

## II: BEN GURION'S "NEW ECONOMIC PLAN"

*Does the new plan serve the interests of Israel's people when it brings high prices, unemployment, speed-up and crushing arms costs?*

*By Esther Vilenska*

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THE unparallelled, sharp crisis into which the State of Israel has descended following the proclamation of Ben Gurion's new economic plan is basically similar to the deep crisis which has caught up all capitalist countries in the past year. The basic cause of the crisis lies in the war preparations being carried out in the capitalist countries on orders from Washington. The characteristic feature of the present development of these capitalist countries is the lowering of production for peaceful needs, cuts in appropriations for social services, cuts in food and other rations and the galloping inflation. All these are results of the preparations for a new world war.

The capitalist governments, Israel as well as all the countries in the imperialist camp, attempt to throw on the working class and on the other working sections of the population the costs and the sacrifices demanded by the war preparations, utilizing hunger, brutal ration cuts, colossal inflation, mass unemployment, drastic cuts in real wages and in the living standards of the people.

### *Inflation to "End Inflation"*

The plan for "establishing a healthy economy" proclaimed by Ben Gurion on February 13, signalized the devaluation of the Israel pound, the general and tremendous increase in prices, cuts in real wages, speed-up, general increase in indirect taxes and income taxes in low income brackets, mass closing of artisan shops and small businesses, mass unemployment and increase in the smuggling of foreign currency and black market trade. Despite the demagogic of the Mapai leadership, which asserted that the new plan would "end inflation," reality has proved that the proclamation of three rates of exchange for Israel currency is aimed at raising the prices of all essential commodities. In the course of the past year the cost of living index rose officially between 40 and 45 per cent.

The devaluation in February brought inflation to an unheard of level. Fuel rose from 50 to 150 per cent. Rises are scheduled in the prices of cigarettes, electricity, transportation, as well as the prices of food and other commodi-

ties which are included in both reduced rates of exchange (for tourists and as the basis for prices, \$1.40 for a pound; for foreign investors, \$1.00 for a pound). The prices of imported commodities will rise on an average of 100 per cent. The class which is interested in price rises and whose speculative profits will be increased by inflation, is the large foreign and domestic capitalist class. The class which is most hard hit by rising prices and is being impoverished by inflation is the working class.

The devaluation of Israel currency in relation to the dollar was carried out, in our country as in the other Marshallized nations, under orders from Washington. American big capitalists plan complete economic domination of our state in order to use it as a military base for a new war. Israel received its grants-in-aid under the specific condition that the Israel government would agree to devalue its currency. As is known, Washington gave the Israel government this subsidy of \$65,000,000 for the construction of strategic bases in Israel. But the American government is not content with the assumption by Ben Gurion of military obligations in support of its aggressive plans; Washington demands in addition monetary profits. The devaluation of the pound permits them to control—with one-third the capital previously required—various natural resources, oil concessions, stone quarries and enterprises which they have long regarded with greedy eyes. The primary aim of the new economic plan, which was worked out in American government departments, is to strengthen Israel's support of aggressive war preparations. There are four major ways in which the American warmongers plan to strengthen military preparations:

1. Decreasing the consumption of the people by cutting the import of food and essential commodities;
2. Increasing indirect taxation;
3. Devaluation of the pound leading to reduction in the cost of military supplies for the Anglo-American forces which they plan to station in Israel and in other Middle Eastern countries;
4. Brutal reduction in the standard of living and semi-starvation, aimed at causing such fear among the people that they would accept the establishment of military and supply bases in our country.

In sum, Ben Gurion's new economic plan is a product of a general anti-national plan of the government which supports the preparations for war according to and in conjunction with American imperialist interests in the Middle East.

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## The Military Budget

The extent to which Israel is being impoverished by these war plans can be judged by the military appropriations, which will constitute the largest single item in the Israel budget. For the fiscal year beginning April 1, 1952, a total budget of 168,450,000 pounds was projected, of which 45,000,000 pounds were directly appropriated for the military plus a secret part—if not all—of a special appropriation of 34,100,000 pounds. That is, more than 20 per cent and possibly as high as 40 per cent is for the military. Even the Knesset representative of the Progressive Party (a General Zionist group), which generally supports the government's foreign policy, was forced to point out that the military budget of Israel is proportionately larger than that of Great Britain.

The following are examples of the anti-Soviet military responsibilities assigned to the Israel government by Washington.

In May 1951, President Truman revealed that three-quarters of the grant-in-aid extended to the Middle East would be used for "economic purposes" and that the entire sum would be expended under the control of American representatives. The State Department would control the military outlay, he said. In June 1951, George C. McGhee, then undersecretary of state for the Middle East, declared that Washington aid would obligate the state of Israel to participate in the anti-Soviet Middle Eastern bloc. Following the signing of the "Friendship, Trade and Naval Agreement" between the United States and Israel in August 1951, the Israel government agreed to place Israel's ports under actual control of the American navy. In September 1951, James MacDonald, former United States ambassador to Israel, declared that "Israel is building bases for our heaviest bombers."

Of course, in order to build these bases, of which MacDonald has such accurate knowledge, Israel must expend great sums of money. It is for this reason that Israel's military budget for 1952-53, is so much greater than in 1951-52.

In March 1952, Foreign Minister Moshe Sharett and United States Ambassador Monet Davis signed the agreement for a grant-in-aid from the United States government. This subsidy was made within the framework of the United States' Mutual Security Agreement, which forbids the United States government to aid any country that does not accept military responsibilities. A delegation from the State Department to supervise military expenditures arrived in Israel, according to a report of October 10, 1951, in *Haaretz*, conservative Tel Aviv daily.

It is a fact that the Israel government spent huge sums of money on the construction of strategic highways leading to the airport at Lydda and along the entire Mediterranean coast as part of the Cairo-Istanbul military network. Instead of building a road to the Dead Sea, which would enable the Dead Sea enterprises to develop rapidly, instead of building highways to isolated areas, to Maabarot and immigrant camps and to poverty stricken villages which

are mired in mud, the Israel government constructs strategic highways to serve aggressive American armies. The Israel government is wasting colossal sums on broadening existing airports and adapting them for American jet planes, which Israel does not even possess.

## A Three-Pronged Attack

There is no precedent in any period of the past to compare with the extent of this brutal attack by American imperialism, the Ben Gurion government and the Jewish bourgeoisie on the living standards of the working class. The new element in the government's new plan is found in the fact that the three-pronged attack—by foreign and home capitalists and the right social democratic leadership—is for the first time being carried out through the official intervention of the government in the class struggle by the imposition of severe government control to the detriment of the workers and the benefit of the large capitalists. This government control has three main aims: 1. Enlarging the profits of the industrialists; 2. Establishing a precedent of control of the working class and its complete subjugation to war economy; and 3. The actual abolition of the right of trade unions to determine methods and conditions of work.

In his speech announcing the new policy Ben Gurion declared that "the government has decided to institute contracting in social projects and government enterprises wherever possible" and that "a 47-hour week will be instituted in government offices and social institutions." This means that the government has arrogated to itself the right to establish methods of work contracting and exhausting speed-up as well as the increase of the work week. Thereby the government has actually robbed the trade unions of their independence in determining working conditions in the interests of the workers. The government also announced that "wages would be tied to productivity" which means the opposition of the government to the struggle of the workers for higher wages to meet rising prices and a threat of forceful intervention against the struggle for a higher standard of living.

In addition, the government has projected a law which would establish production committees. As is known, the present Mapai majority in the leadership of the Histadrut decided long ago to establish production committees. But since the working class resisted the attempts to carry through that decision, the government now demands the official use of the state apparatus to force a speed-up system on the workers and to establish official control by the industrialists over the systematic increase of production norms. In this way there developed two phenomena which complement each other: government control over the working class is a precedent and further step toward the complete militarization of economic life.

Before the elections, the Mapai leadership promised the establishment of price controls, a price roll-back and guarantees of sufficient commodities for the people's needs. Now,

however, they have in practice adopted the economic program of the big bourgeoisie, expressed in the platform of the General Zionist party. The big bourgeoisie demanded an "elastic" currency policy, the establishment of production norms and contracting, the wage freeze and the distribution of raw materials only to so-called useful enterprises. In the Knesset debate Mr. Elishar of the General Zionists recognized that the new government plan incorporated the major planks of his party's platform. But now the representatives of the big bourgeoisie are no longer content with this "advance" of the Mapai leadership; they are demanding the complete abolition of controls and their entry into the government.

### **"For Bread, Independence and Peace"**

The government plan indicates a change in the present relationship of forces among the classes of Israel. Through its control of the distribution of raw materials the government will be used as a regulator to strengthen the big bourgeoisie economically and politically and completely to ruin the middle class and the petty bourgeoisie. The closing down of middle-sized enterprises under the excuse of their "non-usefulness" and the distribution of raw materials only to the so-called useful enterprises is aimed at paving the

way for the complete and undisturbed domination of these enterprises by foreign capitalists who share in and manage the majority of the large enterprises in Israel. Of course, the closing down of many enterprises threatens tens of thousands of workers with mass unemployment. Foreign and domestic big business require this mass unemployment as one of the tried methods of exerting pressure for greater reduction of real wages and the creation of possible aids for aggressive adventures.

Since the new economic plan has as a goal the strengthening of war preparations, it is clear that opposition to this plan for starvation and inflation is in the interests of the struggle for peace. The working class must struggle against the mass firings of workers in the factories, against norms in contracting, against tying wages to production, for an immediate 40 per cent wage increase, against the production committees, against the intervention of government in the establishment of wages and working conditions, for the freedom of the class struggle in Israel. The working class must struggle against the devaluation of Israel currency, for the reduction of prices and profits, for government subsidies for all essential commodities. The working class must forge a fighting unity of all workers regardless of party affiliation. Against the hunger plans, enslavement and war preparations, the working class must struggle for bread, independence and peace.

## **APPEASEMENT NEGOTIATIONS WITH BONN REGIME**

**I**N THE FACE of continuing protests from the Jewish people in Israel and in all other parts of the world, the negotiations of Jews from Israel and the United States with the renazified Bonn regime opened at The Hague, in Holland, on March 21. Fear of protest demonstrations by Jews led to the choice of this city, where a mere 1,300 Jews survive. Two separate conferences were carried on by the Bonn representatives: one with an Israeli delegation for the billion dollar claim for the cost of rehabilitating 500,000 Jewish victims of nazism in Israel; and a second with the all-American "representatives" of 23 world Jewish organizations for the half-billion dollar claim for restitution and postwar care for Jewish victims outside of Israel.

The Bonn negotiators put up "a masterful performance of delaying tactics" on the Israel claim, as the London *Jewish Chronicle* correspondent described it (March 28). It soon appeared that considerable influence on policy was being exerted by the postwar "Schacht" of Germany, Herr Hermann Abs, a leading nazi under Hitler and an industrial baron in the renazified Germany. Abs is the head of the Germans negotiating German foreign debts in London and has vigorously opposed any talks with the Jews on "reparations."

The "delaying tactics" consisted in this: the Bonn delegation had received no power to enter into any commitments with Israel; the Bonn delegation countered the Israel proposals with a reduction of the billion dollar

claim to \$715,000,000; and in any case, the final sum awarded to Israel would have to be determined in relation to the foreign debts settlement that Abs was negotiating at London, with an even greater scaling down of the final figure for Israel.

At this point, on April 7, the Israeli delegation, obviously apprehensive at the mass outcry in Israel that would result from negotiating on such terms, suspended negotiations. And this is how the situation rests at this writing.

Thus does the betrayal of the Jewish people proceed. The Germans have thus far gained their objective—which was not "reparations," but whitewash. As the London *Jewish Chronicle* expressed it on March 28: "The Jews, by sitting down at one table with the Germans, may be thought already to have contributed to German rehabilitation even before the latter have paid a penny."

The appeasement involved in the affair is also signalized by the shocking fact brought out by that correspondent, that the opening statement of Moses A. Leavitt at the second non-Israel conference "scrupulously avoided saddling the German people with collective responsibility, not to say, guilt, for which the German delegation afterwards expressed their appreciation to the press."

The fight against this *Judenrat* conference with the neo-nazi Bonn regime is not by any means over. It must be protested and fought to a stop. The Jewish people will yet say the last word on this betrayal.