

# The Zionist Entity Unresolvable Crisis?

The acute economic and political crisis in the Zionist entity has reached an unprecedented level and at the same time proved immune to any solutions in the foreseeable future. Successive developments, arising from this fact, have raised questions about the future of the Likud government. It has become clear how divided and unstable the Likud coalition is. Moreover, public disenchantment with the Likud government is deepening; the latest opinion polls indicated a sharp drop in the popularity of Shamir and his government.

This mounting crisis did not emerge recently. On the contrary, it goes back to the nature of the economic system and social structure of 'Israel'. Heavy emphasis on military spending, and structural dependence on outside aid, are twin aspects inherent in the Zionist entity. In order to finance its super-aggressive policies, the governing coalition adopted a policy of gross overspending. This is exemplified by the misconceived military adventure in Lebanon and a misconceived domestic policy.

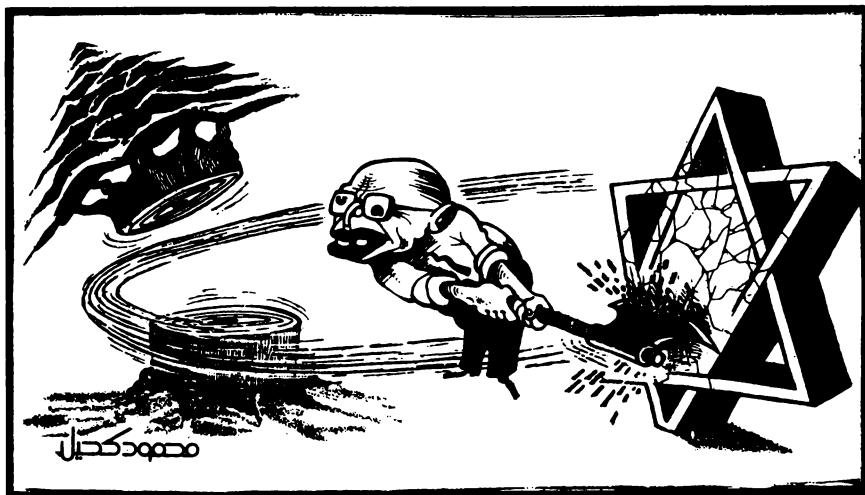
## The cost of war and settlement

The outgrowth of Zionist aggression-continuing occupation and annexationist ambitions - exact huge security expenses in South Lebanon (estimated at \$400 million per year), and the other occupied territories. To this is added the massive funds for the Zionist settlement policy in the West Bank, Gaza Strip and Golan Heights. It is believed that the government invests some \$200 million a year in the West Bank, apart from "defense" expenditures. These sums are carved from the budgets related to health and social services. Added to the above is the cost of developmental military projects, such as producing the Lavie fighter plane. Altogether, this means that the Defense Ministry swallows 30% of the total state budget.

The Likud is still insisting on the May 17th agreement as the basis for Israeli withdrawal from South Lebanon. This entails a continued stay for the Israeli army in Lebanon, and all that this means in financial and social costs. The result will be escalated political opposition to the Likud government, as well as deeper public disenchantment.

The Likud's policy has greatly complicated the economic crisis in 'Israel', leading to spiraling inflation, and even greater deficits in the balance of payments and foreign debt. In the meantime, the

economic measures whereby the government has attempted to alleviate the crisis have been limited. Finally, the government lost the ability to control the economic situation. The deficit in the balance of payments, as of the end of 1983, reached \$5.1 billion, inflation 191.7%, and the foreign debt increased to \$24 billion.



The grave economic situation has negative effects on the average standard of living. Last autumn, Israeli citizens experienced an unprecedented rise in the cost of living (21.1% according to the October index figures). The standard of living is expected to fall by 7% in the 1984-85 financial year. Workers and employees

## 563 Israelis dead in Lebanon

On January 19th, Israeli radio reported the death, the day before, of an Israeli soldier, who was wounded in an ambush of an Israeli military convoy in South Lebanon. The radio added that with his death, the total number of Israeli soldiers killed since the 1982 invasion had reached 563.

with limited salaries are being hit particularly hard. The poor are becoming poorer. According to the National Security Institutional Report, there are now about half a million Israeli citizens (about 1/8) living in poverty. Of those, 135,000 are children, and 300,000 depend on the social security program.

At this moment, there don't appear to be any miracles forthcoming to relieve the Shamir government on the economic front, quite the opposite. Since last year, the government has been facing more public criticism, more resistance from the political opposition and most importantly, a wave of strikes. These began with the workers in El Al airlines, then moved to other sectors. Already the government has lost one finance minister, when Aridor resigned in October, after squabbles over how to resolve the economic crisis. When the cabinet finally managed to agree on the austerity measures proposed by his successor, Yigal Cohen-Orgad on January 8th, protests only intensified. Unrest and resentment were widespread in the large Israeli public sector, due to the erosion of wages imposed by the government's newly adopted measures.

The staff at six government ministries imposed sanctions to press for their wage demands. Employees at the Foreign Ministry joined colleagues at the Interior, Welfare, Defence and other ministries in protesting the 25% erosion of their wages in the three previous months. A spokesman for the Histadrut said that in the past three months the government had broken the wage agreement with its austerity measures. He added, "We cannot make a deal with a government on cutting wages."

## Labor pitching for a comeback

The Labor Alignment is trying to take advantage of the opportunity presented by this grave situation and the inability of the Likud government to find solutions.