



off state-owned industries; (g) elimination of the Ministry of Trade and Economics; (h) ending the endless funneling of public funds into insolvent enterprises; and (i) reducing the size of the public service labor force.

This was, of course, accompanied by profusive assurances that the US «did not want to intervene in the internal affairs of Israel.»

BUSINESS IS BUSINESS

Although the Zionist entity has never really enjoyed economic clear sailing in its 37 year history, the economic deterioration of the past three years is viewed not only as a threat to social stability, but also as a strategic danger. Crumbling economics would limit the size of the military establishment which constitutes the main fabric of the Zionist entity, from which imperialism projects its dominance in the region. Thus, it is not surprising that no opposition was raised to injecting further military aid, but there was much controversy involved in the US and Zionist efforts to push for an austerity program designed to restructure and integrate the Israeli economic system further into the international imperialist market.

Probably at no other time in history have such intense economic efforts been exerted to bail out the US's strategic asset. Delegations flitted back and forth. In one month alone, a record number of 37 US members of Congress visited the Zionist state to get first-hand information about the economy. There were closed door meetings, economic austerity package deals, and studies submitted by the International Monetary Fund (IMF), the US Agency for International Development (AID) and US economic experts, well-known for their pro-Zionist stances.

They all came up with the same solution: «The hope of Israel then is to be among the high-tech nations. Israel must drastically increase its exports or go under economically. It is a national emergency.»⁶ In other words, the US deems it of vital national interest at this stage that 'Israel' rehabilitate its economy by becoming more integrated in the world imperialist market, but escorted under US auspices, not going independently. This is reflected in the stress on «the era of high technical revolution», private sector investments, switching relations from ones of financial aid to ones of business», etc. This is emphasized not only in US imperialist circles, but in Zionist quarters as well, despite opposition from within the Israeli state sector. Peres calls this stage «the third stage of Zionism», meaning a society based on the conquest of science and all-out development of higher technology. (He considers the first stage to have been the conquest of labor, the second, the conquest of land.)

Ten years ago, high-tech products accounted for 1% of all Israeli exports. Today that figure is 34%. In the light of the new

economic high-tech base being created via the Free Trade Agreement (FTA) between 'Israel' and the US, and the stress on high-tech exports, this figure is expected to exceed 60% by 1992. In order that Israeli companies stand on their own feet, foreign investment and marketing help are essential. Within the past two years, 150 US firms have invested in 'Israel' and the number is growing.

The switch to high-tech also necessitates relinquishing state-controlled corporations, selling them off to private investors to convert them to new export-oriented, high-tech industries. More than a hundred of these corporations, owned either by the state, the Histadrut or the Jewish Agency, are up for sale. Israeli enterprises which are considered sellable include insurance, real-estate companies, chemical and metal works plants.

In conjunction with the Zionist economic crisis, there is the US's dilemma of its own \$200 billion deficit. In addition, it is becoming increasingly difficult to assuage US domestic discontent triggered by budget cuts in vital social service areas (Medicare, Amtrack, social security, etc.), while doling out grants in the billion dollar range to sustain 'Israel' as an artificial state-base. One administration official said: «To lavish funds like this is counterproductive. It helps maintain Israel as a US junkie. What about the domestic debt? What about the farmers who are going bankrupt?» Even in 1985, when the aid package was 86% less than it is for 1986, according to the Office of Management and Budget, the \$2.6 billion allotted to 'Israel' was equal to:

- six times the amount Reagan proposed to spend on US energy conservation.
- twice the amount slated for consumer and occupational health and safety programs.
- the combined worldwide spending of the State Department, Peace Corps and US contributions to the UN and its agencies.

«OPERATION INDEPENDENCE»

In the light of the seriousness of the situation, and the studies and proposals made, one fact was impressed on both partners: Something must be done and fast. According to Herbert Stein, an economics professor at Massachusetts Institute of Technology and staunch Zionist supporter, «Steps for assuring execution of the program should be taken and milestones designed for measuring performance.» Thus began a many-pronged campaign to attack the economic problems of the Zionist entity. This campaign was basically initiated, designed and monitored by the US, despite public assurances that the US role was to help, not intervene.

One manifestation of the US suggestions were the plans for Package Deals I and II, also known as the Economic Stabilization Programs. These were conceived in US chambers in the strictest secrecy and made known only to a select few, including Peres, two or three of his senior aides, Finance Minister Modai and two Treasury officials. When details of these deals began to spread, the general attitude in official Zionist circles was obstinance. The programs would result in widespread business closures and mass unemployment, estimated as high as half a million, particularly in the public sector.

Although considered severe, the measures were to be carried out cushioned by a massive \$1.5 billion grant. Despite indignation about «knuckling under to US dictates,» the Israeli government got a free hand in implementing these package deals from two of the most important economic determinants in the Zionist entity: the Histadrut and the Coordinating Committee of the Economic Organizations, the most influential member of which is the Manufacturers' Association. More significant still was the complete halt of Zionist lobbying on Capitol Hill for three months. These factors gave the Zionist government a breathing space to tackle vital economic matters.

Another important initiative introduced to pull 'Israel' out of its economic quagmire is Operation Independence (OI). OI is an important adjunct of the emergency policy now taking effect in the Zionist entity. Also known as Task Force, it is a private organization of Zionist and international business leaders formed to promote new investment in 'Israel' and channel other economic measures towards high technology. Task Force is divided into eight working groups, each dealing with a specific field of business activity: export of consumer goods to the US, ►