

# The Cabinet Crisis in Israel

## Economic Policy Is the Issue: Will Ben Gurion Make Concessions to Left or Right?

By AL FINDLEY

The first cabinet crisis has taken place in Israel. David Ben Gurion, Mapai prime minister, has resigned and reported he could not reconstitute a coalition cabinet. The Knesseth (parliament) voted against Ben Gurion's proposed temporary cabinet, and ordered a new general election to be held in two months.

The news of the cabinet crisis was printed side by side with reports of blackouts and extensive military maneuvers by the Israeli army. We shall see below that there is more than a coincidental connection between the two events.

Israel has been passing through a financial crisis. It is this crisis that has led to the present political developments. The Israeli pound, officially valued at \$2.80, is now selling as low as 80 cents on the black market.

The Mapai (Labor Party) government met the economic crisis by concessions to capital, both foreign and domestic. A "new" economic program was proclaimed in the first week of October. The main feature allowed imports without payments. Dr. D. Joseph, author of the austerity program, was to be shifted and the Ministry of Trade and Industry was to be placed under a businessman. At the same time the government began a drastic police action against black-marketeers. Hundreds were arrested and some have already been sentenced.

The Progressive Party, the party of the liberal bourgeoisie, was satisfied with the concessions. However, the appetites of most of the bourgeoisie was only whetted by the retreat of the Labor government. The arrests angered them, as there is practically no one in Israel who does not deal in the black market. They also correctly pointed out that police actions alone cannot end the black market.

### Class Interests First

The actual resignation of the cabinet was brought about by the resignation of the religious bloc. The religious bloc is composed of the bourgeois Misrachi and Agudath Israel, plus the numerically much larger semi-independent Hapoel Hamisrachi and Poale Agudath Israel. While the rank and file and a section of the leadership of the religious labor organizations have been moving toward unity with the Histadruth, the general labor federation, the present conservative leadership capitulated to the demands of the bourgeoisie and resigned despite reported statements that they would never resign over economic policy.

There was no immediate religious question involved although such questions exist in the background. The cause of the present cabinet crisis is admittedly "economic." The leaders of the religious bloc have now shown that they place their bourgeois class interests first and use religion as a handy tool.

However, all is not smooth within the religious bloc. Dr. Josef Burg, a leader of Hapoel Hamisrachi, said he would "re-enter the government and help form a coalition." It is improbable but not excluded that a new coalition of Mapai and Hapoel Hamisrachi will be formed. This can happen after the elections, if not before.

One of the main reasons for timing the resignations now was the desire of the religious bourgeoisie to appear as an opposition party in the municipal elections to be held in November. The religious bourgeois parties were afraid that the conservative General Zionists would get the majority of the votes of their supporters. While in

national elections all religious groups present a united-front ticket, in the municipal elections the religious labor parties are putting up a separate slate. Should the hopes of the "left" wing of the religious labor groups be fulfilled and the Hapoel Hamisrachi and Poale Agudath Israel get the lion's share of the religious vote, they will probably dictate re-entry into the coalition with Mapai.

The new elections once again raise the question and the possibility of an exclusively Labor government in Israel. At present the Mapai and Mapam together have a majority. The probability is that new elections will not substantially alter this picture.

### An All-Labor Government?

The main obstacle in establishing a Labor government is of course the Mapam's insistence on a pro-Stalinist foreign policy. However, it is equally true that if Ben Gurion were to give in to the left on domestic and economic questions only a fraction of the extent he is willing to give in to the bourgeoisie, a large step toward an exclusively Labor government would have been taken. Mapai would gain the cooperation of a large section of the Mapam.

This could lead either to a split within Mapam, or (this is less likely) to a reversal of the trend toward Stalinization of the Mapam, and the cooperation of the entire Mapam in a Mapai-Mapam government. It is generally said in Israel that the thing that keeps the Mapam together is the pigheadedness of the Mapai leadership.

No political shuffling can, however, change the fundamental economic factors that underlie the political crisis. The main cause is, of course, the poverty of the country. Israel is a poor country in terms of natural resources and even in food and other agricultural products. This small poor country is now carrying the burden of a tremendous large-scale immigration. The cost of

this is, by and large, met by foreign philanthropic aid. However, heaped on top of this is a disproportionately large burden of armaments and it is further hampered by the cutting of normal trade between "industrial" Israel and the Arab Near East.

The cost of the military budget is a secret. The vice-speaker of the assembly gave a clue to its size when he stated on October 14 that the military budget is greater than the combined civil and immigration budgets. How much greater he did not say.

The impossibility of a free-trade economy in such a country under such conditions should be obvious even to the bourgeoisie. However, blinded by the allure of the opportunities under free trade to raise prices and reap enormous profits, they are willing to sacrifice the national interests to their class interests.

While a poor country can be made "rich" through investment of capital and industrialization, it will take a long time. However, the reduction of the crushing armament budget and the restoration of normal trade could be accomplished fairly quickly.

### Arab Question and Peace

The substitution of a citizens' army or militia in place of a standing army can be of some help. Above all, the establishment of peace and friendly relations with the Arab peoples would substantially lighten the burden of armaments and restore normal trade with the Near East.

Peace, however, will not be obtained by wishes. Nor can it be gotten solely by reliance on the diplomatic maneuvers of Mapai ministers. Nor can peace wait until what Mapam considers to be the "progressive" forces (i.e., Stalinists) come to power in the Arab states. Peace can come when diplomacy has a foundation in the desire of the peoples for peace. At present there is more sentiment among the Arab ruling classes for a peace treaty with Israel than there is among the people.

The situation demands a positive attitude on the part of the Israeli labor movement toward the Arab masses both at home and in the surrounding countries. The present record of the Israeli government in relation to the Arabs in Israel is very poor (see LABOR ACTION for June 24). Peace will come about when there is created a desire for Arab-Jewish unity.

The needs of the Arab refugees, the raising of the standard of living of the Arab fellaheen, call for Arab-Jewish unity and peace. The need of Israel to overcome its chronic economic crisis and the hopes of thousands who look to Israel as a future haven and refuge demand Arab-Jewish unity to lift the rushing weight of arms and open the road to the joint economic development of the entire Near East. For both peoples such a policy is not an exercise in morality or good will alone, but is a crying need if their minimum desires are to be realized.

## Business Is Picking Up

No one knows how much profits the country's corporations are piling up right now, with production spurring under pressure of the war and defense drive. But some light was thrown by the Securities and Exchange Commission this week on the profit level from which the war boom was launched.

The SEC reported that manufacturing corporations in the second quarter of the year were earning profits for their stockholders at the rate of 15.6 per cent a year.

Profits for the period, ending last June when the Korean war was starting, totaled \$3.2 billion, more than in any previous quarter since the Commission started issuing such quarterly reports in 1947. This was an increase of 34 per cent over the first three months of this year, and of 59 per cent over the second quarter of 1949.

While profits went up 34 per cent from the previous quarter, production rose 13 per cent, and costs only 11 per cent. Obviously, manufacturers boost prices faster than production and costs.

As usual the largest corporations showed the best profit rate, 17.2 per cent, compared with the general average of 15.6 per cent.

Total assets of the corporations rose \$3.7 billion in three months, to reach the record-breaking level of \$115 billion on June 30.

Despite the record profits, manufacturers' prices continued their dizzy climb, indicating more bad news in the future for the housewives as the new prices reach the retail level.

The Wall Street Journal has been reporting so many price boosts that it has taken to collecting them in a special feature under the label "Price Tags."

"Prices are scooting up" in the hardware field, the paper reports, with present prices from 5 to 50 per cent higher than they were three months ago.

If You're—

- Against capitalism
- Against Stalinism
- For a Socialist Democracy

You belong with the—

INDEPENDENT