

## Central Bank Warns

According to Dec. 30 reports from wires and Israel's daily *Ha'aretz*, the governor of the Central Bank of Israel has warned that a major Israeli bank could go bankrupt in the immediate period ahead, and—more remarkable—has called for a national economic infrastructure investment policy as the only means to stop the economic collapse which has characterized Prime Minister Ariel Sharon's term. Sharon immediately mooted replacing the governor, David Klein, with a Likud party figure.

David Klein had told *Ma'ariv* in a Dec. 27 interview that "it is not beyond the realm of belief that a major bank will collapse." This, within an environment in which the Israeli shekel has been collapsing against the dollar for over a year, caused another loss of 0.55% as of Dec. 27. Later, the Central Bank governor qualified the statement, saying that he was not identifying a specific bank, but was making a generic warning.

But in the more important statements on Dec. 30, Klein

urged that Israel immediately begin to make investments in physical infrastructure—railroads and other ground transportation, electricity, gas, water, sewage, ports, and communications—insisting that overcoming the deficit in these areas is a precondition for economic growth.

Klein also called for reducing the number of government ministries; creating a socioeconomic cabinet, divided away from the security cabinet; and blocking the use of cheap foreign laborers, by raising the costs of hiring them (presumably by taxes or by forcing employers to pay higher wages).

Prime Minister Sharon responded angrily to the publication of these policy proposals, demanding an explanation from Klein. *Globe-online* reported that Sharon's office "is using crude language to describe [Klein]."

Sharon, according to the same reports, is now considering replacing Klein with Yaakov Ne'eman. A former finance minister, Ne'eman is a go-between for the Likud and American dirty-money donors, such as Merv Adelson, for whom Ne'eman was formerly an attorney. Ne'eman is on the World Bank central committee.

State of Israel. This, too, was in opposition to the recommendations of the Commission chairman. The move is an obvious attempt by Sharon to provoke an Israeli Arab boycott of the election, which would sabotage the peace camp's efforts to win a majority in the next Knesset.

These moves are part of Sharon's grand design for an Israeli that will be willing to carry out his fanatic designs for a "greater Israel." For this he needs a political base that will support the continuation of a perpetual state of war between Israel and its Arab neighbors. In the past two years, Sharon has built up a *military* leadership who share his own hard-line views. Through these elections, he seeks a political base of obedient or corrupt cronies and organized-crime business interests. Sharon himself is unmistakably the top gangster in the Likud. He enjoys the backing of key players in international organized crime (see accompanying article), who make Moussa Alperon, Shlomi Oz, and their ilk look like street corner punks. His dictatorship would make Israel the world capital for organized crime. And, unlike a Latin American "cocaine republic," Sharon's outlaw state will have weapons of mass destruction.

### Doom and Gloom in Likud

But Sharon's plan may defeat itself. In three weeks of continuous scandal, Likud has taken a beating in the polls, and could even lose the elections. At the end of November, polls were predicting 41 seats for the Likud, more than double its current strength. But current surveys predict no more than 31 Knesset seats, and falling. On Dec. 25, the Likud held its big event launching its campaign. Only Sharon and his crony,

Jerusalem Mayor Ehud Olmert, were allowed to speak. Then Limor Livnat attempted to lead the crowd of a scant 100 activists in patriotic songs; in minutes, they began to leave. *Ha'aretz* reported on Dec. 26 that party activists, including Likud mayors who are supposed to lead the campaign at the grassroots level, say no one has been given directives or campaign funds.

*Ha'aretz* quoted Lior Katzav, a local mayor and brother of Israel's President, about a colleague who went to Likud headquarters to collect campaign instructions. "He told me," Katzav related, "that as a longtime Likud member, he had never seen such a thing, that he found the large building like a haunted house. The workers were afraid to talk, and everyone was busy reading newspapers about corruption-related affairs. . . . Finally they told him that there wasn't any more budget and there was no lists and there was no anything." Of his own city, Katzav said, "The people of this town do not believe that the elections will change anything. They are disappointed and despairing. I meet citizens and I see their burned-out looks. I meet the regular activists and I see that the fire has gone out of their eyes. Their enthusiasm is gone." Katzav then relates how he himself had to pay 10,000 shekels to a vote contractor in his failed bid to get on the Likud Knesset list; Benjamin Netanyahu and the latter's crony Yisrael Katz double-crossed him, for a deal with Sharon, so that Omri Sharon would be on the list. "Pick up the phone to people and call them to come to activities and they'll tell you, 'No thanks, we're not interested.'" Likud members are fed up with what happened at the elections for the list of Knesset candidates. . . . They tell you that they aren't prepared to work for this list."