

In Wake Of Likud Victory:

Political Storm Rages In Israel

A political storm is raging in Israel in the wake of the May 17 upset victory of the right-wing Likud bloc in Israel's national elections. The leaders of the Likud this week began unofficial talks with other Israeli political parties on the creation of a coalition government to rule Israel — amid a knock-down, drag-out battle among top international political circles for effective control of this next Israeli government.

Riding on the outcome of that fight — which involves intervention into Israeli and Zionist circles by the U.S. Labor Party, financier factions including the Rockefellers and Rothschilds, and various political intelligence networks both of the West and of the Warsaw Pact — is either an accord for a stable Arab-Israeli peace or a sudden outbreak of another Middle East war.

The political earthquake that catapulted Menachem Begin's Likud bloc into power has fundamentally altered the very basis of Israeli politics. On the one hand, the Likud win has stymied Rockefeller's efforts to install a malleable government in Tel Aviv headed by the military clique around General Moshe Dayan, hopes that had been riding on the formation of a government composed of the Labour Party under Shimon Peres, a leading Dayan ally, and Yigal Yadin's Democratic Movement for Change, a fascist party run by ex-intelligence chiefs like Aharon Yariv and Meir Amit. Carter's sought-after Peres-Yadin coalition has been decisively buried by the strong Likud win.

On the other hand, a grave danger of war remains. The Likud, though most definitely not under direct control of Rockefeller and the Rothschilds, might easily blunder into a Middle East war on the basis of its single-minded ideological commitment, with fascist overtones, to a Greater Israel including permanent occupation — annexation — of the West Bank, a condition unacceptable to the Arab states and the Palestine Liberation Organization.

Unless the Likud is contained politically by careful but firm international diplomacy that guides Begin and his allies away from a confrontation and toward a peace settlement based on regional economic development, then a head-to-head confrontation is virtually inevitable. Italy's Prime Minister Giulio Andreotti, during a visit to Athens this week, responded to this challenge with a declaration that Israel is in desperate need of a government that will "have the strength to make the necessary steps for peace." Andreotti cited the precedent of Charles deGaulle, the "Bonapartist" leader of France who in the late 1950s and early 1960s brought an end to the war in Algeria.

Israeli Power Struggle

The Likud bloc, as a political animal, is something of

an anomaly. Originating out of the 1940s-era armed fascist movement Irgun Zvai Leumi, which at the time served as a Rockefeller vehicle for battling the British in the Middle East, it fell by the political wayside when Israel became independent in 1948, and developed a base among the petit-bourgeois and Oriental Jewish sections of the Israeli population. (See the analysis of the Likud phenomenon that follows.)

As battle-hardened fighters, the Likud developed in Israel as a coalition of various political currents, whose links were maintained to political forces around the world including the Rockefellers and Rothschilds and even some ties into Eastern Europe — but which for the most part emerged as truly independent "Israeli nationalists." The complex Likud structure — what one informed source called a "power combine" — contains within it a veritable smorgasbord of conflicting tendencies, but virtually all sources agree that at its core Likud is the personal fiefdom of Menachem Begin, ex-terrorist and extremely shrewd politician who engineered the May 17 upset that shattered all the RAND Corporation programs of the Rockefeller White House.

Now, the political process leading toward the formation of Israel's next Cabinet has begun, and may take as long as six weeks. Evidence of the intensity of the fight involved in that process is the violent political storm that broke out over the mooted appointment of Labour Party warhawk Moshe Dayan, the former Defense Minister, to the post of Foreign Minister in the coming Likud regime. That battle, which left Dayan a probably-fatal casualty and a political zero, is only the first skirmish in the war.

On Wednesday, May 25, it was reported in Israel that Likud had asked Dayan to assume the post of foreign minister, and Dayan quickly responded by accepting the offer "in principle." That event, however, triggered a double-barreled blast from *both* Likud and Labour that left Dayan shell-shocked.

First, within 24 hours of the Dayan "appointment" powerful forces in the Likud rose in open revolt against Dayan. Simcha Ehrlich, the head of the Liberal Party faction of Likud, publicly demanded that Dayan not be named to the post, and successfully forced the convening of a special session of the Likud Executive Committee to discuss the matter. Begin, who had foolishly lauded Dayan the day before as a "man of great international prestige," on May 26 said that he was "reconsidering" the offer due to "growing opposition" within Likud.

At the same time, the Labour Party exploded with outrage over Dayan's treachery. Although Dayan had hoped to retain his seat in the Knesset as a Labourite, the party demanded that Dayan resign from the Knesset and turn in his party membership card as a penalty for crossing the aisle and backing Begin. Moshe Kargman, a Labour

member of the Knesset with links to the trade union confederation Histadrut, denounced Dayan as a "traitor," and the entire leadership of the Labour Party was reported "bitterly criticizing" Dayan.

Rabin's Comeback

The fiasco around the Dayan appointment has given impetus to the second major political development in Israel — the startling comeback by Prime Minister Yitzhak Rabin, a leading Labour Party moderate who was ousted in April in a cold coup by Defense Minister Peres, Dayan's chief ally. On Sunday, May 22, Rabin announced that he was ending his self-imposed "leave of absence" that followed the Watergate-style scandal which ostensibly forced him out of office, and said that he was taking up the reigns of power again at the head of the Cabinet.

Rabin will thus return to an active role as Prime Minister until Begin and the Likud bloc either form a new government or abandon the effort.

With the outrage against Dayan, Peres himself has been badly discredited. At the same time, Rabin is letting it be known that he considers Labour's poor showing in the May 17 election to be the sole responsibility of Shimon Peres, who headed the ticket. Peres, said the *Baltimore Sun*, is reportedly "furious" over the Rabin comeback, though powerless to halt it.

One observer, himself a former Knesset member, said in New York yesterday, "The Rabin move for a comeback is very important. Whether or not Rabin himself heads the party now, I don't know. But I do know this: If the Labour Party tries to purge the hawks and become a

liberal, left-of-center party with a clear peace program, then they have an excellent chance to have a stunning comeback."

The forces behind Rabin include the Histadrut circles, the Labour Party Old Guard, and Mapam, the left-leaning party allied to Labour in the Alignment. The strategy of these forces is to build up their prestige and organizational control of the Alignment in preparation for a possible failure of the Likud to form a viable government. Should Begin's effort collapse, and should Dayan be ousted and Peres left impotent, then there is a good chance that Rabin and the pro-peace moderates in Labour could end up atop a new Israeli government after new elections in July.

Crucial to this effort is the June 21 Histadrut election. State Department sources report that the Histadrut vote will be taken as a barometer of the strength of the Labour Party after the May 17 vote, which — in some senses — was an aberration. Rabin is thus maneuvering himself into a position to reap the credit for a strong Labour showing in the Histadrut vote, which in turn could be a decisive defeat for Begin if the rightists are unable to form a government by that time.

The Dayan affair is also indicative of the inside fight that is ripping Israeli politics. According to a highly knowledgeable source, Dayan — and his cronies in the so-called "Rafi" faction — are a kept political entity of the Rothschilds and Baron Edmond de Rothschild personally, who "is surrounded by Rafi people, and keeps a number of them, very generously, on his payroll in Paris and in Israel." To Israelis, it was clear that the Dayan

Friedman: 'Workers In Israel Will Have To Be Fired'

The following is taken from an interview with Milton Friedman published in the May 24 Jerusalem Post, by Wolf Blitzer.

Prof. Milton Friedman, the Nobel Prize-winning economist who has been invited to advise a Likud-led government, suggested yesterday that Israel drastically reduce government involvement in the private business sector and remove laws which prevent workers from being fired.

In a telephone interview, Friedman said laws which prevent the dismissal of employees are "wasteful" and "invariably do far more harm than good."

Friedman confirmed that he received a phone call the other day from someone "speaking on behalf of Begin and (Simcha) Ehrlich," who is widely believed to be the next finance minister.

According to Friedman, the caller asked whether he would be available to advise and help the next government. "I said I would be delighted," Friedman said.

He said that he knew Israel's economic problems because of his many visits to this country over the past 15 years.

Israel should immediately reduce government spending and cut back on the rate of increase of "government money" in circulation, he said. "As I understand it," he continued, "this is the concept advocated by the Likud... The government should reduce its involvement in Israel's business." He noted that "government-run enterprises are inefficient and wasteful."

...He insisted that the basic objective of the new government should be the "widespread private ownership of industries in Israel."

He also suggested that Israel adopt a "free market" with respect to unemployment. Under a free market system, he argued, unemployment would affect only those people between jobs. The current system in Israel is wasteful because it leaves "no flexibility enabling people to move."

When told that the question of unemployment in Israel was a "sacred cow," Friedman replied that "there are a lot of sacred cows. But you get buried by what the cows produce."

On the Likud's foreign policy, Friedman declined to comment, stating only that he had seen Begin on ABC television on Sunday and "I was very much impressed by what he said."

appointment was a blatant attempt by the Rothschilds to force Dayan into Israeli politics by fiat, to control the Likud coalition — and it was forcibly rejected.

A Likud Government?

A crucial determination of whether Begin will be able to form a government will be whether or not he can persuade the technocratic Democratic Movement for Change to join Likud in a coalition. The DMC, led by former Chief of Staff Yigal Yadin, is a patchwork body which is "run out of the U.S. Embassy."

The second determinant is whether the Likud bloc can stay together long enough to complete negotiations. It is generally recognized that Begin is the strong central authority in Likud, and without him there is some question whether the diverse factions of the bloc could stay together. After a long meeting with the new U.S. Ambassador Samuel Lewis, Begin suddenly fell ill and was rushed to a hospital intensive care unit for observation. Speculation immediately developed — fed by the

New York Times — that Begin might be too ill to remain atop Likud, and that "civil war" might erupt inside Likud between Ezer Weizman, Begin's No. 2 man in the Herut faction of Likud, and Simcha Ehrlich, the Liberal leader.

If Yadin joins the Begin government, it will signal that the Rockefeller forces are seeking to infiltrate and thereby control the next regime. But for Rockefeller, this is dangerous, because if Yadin enters the government and thereby strengthens Begin's hand without extracting sufficient political concessions, it will push Israel further out of the control of the U.S. National Security Council. On the other hand, should Yadin not join Begin, it will force the Likud to form a narrowly based rightist regime which will probably collapse within a few weeks due to lack of political support. This option, however, is only feasible for Rockefeller provided that Peres — and not Rabin! — is in control of the Labour Party which will head the next government if Begin fails.

— Bob Dreyfus

Saudi Confrontation With Carter Reported

In sharp contrast to the low-key U.S. press coverage of last week's talks in Washington between Saudi Arabian Crown Prince Fahd and President Carter, the West German press reported a major "confrontation" between the two leaders. Fahd rebuffed Carter's demands that Saudi Arabia abandon support of the Palestine Liberation Organization (PLO), and reiterated that "the Palestinian problem is the key to the Middle East." Commenting on the Fahd-Carter talks, the West German daily *Die Welt* warned that the U.S. "cannot expect Saudi Arabia to impose on the other Arab states a solution to the Middle East that they do not want." The Saudis also refused to bail out the bankrupt International Monetary Fund and agreed to give a mere \$2.9 billion to the Fund, according to the *Washington Post*. East German radio assessed the talks as having "no result."

The Saudi rebuff of Carter coincides with growing indications that the Saudi ruling clique intends to use their oil and monetary resources as strategic weapons to counter Rockefeller's manipulation of the extremist Likud Party in Israel and thereby to defuse the likelihood of a Middle East confrontation.

For such a peace push to succeed, the Saudis must move for the establishment of a new international monetary system in cooperation with Western Europe and the Soviet Union. Spurring the Saudis on is their awareness that the National Security Council's plans for a Mideast war involve the toppling of the present Saudi regime and its replacement with more malleable leaders.

For the moment, the Saudis have defused the war situation by distancing themselves from the Likud provocation and placing full responsibility for neutralizing the Likud crazies on the shoulders of the U.S. Just before leaving for the U.S., Fahd told the French paper *Le Monde*: "The upset which took place on

the Israeli scene concerns the U.S. first of all. If they seriously want peace, they must arrange this with their eternal friends."

Saudis at the Crossroads

During the Fahd visit, the Saudis proceeded gingerly, allowing for some U.S. face-saving by Carter. A full-page advertisement in the *New York Times* stressed the joint responsibility of the U.S. and the Saudis for peace, noting that the Saudis had \$140 billion worth of development projects that could involve every sector of U.S. industry. The Saudis also paid lip service to Carter's energy program, although it is clear from their rejection of the so-called Witteveen proposal to bail out the IMF that they have refused to sink their money into the purpose of that energy program — keeping Rockefeller afloat.

The choices for the Saudi regime and the rest of the Arab nations, other than forcing the U.S. into a Mideast peace and a new monetary system, are all suicidal. Egyptian Foreign Minister Ismail Fahmy warned after the Likud victory that the Arabs were readying use of the "oil weapon" if the U.S. stalls efforts toward an overall Arab-Israeli peace. Short of an actual embargo, Fahmy and other Arab spokesmen have intimated that the oil weapon they have in mind would include retaliatory phased price increases and petroleum production cutbacks. These measures, instead of targeting the Rockefeller forces, would wreck advanced sector economies and weaken the factional strength of the best potential Arab allies, the anti-Rockefeller industrial-based factions in the U.S. and Western Europe.

Significantly Saudi Oil Minister Zaki Yamani countered the oil threat by emphasizing that the Arabs will not use the oil weapon, according to the May 27 *Journal of Commerce*.

Even more catastrophic than the oil weapon would be an activation of an Arab military option against Israel.