

## Kadima - bad for the economy

Daniel Doron, THE JERUSALEM POST

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There are obviously expedient reasons for Kadima to emblazon its promotional materials with the portrait of its founder, even though he is tragically incapacitated and not likely to govern the party he endowed with so many political spoils.

Kadima and its present leader, Ehud Olmert, genuinely believe, apparently, that they carry on Sharon's heritage. And this may indeed be so, for their platform shows no inkling of novelty, nor any genuine departure from the musty banalities that have damaged Israeli politics for decades.

What must one make of a "new" party that - after so many years of a no-go peace process and a sweeping Hamas victory - still insists that "the disengagement has created a window of opportunity that permits real progress and even a breakthrough in the effort to establish a peace arrangement... that a national, regional and international consensus exists that the road map is the only political program that facilitates a true advancement on the road to a full and absolute peace arrangement."

"Disengagement", "road map", "full and absolute peace"? Is someone dreaming? So far only more Kassams have flown through this "window of opportunity" and it only inflamed a greater zeal to destroy Israel rather than a passion for a "full and absolute peace."

Olmert has tried to cover up this absurdity by asserting that should a Palestinian partner not materialize, Israel will unilaterally separate from the Palestinians and hunker down behind a protective wall. How this wall is to prevent an irredentist Hamas "Authority" from waging a "low-intensity war" that can undermine Israel - undoing Olmert's rosy vision that in four years Israel will become a fun place to live in - is not explained.

Perhaps, as Ari Shavit claims in *Haaretz*, such a unilateral withdrawal fantasy is indeed a mortal danger to Israel.

Kadima fails to explain not only how its government will successfully defend Israel in the international arena or suddenly win the war on terror when so far it has failed to do so (despite some tactical victories). It also does not really explain how it is going to address Israel's critical economic problems, which except for the interlude, when Binyamin Netanyahu boldly launched some revolutionary reforms, it has mostly neglected.

Kadima acknowledges that "strong social and economic bases are a necessary condition for national strength" and that "they are in danger of falling apart, widening the already existing gaps and posing an existential danger to Israel's future existence."

It claims that "the dimensions of poverty keep growing" and yet does not connect this to the welfare policies its members advocated (again, until Netanyahu curbed them somewhat) and are intent on bolstering.

"An open and competitive market is critical for changing these trends..." Kadima's platform asserts, raising the hope that it will continue the strong pro-growth policies initiated by Netanyahu. But then Kadima immediately qualifies its "support" for an "open and competitive market" by asserting that "it does not mean that it accepts a jungle [economy], where no rules exist and the strong prey on the weak."

IN THIS biased attitude toward markets, Kadima's platform reflects the common Israeli misperception that competition is

always "cutthroat" and that if you leave the market to its own devices it will inevitably lead to the ruin of the weak.

This misperception is promoted by a leftist academy and media that have convinced Israelis that their monopoly-ridden economy is a free market, a Thatcherite-style "compassionless" economy that the cruel Netanyahu has foisted on Israel. Israelis believe that the many inequities of their statist system, including its domination by strong monopolies, is a result of competition rather than the lack of it.

While Kadima pays lip service to markets, endorsing them in the abstract, it suggests in practice many steps that will greatly increase government involvement in the economy, while doing very little to remove the many monopolies and entry barriers that have made the Israeli economy lame.

"The government," the platform promises, "will build physical and human infrastructures in order to overcome market failures." The first step the platform recommends is "a change in the national order of priorities in the distribution of budgets." Namely Kadima's first priority will be to reshuffle government handouts, rewarding, under the pretext of seeking greater transparency, its political allies with funds denied to its political opponents, mainly the settlers. The bottom line is that distributive politics will continue to dominate the economy to its great detriment.

Next the Kadima platform promises government action toward "the widening of employment and increased income from work." Decades of inbuilt government failures, costing billions which in the areas of vocational training and job creation are simply ignored. Only at the very bottom of the list of objectives the platform also calls for "accelerating economic growth, increasing productivity and improved competitiveness." But little is said on how these objectives are to be accomplished, so the call remains essentially rhetorical.

The composition of Kadima's Knesset list, comprised of people with little or no understanding of economics and with wrong ideas about it (many former Labor stalwarts) does not bode well either, nor do rumors that Kadima's list of candidates for finance minister include politicians whose probity is questionable.

Altogether, not an encouraging prospect for a growing Israeli economy facing growing external threats.

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