

allowing the police to search for and confiscate said materials or funds on suspicion alone. Justice Minister Meridor said on Israeli radio, May 24th, that the government introduced the bill because the PLO is channeling money to Palestinians in Israel, as well as to the 1967 occupied territories, in «an attempt to create an economic framework...to destroy the foundations of the building we call the State of Israel.»

Mansour Kardoush, director of the Nazareth-based Human Rights Society, believes that the law aims to shut down the nearly 80 Palestinian societies providing social and cultural services (*Al Fajr*, May 8, 1989). These are dependent on support from abroad in the light of the gross underfunding of Palestinian communities by the Zionist state. The obvious conclusion is that the Israeli authorities don't distinguish between «fighting terrorism» and keeping the Palestinians weak. This is related to what the Zionists consider the «demographic danger,» and fear of this has been increased by the intifada, for its challenge of the 1967 occupation principle reopens the files of the 1948 occupation on which the state is based. Thus, the debate about what to do with the West Bank and Gaza Strip, which we will term the withdrawal-annexation-transfer paradigm, also pertains to Israel itself, as every good Zionist knows very well.

Parallel to the Israeli army's failure to suppress the uprising, the Israeli police have created their own dilemma, lesser in proportion, but serious, since it involves the state itself. Since national expression is considered a security threat, the police raided children's summer camps in the Galilee and arrested some of the supervisors, because the tents had been dubbed *intifada*, *Nablus*, etc. «We are now spending more time investigating weddings and summer camps and nationally-motivated offenses than we are in dealing with crime generally and the war against drugs,» said a police spokesman in the northern district (*Jerusalem Post*, July 24, 1989). Police Inspector-General Kraus told the Knesset Interior Committee: «There must be a police station in every Arab village if growing Arab nationalism is to be effectively countered.» The committee chairman, Yehoshua Matza, warned of a repetition of the 1948 tragedy if «Israeli Arabs» didn't stop their militant behaviour (*Jerusalem Post*, August 2, 1989). This is one of many threats of mass expulsion uttered by Israeli officials during the uprising.

The danger that Israel might resort to mass expulsions, to resolve the dilemma presented by the Palestinian uprising, stems from the state's incapacity to attract enough new immigrants to counter the «demographic danger.» The conditions of the intifada hardly make Israel a more attractive immigration goal today, and the only «bright spot» which the Zionists can point to is a plan for forcing Soviet Jews to Israel. In 1987, before the start of the uprising, Shamir asked the Reagan Administration to deny refugee status to Soviet Jews wanting to immigrate to the US. (Less than 10% have chosen to settle in Israel.) It has since been reported that from September 1988, the US has denied 19% of the applications of Soviet Jews for refugee status. This summer there were predictions by Israeli officials that 50-100,000 Soviet Jews and also Argentinians would immigrate

to Israel over the next three years, and that part of them would be settled in the West Bank and Gaza Strip. When Peres visited the US in late September, he asked for \$400 million in loans to finance housing for the new immigrants. The whole absorption process is estimated at \$3 billion. Irregardless of whether the emigrants can be forcibly channeled to Israel, which appears doubtful in itself, this project seems precarious in view of its costs and the objections already voiced by some US Zionist leaders. The Absorption Ministry itself has expressed skepticism in view of past difficulties with integrating new immigrants. This leaves Israel in the withdrawal-annexation-transfer paradigm concerning the «demographic danger.»

### Economic bind

We earlier indicated that those who view Israeli security in comprehensive terms had begun to question, even before the intifada, whether Israel could perpetually bear the costs of occupation and war. The uprising made this question acute as is most apparent in rising defense expenditures. In mid-June, a Defense Ministry report estimated that the uprising costs the military \$250 million annually, and requested an immediate transfusion of \$200 million - one of several emergency requests made during the uprising.

With Palestinians constituting 60% of the agricultural labor force in Israel and 26% of construction workers, the impact of strikes has been enormous. According to an army report, Palestinian strikes cost the Israeli economy \$40-50 million in the first six weeks of the intifada alone. In August, Yitzhak Ben Dov, chairman of the Israeli national building construction agency, estimated Palestinian worker attendance at 50% during the uprising, and this dropped with the prolonged strike against the imposition of the new magnetic IDs. The Palestinian strikes, coupled with a housing shortage, contributed to the 32.7% rise in apartment prices, which in turn added to the resurging inflation (*Jerusalem Post*, June 24, 1989). The tax boycott has cut tax revenues in half, according to official Israeli sources.

Bank of Israel Governor Michael Bruno called on the government to declare an emergency situation, attributing the economic problems to the intifada - \$650 million in export losses (trade with the occupied territories has dropped by 63%); \$280 million losses in tourism (the biggest foreign currency earner next to the arms trade); and further incalculable losses, including investments deterred by uncertainty (*Jerusalem Post*, June 10, 1989). In July 1988, Peres said the economy would be «endangered» if the uprising continues. This was after unemployment hit 9.7% in May, the highest since 1967.

With 100,000 Israelis deployed in the 1967 occupied territories, this figure seems doubly astounding. On July 2nd, 30 mayors from the so-called development towns demonstrated outside Shamir's office, demanding steps against unemployment which always hits these towns hardest. «Our settlements are about to collapse,» said one of them. On July 23rd, there was a two-hour strike by one million Israeli workers and employees, the most serious labor action in two years; one of the organizers said, «We are fearful for the fate of our country.» According to