

FTA—US Escape Hatch for 'Israel'

This is the continuation of the study we printed in previous issues of *Democratic Palestine*, on the US-Israeli relationship, as seen from US imperialism's vantage point.



The rise of popular liberation movements, the spread of socialism, the importance of the Gulf oil, and the presence of three major naval chokepoints in the region (the Suez Canal, Strait of Hormuz and Bab Al Mandib) - all these factors necessitate the reinforcement of the US's most faithful ally in the region, the Zionist entity. According to General George Crist, commander in chief of the US Central Command, responsible for the Gulf area, «We have two overriding interests in the Gulf. One is keeping the Soviets out... The other is guaranteeing access to the oil resources of the region. The Gulf's importance is obscured by the present petroleum glut, but all the experts predict that by the mid-1990s we will again be very dependent on that region for oil...» (*U.S. News and World Report*, April 21, 1986).

The 1980s have witnessed unprecedented strategic agreements between the US and the Zionist entity on the economic and military level. This intensified relationship has manifested itself most particularly in the Free Trade Area agreement (FTA) and Israeli participation in Reagan's SDI (Strategic Defense Initiative). Through these agreements, the US-Israeli relationship has been restructured to realize imperialist ambitions in the region in terms of current and future contingencies. These changes took place most tangibly in the wake of the Israeli economic crisis which reached its peak in the mid-1980s.

The FTA is a pact between the US and the Zionist entity, designed to end all tariffs on all trade between the two countries over a period of 10 years. Under article XXIV of the GATT (the international General Agreement on Tariffs and Trade), two signatories to that agreement may create a free trade area, provided that there is an elimination of duties and other restrictive regulations of commerce on all trade between the two countries undertaking the arrangement, and that this is accomplished in a reasonable length of time.

Officially, the FTA has been effective since September

1,1985. 'Israel' had been pressing for such an agreement since the 1970s, but the idea first became a concrete proposal in November 1983 - not surprisingly, at the height of the Israeli economic crisis. «The agreement to set up a free trade zone between the two... was reached at a time when Israel was looking to the US for a shot in the arm for its economy» (*Washington Post*, May 8, 1985). The credit standing of 'Israel' was being questioned on the world market; external debt exceeded \$7,000 per capita - one of the highest in the world; annual debt servicing amounted to 33% of the country's debt; and foreign loans stood at \$7 billion. Direct and immediate US involvement was an imperative.

One alternative was dollarization of the Israeli economy. However, with the Zionist entity already being a faithful executor of US imperialist policies on all levels, nothing would have been left to distinguish it from being in actuality a 51st state. The solution resorted to was a large injection of financial aid to bail 'Israel' out of its economic crisis, restructuring the industrial base, raising the slogan of «export or expire», and implementing a free trade agreement. This agreement aims to facilitate trade so as to provide 'Israel' with an income which in the long run would relieve the US of having to pump in large aid sums, while at the same time providing 'Israel' with a large measure of financial self-sufficiency.

Under the FTA, the Israeli government's subsidy program would gradually be phased out, some of it on the spot and some later, but all of it by 1991. According to US Secretary of State Schultz, «To promote economic growth, the government must get out of business.» Thus, a large number of Israeli government-owned enterprises are selling out to private companies. This should release the Israeli government from its role as subsidizer of economic projects, leaving it free to play a more effective military and political role, instead of swallowing up aid money to rectify economic crises. «The government should run foreign affairs, try to achieve peace and maintain security,» according to Schultz (*Jerusalem Post*, April 4, 1986). ▶