

Taking Stock / Guy Rolnik

We need Dan Ben-David

The big bang is about to end in a feeble whimper. They're back: Fuad, Ramon, Tamir, Hirschson, Sneh, Sheetrit, Peres, the whole crew we know so very well. These are people who led us over the last 20 years to where we are now: Our economy is one of the most backward in the world, in terms of GDP per capita growth and exploitation of potential.

Ehud Olmert and Amir Peretz conned the voters. They showcased luminaries like Avishay Braverman and Uriel Reichman. But at the end of the day they are giving us the same bunch, with the same old burdens of political commitments and cronyism tied to their backs. Olmert and Peretz have ensured we're about to get more of the same.

The most worrisome aspect is economic, not only because Ehud Olmert kept all the important portfolios in Kadima's hands, not only for fear that the prime minister – who has close ties with big businessmen – means to manage the economy himself, but mainly because populism and demagoguery and short-term vision may reign supreme.

Opportunity comes knocking

The brand-new prime minister has an extraordinary opportunity in the form of the 34th name in Kadima's list: Prof. Dan Ben-David.

Ben-David is one of the most original economists in Israel. Kadima's economic platform is based largely on his ideas.

Unlike most of the successful economists in Israel, Ben-David did not choose prestigious areas of research proffering lucrative opportunities in the business sector, or in international institutions.

No, Ben-David studied Israel's economic patterns over the last 30 years. His analyses of education, employment, poverty and economic growth have become one of the most influential factors in the public economic debate.

During the recession, while politicians and many economists floundered about slack-jawed and helpless, Ben-David's presentations and analyses became the platform for discussion of where Israel's governments had gone wrong over the last three decades. They were the basis for debate on stopping the rapid expansion of poverty.

Ben-David decided to abandon the warm seas of academia and leaped into the stormy waters of politics. He joined the Labor Party but was disappointed by Amir Peretz. When Kadima came along, he jumped ship.

His analyses, which have appeared in TheMarker and indeed in most of the business press, won plaudits from the economic "left" and "right" alike. That may be because the professor eschewed inflammatory rhetoric and relied on facts, numbers and long-term processes.

No rabble-rousing

Ben-David told the truths that Israel faces: a population of needy that is not given tools or conditions to contend in an open labor market, and, he warned, this population is growing much faster than the population that's financing it.

In a modern, open economy that enables free movement of capital and workers to and from Israel, the ones increasing the burden on the backs of the taxpayers (and people who actually do serve in the army) must un-

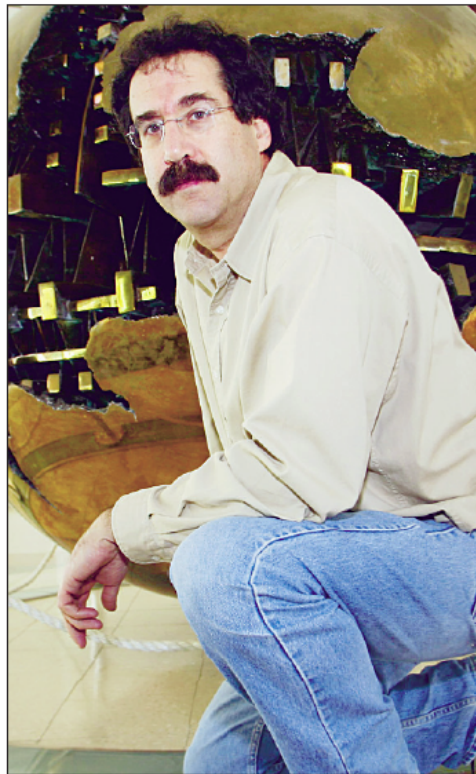
derstand – there is a breaking point. Laws that could change these patterns will already be hard to pass, and will be impossible to enact in a generation or two.

Change the patterns

According to Ben-David, unless long-term socioeconomic patterns are substantially changed, the State of Israel will have great difficulty remaining a member of the First World, if it manages the trick at all. But the crisis is not inevitable.

Terrorism cannot be blamed for everything; the political echelon must abandon its mental paralysis.

In the last year, the professor began delv-



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Tel Aviv economics professor Dan Ben-David.

ing into a new subject: transparency of the national budget. This is one of the most important steps for anybody seeking to start a process of long-term change in the national priorities and macroeconomic management.

The biggest disadvantage to appointing Ben-David to the Finance Ministry is his lack of experience in politics and management. Sometimes people with the best intentions deliver fiasco. Ben-David's advantages are that he knows his material inside out, he knows how to communicate his messages and he has his eyes fixed on the long term.

Olmert is putting together the team that will lead the economy in the four years to come. He faces great temptation. Given the surpluses in the budget and the rapid economic growth of the last two years, it would be easy to revert to macroeconomic management based on short-term benefit. Throw a bone to the rich, then one to the poor.

Or, in 34th place in the Kadima list, he has somebody who would very much like to be at the hub of the decisions, and who has alternatives to offer.