

Economic crisis in Israel: the way out

by Mark Burdman

As the campaigns heat up for end-of-July national elections, the issue of Israel's dramatic economic crisis is rapidly superseding the government's post-April 27 crackdown on Jewish fundamentalist terrorists as the main thing on the minds of informed citizens.

On May 15, official government statistics showed that the rate of inflation since the turn of the year has reached a 400% annual rate, the highest in Israel's history. At the same time, conservative official estimates of the foreign debt are around \$23 billion. The press and the proverbial man in the street in Tel Aviv and Jerusalem increasingly term Israel the "Brazil or Argentina of the Middle East," as capital flight out of the country reaches proportions unseen in Israeli history.

EIR correspondents Muriel Mirak and Paolo Raimondi, touring Israel since May 10, report that under such crisis conditions, two dangerous trends are creeping into the technology- and science-proud Israeli society, and threatening to undermine a culture that is still one of the most optimistically committed to progress in the world.

On the one hand, as economic experts and policy planners reflect on what appears to be an unmanageable economic situation, the lure of "technetronic" solutions, of integrating Israel into a new "post-industrial society" based on computers and on what French planners call "telematique," is growing.

And the control of mafia interests over the functioning of Israeli society is increasing. Our correspondents report that this is becoming for the first time visible at the street level, with a growing visibility of prostitution and drug usage in Tel Aviv.

The Jerusalem Economic Conference

These problems will converge during the highlight economic event of the year, the Jerusalem Economic Conference sponsored by Minister of Economic Coordination Ya'acov Meridor. Due to begin May 20, the conference will feature as keynoter the Wharton School's Lawrence Klein, an economist whose pro-genocide advisory record was good enough to win him a Nobel Prize for economics.

Other key speakers include Viscount Étienne Davignon, the Belgian oligarch responsible for decimating the European steel industry; Minister of Science and Technology Yuval

Ne'eman, a promoter of fundamentalist Jewish-Zionist cults in Israel; and Discount Bank-Israel chief Dan Tolkovsky, a protégé of the Venetian Recanati banking interests and the most prominent Israeli member of the Malthusian Club of Rome International.

Klein's perspective was laid out to an Israeli journalist in a discussion soon before his departure for Israel. He asserted that Israel should "learn a lesson" from the "technology park" structures in the United States, such as the North Carolina Research Triangle and the restructured city of Pittsburgh. In the latter case, the erstwhile steel-producing center of the United States is being transformed into a "brave new world" heap of post-industrial technologies.

Said Klein: "The post-industrial sectors being developed in the U.S. and Europe must be transplanted onto the Israeli scene. . . . Israel has a non-sustainable deficit, and this is its only alternative to austerity. . . . Because of its large debt, Israel can no longer borrow on the world capital markets nor take grants from other governments. The resources must come from the relocation of private industry, from direct investment, not capital borrowing."

This, he said, should be done through transforming Israel into a "free-trade zone" modeled on the "newly industrialized countries" of the Pacific Basin like Hong Kong and Singapore and on "what we are now implementing along our borders with Mexico."

It is no secret that these "free-trade zones," in which protective tariffs and duties are removed, are hotbeds for international mafia activity.

Klein reported that these ideas are being promulgated by an "old boys' network" of former Wharton graduates now operating in Israeli planning institutions and in the academic world, particularly at the Tel Aviv Business School and the Haifa Technion. One Bension Silberfarb is Klein's main contact in Israel.

Israel's potential role

Klein and Company hardly have a free hand, however. Under conditions of profound crisis, the proposals of *EIR* editor Lyndon LaRouche, drawn up in a special end-of-1983 memorandum on the Israeli economy, are being received with increasing interest in Israeli policy-making circles.

LaRouche has stressed that Israel's scientific and technological capabilities would be key to advances in laser-related industries, in frontier biological and life-science technologies, and in space research, under conditions of a revitalization of the Western economies in general through a global solution to the debt crisis and a crash American commitment to development of beam-weapon defensive systems.

On May 15, these and other LaRouche perspectives were outlined by Mirak and Raimondi at a press conference in Tel Aviv, before correspondents representing four Israeli newspapers and radio stations. As of that date, they had held meetings with about 20 individuals in the Israeli scientific, technological, economic, and military-strategic fields.