

on luxuries, no wonder that social differentiation is extended and the perspective for economic independence grows dim. It is the anti-pioneer regime which wastes property, savings and opportunities. It wastes the achievements of the worker and farmer in productivization, so as to guarantee the parasitic existence of a small minority at the expense of the great exploited majority.

If this trend continues it won't be many years before we reach the dead end, not so much for lack of candidates for immigration, but for want of a productive basis for their absorption. This is the source of the evil which could make a country gathering its exiles into a conglomerate exile within Israel.

LABOR AND CAPITAL RELATIONS IN ISRAEL

In keeping with the conditions of our country, we accepted a theory that workers' control and a labor and pioneering regime would make it possible to guarantee the realization of socialism by democratic decision in the legislative body of the country, to maintain the uninterrupted existence of the socialist regime, and to defend it against anti-socialist and anti-democratic attacks from any side.

What does that mean, however? Are we sure that we will continue to march towards the realization of socialism now that those who hold the reins of government, and their followers in the Histadrut, have turned their backs on a labor and pioneering regime? Can we be sure of going towards a socialist workers' nation and the concentration of most of our people in its homeland, when the vital interests of the workers are discarded in order to keep peace with the profiteering bourgeoisie? Must adaptation to capitalist liberalism characterize the relationship between capital and labor in a country absorbing immigration and gathering in its exiles?

That is, indeed, the crime and its punishment. The nationalization of land served as the basis upon which the pioneering regime was established. Now the state in whose hands these lands are entrusted is endeavoring to speculate with the choice areas of national land. This government has already succeeded in turning over to speculative private capital fifty thousand of the hundred thousand dunams transferred to it by the Jewish National Fund for urban settlement. Isn't this a disease which is already eating at the tree and liable eventually to reach the very roots?

Or let us take the example of the producers' cooperatives. These cooperatives can undoubtedly serve as an effective means of absorbing immigrants and adapting them to labor under conditions of self-management and equality. Is it an accident, however, that in this field there have been signs of degeneration and corruption bordering, as in the case of the Haifa meat-suppliers' cooperatives, on actual crime? Or let us turn for a moment to a cooperative enterprise like "Argaz" which, if we include its share in the Amkor Combine, has a hundred working members, exploits an additional five hundred hired laborers, and offers membership shares at forty-five thousand pounds each, a sum within the reach only of labor aristocrats with both feet already outside the working class.

Are these the only signs of the rejection of the labor and pioneering regime? Everybody knows how proud we were of the pioneering initiative and scope of Solel-Boneh¹, which were the products of its social composition. Today, bureaucracy is gnawing away at Solel-Boneh. The wage gap between managers and workers is growing. The worker has no voice in the problems of production and management. One party rules over everything. An enterprise whose business comes to hundreds of millions of pounds, manages its affairs with hardly any effective economic control by the Histadrut as a whole. The Koor² industries are barred, by lock and key, to propaganda by the Histadrut minorities. Workers applying for jobs in these firms have to undergo Mapai party screening.

Though, from the point of view of wages and labor conditions, the trade union contracts with the Histadrut enterprises are better than those of private enterprises, in some important matters the difference between Histadrut and private enterprise is disappearing. A

1) Solel Boneh — Histadrut construction firm.

2) Koor — Histadrut industrial complex.

disturbing question inevitably arises: why must the man working in such an enterprise give up his right to fight for better conditions? If, from the point of view of self-management by the workers, the Histadrut enterprises are not any better, and if their wages and labor conditions do not reinforce the worker's class struggle, how much longer will there be any moral justification for the majority party to prevent the workers from measuring the enterprises by the same yardstick by which the enterprises measure them? If these enterprises accumulate profits just as private firms do and if the worker does not have any fitting return, neither in participation in the profits nor in participation in management, nor in deciding the policies of the enterprises — how will these enterprises help us towards becoming a socialist working nation?

The nature of the Histadrut enterprises is distorted most of all by the disease of bureaucracy and the trend towards discarding social and class values. A considerable part of that same surplus value that the private exploiter pockets is more than once wasted in the Histadrut enterprises by an overgrown bureaucracy, expanding according to Parkinson's Law. If this be the trend of development, the Histadrut economy as a whole is liable in the course of time to lose its intrinsic value as one of the chief forces for the realization of socialism in our country.

In revealing these ailments we do not forget the many positive sides of the workers' economy. The disease has not yet reached the roots. However, because of our fear for the future, we must free ourselves of illusions. In this field, no less than in our attitudes towards the fulfillment of socialism throughout the world, we must praise positive aspects, criticize the bad and struggle to correct them. If we do not do this, then, in the course of time, the very same forces which were supposed to be a source of support and strength are liable to become a hindrance and a burden.

In the past we were able to boast of a workers' school system which embraced more than forty percent of all the educational institutions in the country. If Kupat Holim¹ now includes 70 percent of the total population of the country, there is no reason why the workers' school system could not have embraced the majority of the country's pupils, instead of handing them over to clerical and anti-pioneering influences. Didn't the rejection of pioneering aims, which has spread among the youth, including the children of Histadrut members, begin at the moment when the workers' school system was disbanded?

It might be said that two institutions serving the labor settlements, Hamashbir² and Tnuva³, have succeeded, to a certain extent, in preserving their original natures, thanks to the democratic character of the kibbutzim affiliated with them. But, at the same time, we must point out with regret that they are marking time. It should have been the task of these two institutions to limit the degree to which agricultural producers and working class consumers in the city are exploited at the hands of a wide strata of middlemen. To our great sorrow, both these institutions have achieved this aim only to a minute degree.

Tnuva releases agricultural produce before it reaches the consumer, turning the products over to middlemen who increase their price exorbitantly. It is no wonder, therefore, that sometimes the products reach the consumer after having increased in price by over one hundred percent on the way. Privately owned supermarkets often do more for the consumer than the cooperative stores linked with Hamashbir. In recent years, Hamashbir has ceased to fulfill any function in preventing the rise of prices. We have the impression

1) Kupat Holim — Histadrut Health Service.

2) Hamashbir — Histadrut supply agency; handles both consumer goods and production necessities.

3) Tnuva — Histadrut wholesale produce marketing agency.

that instead of fixing prices on the market it tends to adapt itself to the price-level fixed by capitalist wholesalers. There is no doubt that without Hamashbir and Tnuva the capitalist elements would be even more dominant, but that is very small comfort.

If we ask where the root of the problem is, we shall have to lay the blame once again on adjustment to a capitalist environment and the rejection of pioneering and socialist values.

Despite all the deviations which I have stressed, we would not consider them to be a reason to end our cooperation with Mapai in government, while struggling against these distortions, were it not for the decisive turnabout which the ruling party has made in its approach to the relationships between capital and labor and to the whole complex of relationships between workers and employers.

During the Ahdut Avoda convention, Yizhak Tabenkin argued that in the struggle against the anti-pioneering and anti-labor class forces in the country we were at the pre-decision stage. The unequivocal policies of the ruling party in favor of the accumulators of wealth and against the workers clearly proves that the decision has already been made and that only by a united and stubborn struggle on the part of all those faithful to the workers' interests and to workers' and pioneers' control over the construction of the country can we prevent Mapai from sliding any further.

As we have said, the public and Histadrut economy still employs about two-thirds of all the wage laborers, with only one-third employed by private capital. This is a proportion that is uncommon for any other capitalist country. In the light of this fact let us see what social and economic forces are encouraged and which are discriminated against and pushed aside?

As we know, private capital in this country suffered from a lack of vitality and determination throughout

the pioneering period that preceeded the establishment of the state. The Mandatory government always gave economic and social preference to the bourgeois elements in the towns and cities, and turned the municipal governments over to them in every case. It gave these bourgeois elements an exaggerated public prestige. Every opportunity was open to these elements within the Jewish community. In addition, the Histadrut was then much weaker relatively than it is today.

The Histadrut, upon its establishment, numbered 4500 members out of a total population of 80,000 inhabitants. During the thirties the Histadrut's ranks included only one-third of the country's population. The Histadrut never dreamed, at that time, that one day Kupat Holim would treat 70 percent of the population. At that time the Histadrut did not yet control 40 percent of all the orange groves in the country. Solel-Boneh had not yet undertaken the task of conquering heavy industry and the kibbutz movement had still to establish the dozens of industrial enterprises it owns today. Despite all this the Histadrut, and all the forces centered in it, put their special stamp on the country's society and economy to a far greater extent than they do today.

Settlement activity is now decreasing to the vanishing point and the flight from the village to the city is gaining momentum. New immigrants almost completely bypass the villages and are concentrating in the cities and development towns. In these towns the inhabitants live on made-work or private enterprises, some of which are established by entrepreneurs who are "elected" to the role of capitalists by the government's economic ministries. These enterprises enjoy the benefit of convenient loans which sometimes come to 70 or 80 percent of the total investment.

A considerable number of our millionaires have demonstrated their private initiative mainly in schemes to get rich at the expense of national and public

capital. Of course, there has also been private capital from abroad. But it generally wasn't this capital that turned construction foremen into rich building contractors. Nor was it this capital that financed the big importers whose wealth must also be credited, to a large extent, to the generosity and carelessness of the Treasury. Israeli capitalists of this type know how to get rich fast and how to join "high society". They know how to waste their money on luxuries and show. One thing, however, they haven't learnt from their Western prototypes, whose ways of life they want so much to ape; that is how to save and how to turn profits into assets.

Without any hesitation we can establish the surprising fact that the savers in our country are mainly the most neglected part of the country's economy: the workers and farmers. A kibbutz that received a settlement loan for sixty families settles its sons, absorbs immigrants and doubles the number of its inhabitants. The Histadrut enterprise continues to expand and uses its profits as a lever for new conquests. These are the savers. Workers and clerks put aside part of their modest wages in mutual insurance funds that already amount to millions of pounds. These are the savers, who make their modest livelihood an instrument for the creation of new assets and for the productive absorption of immigration.

On the other hand, let us see what happens to the profits of the big companies and the banks, whose profits are even greater than what is considered reasonable in older and wealthier capitalist countries. A Bank of Israel report states that, in 1961, the assets of the banks increased by IL406.1 million, or 26 percent, in the course of one year. During that same year, the profits on their own capital increased by 51.8 percent, while profits from operations and capital together increased by 30.1 per cent. These are not normal capitalist profits!

Recent years have shown a similar development in the industrial sector. A survey by the economist, Michael Bruno, shows that in 1958, total returns on capital were 1,681 million pounds. If we detract two components, the work and risk of the employer as well as depreciation for one year, we find that net gain from the employers' own capital, IL985 million, reached 25 percent. During that same year all wage-earners together received IL1,962 million. That was in 1958, the last year for which figures have been published. We know that, since then, industry has developed, by leaps and bounds, both in size and in rate of profit.

Let us see what wonderful things the banks did with these tremendous profits. Where are the industrial enterprises that they have established, according to the example of similar financial institutions in America or France? We all know very well that besides their regular profits the banks are also making other profits that they want to hide from prying eyes. We know that the larger banks exploit financial troubles in order to take over existing firms and plants. But it is a fact that the wealthier elements in the country are lacking in constructive tendencies. The banks invest their own capital in opening a multitude of branch offices. During the last ten years the number of branch offices has tripled.

We can only wonder why the Minister of Finance, himself a member of Kibbutz Degania B', reconciles himself to this speculative enrichment, a form of enrichment which is in crying contradiction to our country's construction needs. The first and second generation of settlers are still struggling to hold on to the soil, but they are compelled to pay interest four times higher than that paid by farmers in any capitalist country.

This is the distinguishing mark of the adaptation to capitalist liberalism. The recent devaluation for example: the regime considered it to be its task to see

to it that the costs of devaluation should not be paid by those for whom the decreased value of the currency meant tremendous profits of tens of millions of pounds on warehouse stocks. The cost was not paid by the citrus growers, who also amassed great wealth from the depreciation of the pound. The cost wasn't paid by the Bank of Israel, which also profited from the drop in currency value. The cost was paid by workers and home-owners.

Since devaluation prices have gone up by thirteen per cent, and continue to rise. The burden of adapting our economy to the conditions of the Common Market has been loaded on to the most discriminated against sectors. A committee set up to examine the exaggerated profits of the banks died shortly after its inception. An income tax registry used to be published, giving some if not too exact information about profits. It was a thorn in the side of the rich and the Treasury finally retreated. It apparently wants to be half-deceived by them, and turns a blind eye to their falsified tax declarations.

We do not even have the morality of taxpaying common to the traditional capitalist countries, which impose punishments on evaders. Only a few are ever punished and if they are caught in evading taxes of tens of thousands of pounds, they come to terms on thousands. For the most part matters are settled by an almost token fine, with all the parties involved cooperating in whitewashing the ugly truth.

In contrast to this, what happens to the worker's thin pay envelope? The government's share is collected to the last penny. After devaluation, frantic efforts were made to prevent the worker from obtaining the cost-of-living increment he deserved. According to official statistics, a family with two children requires IL450 a month; yet, compulsory savings were imposed on families with two children earning IL350 or more.

At the opening of the new year, the Minister of

Finance and his energetic helpers began a series of new maneuvers aimed against the workers. All these energetic helpers belong to the same school of fiscal theory. They make no bones about imposing oppressive decrees and carrying them through with all the efficiency of technocrats divorced from the sufferings of the people. They never experienced the harsh test of creating something where there was nothing before. We need not fear that their consciences will bother them particularly.

After succeeding in having cost-of-living increments decided twice a year and in a fashion calculated to harm the worker's income by ignoring the real rise in costs, they have now come up with a new suggestion: to pay increments once a year. They are also talking again of "disarming" the new increment by a new tax. They were not at all ashamed to advise freezing wages for one year and perhaps two. The Histadrut leadership blindly obeyed the decrees of the Ministry of the Treasury, and the Histadrut institutions ratified the wage-freeze. They see all the profits from increased productivity and greater production filtering into the pockets of the employers, but their consciences are unperturbed.

There is no doubt that this gap will continue to spread in the near future. If, after having decided to freeze wages, they will continue to attack the cost of living increments, social and ethnic differences in our country will continue to grow. The Treasury's experienced aides have tried to play hide and seek with the more innocent; they have worked hard to conceal the figures and facts which reveal the size of the burden placed on the most exploited groups. Nevertheless, we were able, by chance, to obtain a table revealing the distribution of wage-earners in this country according to incomes. Everything that they denied publicly was proven clearly by this table. During a discussion with key members of Mapai, I once told them

that half of the wage-earners in this country earned wages averaging IL150. They replied that I must have been hibernating for a long time, that my figures were true three of four years ago but no longer reflected the true situation. Now this table proves that the maximum obtained by the lower half of the wage-earners is IL250, while the average was only IL140 monthly.

These are the figures of the Treasury itself. Despite this, the Minister's energetic helpers continue to try to squeeze greater productivity from the workers, to freeze their wages and to pour the profits into the pockets of the wealthy.

As we know, most production workers now belong to the Oriental communities. To be quite frank we are concerned not only with freezing wages but with deepening the ethnic differences in the country. This social exploitation helps hold the Oriental communities, one half of the population, in their present state of economic, social and cultural discrimination, of which we will say more later.

TOWARDS AN IMAGINARY CAPITALIST "WELFARE STATE"

We have grown accustomed to the Prime Minister's typical proclamations, which find no confirmation in reality. One such proclamation was his prophecy that in another ten or fifteen years we would have all the young people of the country, one hundred per cent, receiving secondary education, and some years later, academic education as well. If he has not already done so we can expect the Prime Minister soon to declare that, in the not too distant future, a miracle will take place and this society of growing social, economic and cultural differences will suddenly become a society of academically-educated workers.

I must confess that I have little interest in more university students. In a little while there will be no way out except to export the surplus professionals to

the Diaspora again. It will be an original way of "spreading our light among the gentiles." We already have one doctor for every 400 individuals, most of these doctors unfortunately crowding together in the larger cities. This compares with one doctor for every 700 in the United States. In other professions, as well, we have also reached repletion.

We needn't have fifty percent of the students in our country coming from the working classes, as in the socialist countries. Under the pioneering conditions of our country, we want to see the day when skilled work will pass in inheritance from fathers to sons. But we cannot reconcile ourselves to the fact that, because of material want, in the simplest sense, our universities are practically locked to workers, especially those from the Oriental Communities.

One of the newspapers recently published a statistical table taken from an authoritative source, showing the social composition of the 5000 students who studied at the Hebrew University in 1962. The figures show that half of the students were sons of professionals or the higher bureaucracy. Almost all of the second half came from other prosperous sectors, while only 500 were the children of workers. If this process continues we shall swiftly become transformed from a society under worker and pioneer hegemony to one dominated by technocrats and bureaucrats, striding speedily towards transformation from a pioneering country into a capitalist welfare state.

We are not able to establish a capitalist welfare state by our own resources, since our economy continues to suffer a chronic trade deficit; there is a gap between imports and exports of about 350 million dollars annually. We all know very well where the funds come from to cover this deficit. We must therefore state very clearly that we shall not be able to free ourselves from our dependence on these funds, nor be able to attain economic autonomy, by imitating the capitalist

economic methods practiced in Western Europe. We shall not be able to attain economic independence by handing over economic and political control to private capital and by downgrading those who continue to be the most trustworthy guarantee for the continued existence and development of the national economy — the laboring classes led by the workers parties.

Economic and political independence will not be obtained by the deepening social, economic, racial and ethnic differentiation becoming evident now as a result of the prevailing trends. Economic and political independence will be obtained by the exact opposite, that is by unrelenting striving for social equality, by imposing just burdens on all the classes of the population and by working to do away with economic, social, cultural, ethnic and racial differentiation. Under our conditions, these are the only guarantees for greater accumulation, increased construction, settlement of the Negev, distribution of the population throughout the country and progress towards economic and political independence.

In other words, a pioneering regime and workers hegemony could not only bring us closer to economic and political independence but could also pave the way for the realization of socialism in our country. The relegation of these two elements is the chief trademark of the new economic policy. We are struggling against this policy as the opposition to the Government.

These theses were written at the time of a warning strike that embraced tens of thousands of workers in the cities and towns. This was not the first strike to be carried out against the attacks on the workers' standard of living and wages by the employers with the aid of Mapai's economic ministers and the cooperation of her members at the head of the Histadrut. The Mapai

leaders have ceased considering themselves as the heads of the workers' struggles. Instead they are giving increasingly greater help to those carrying out this Government's anti-worker and anti-pioneering economic policies.

It has been a long time since we last heard of the Histadrut leading a strike. We have grown accustomed to seeing the Histadrut leadership preventing strikes and applying sanctions against them. But there are strikes or the threats of strikes to which their ears are more attuned. Towards these strikes of 'our own people' from the higher bureaucracy they use gentler methods of persuasion. The same is true when the strike is led by a rebellious Mapai politician. But when the strikes are organized by production workers, the Mapai leadership knows how to show its fist. If there were really justice in the Histadrut we would have to put the Mapai majority on trial, since the wage-freeze contradicts the Histadrut convention resolutions, which declared that wages would have to rise together with increased production and productivity.

I have already mentioned the statistics of the Bank of Israel proving that a long list of private firms and banks ended the past year with a balance showing profits of 20 percent and more. This freedom to amass profits reflects the famous liberalism which is now being introduced in place of the austerity of the pioneering regime. Why we need these high profits by the employers on the one hand and the wage freeze for the workers on the other, in order to meet the competition of the Common Market countries, are questions which only Minister Eshkol and his comrades can answer.

We consider Mapam's struggle against this policy and the economic discrimination against the workers to be our central political task at the present time. We shall do everything we can to bring into the struggle other elements in the Histadrut and the country.

THE SOCIAL AND ETHNIC GAP

When I first came to Israel I was one of workers on the Tiberias-Zemach road. I lived in lower Tiberias and had the opportunity to observe the life of two communities, the Ashkenazic community (European) and the Sephardic community (Oriental). Even then there were differences in the traditions and customs of each group, but they did intermingle with one another. Social integration progressed more rapidly in those days than today. All were united by the common problems and troubles facing them; namely, poverty and distress. There was an equality based on scarcity. Even the elite of both communities integrated socially as well as economically — bankers, scientists, scholars as well as the ordinary man.

A large immigration from the North African countries began with the establishment of the state and the percentage of Oriental Jews rose steadily. In 1936 they were 23% of the Jewish population; by 1948 they reached 30%; and by the year 1960 their numbers grew to 50% of the total population of Israel. Taking into consideration the natural increase in population, this percentage will continue to grow. (More than 50% of the families of the Sephardic Jews number 5—10 members per family).

Herein lies the problem: From a demographic point of view the Sephardim represent the major basis for natural growth. However, this natural increase will be paid for by a painful widening of the social gap. There is no doubt that ethnic discrimination exists within Israel. This today is a more serious problem than in the days before the establishment of the state.

This is social and class discrimination in essence, and ethnic discrimination in form. It resembles in many