taken and the money printing press was put into action. Thus the Israeli foreign debts have increased as follows:

At the end of 1976: 11.7 billion dollar

(\*) The day when the Tel Aviv stock exchange was closed

At the end of 1977: 23.6 billion dollar

At the end of 1983: 29.3 billion dollar

(Statistical Monthly No.4, 1984. It must be pointed out that this monthly which was published in May 1984 does not adduce any fresher data).

And this is how the total of cash in circulation increased:

At the end of 1973: 281 million shekel

At the end of 1976: 507 million shekel

At the end of 1977: 686 million shekel

At the end of 1982: 10.722 billion shekel

At the end of 1983: 30.954 billion shekel

(Statistical Yearbooks Nos. 26,30,34. Report of Israel Bank for the year 1983, p.334).

Since then the total of all cash in circulation has, according to the publications of the Government Press Bureau amounted to 50 (1) billion.

The natural result was accelerated inflation:

December 1973 - Dec. 1974: 56.2%

December 1974 - Dec. 1975: 23.5%

December 1975 - Dec. 1976: 30.0%

December 1976 - Dec. 1977: 42.6%

And afterwards, during the rule of the Likud:

December 1977 - Dec. 1978: 48.1%

December 1978 - Dec. 1979: 111.4%

December 1979 - Dec. 1980: 132.9%

December 1980 - Dec. 1981: 101.4%

December 1981 - Dec. 1982: 131.5%

December 1982 - Dec. 1983: 190.7%

(Statistical Yearbook number 34, p.267; Statistical Monthly No. 4, 1984, p.49)

Under these conditions it was absolutely necessary to find a somewhat stable substitute for the continually melting shekel. And indeed such a substitute was found: the shares of the big banks. The managements of the banks promised to the share holders - in connivance with the state institutions - not only a stable course, but even a slow, but continual rise of the course at the stock Exchange - an "adjustment", as they called it. In what way? By the fact that the banks had bought their own shares through their subsidiary companies.

After October 9, 1983, the press had frequently attacked the banks, claiming that the whole deal was illegal, that the bankers had committed a criminal act. Naturally, the principal aim of the press was to obviate the anger of the small savers, who had invested their savings in securities which they considered more reliable than the government - that "Managing committee of the joint deals of the bourgeois class", as the Communist Manifesto expresses it. After all, it was the government's policy which had pushed the country's economy into the deep swamp.

This is what the Securities Law says:

Paragraph 53, VII (1): A person shall not bear any criminal responsibility and shall not be legally bound to what is said in paragraph 52, VIII if he has proved one of the following:

(\*) The aim of the deal is the adjustment of the course of the securities in which the deal has been made by a corporation which had laid down for itself directives for the adjustment and informed the authority about it before the carrying-out of the deal..." (The Laws of Israel, published by Dr. Gideon, volume 14, p.4160, XIV).

And in the survey of the supervisor of the banks about the year 1978 (p.132) we read:



"I. Adjustment/support of the banks rendered to the course of their securities at the stock Exchange."

The banks conduct a policy of adjustment and support of their securities at the Stock Exchange, because they assume that the policy of preventing sharp fluctuations of the short range courses and of ensuring real proceeds in the long and medium terms, have an impact on the capability of inducing the public to provide capital. In addition to this, the apprehension exists that if there will be a precipite baisse of quotations or if sharp oscillations in quotations will take place, the investing public will try to rid themselves speedily of the shares in their hands, presuming that "first come first served". In this case it will be impossible to prevent a collapse of the exchange rates or the bank will be forced to invest large means for stabilizing the exchange rates means a blow dealt to the abilities of raising capital in the future, and it can also bring about a blow at the confidence of the depositors and the financial institutions in the country and abroad, with whom the bank keeps up connections.

The adjustment is carried out by means of companies on which the banks have direct or indirect influence, and it will be executed by responding to the demands (decrease in the stock which is at the disposition of the companies or by sale of the deficiency) or by absorbing the supplies. In some cases the acquisitions are financed with credit which the bank extends".

These two texts prove very well that the monopoly capital has succeeded in integrating itself in all the state institutions and thereby has turned into state-monopoly capital.

This is a highly instructive affair. The law, is as a matter of fact a supplement to the Law of Securities, of the year 1963, which was ratified in the Knesset on May 12, 1981, about one month before the elections. As regards the report of the supervisor of banks, it deals with events in the year 1978. Hence, the banks have "adjusted" their shares in the course of years still before this became the law. And this was done with the knowledge of the Bank of Israel and the ministry of finance, which did not take any action against this illegal practice.

Also the circumstances under which the law (No.1483 of October 6,1980) was promulgated were very strange. The initiator was Amos Hadar of the Alignment, the brother of the then finance minister, Yigal Horovitz of the Likud (Protocol of the Knesset, brochure 26, May 1981, p.2649, left column, line 11 from the bottom). The proposed bill does not contain any grain of allusion to the "adjustment" of shares. Its whole content is directed at "limiting the use of internal information", in the words of the tabled bill. In simple language, the intention was, that a person who possesses an internal information about a company cannot misuse it.

The above quoted supplement was adopted by the Knesset Financial Committee (Protocol of the Knesset, brochure 26, p.2702) and tabled in the Knesset on May 12, 1981, when the plenum of the Knesset debated the bill at second and third readings. The chairman of the Financial Committee (later finance minister Yigal Orgad) brought the matter before the plenum and emphasized that " I have no doubt that this process of enactment contribute to the crystallization of a solid financial market, a market which will enable competition, a market in which the solid investor and saver knows that his interests are ensured, and that therefore he will be ready to invest" (There, p.p.2650/1). He did not even mention by the slightest hint about the essential supplement which the Committee had introduced.

Under these conditions there is no doubt that the Members of the Knesset who are not members of the Financial Committee (The DFPE parliamentary group, is prevented arbitrarily from participating in the Financial Committee) did not have the time to read the material which had been distributed on the same day and after hearing Orgad's speech had no inkling of the fact that an essential supplement had been added to the bill. Thus the bill was immediately promulgated without any opposition, at the second and third readings.

It is also clear that the government - the representative of the system of the state-monopoly capitalism - could not abandon the banks, which are at the base of that system. Hence the settlement which had been reached, which ensures decent proceeds to anyone who holds his bank's shares for a period of 4-6 years. And the Bank of Israel committed itself to support the rate of exchange of those shares. The settlement was reached after the 9th. of October after the Exchange was closed for a period of two weeks and after the

agreement was reached.

Neither must one forget that if the State of Israel acquired a very bad reputation from the aspects of finances, the Israeli banking system is still considered to be solid in the world capital markets. (Since this article was published things have changed also regarding the reputation of the Israeli banking system -IB). This is not a trivial matter. The State stands in dire need of receiving credit in foreign currency. If at the end of 1976 the foreign currency loans of the banks to the government amounted to 4.7 billion Israeli liras - 506 million dollars - after the upheaval (the financial upheaval staged by the government with the advent of Likud to power -IB) the foreign currency debt of the government to the banks reached at the end of 1977 - 102 billion liras - 665.6 million dollars (Statistical Monthly, No. 10, 1978). At the end of November 1983 that debt stood at 68.8 billion shekel (688 billion liras) or 720 million dollars. This is a rise of 42.3% as against the end of 1976. In addition to this, the debt of the government to the banks in Israeli currency rose from 2.9 billion shekel in 1976 to 571.3 billion at the end of November 1983 (Statistical Monthly No. 4, 1984, p.38).

What did really happen in the autumn of 1983? This was well defined by "L'Haranite" of 26.10.83: "A band of fraudulents, who is closely connected with Wallstreet has no longer full confidence in the Israeli government." That band wagered on an accelerated devaluation of the Shekel. It is also clear that the American speculators were interested in a cheap shekel as much as possible, because this makes things easier for them to their business to seize control over the Israeli economy.

Thus the devil's dance started. The speculators were the first to buy foreign currency, whose acquisition was practically unimpeded, and financed their purchases by selling their bank shares. At the final stage the industrialists also pressed in direction of devaluation of the shekel and they had their reasons for that: It is known that the rate of inflation was in the last years faster than the rate of rise of the exchange rate of the dollar. If the situation in December 1977 is taken as 100, the dollar stood at the end of September 1983 at 4,119 points, while inflation stood at 6,355 points. This had hit the industrial export (Also the agricultural export), in spite of the premiums that were paid to indus-

trialists and exporters, because the recompense in shekels rapidly lost its value. However, this benefitted the elite of Israeli society which was enabled to purchase up cheaply foreign currency for accumulation of capital abroad, because there is no difficulty at all to transfer foreign currency to foreign countries, as testified by Avraham Tal in the "Massaf Lehaaretz" (weekly supplement to the daily "Ha'aretz") of 12.12.1983, p.22.

Thus we came to the 9th. of October 1983, when the Exchange was closed and the shekel devaluated. As against September, when the shekel had the value of 33.7 cent, while at the beginning of December 1983 it had the value of 1.08 cent only - a decline of 33.7%. The banks sold before the devaluation foreign currencies in huge sums, borrowed abroad about one billion dollars which were brought to this country and sold to anyone who wanted it of course, if the person had enough shekels. The speculator made huge profits, but the economy sank still deeper in the engulfing bog. And then the new finance minister, Orgad, presented the bill to the masses of the working people in the form of a drastic decrease of the real wages, by awful cuts in the state budgets for education and health and increase of unemployment. And this was done after the payment in blood, which was paid in Lebanon by our boys (about 4,000 killed and wounded, if not to speak about the tens of thousands of Arab killed and wounded).

Here I must stress that the above mentioned cuts - 9 % of the budget - were nothing but wasted effort. Here one must state the original budget for 1983/4 had stood at 1123 billion shekel, out of which two third were to be wasted on direct and indirect military expenditures (including colonial settlements), while the deficit reached a rate of 42.6% and was covered in the following forms:

Internal Loans:	183.4 billion sh.
Advance payment from Bank of Israel:	116.2 billion sh.
Loans and Grants from abroad :	178.3 billion sh.

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A total of : 447.9 billion shekel  
 ("Main Points of the Budget" 1983 pp. 197,1999)

A cut of 9% meant saving the amount of 101 billion, or about 130 billion, if one takes into account the "updating" of the budget. Thus, the deficit stands unaltered as before.

Afterwards Proposal Number One of the budget for 1984/1985 was presented and amounted to 4,360 billion shekel. This time the deficit is 58.4% and the direct and indirect (reimbursement of debts) military spendings swallow up 74.8% (1) of the budget (according to the "Main Points of the budget" 1984, pp. 199/201, 205/208). It is obvious that this means inevitable heavy burden on the working people, while these measures do not help the economy in the slightest. Or as it is expressed in the elegant language of the finance minister: "The aim of the policy of wages is the preservation of the real standard of wages of the year 1982" and further: "...the prevention of a too big erosion of the real wages at the low income brackets" (The National Budget for the year 1984", p.24). The monthly inflation at the rate of 15-20 per cent and above, which is experienced by the popular masses since Orgrad has taken over the post of finance Minister, is not considered by him "a too big erosion of the real wages". (Viz. below the chapters on the development of wages and on the living standard).

## II. ABOUT THE AGGRESSIVENESS OF THE ISRAELI STATE-MONOPOLY CAPITALISM

I will start with a basic aspect par excellence of aggressive economy: The Militarization of the economy. It stands to reason that official statistics do not publish exact data about that. But one can gather, a little here, a little there, some instructive parameters of this process.

In table 5/8 of the Statistic Yearbooks, Nos. 29 and 34 I have found data about the Israeli export, according to the country of destination. And here is a paragraph: "Non-Classified Countries". This is a stammering language. Of course, reference is to a very well classified merchandise whose character and destination had better be hushed up: Arms and military equipment. (Incidentally it is well known who was and is supplied by official Israel with such merchandise: All oppressors of their own peoples and other peoples).

Hereunder - the development on this point (in millions of dollars):

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In 1950 ...	0.1	Out of the entire export of 35.1...	0.3%
In 1970 ...	16.8	" " "	778.7...2.2%
In 1975 ...	63.7	" " "	1940.7...3.3%
In 1977 ...	362.5	" " "	3083.2...11.8%
In 1982 ...	898.8	" " "	5281.5...17%

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In the foreign press still higher estimates were published: 1.0 - 1.4 billion dollars.

Taking into account that between 1970 and 1982 the prices of industrial products on the world market have doubled, this export has increased in real terms by more than 26 times. As regards the production of Israeli industry it increased in the same span of time by only 1.8 times.

Additional partial data I have found in the book of Yossef Evron "The Defence Industry in Israel", which was published by the ministry of defence. It turns out that the number of workers of the "Aircraft Industry for Israel, Ltd." increased from 170 in 1953 to 21,500 in July 1979 - by more than 126 times! (p.486). Regarding the workers of "Ta'as" (company of arms production) who are state workers, their number increased from 9,500 in 1.4.1972 to 14 thousands in 1979 (pp. 291 and 307).

A further datum: in 1975 the defence ministry carried out local purchases which amounted to 8,850 billion Israeli liras (885 million shekel), but in 1982 the amount rose to 63.4 billion shekel ("Main Points of the Budget 1977", p.29 and "Main Points of the Budget 1983, p.73).

Taking the year 1975 as 100, the index in 1982 rose to 5,236.5. According to this, the local purchases should have amounted to 46.3 billion. But since they rose, as stated, to 63.4 billion, this means that during the 7 years, the real increase of purchases rose at a rate of 36.9%.

All these data testify very clearly to the process of the militarization of the Israeli economy.

I will not deal here with the expansionist aspirations of the ruling circles in Israel and not with the wars they waged and are waging and not with the atrocities which were perpetrated and are in the occupied territories and in the course of the wars. I will content myself with two expressions. One is of the late prime minister Levi Eshkol in the year 1962. The interviewer remarked: "You have included in the quantity of our water resources even the river Litani (in South Lebanon)". Eshkol replied: "In all seriousness: I know, this will yet come, at long last human beings will return to common sense. A peace settlement must be attained... Why should Lebanon not sell us for money water which it does not need" (Organ of "Mekorot" - Israeli water supplying company - October 1962, p.11). The second expression is that of Yehoshua Saghi (former head of the army intelligence): "I am specially anxious about the moment when those two (he meant the USA and the Soviet Union) will sit down to talk - then Israel has a problem..." (Ha'aretz, 8.11.1963). According to that general, the relaxation of international tension and peace - are to the detriment of Israel.

In the context of the strivings for expansion I will mention yet one other detail: In the course of many years, people here were led astray by the allegation that the Israeli occupation is a "liberal occupation". The patent for this does not precisely belong to the Israeli establishment. Thus wrote the German, Dr. Sigmund Schilder in 1912: "Is the legend, assiduously cultivated by ruling circles of the British Empire and by the British press in spite of Ireland and of certain measures in India, Egypt etc... the legend of the special liberalism and humanity which are alleged to be characteristic of the British Regime at all times and in all places" (Lenin Collected Works, Vol.39 p.100 - English Edition, Progress publishers Moscow 1968).

In Israel, too, external aggression is accompanied by tendencies of self-destruction: addiction to narcotics and mystical trends ("return to religion", "transcendental meditation" etc.) Ran Kislev, who made a research about the sects, wrote, inter alia, about those who return to religion: "The method is the same like in most sects. At the beginning they subvert the foundation of the life to which the participant in such a course was used to until now". Afterwards comes the joining of a 'yeshiva' (religious college) for repentants... entry into a closed 'yeshiva', disconnexion from his previous life" ("Ha'aretz" 19.3.1984). In these colleges it is "forbidden to read a newspaper, to listen to the radio, not to speak about television... it is forbidden to take medicines, soap is not used, visits at home or even communication with his family by telephone are prohibited unless permission is given by the rabbi" ("Ha'aretz", 21.3.1984).

What is the social background of the "back to religion" movement? Ran Kislev writes:

"The crisis of values which afflict western society in general and Israeli society in particular, and the disappointment of the young generation from the politico-ideological frameworks. This disappointment impels the eternal "seekers of truth" and "reformers of the world" to withdraw themselves from seeking ways for reforming the whole society and to seek for themselves an individual reform."

For part of those who join the yeshiva, the personal crisis and the difficulty to face reality lead them to escape reality". ("Ha'aretz", 5.4.1984).

Ran Kislev also adduces interesting data about the scope of the phenomenon. The number of students of Yeshivot (religious colleges) rose during the rule of the Likud from 28 thousands (in 1976) to 54 thousands (in 1984), out of whom 4,400 are proselytes - "returning to religion" (ibid).

The escapism from reality has an additional aspect in Israel: The escape from this country. Since the State was established until the end of 1982 had left the country, 367,623 Jewish inhabitants and 43,135 Arab inhabitants had left the country.



(From here on data are taken from the Statistical Year-book No. 34, p.123).

First remark: The Arabs who constitute 16.9% of the entire population constitute only 10.5% of those who have left the country. Second remark: In the course of the period under survey, the Jews left this country at an average annual rate of 10,500 persons. In the course of the years 1970/74 this average stood at 9,624 but in the five years 1978/82 the annual rate was 12,060. I add that it is well known that among those who have left, there are persons who were born in this country.

### III. ABOUT THE FUSION OF STATE CAPITAL AND MONOPOLY CAPITAL

In the annual report of the state-owned companies, of March 1982, which deals with the situation on 31.3.1981, I have found, inter alia, the following details: Of the capital of the "Electrical Company of Israel, Ltd." 94.7% belong to the state, 3.7% to the "Bank Leumi" and 1.6% to other companies, out of which one is registered in Vaduz and two in Panama (ibid.p. 60). Two thirds of the oil company "Paz" belong to the State and one third to "Alpha Holding" (ibid. p.234). Another oil company, "Delek" 0.1% belong to the state, 69% to the "Discount Bank" and the rest to other companies (p.278). The shipping company "Zim" belongs mainly to the "Israel Company" (49.75%) and to the State (48.99%). The company "Migdal Shalom Meyer Ltd.) is mainly shared between the "Kikar Herzl Company" - 45.4%; the State - 14.6% and "Beit Harekhev" - 18.4% (ibid. p.59). "Menocoy Beit Shezesh Ltd." is mainly shared between the State - 49% the French "Turbo-Meca" company 18% and Shidlovsky - 29% (Ibid. p.316) etc. etc.

I will conclude this chapter with some interesting details about the framework of the arrangement made by the Israeli government with the banks. (Several of the banks that are not big remained out of the framework of the arrangement). This arrangement is built fundamentally on the stipulation that "anyone who deposits shares (his bank shares -B.H.) for a period of four years... shall be entitled to receive in exchange for the shares according to their value in dollars, on 6.10.1983, an additional of dollar proceeds of 12% net. With regard to a person who deposits his shares for two additional years

"the complete proceeds in dollars in the course of six years shall amount to 34% net" (Report of the Israel Bank for the year 1983, p.258).

When business was renewed at the Exchange, the State absorbed through the State Company (that is - Bank of Israel- B.KH.), heavy supplies of bank shares which amounted until the end of 1983 to 53 (\*) billion shekel (ibid.). It was necessary to prevent a total collapse of the banking system which was liable to undermine completely the foundations of the capitalist economy in this country.

How was the deal financed? I have not found any explicit explanations for this. However, in the above mentioned annual report of the Bank of Israel I have found on page 280, data about the size of the net credit which Bank of Israel and other banks have granted to the government:

In billions of Shekels:

	<u>Israel Bank</u>	<u>Other Banks</u>
At the end of March 1983:	35.8	39.7
At the end of June 1983:	76.3	45.1
At the end of September 1983:	131.3	59.2
At the end of December 1983:	281.3	91.4

It stands to reason that one may suppose that this gigantic addition of credit which was needed by the government in the last quarter of 1983 - more than 180 million, stemmed to a considerable extent from this deal.

(\*) In the report of Bank Israel of 18.4.1982, the President of the Bank quotes a different datum: 56 billion (pp.6,7). In this report for 1983, p.232, he speaks about 54 billion. I do not know the true exact amount. It appears that the persons in charge of the State finances do not take their words seriously.

#### IV. ABOUT THE DEVELOPMENT OF THE WAGES

The report of the Israel Bank for the year 1983 brings on p.2 the following data about the rise of monthly wages for the job of a wage earner in current prices, in per cent as compared with the previous year, and about the rise in the index of prices for the consumer in per cent in the course of the year:

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	1977	1978	1979	1980	1981	1982	1983
Increase of monthly wage:	48	54	90	126	139	119	155
Increase of price index:	43	48	111	133	101	131	191

The calculation shows that the increase of wages has fallen behind the inflation (or has gone ahead of it) in the following percentage: +11.6 +12.5 -18.9 -5.3 +37.6 -9.2 -13.8

Already at first sight the rise in wages in 1981 is clearly visible. That was the year of elections to the 10th. Knesset, when the Likud government succeeded to shut the eyes of broad popular masses by a temporary restraint of the inflation, increase of wages, import of color television etc.

As to the term "Employees' Post", in 1977 834.5 thousand wage earners manned 988.5 thousand employees' posts. This means that 104 thousand wage earners - 11.8% of all the wage earners - worked at two places of work. But in 1982, 1020.1 thousand wage earners manned 1169.2 thousand posts (Statistical Yearbook No. 34, pp. 360 and 391). The number of wage earners who worked at two work places thus increased to 149.1 thousand (14.6%).

However one cannot know how many wage earners changed their work place because of one reason or the other and how many were compelled to work simultaneously at two work places, in order to make ends meet - "finish the month". This question does not interest the official statistics.

Yet another aspect of the problem is the following: It is well known that Lenin warned more than once against

statistical averages, which present a distorted picture of the reality. Lenin demanded to examine closely the various components of the statistical averages (according to the terminology of the Israeli Central Bureau for Statistics: "households". The urban wage earners, according to their all-including annual income, that is to say from wages and other sources.

In 1977 a survey was carried out which encompassed (\*) 496.8 thousand of such families which were divided into 11 groups (Statistical Yearbook, No.29, p.302). There are the data about the lowest and the highest groups:

	<u>per cent of families</u>	<u>per cent of incomes</u>
Annual income up to 2,499 shekel	8.5	2.5
Annual income of 10,000 shekel and above	12.6	26.3

In 1982 the survey encompassed 593.3 thousand families (Statistical Yearbook No.34, p.308) and this is the situation of the two above mentioned groups:

Annual income up to 49,999 shekel	4.3	0.7
Annual income of 400,000 shekel and above	7.7	19.4

The calculation shows that in 1977

1. 44,228 families had an average annual income of 1,818 shekel
2. 62,597 families had an average annual income of 12,899 shekel

(\*)The surveys quoted in the following are to be taken with a grain of salt. However the tendency which is outlined in them seems to be credible.

However in 1982:

1. 25,511 families had an average annual income of 33,178 shekel
2. 45,684 families had an average annual income of 513,469 shekel

Thus, the gap between the two groups increased from 7.1 as against 1 in 1977 to 15.5 as against 1 - more than double.

As Mr. G. Burstein from the Central Bureau of Statistics graciously explained to me, in both cases the incomes are more or less parallel to the price level in the month of December 1976 and accordingly in 1981. Thus it turns out that the average annual income of the lowest group should have reached, in accordance with the increase of the index, to 38,105 shekel, but it "stopped" at the level of 33,178 shekel. In other words, in real terms it decreased by 12.9%. As against this, the average annual income of the highest group reached 513,469 shekel, although, in accordance with the index it should have come to only 270,384 shekel - a real increase of 89.9% (\*)

Here I must point out two further phenomena: 1. The increase in the number of workers who do too much overtime. However no precise data about this phenomenon is to be found, even not in the "Labour Force Surveys 1981" which extend to 307 pages. It is known from other sources that, for example, the bus drivers do very much overtime, which has caused the fact that the buses are the main factor of road accidents (Statistical Yearbook No. 34, p.555); 2. Since 1978 the Statistical Yearbooks do not publish data about the number of people hit in work accidents.

To the most deprived group of wage earners belongs yet another large group; these are the workers from the occupied territories, who are subject to colonialist super-exploitation.

(\*) This group is composed of capitalists who hold offices of "wage earning" director generals in their companies Ltd, ministerial director-generals etc.

Their number increased from 62 thousand in 1977 to 76,6 thousand in 1982. The average daily wage of a worker from the occupied territories in 1982 was 247 shekel (p. 498 of the Yearbook No. 34) or a monthly average of 6,175 shekel (there exists no comparable datum for the data of the previous years, as explained on page 735 of the Yearbook), that is to say 35,7% of the average Israeli wage.

Here one must point out a fact which is known to all that many children from the occupied territories are brought to work in our country, mainly in agriculture, under conditions of utter licentiousness. But with regard to this outrage no official data exist.

In conclusion it may be stated that in 1982 there were in Israel, besides the 40,800 (\*) most exploited urban and additional wage earners, 76,600 wage earners who were still more exploited - victims of the Israeli occupation.

Reference is thus to 10.7% of all the wage earners, working in this country (with the exception of children as mentioned above). As against this a relatively small stratum of workers' "aristocracy" has arisen (including "wage earners"), which numbers 45,684 families - 73,084 workers - who constitute 6.7% of all the wage earners. Also additional strata of wage earners have gathered some crumbs from the colonial exploitation and the exploitation of the weakest stratum.

I will add to the chapter about colonial exploitation that the wages which are paid to the workers who work in the occupied territories are still lower than those which are paid to the workers from the occupied territories who work in Israel: On the West Bank - 5,775 shekel on the monthly average (in 1982) and 6,050 shekel on the monthly average in the Gaza Strip (p.781 in the Statistical Yearbook No. 34). On the other hand, the number of workers who are employed in the occupied territories in industry and building has increased from 34.3 thousand in 1970 to 78.5 thousand in 1982 (ibid.). It is clear that the Israeli capital is the motive force turning the wheels by exploiting cheap labour.

(\*) 25,311 families, according to 1.6 supporter for an average family.

Further evidence exists about the colonial exploitation: The level of energetic value of food consumption in the Israeli metropolis and in its two colonies in 1981/2

GRAM PER DAY IN THE RECKONING PER PERSON

	Fat	Protein from animal sources
Israel	117.0	48.2
West Bank	76.2	24.2
Gaza Strip	64.8	15.7

V. SOME REMARKS ABOUT THE LIVING STANDARD

The Israeli press has written a great deal and is still writing that the average Israeli leads a life of ever increasing luxury. Indeed, the number of Israelis who travelled abroad was in 1983 - 771.6 thousand (Statistical Monthly No. 4, 1984, p.9). Even ignoring the fact that there are numerous persons who go abroad, and even several times a year, not as tourists but as seamen, employees of the El-Al airline etc. Even so, 711 thousand constitute only 18.6% out of the average population of 4.125 million in 1983. Hence more than 82% of the population, that is the decisive majority have no part whatsoever in these pleasures of life.

But the spendings on food (including drinks and tobacco) declined in the last quarter of 1983 at fixed prices (of 1980) from 5.597 to 4.999 billion shekel, or by 10.7% (according to the Statistical Monthly No. 4, 1984, p.18). In the item of clothes, shoes and personal articles, a decline has taken place at the same span of time from 1.150 to 1.139 billion shekel. But in the item of stable products even an increase has taken place: from 2.531 to 2.572 billion shekel (ibid.).

With regard to unemployment it reached a climax (since the period of austerity in the sixties) in 1981: 5.1% of civilian labor force, 68.4 thousand unemployed (here and further on: The Statistical Monthly No. 4, 1984 p. 51).

Parallel to this, the number of cheap workers from the occupied territories is steadily increasing. Unemployment has afterwards decreased to 5% (also 68.8 thousand) in 1982, to 4.4% in the first quarter of 1983, to 3.9% in the second quarter and since then it has increased: 4.3% in the third quarter, 5.3% in the fourth quarter (75 thousand).

What is the meaning of this? The war in Lebanon which demanded a greater mobilisation of reservists:

In 1981: 17.6 thousand (in the decisive week); in 1982: 37.5 thousand (in the decisive week); in 1983: 26.7 thousand (in the decisive week) (\*)

(Supplement to the Statistical Monthly No. 4, 1984 p. 33)

We see that the graph unemployment and the graph of mobilisation of reservists are mutually and closely connected.

I will add that the living standard of the popular masses - the real one is, inter alia, conditioned among other things by the level of health services. In the Statistical Yearbook No. 34, p. 716, I have found that the number of hospital beds for every 10,000 inhabitants was in 1970 - 79. It decreased since then and was in 1982, 67. And how many beds do we need? In the last Statistical Yearbook of the Soviet Union I found on page 505 the number: In 1982 were 127 beds for every 10,000 inhabitants...

I conclude this chapter with data about the workers' struggles (Yearbook No. 34, p. 491)

#### ANNUAL AVERAGE

	Workers on strike or locked-out	Days of Strike	Participants in Sanctions
In 1973/77	114,569	263,121	52,667
In 1978/82	344,054	884,978	151,903

(\*) The week before the preparation of the survey



It is clear that class struggles have very much increased. It should be pointed out that they were in general waged despite and against the reformist leadership of the Histadrut. The sharpening of the struggles proves the deterioration of the situation of the workers. On the other hand, it is clear that the struggles have prevented a further deterioration of the workers' situation. What is characteristic in the last period is the attempt of the Likud government to break the workers' organizations. This started with "EI-AL", continued with the doctors and the latest example is that of the dockers.

And what does the finance minister Cohen-Orgad promise in the year 1984/?? The dimensions of unemployment will increase to 6.5% of the labour power and private consumption per person will decline by 7% ("The national Budget for the year 1984", table no.1).

## VII. THE RACIST-NATIONALIST INCITEMENT

It is well known that the British colonizer knew very well how to foster hatred between the Jewish and Palestinian-Arab people, and this on the principle of "divide and rule". But also after the establishment of the State of Israel, the Zionist leadership continued to dig an abyss between the two peoples. The Jewish youth were educated and are being educated in the spirit of "Jewish consciousness", the spirit of nationalist arrogance: "We are the chosen people" - the spirit of "Herrenvolk". With regard to the Arabs, they were and are presented as mean terrorists, murderers, savages, "drugged cockroaches" (as stated by Raphael Eitan - the former chief-of-staff of the Israeli army - IB) as "animals on two legs" (Menahem Begin), as "Untermenschen".

The struggles of the occupied peoples against the foreign conqueror are just struggles. This also goes for the struggle of the Palestinian-Arab people against the Israeli occupationists. That does not mean that one has to justify actions of individual terror or acts which hit persons without making any difference - such as hijacking of planes or buses.

Here one can remind the reader that some Israelis used already in 1948, in the days of the war of independence quite not few barbarian, terroristic acts.

It is not for nothing that Alterman (Israeli poet)

wrote that we were pushed to "the circle of war criminals" (\*).

Since the war and occupation of 1967, fascist terror actions have developed here. For instance, the attempt on the life of the General Secretary of the Communist Party of Israel, Comrade Meir Vilner, the murder of Emilie Grunzweig, the terror in the occupied territories which is raving under the wings of the government, the terror bombings in Lebanon, the massacre at Sabra and Shatilla.

Concerning the negation of Arab culture, one might think that the "Alhambra" was built by "Sollel Boneh" (Histadrut-owned construction company - IB) and the Al-Aqsa mosque by Gindi (private building firm - IB); that Averroes, Avicenna and Avenpace had not contributed greatly to the development of philosophy; that the Arab language had not been the language of scientists from Central Asia to Spain, in the Middle Ages; that Algebra is not an Arabic word and algorithm is simply the name of Mohammed Ben-Moussa al-Huwasmy. And who are Emile Hebi-bi and Mahmud Darwish - are they not Palestinians but perhaps Americans ?!

The capitalist Zionist Establishment, needs this incitement, together with intercommunal incitement (between European and Oriental Jews - IB) in order to consolidate its class rule in order to divide and weaken the working class.

On the other hand, the Jews and Arabs who are organized in the Communist Party of Israel prove that the two peoples can definitely live together in brotherly relations.

## CONCLUSION

All what is said above, proves first of all that the claims of the bourgeois hack-writers that the scientific socialist teachings had allegedly become obsolete, are utterly ridiculous. The teachings of Marx, Engels and Lenin absolutely fit contemporary reality.

(\*) Published in Davar, organ of the Histadrut Nov. 1948

World imperialism tries again to find a cure for its deformities and diseases by means of a mad war adventure, which is liable to bring a catastrophe over the whole mankind. With regard to the Israeli state-monopoly capitalism which is enslaved to American imperialism, it, too, tries to get out of the impasse, into which it has alighted, by means of perilous wars, which even frighten certain bourgeois circles.

We must remember that Israel has turned into an owner of colonies, at a time when the process of decolonization is coming to its end. The colonies of Israel are historically an exception. Therefore Israeli colonialism has not, and cannot have any future. The longer the Israeli government will delay getting rid of the colonies, the more will this aggravate first of all our own situation.

Lenin made it clear, already 66 years ago that "to kill war means to defeat capitalism" (Collected works, vol. 35, p.216).

The crazy militarization (I have already pointed out that the military expenditures today swallow up three quarters of the state budget, provides a criterion of the putrefaction of the capitalist regime in our country. On the other side, it has become a sort of oxygen without which this regime is no longer capable of living in our country (this also goes for the "Big Brother" - the USA). To prevent another war in the Middle-East, to impose peace on the Israeli Establishment - this is the path to national salvation. This is also the opening of the gate to socialism. As has been said in the resolutions of the 19th. Congress of the Communist Party of Israel on the peace plan:

"Our Communist Party sees in the struggle for comprehensive, just and lasting peace an important strategic aim. The achievement of peace, assuring and extending democratic freedoms and success in the struggle for daily interest of the working people and their rights will create better conditions for the transition to a higher stage in the revolutionary struggle, for basic democratic and anti-imperialist changes in Israel" ("The 19th. Congress" English Edition p.199)

And further:

"This is the historical perspective shown by our Party, and its realisation will create conditions for passing on to a qualitatively even higher revolutionary stage of the Israeli society - to socialism. (ibid. p.200).

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