

# Is all quiet on the economic front?

*The yearly Herzliya conference has become an important international event. But one central issue is glaringly absent from this year's program – the debilitating economic concentration in this country*



By DANIEL DORON

It is possible that we are sitting on a powder keg in the social sphere," Prof. Rafi Melnick announced dramatically on the eve of the Herzliya Conference which is taking place this week.

But looking at the themes of the conference's sessions – that were partly changed in the last minute to deal with the uprising in Egypt – you will not find even a hint of the central factor that is behind the threat defined by one of the conference's leaders.

This is disappointing. It is expected that the Herzliya Conference, justly considered a central platform for security issues in the broader sense, including social and economic factors that impact on them, will not overlook or disregard a major economic issue, arguably the issue that will shape the future growth of the economy.

But despite the difficult economic situation of most people, who can barely make ends meet on the less than NIS 6,000 a month they earn, it seems that for the conference organizers and the well-heeled elites, it's all quiet on the economic front.

Could it be that these people who pride themselves on their social consciousness and solidarity don't really care? What other explanation do we have for the embarrassing silence of the conference and its participants when it comes to the shameful condition of millions of workers, who, for decades now, cannot make it on their salaries. How can we explain that at such an important conference there is no discussion of the central factor responsible for this situation – the excessive economic and political concentration that prevents our economy from fulfilling its potential, exacerbates social tension, corrupts both the economy and politics and impoverishes so many?

If it were possible to turn a whole conference around in the last minute to deal with the events in Egypt, why was it not possible, as the organizers claimed, to add even a roundtable discussion to deal with this major issue?

ALL THIS when concentration – as was asserted recently by most of the speakers at the Ne'eman Center (affiliated with the Technion) Conference – is the chief cause for lack of competition and lack of efficiency in the economy. These two factors are the reasons for the relatively low productivity of our capable workers – only two-thirds of American workers and for their low wages.

Concentration is also behind the ability of the tycoon-owned monopolies to highly inflate the price of all consumer goods and services. The

worker is caught in a vice between low wages and high prices, and is simply strangled by them.

Under the brilliant leadership of Dr. Uzi Arad, his consultants and aides, the Herzliya Conference became an important international event devoted to national security. Arad and his associates became convinced that economics plays a major role in national strength. I was privileged to direct the economic section of the Herzliya Conference in its first three years, and there was always a tension with those who wanted all of the time to be devoted to security and not to economics and education. Still, in the past the conference never missed a major economic issue as it did now.

Under the chairmanship of Danny Rothschild the conference made additional strides forward, though it is difficult to judge what is its contribution to the decision-making process. Governance (to be discussed in one of the sessions) is even more problematic here than elsewhere because of the wider involvement of government in everyday life. It causes more problems than it pretends to solve.

One important innovation is the introduction of roundtable discussions. They will facilitate a wider and deeper discussion of issues by more participants. In the past there was a lack of opportunity for participants who were not on panels, some of whom were people of great substance and achievement, to get a hearing. Now it should be easier.

This makes the disappointment with the lack of any mention of a crucial issue even greater. Just by forming another roundtable, easily done at the last minute, the problem could have been solved. But the organizers chose instead to present two sessions devoted to the global economy, another on trade with the East, a session on employment in the Arab sector (why not employment generally, is it not as important though perhaps less politically correct?), one on the economic ramifications of the regional turmoil, one on women's leadership and a last on the digital environment in education.

All these are certainly important topics. But they pale in significance when compared with the major issue of concentration, which was not included on the agenda, the organizers explained, "after prolonged and deep deliberation."

The struggle against debilitating concentration may turn to be historic, with enormous ramifications for the economy and its well-being. It would be interesting to know why it was deliberately excluded.

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