



Be like Kahlon

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Communications Minister Moshe Kahlon has had a significant impact on the lives of ordinary Israelis.



Photo by: Avi Hayun

Of the 30 cabinet ministers and nine deputy ministers, Communications Minister Moshe Kahlon has had one of the most beneficial effects on the lives of ordinary Israelis.

His policies have led to lower cell phone charges and soon, lower cable TV fees. He also holds the Social Welfare Ministry, after Labor's Isaac Herzog resigned when his party left the government.

When Prime Minister Binyamin Netanyahu formed Israel's 32nd government in 2009, he welded together a coalition of 69 Knesset Members from five parties including his own Likud party. To do that, he gave the other four coalition parties many portfolios. Only scraps were left for Likud.

He offered Kahlon the lowly Communications Ministry. Other politicians might have balked. As number six on the Likud Knesset list, Kahlon deserved better. But Kahlon's response was: "Communications is five percent of Israel's GDP, with over 30 billion shekels in revenues, I'll take it!" Unlike almost all the other

ministers, Kahlon, 52, has a business background. He built his own successful business importing car parts.

Kahlon proves that politicians can take effective action that helps people make ends meet. The first rule is to remember your roots. From his first days in the Knesset in 2003, he set himself a clear goal: Make low-income groups better off. It was a natural choice. Kahlon is the son of immigrants from Libya and grew up as one of seven children in Givat Olga, a low-income neighborhood, where he was table tennis champ.

He knows his low-income constituents well because he was one of them. Former US President George W. Bush was once embarrassed because he could not tell a journalist how much a pound of tomatoes costs.

Kahlon knows.

Second, simplify and focus. "I will continue to work to lower the cost of living by strengthening competition," he says.

Kahlon has acted single-mindedly to bring down monopoly prices by fostering competition in the cell phone market, the cable TV market and elsewhere.

Legislation he initiated has created three new virtual cellphone providers: Rami Levy Communications, HOT Mobile and Golan Telecom, which use the infrastructure of existing cellphone providers (Pelephone, Cellcom, and Orange) to offer cheaper service. Over 100,000 customers signed up with the new providers since they launched in May. Rates have plummeted by half, to 17 agorot (about 4 cents) a minute or less. To do this, Kahlon took on tycoons and lobbyists and defeated them. He's now confronting the cable TV duopoly HOT and YES, creating a multi-channel platform to compete with them.

Kahlon has also set in motion measures to reduce the price of cellphones by increasing the number of importers of smartphones so as to put an end to the situation in which he said buying a cellphone is as expensive "as purchasing an apartment." Netanyahu has advised ministers to "be like Kahlon and find creative ways to lower prices." Kahlon understands that the more competition there is, the better the service, the lower the prices and the better off consumers are. This is authentic capitalism. As social protesters regroup and re-frame their demands, replacing monopolies with competition should be an important focus.

In politics, there are abundant words, like the 324-page report of the Concentration Committee, the government-appointed panel charged with increasing competition.

And then there are deeds, scarce as hen's teeth.

To be like Kahlon is to act, to smash the chains of cartels and bring the fresh winds of competition. I have heard Kahlon quietly touted as the next Finance Minister. If this happens, could he break the cozy banking oligopoly of Leumi, Hapoalim and Mizrahi Tefahot and reduce their obscene, costly commissions, by bringing in dynamic foreign banks? It's a lovely dream.

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