

## Year in Review — Israel's Precarious Economy

by Yitzhak Shargil  
TEL AVIV, (JTA) — While Israel is engaged for the first time in its history in the process of implementing a peace treaty with one of its neighbors, the precarious state of the nation's economy poses a threat to its survival. The danger is compounded because in the economic sphere, appearances are deceptive.

To the casual observer, Israel this year was a country of booming prosperity, a flourishing healthy economy, full employment — too full in fact — and a well-heeled consuming public enjoying the good things of life. At least a half million Israelis vacationed abroad during the past summer, each allowed to take \$3000 in foreign currency. New car sales soared to an all-time peak despite astronomical prices and the highways are jammed. Israel has yet to introduce color television; nevertheless, 110,000 color TV sets were sold in recent months.

Every Israeli fit to work has a job or can have one and the labor market is seeking at least 30,000 more workers. In addition to Israelis, the country provides regular employment for some 70,000 Arabs from the occupied territories who get their jobs territorially through the labor exchanges and an estimated 20,000 more who circumvent the legal channels. Several thousand Lebanese from south Lebanon commute to jobs in Israel daily.

**A Grim Reality**  
But this rosy picture conceals a grim reality. Israel this year was caught in the worst inflationary spiral in its history. The inflation rate is expected to exceed 80 percent by the end of the year, probably the highest in the world, and at the moment there seems to be no way to control it. Inflation is fueled by feverish consumerism. Israelis do not save their money because it shrinks rapidly in value. Those who do save invest in cost-of-living index related government bonds which only adds to the internal debt.

But Israelis are buying everything available. They are spending their money mainly on expensive durable goods such as cars, refrigerators and TV sets at ever higher prices. As demand increases, manufacturers hire more workers and are ready to pay higher wages. But the more Israelis consume, the less there is to export.

Exports increased at the meager rate of three percent this year and the country may face a \$4 billion balance of payments deficit, its cumulative foreign debt now stands at about \$17 billion. At the current rate, it will reach the danger point of \$25 billion in four years at which time the government will experience great difficulties in getting foreign credit.

### Trying to Fight Inflation

Fighting inflation is not an easy task for a government which depends on coalition partners to muster a majority in parliament. When the Likud government came to power two years ago, the controversial Friedman economist, Milton Friedman, was invited here to offer suggestions. Friedman's conservative philosophy and especially his view that a degree of unemployment is necessary to reduce inflation, raised an outcry in labor circles.

The Likud government cannot permit itself to create unemployment for that would surely lead to its downfall. So the government has taken only half-way measures against inflation with very little success. It has been unable to cut down on its own expenditures primarily because defense needs swallowed a third of the present IL 320 billion budget. And because of inflation, the budget will have to be increased by about IL 70 billion.

**The Housing Problem**  
Connected to the inflationary spiral is the housing problem which is a social as well as an economic problem. Housing construction, a basic branch of the economy, is losing ground. In the last two years, the price of an apartment has tripled, the price of land went sky-high and construction starts have diminished. Israel's construction industry is not highly mechanized. Building is time consuming and more costly than in other countries. A small two-room flat in Tel Aviv, Jerusalem or Haifa costs over IL 1 million and there are no apartments for rent at reasonable prices.

This situation carries the kernel of social unrest as newly married couples find it impossible to pay for a home of their own. It contributes to the phenomenon of emigration among Israelis — yordim. In recent months the emigration rate was 2000 per month and it is not likely to be stemmed unless the price of housing can be brought down to affordable levels.

Israel has just informed the United States that its budgetary deficit for the fiscal year beginning Oct. 1, 1980 will amount to about \$3.4 billion. But hopes are not high that the U.S. will cover that deficit with grants, considering the recession and inflation in America. Some American aid will, of course, be forthcoming. On the other hand, the U.S. will indirectly feed Israel's inflation by pouring money into the new airfields to be built in the Negev, replacing those in Sinai.

Because of that danger, the entire project will be a closed venture. But no one will be able to prevent the foreign workers from spending their money in Israel nor will the American contractors deny themselves

products and services on the local market, thereby competing with Israeli consumers.

### Picture Not Entirely Bleak

Still, Israel's economic picture is not entirely bleak. Export industries have made enormous strides. Only last year, \$550 million worth of Israeli goods that were the result of local research and development were sold abroad. The entire industrial export was \$3.5 billion and there was a significant export of military hardware such as the Gabriel missile and the Kfir jet interceptor. Industry is shifting more to sophisticated electronic systems and there is a continuous stream of investments.

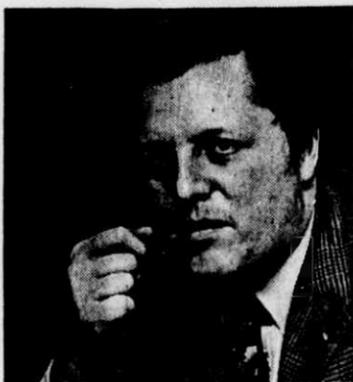
Regarding the gradual normalization of relations between Israel and Egypt, experts expect it will have little effect on Israel's economy in the year ahead because local industry, geared to the requirements of the European market, will need time to adapt itself to Egyptian market demands. Moreover, it will take several years of peace before trade relations between the two countries will develop to a point where it will be a significant factor in their economies.

Summing up, Israel's economic targets for the coming year are to put a brake on inflation; close the balance of payments gap; and step up housing construction. Mainly, the dangers of social unrest and increased polarization between the rich and the poor must be avoided.

## Goldberg Seeks Council Seat

Gene Goldberg is seeking the 7th District seat on the City Council in the election to be held November 6th. Gene is running as a democrat against the incumbent.

Gene has been active in both the Jewish and Civic communities for many years. Among his activities he has served as President of Charlotte Lodge B'nai B'rith, State Vice President, B'nai B'rith, Chairman Piedmont Counties March of Dimes, President Queen City Toastmasters, and Area Governor Toastmasters International. He has also served on the Board of Directors of McCrory YMCA, Temple Israel, the



Gene Goldberg

American Red Cross, Providence Day School, Charlotte Athletic Club, Heart Fund, National Conference of Christians and Jews and Queen City Optimist Club. He has also chaired committees for various other local, statewide and national organizations.

Marlene, his wife, and Gene have lived in Charlotte 24 years, and are members of Temple Israel. They have three children — Steve 22, Marsha 20, and Marion 13 and all of them are active and involved. Marlene is currently serving as recording secretary of the JCC as well as having been President of B'nai B'rith Women and on the Board and Vice President of Temple Israel's Sisterhood.

## Afternoon of Arts

(Continued from Page 1)

are seen on rotating display in the JCC lobby. For many of these artists it began as a kind of fun experiment; for others it was the opportunity to fulfill a long time ambition. In both cases it has evolved into a satisfying and even profitable avocation. Families and friends vie for the paintings and consider the acquisition of one as a prize to be proudly and prominently displayed in their homes.

Beverly Howard, CPCC art instructor for CHAI for the past two years, indicates that on December 2nd a number of pictures not previously seen will be displayed. Many of these will be for sale. "It's more than an opportunity to meet an artist and acquire a fine piece of work," says Ms. Howard. "It is a chance to be inspired by accomplishments which show how strong the human spirit really is."



Jose' Beato

Jose' Beato, a virtuoso on the Spanish guitar, will perform at 3:30 p.m. His repertoire includes the classics, flamenco, and traditional songs of Spain. In particular for this performance he will play several selections from the "Ladino" (Spanish-Jewish) tradition.

The presence of the classical guitar in the life of Jose' Antonio Beato was always constant and strong. Even throughout a twenty year banking and administration career, he has managed to combine his professional life and performing, studying and teaching

guitar, which he began to play at the age of twelve.

Music and the guitar weighed heavily in his decision to leave a promising banking career in Barcelona, Spain. Along with his wife, Yvonne (formerly "Luckie" Huskey of Charlotte) and eight year old son, Wesley, Jose' Antonio made the move, well aware of all involved in so complete a change of life-style. He decided to leave a well established way of life to test the possibilities of his musical talents.

Jose' Antonio Beato's style is perhaps unique to what has been introduced in the Southeast, reflecting his love of flamenco and the popular songs of Spain, South America, Mexico and Italy. This combination offers interesting facets of the classical guitar and a pleasant introduction to its vast resources.

Speaking about the entire afternoon's program, Marvin Bienstock, JCC Director, says, "It is an JCC Chanukah present to the entire community from the JCC. It's more than either a cultural afternoon or a sale. It is an example of the kind of talents present in the JCC and in the Charlotte community. This is the kind of afternoon from which everyone can derive pleasure, and the Board and Staff of the Center hopes everyone will come and do just that."

There is no admission charge for the afternoon. Refreshments will be served.

A man should never be ashamed to own he has been in the wrong, which is but saying in other words, that he is wiser today than he was yesterday.  
Jonathan Swift

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