

noted, Israel's hospital services in general were in danger of "grinding to a halt," and the poor and disabled veterans were forced to rely on much more inefficient forms of health care.

On Oct. 26, the head of the Disabled Veterans Organization, speaking for the wounded from Israel's wars, charged that there had been a "scandalous" breakdown in government care for veterans. "The amount of medical care and vital drugs given us has been cut by half."

It is not known at the time of this writing if the treasury responded by accusing the veterans of using too much medicine.

### **A national economic emergency?**

The economic situation became so untenable that the Begin government was forced to undergo a mid-October no-confidence motion in the Knesset to answer for its economic policies.

By rallying all the component parts of the coalition to its side, the government survived the motion. Doubts are being raised in Israel, however, about whether Israel will survive Begin and Hurvitz.

Hurvitz's knee-jerk response to the crisis has been to seek by every possible means to pass the burden on to the middle and lower-income family, rather than to penalize the speculators and money-laundering interests. He has sought either to obtain price rises in vital commodities not subsidized by the government or to find ways to end subsidization of certain items, such as

fuel consumption of all kinds.

During the month of October, Hurvitz won price rises ranging from 15 to 40 percent on items ranging from bread and other foodstuffs to public transport, plus an agreement by the cabinet to raise prices *regularly every month* on several categories of vital food and other commodities.

These decisions came on top of announced statistics that show that since Hurvitz took over as financial czar of Israel one year ago, prices for electricity and fuel have gone up respectively 235 and 190 percent, with shock-wave repercussions into many other key sectors.

On Oct. 21, at a cabinet session, Hurvitz insisted that the government not "surrender to the people's reluctance to lower its standard of living" and accused the Israeli population of having "chosen to live beyond our means."

Under the growing economic crisis conditions, Hurvitz is beginning to sound the alarm that Israel's defense apparatus, which now consumes 30 percent of budgetary allocations, will have to be streamlined, to conform to the austerity regime. Talk is beginning to surface in Israel that certain drastic measures may have to be taken to keep the country on a high level of military mobilization while imposing austerity on the population. At an Oct. 27 seminar, the head of the treasury's planning authority, Ezra Sadar, suggested that Israel needed a five year "combined defense-economic plan" that would involve "all aspects of the economy, society, and defense."

## **Jerusalem Post attacks Friedman-style policy**

*In an Oct. 20 editorial entitled "Tunnel Without End," Israel's English language Jerusalem Post newspaper attacked Finance Minister Yigal Hurvitz's adaptation of Milton Friedman's economic policies to Israel.*

*The Post editorial attack is particularly interesting in view of the fact that Hurvitz was installed as financial czar of Israel only days after U.S. Federal Reserve head Paul Volcker began his credit squeeze and international interest-rate warfare policies. The Post's concern over the "socially intolerable" consequences of Hurvitz's Friedmanite policies sheds some additional light on the international consequences of Volcker's Friedman-modeled policies.*

*Excerpts from the Oct. 20 editorial follow.*

As far as inflation is concerned, Hurvitz's policy has been a patent failure. . . .

With real wages down by 9 percent in the first half of the year, with private consumption down by 8 percent per capita (including food), it must be asked where is the excess demand that Mr. Hurvitz is seeking to mop up?

It is certainly not in the pockets that he seeks to hit by slashing the remaining subsidies. Moreover, investments have fallen by 11 percent, industrial output has shrunk by 6 to 7 percent, and even exports in real terms have just held their own.

The adulterated Milton Friedman-type policy that Mr. Hurvitz has sought to pursue for a year could never have worked in Israel's economy, even if its social implications were ignored. . . .

His policy can so far claim the dubious achievement of lower wages and higher unemployment. This, however, can neither last nor can it go much further without becoming socially intolerable and politically intolerable.