

# Israel: Of War And Economic Collapse

by Dean Andromidas

On the night of April 8, a rocket launched by an Israeli F-16 jet destroyed a car, killing its driver, a Palestinian militant. Moments later, another F-16 shot rockets into the a crowd of Palestinians who gathered around the destroyed car, killing another 7 bystanders and wounding over 50 others.

The same day, the body of a 14-year-old Israeli boy was found hanging in his home. He had committed suicide, leaving a letter saying he did not want to be an economic burden on his mother. "Dear Mom, I'm sorry I'm causing you a lot of problems, and costing you a lot of money, I decided that I'd rather die. I'm sorry that I've caused you a huge amount of suffering." The mother said she had tried to keep the financial problems to herself. "What I hid from the boy, these troubles, became harder and harder to hide as every day passed."

These deaths on both sides show the despair of war and economic collapse that has gripped Israel and Palestine after two years of conflict under the insane policies of Israeli Prime Minister Ariel Sharon. Israel is in moral and economic crisis, and threatened with an internal social explosion. During March and April, demonstrations and strikes have broken out, protesting the Sharon government's brutal economic program. Designed by Finance Minister Benjamin "Bibi" Netanyahu, the plan calls for massive budget cuts, cuts in pensions, firing of 60,000 public sector workers (10% of the workforce), and abrogation of collective bargaining agreements (see *EIR*, March 28).

Israelis' support for the U.S. war on Iraq has taken a back seat to the population's rage over their collapsing living standards. While Sharon's government was running a campaign of hysteria for weeks about possible Iraqi Scud missile attacks, distributing gas masks and duct tape for sealed rooms, thousands of Israelis took to the streets protesting the economic plan. One day 200 pensioners, some in wheelchairs, blocked a major intersection in Tel Aviv, brandishing posters saying, "Sorry to be alive." Pensioner Avraham Moshe, who as a soldier had saved Ariel Sharon's life in the 1948 war, shouted at Sharon, "Don't trample us with your armored car." On another day, women who head single-parent families held a demonstration in front of the Finance Ministry, protesting cuts in welfare payments. And then there are the homeless, who have set up a mini-tent city in a park in one of the most

fashionable districts in Tel Aviv, not simply as a protest, but also because they have no where else to go.

In the first week of April, 50,000 teachers struck against 20% wage cuts and mass layoffs; 100,000 municipal workers joined them, protesting wage cuts, layoffs, and elimination of many pension benefits. The Histadrut labor federation's Workers and Student Youth Organization spearheaded demonstrations by various social groups under the slogan, "Bread and work—Bibi is good for the rich." On April 8, these groups blocked 36 major intersections, snarling rush hour traffic and clashing with the police. Even 155 employees and secret agents of the Mossad, Israel's foreign intelligence service, threatened to resign if the proposed cutback of pension benefits were implemented. On April 10, a general strike by the Histadrut, which would have affected 500,000 workers and shut down the entire economy, was averted when the government backed down on immediately implementing cuts and unilateral abrogation of collective bargaining agreements.

Nonetheless, on the same day a joint campaign of all the opposition parties, including Labor, and 40 social advocacy groups, was announced. Labor Party Chairman Amram Mitzna said, "The economic terrorism of the Likud government will strike more victims than any other terrorism." The demonstrations were still ongoing in the second week of April, and it is not clear how long the cease-fire between the government and Histadrut will last. If negotiations fail, a general strike will paralyze the country, and could cause Sharon's first major government crisis.

## War, Peace, and Netanyahu's Plan

The worst fear of Sharon and his cronies is now becoming a real possibility: that this social unrest will become linked to demands for the renewal of the peace process. The Israeli population is becoming conscious that the \$2.5 billion in budget cuts now being demanded, equals the money being spent on fighting the Palestinian Intifada and militarily supporting the settlements.

Amir Peretz, chairman of the Histadrut, told the major daily, *Ha'aretz*, on March 28 that for the first time, his organization will be linking the struggle against the economic program, to the peace process. Peretz, who is chairman of the small One Nation Party and also a member of the Knesset (parliament), will be linking Histadrut with the Social Workers' Union Na'amat, the Association of Disabled, and the pensioners. He will also be reaching out to the Labor Party and Meretz and the Arab parties, already committed against the economic program. "In this plan, all the rules have been broken," Peretz told *Ha'aretz*. "Therefore I see it as my obligation to say that the Israeli public is paying the price of the obstructionism of Bibi and his colleagues, who are refusing to take the country into the peace process. Until now I've maintained a certain restraint concerning the significance for the state of society and the economy, but when they damage

the bone-marrow of a segment of Israel's citizens with the help of a cruel ideology, and try to depict this crisis as a blow from Heaven—I have to say that the economic ideology is also the ideology of obstructing the peace process. The same government that is perpetuating the diplomatic stagnation and not initiating any new direction knows that it's the weaker strata that are going to pay the price. To create a suitable atmosphere for investments, it is necessary to create a diplomatic process and not scratch another billion dollars out of the children's and the old people's paltry slice of bread."

Peretz's statement reflects a growing recognition among the Israeli population that the ongoing moral, economic and security crisis is the result of Sharon's fascist "Greater Israel" policies. This is also transforming the Israeli political scene through the formation of a social democratic-type party. This was referenced in the April 1 issue of *Israel & Palestinian Strategic Update (I&P)*, published by veteran Israeli political activist Maxim Ghilan. *I&P* pointed to the possibility of the formation of such a party by several key Labor Party leaders, led by Chairman Mitzna, who might split Labor and join with the pro-peace Meretz and the One Nation of Histadrut chairman Peretz. The shift could include such Labor Party leaders as Avraham Burg, Yulie Tamir, and several others who are strong supporters of renewing the peace process.

Noted *I&P*, "The move would strengthen the Zionist left posture by creating a powerful bloc in parliament and a new party with a new image supposedly able to mobilize popular sympathy. The two-stage move would have, at first, the Labor rebels split from their party and adhere to Meretz; soon after to be followed by a setting up of a Social Democratic party headed by Mitzna himself." This would come at a time when the right-wing faction of the Labor Party, led by Binyamin Ben-Eliezer and Shimon Peres, is determined to sabotage Mitzna's efforts at reforming Labor, and to crawl back into a national unity government with Sharon, where they had earlier held the Foreign Affairs and Defense portfolios respectively. Although the new party alignment might strengthen Sharon in the short term, the initiators believe there is "nothing or little to be lost, as Labor is now paralyzed by its polarization between hawks and doves."

Although Labor sources have told *EIR*, it is too soon to speak of the formation of a new party, they say that establishment of strong cooperation among all the opposition parties against Netanyahu's economic program is assured. This cooperation could even include political elements among more rightist parties, such as the ultra-Orthodox Shas, which is now in opposition. There are even senior figures within the ruling Likud party who are beginning to see the disaster Sharon and his cronies are bringing on Israel.

## **Destroying Welfare State, and Democracy**

The Bush Administration has made implementation of Netanyahu's economic plan a precondition for Israel's

receiving \$1 billion in economic aid and \$9 billion in loan guarantees for its silent cooperation in the war on Iraq. *EIR* documented in its March 28 issue how the godfathers of the Netanyahu plan are the same group of "chicken-hawks" in the Bush Administration that designed the war against Iraq. This includes Richard Perle, former chairman of the Pentagon's Defense Policy Board, and Pentagon number-three Doug Feith. Their radical free market ideology is shared by Netanyahu and permeates his policy. The aim of their brutal austerity includes elimination of governmental institutions whose purpose has been to promote the general welfare.

In a *Ha'aretz* commentary, Israeli attorney and social activist Yuval Elbashan and Haifa University lecturer Dr. Danny Guttwein warned that the Netanyahu plan will destroy the welfare state, and thus the foundations of democracy in Israel.

They cite institutions which protect the Israelis' general welfare: "organized labor (which balances the labor market), public services (which will keep the public interest in mind at all times and with force when necessary), academia, the judicial authority, and public broadcasting. Netanyahu's plan crushes all of these." They decried "the transformation of the labor market in Israel into a slave market, in which the slaves will have no say. . . . We will see that the economic plan actually crushes all the power mechanisms in the state except the power of capital, whose path to a totalitarian regime has been paved."

Indeed, Sharon's government, which has violated the Geneva Conventions on war crimes in the ongoing Israeli-Palestinian conflict, now intends to violate the conventions of the International Labor Organization. Netanyahu's economic plan was denounced by international labor leaders who sent letters of protest to Sharon's office. Guy Reider, the secretary general of the International Confederation of Free Trade Unions, representing 158 million workers worldwide, wrote a letter to Sharon expressing his organization's "concern and protest over your government's plans to unilaterally slash budgets, plans that will have ruinous effects on the salaries and work conditions of Israeli laborers, in the violation of their basic human rights." Furthermore, Reider wrote that the Israeli government's proposed legislation "is a violation of Israel's international obligations in the framework of international labor organization pacts, approved by Israel."

John Sweeney, president of the American Federation of Labor/Congress of Industrial Organizations, wrote Sharon, "I express solidarity with the Histadrut in protest over the economic plan of your government." Hans Ingelberts, secretary general of the international Federation of Public Sector Employees, also expressed "concern and protest" over Sharon's economic program, calling it a "violation of Israeli workers' basic rights."