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Working Paper

Fascism in Israel. The Funding of Fascist and Neo-Nazi Movements: 1970-1990

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THE HARRY FRANK GUGGENHEIM FOUNDATION

527 MADISON AVENUE • NEW YORK, N.Y. 10022-4301 • (212) 644-4907

December 12, 1989

Jonathan Nitzan
5822 McShane
Montreal, Quebec H3S 2G3
CANADA

Dear Mr. Nitzan:

At its meeting held on December 11, 1989, the Board of Directors of The Harry Frank Guggenheim Foundation considered your application submitted July 25, 1989, for a grant in support of your project entitled, "Fascism in Israel.. The Funding of Fascist and neo-Nazi Movements, 1970-1990."

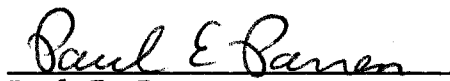
I regret to advise you that the Board did not approve your application.

The Foundation's limited resources do not permit approval of more than a fraction of the applications we receive. It is inevitable that many meritorious and worthwhile applications cannot be supported.

It is the policy of the Foundation not to give any advice why particular applications are rejected. Also, any comments from referees or our consultants are strictly confidential.

Please let me wish you success in obtaining support from other sources.

Sincerely yours,



Paul E. Parren
Secretary

pc: J.C.R. Rowley, Ph.D.

Application to the Harry Frank Guggenheim Foundation for a Research Grant

ABSTRACT OF RESEARCH PLAN:

The emergence of ultra right-wing elements in Israeli society has drawn considerable attention from the popular media both in Israel and elsewhere. Academic studies on the subject have often considered this rise of fascist and neo-Nazi organizations as a marginal development rather than as part of a broader political transformation. We argue, to the contrary, that the rise of ultra-right movements reflects important changes in Israel and was both stimulated by actions of the Israeli government and supported by business organizations and affluent individuals (both in Israel and abroad).

Our study focuses on the potential link between the fascist and neo-Nazi organizations and the mainstream of Israel's political and economic spheres. In particular, we seek to map the flow of funding to such organizations from government, business and foreign sources. Three avenues of research will be followed. (i) Analysis of government budgets, records of business transactions and registration of donations. (ii) Interviews with key individuals in the political, military and business elites, others who were instrumental to financial support for extreme right-wing movements and central figures in these movements themselves. (iii) Close examination of existing publications, particularly newspapers and magazines, that reported on Israeli fascism since 1970.

Results will be organized in an input-output format between source and destination for funds. A dynamic temporal comparison between alternative periods could provide important insight into the evolution of extreme right-wing movements and their relations with the central establishment of Israeli society.

RELEVANCE TO HUMAN DOMINANCE, AGGRESSION, AND VIOLENCE:

Fascists and neo-Nazi movements have been involved in numerous violent and illegal activities against Arabs in the Occupied Territories as well as against political opponents in Israel. Their ideologies advocate the creation of a totalitarian society, an authoritarian economy run by a military bureaucracy and an official apartheid against the Palestinian population. In matters of foreign policy they call for a permanent state of war against the Arab neighbours and an aggressive expansionary drive to create a "big Israel". This vision of dominance may have grave consequences for aggression and violence in Israel and the Middle East. Such sombre prospects are enhanced by the extent to which ultra right-wing movements are supported by Israel's mainstream establishment.

FASCISM IN ISRAEL
THE FUNDING OF FASCIST AND NEO-NAZI MOVEMENTS: 1970-1990

RESEARCH PLAN

	PAGE
1. INTRODUCTION	1
2. ISRAEL'S EXTREME RIGHT IN PERSPECTIVE	3
2.1 Similarities Between "Classic" and Israeli Fascism	3
2.2 Differences Between "Classic" and Israeli Fascism	6
2.3 Israel on a Crossroad	7
3. RESEARCH GOALS	9
3.1 Theoretical Framework	9
3.2 Empirical Framework	10
4. METHODOLOGY	12
4.1 Data Collection	12
4.2 Mapping and Analysis	14
4.3 Organization and Time Table	14
4.4 Publication	15
5. BIBLIOGRAPHY	16

1. INTRODUCTION

Since the early 1980s, Israel has experienced open signs of fascism. The phenomena are no longer marginal and seem to be expanding rapidly (Sprinzak, 1987). Ultra right-wing parties such as Kach ("This Is The Way!"), Hachia ("Renaissance"), Morasha ("Heritage") and Moledet ("Homeland") now draw considerable political support and increasingly alter the electoral map. In the 1981 election they, obtained 2.5 per cent of the Knesset seats but the figure grew to 7 per cent in 1984. Four years later, over 10 per cent of elected members of Knesset supported a racist anti-democratic doctrines.

Many politicians have been alarmed by this trend -- often not because of its wider implications but perhaps, more myopically due to the threat this trend represented for their own political position. The neo-Nazi party Kach overtly promotes racism, violence against Arabs and subversive activity against the government. While Kach could have been easily declared an illegal association and dismantled on judicial grounds, this response has not happened. Instead, the party was only prohibited from participating in the 1988 election when many observers anticipated it would gain support from voters who traditionally favoured the Likud party. However, Kach was replaced by the so-called 'transfer' party, Moledet, which explicitly advocated the expelling of Palestinians from Israel and the occupied territories. Although founded only 100 days before the election, Moledet ran a very limited election campaign and still won two out of the 120 seats in the Knesset.

Academic literature on fascist phenomena in Israel is of a recent vintage and first began to appear only in the early 1980s. Some scholars identify such fascist phenomena as "off-parliamentary movements" (Sprinzak, 1986), while others view them in a context of "vigilantism as rational social control" (Weisbrud and Vinitzhiy, 1987). Although terminology often differs, the basic perception is similar. Most writers agree that fascist phenomena are *marginal* and perceive them as disturbances to the existing political system. The roots of such phenomena are commonly traced to militaristic tendencies in Israeli society and to a series of cleavages which split the society both along ethnic lines (Jews/Arabs, Oriental Jews/Western Jews) and along cultural lines (religious/secular). The "extreme margins" appear when these cleavages outweigh integration and accommodation factors (Etzioni-Halevy and Shapira, 1977). Further, these margins of illegal, religious-messianic political movements are considered by some observers as only one among several consequences of "disequilibrium", which also include political corruption, general disorder and anarchy.

In our opinion, this framework serves to conceal a crucial development: the systematic diffusion of fascist ideology among *key groups* who control the Israeli economy, politics and military. Without their consent and support, Israeli fascism would not have appeared, would not survive and could not succeed. This central aspect is primarily ignored in existing Israeli literature. Fascism, both in Europe and in South America, appeared

as a mass populist movement but it originated within elitist groups. Fascist seeds existed in numerous societies but a fascist regime was successfully established only in those places where the relevant elites accepted its ideas.

'Classic fascism' (such as occurred in Italy and Germany) is often considered as a counter-movement, a protest against the two main streams of European rationalism, namely, liberal materialism and Marxist materialism (Nolte, 1966 and Sternhell, 1978). The earlier fascist movements spread with the background of economic crises, international instability and changes in social structure. Fascism did not remain a conservative ideology of a populist protest movement. To the surprise of many, it was transformed into a well-disciplined political party and, subsequently, into a totalitarian regime. Fascism's early survival and its subsequent victory were contingent, to a large extent, upon the conversion of the "old guard" of political influence to the new ideology. The cooperation of the elites and their financial support (covert or overt) clearly enabled the rise of early fascism (Neumann, 1942 and Mack-Smith, 1981).

Our research will focus on the current situation in which elites have a role in protecting and promoting Israeli fascism. The aim is to describe and perhaps map the *flow of funds* to fascist movements and organizations since 1970. We will describe the affluent families, corporate managers, politicians and high-ranking I.D.F officers who adopted or supported fascist ideology. We specifically intend to study the funding channels of public budgets, business donations and foreign sources for fascist organizations. We also intend to seek a dynamic perspective for determining who finances what and how financing patterns evolved over time.

2. ISRAEL'S EXTREME RIGHT IN PERSPECTIVE

The background of current Israeli fascism shares many similarities with "classic fascism", especially with that occurring in Germany after the first world war, but the two situations differ in several important respects and it is important to examine both similarities and differences.

2.1 Similarities Between "Classic" and Israeli Fascism

Military Defeats. Israel has experienced military defeats or "near defeats" which affected some prevalent myths of technological and cultural superiority. Note, for example the impact of the 1973 Yom-Kippur War, which was labelled in Israel as an "earthquake" since it was a fatal blow to the old regime identified with the Labour party. Note too the defeat in the 1982-83 'Peace for Galilee' War in Lebanon which induced an even stronger political adjustment, with conflict reaching a climax marked by the resignation of Likud Prime Minister Menachem Begin and the dismissal of Security Minister Ariel Sharon, along with several army generals.

As in Germany, Israel's military elite and extreme-right elements claim these events as military victories that politicians turned into diplomatic defeats. It is common to find in newspaper editorials and in statements made by politicians from centre and right expressions of familiar rhetoric on the "promotion of defeatism by leftist elements" and on "sabotage by well poisoners who weaken the national spirit".

Economic Crises. The Nazis' gradual rise to power was greatly assisted by severe economic crises--the 1923 hyperinflation and the 1930 depression (for which a superb first hand account is given in Zweig, 1943). The German depression was further enhanced by the debt burden (mainly to Britain and the United States) and war reparations. The onset and intensity of these crises were, at least partially, promoted by groups who sought to change the existing political regime. The crises impoverished much of the middle classes, especially rentiers with fixed incomes but the declining petty-bourgeoisie and periphery strata formed the backbone of Nazi support (Lipset, 1960, ch. 5, "Fascism--Left, Right and Centre"). Faced with a changing society, these strata experienced continuous anxiety. They feared the large banks and industrial combines and they were disturbed by prospects of losing their life savings. While intellectual circles condemned modernization, the popular enemies were the "Jews", venereal diseases and "permissiveness" (cf. Fest, 1974, Interpolation I, "The Great Dread").

Despite obvious differences, the Israeli situation resembles these developments in many respects. The stagflation (concurrent stagnation and inflation) began after the Yom-Kippur War of 1973 and intensified in the period around the 1982-3 war in Lebanon. In 1981, inflation turned into hyper-inflation and then in October, 1983, the stock market crashed. The attendant collapse erased 40 per cent of the stock market's aggregate value and eliminated many lifetime savings. In 1984, after Prime Minister Begin,

Security Minister Sharon and Finance Minister Aridor were dismissed, inflation reached an annual rate of 450 per cent. The unemployment rate continuously rose from 2.5 per cent in 1973, to over 7 per cent in the mid 1980s. In 1973, Israel's foreign debt amounted to 10 per cent of the gross national product. By 1988, this proportion reached 150 per cent. These critical economic developments were accompanied by a severe wage erosion. During the 1980s, wage reduction even became an official policy goal! The self-confidence of Israel's middle-class is now seriously shaken, so there is a chronic distrust expressed toward governments and politicians.

The "Leadership Crisis". Many academics and shapers of public opinion are increasingly concerned with the so-called "leadership crisis" affecting Israeli politics. Several books and many articles call for an authoritarian regime (for instance, Aharonson, 1983; Dror, 1983; Fish, 1987; Mazar, 1983 and Vilnai, 1986). Ironically, many supporters of this line were born in Germany during the end of the Weimer Republic.

Racism. Racial superiority was a central element in fascist ideology, especially in Germany but also to perhaps a lesser extent in Italy. This group of attitudes appeared as "cultural" or "national" supremacy, or simply as "national Darwinism". Similar racial ideologies now seem to be gaining support among some Israelis, including the elites. There is an evident fear, especially among lower strata, of Arabs tempting young Israeli girls for example. The contradiction between the "demonic" Arab (sexually and physically) and the "weak" Arab (culturally and racially) resembles the earlier contradiction found in the Nazi approach to Jews, at least in the crudest expressions of racist views.

Geopolitics. German imperialistic ideology (during the Bismark era and more so during Hitler's reign) was supported by the pseudo-science of geopolitics. This supposed justification for *Lebensraum*, or "living space", finds a parallel in Israel today. Geopolitics is promoted by research institutes, such as Shiloach Institute and Yoffe Centre for Strategic Studies, and is financed by the Security Ministry, the large arms corporations and by other sources in the United States. In its popular version, geopolitics is voiced by politicians like Ariel Sharon, Yuval Ne'eman and Raphael Eytan, by corporate managers such as Dan Tolkowsky and Benjamin Peled, and by top public servants like Avraham Yoffe.

The Militias. The early growth of the Nazi movement in Germany took place among veterans of earlier conflicts, mainly among the paramilitary militia guarding the ambiguous border between Germany and Poland. These "free corps" were covertly (and sometimes openly) supported by the army and the Weimer regime. In Israel, the paramilitary militias of Gush Emunim ("Bloc of Faithfulness") perform a similar role and share many characteristics and behavioral patterns with the German "free corps". These militias inhabit the Israeli frontier, namely, the occupied territories of the West-Bank, the Gaza Strip and the Golan Heights. They have been armed for years by the government and have accumulated an enormous military arsenal. Their annual funding, according to our rough estimate, surpasses \$300 million, mainly from concealed items in the government budget. The government encourages families and individuals to move from Israel into the

occupied territories by subsidizing residential housing in the West Bank (while construction within Israel stagnates and prices increase rapidly). This increases the manpower basis of the militias and promotes ideological identification with them. Gush Emunim and its militias enjoy ideological support from many members of Knesset and government ministers.

Paradoxically, the government officially opposes the "outlawed" activity of the paramilitary militia but finances such activity at the same time. The 1982 rebellion against Begin's government over the withdrawal from the Sinai peninsula was largely financed by Begin's government! This ambivalent relation is enhanced by infiltration of militia people into the I.D.F and the Shin Bet (the internal security service). The militia effectively control the military authorities in the occupied territories. This was clearly demonstrated during the 1982 trial of some members of the "Jewish Underground" who blew up houses of West Bank mayors and murdered several Palestinians. The militia confiscated urban areas in West Bank city cores without any effective opposition from the military authorities. Their provocations and terrorizing of Palestinian population are openly supported by members of Knesset and the military authorities in the territories. As evident from the April 1988 incident at the West Bank village of Betta (and from our personal experience during reserve service in the occupied territories), the paramilitary militias engaged in "man hunts" to some extent resembling the excesses of the Ku Klux Klan.

The Avant-garde. A salient feature of classic fascism was the leftist (even Marxist and anarchist) elements in its early formation. Most European fascist parties were concatenations of intellectuals, journalists and liberal professionals who supported communist parties, together with conservative right-wing elements (Sternhell, 1978 and Roberts, 1979). Israel's first overt fascist movement was formed in 1968 as "Movement for Whole of Israel" (which later gave birth to Gush Emunim). The movement was initiated by intellectuals, writers and political activists associated with socialist organizations of the pre-state era (mainly Achdut Ha'avoda and MAPAM). They merged with right wing politicians, military officers and financiers to establish an "avant-garde" movement. Other smaller groups, like the political party Hachia ("Renaissance"), or the "Brown Force" (a sect of high-ranking I.D.F officers), were established under a similar format.

These fascist movements reproduce some of the pre-state socialist myths. They call for "renaissance of the Hebrew nation" and for "conquering Hebrew land". What was an avant-garde ideology in the agricultural underdeveloped Palestine of the early twentieth century carries imperialistic implications in the industrialized Israel of the present. During the era of the British Mandate, the Jewish settlement in Palestine experimented with agricultural populism and cooperative organizations. Such experimentation together with a puritan spirit was considered as "socialism". By contrast, half a century later during the 1980s, agriculture settlements and puritanism constitute a protest against "permissiveness", "western decadence", "obscurity", "AIDS", "feminism" and other "illnesses of western societies".

2.2 Differences Between "Classic" and Israeli Fascism

Clericalism. Classic fascism protested against the religious establishment which was part of the bourgeois regime. Israeli fascism, on the other hand, contains strong clerical elements. The dominant Israeli bourgeoisie promoted an anti-religious ideology. The Zionist renaissance of the early twentieth century was an outcome of a cleavage between the Jewish religious establishment and the secular, anti-religious national parties. After the near-defeat in 1973, clericalism gained momentum. It was headed by right-wing politicians and rabbis opposing the secular "old regime". The result is an interesting mixture of militarism, nationalism and religion. Since the 1988 election, the demarcation lines between the extreme religious and right wing blocs became increasingly blurred and it is hard to distinguish now between the positions held by parts of the Likud, the religious parties and the radical right. This new fascist ideology calls for a new nation with a religious constitution, totalitarian rule and an economy organized by a military bureaucracy.

An Israeli Left? Classic fascism grew, to a large extent, as a counter-force against labour movements and communist parties who threatened the large bourgeoisie and its "old regime". The prolonged incubation period of Israeli fascism can be attributed to the lack of significant leftist forces in Israel. Israeli fascism has not been transformed into coherent political parties with mass support because Israel's power structure has not been seriously challenged by traditional adversaries.

The Israeli economy is dominated by five large conglomerates surrounded by several dozen monopolies. The labour force of the "big economy" is controlled by a single labour union, the Histadrut, an organization run by a closed oligarchy of managers associated with the "old regime" of the Labour party. Most employees in the "big economy" (as well as government employees) are *obliged* to be Histadrut members. This situation, where the business and political elites cooperate closely with a labour confederation in charge of the labour force, resembles Mussolini's corporatist vision. It is complemented by the institutional arrangement of the "small economy", where most of the labour force are Palestinians coming from the occupied territories. A Palestinian worker earns about one third of the Jewish wage rate and enjoys no social benefits. This labour force is unorganized and is disciplined by the I.D.F, the Shin Bet (internal security service) and the Israeli police.

Corporatist arrangements contributed, no doubt, to Israel's prolonged labour stability which saw few mass strikes. They also prevented the establishment of workers' organizations or leftist parties. The pre-state "left" of MAPAM and Achdut Ha'avoda acquired considerable wealth after 1948, mainly in the form of real estate and industrial assets. Most party members belong to an elitist minority interested in prolonging the status quo. Israel's communist party, RAKACH, supports the Soviet communist party. It has thus alienated Jewish voters and is increasingly associated with the Arab minority. (The Soviet Union's anti-democratic reputation and its

internal treatment of national liberation movements also reduced Arab support for RAKACH.)

The effective nonexistence of an organized Israeli left and the prolonged stability of corporatist arrangements have inhibited, so far, the emergence of a mass counter movement by the radical right.

2.3 Israel on a Crossroad

Since the mid-1980s, there are several indicators of increased instability and challenges to the status quo. Five should be noted:

(i) The National Unity government orchestrated "package deals" between the large financiers, industrialists and Histadrut. Unlike previous deals, the current one explicitly sought and achieved a massive wage erosion which led to adverse workers' revolts against the Histadrut.

(ii) The service payment on Israel's \$42 billion domestic national debt constitutes more than one third of the annual government budget and reduces the possibility of progressive economic reform. Much of this debt, however, is held by the large conglomerates who threaten, potentially and on a number of occasions in practice, to topple the government should it decide to "restructure" the debt under unfavorable terms.

(iii) Internal cleavage within the political and security establishment has been revealed through numerous security scandals like the Polard affair, the killing of Palestinian terrorists and the forging of evidence by the Shin Bet, and the "Iran-Gate affair" in the United States.

(iv) The Palestinian *Intifada* (the 1988 uprising in the occupied territories) revealed the military authorities' inherent lack of self-confidence. Israel's national consensus of ignoring the Palestinian question seems to have proved self defeating.

(v) Conflicts between Israel and the United States rose to the surface. Israel depends crucially on the U.S. for annual economic and military aid. Historically, this support enabled the prolonged Israeli involvement in armed conflict which, in turn, led to the growth of a large domestic arms industry. On the other hand, U.S. military loans and grants to Israel were used almost exclusively to buy U.S.-made weapons. This situation implies a potential conflict of interest. Israel's arms industry expanded substantially and became, according to Security Minister Yitzhak Rabin, "too large for Israel". The large conglomerates which dominate this industry pushed for development and production of substantial weapon systems such as tanks, submarines, missile boats and fighter aircraft, while the American arms companies, on the other hand, strongly objected to potential and real Israeli competition with the possible loss of Israeli orders. The turmoil over Israel's Lavi aircraft project and its eventual termination exemplified this conflict and demonstrated the political superiority of American interests.

Growing conflicts in these areas indicate Israel might soon reach an historical crossroads. Several, apparently distinct issues might converge into the formation a single question, namely, what should be the nature of Israel's regime. Several dimensions of this overall question can be distinguished by subordinate questions. Could Israel sustain a militaristic economy and increase the burden on wage earners through existing institutional arrangements? Would corporatism remain voluntary or would it be necessary to enforce it? Would Israel become an apartheid country with one quarter of its population subjugated to emergency laws? Could the authorities resort to mass arrests, violence and killings without eventually eliminating the remaining democratic institutions? Could the dominant ideology continue to function with anomalies and attendant doubts, or would the ruling elite replace it with a monolithic, fascist ideology to bring an "end to anarchy"? The growing dependence of Israel's political and security establishment on the United States, also may serve to undermine the interests of domestic middle strata. The United States' preference for Korean-type democracies may not enhance stability prospects in Israel.

The proceeding outline suggest that militarism, racism, unofficial apartheid, and political, cultural and ethnic cleavages are not vaguely related phenomena. Together they indicate the fascist *potential* existing in Israeli society. A fascist regime has not yet materialized but the danger of this occurrence is clear. A serious economic crisis, a military defeat or an unfavorable war stalemate might threaten the existing order and invoke Behemoth.

3. RESEARCH GOALS

The specific aim of this research is to map the funding of radical right-wing movements and their organs. We explain this goal by first outlining the general theoretical framework for our research and then discussing the structure of empirical research in light of circumstances relevant to the Israeli case.

3.1 Theoretical Framework

The funding of Israeli extreme right-wing movements will be put in a wider context. We will describe the economic, political and social environment in which these movements emerged and grew. Furthermore, this evolution will be compared to the experience of "classic fascism" in Europe before the Second World War and to that of more contemporary movements in South America. Beyond this overall context, research will focus on the support that Israel's extreme right receives from the political and business spheres. The background for this research involves two general hypotheses which we now consider.

The Political Sphere. When military defeats and economic difficulties develop into a social crisis, political institutions are de-stabilized. The "national consensus" and authority relations are called into question and the political establishment loses much of its self confidence. Under these circumstances, the establishment is subject to two conflicting forces. On the one hand, its impotency and inaction are enhanced by existing institutional arrangements. These include international obligations such as foreign debts and diplomatic agreements, as well as domestic traditions and legal constraints which, in concert, reduce the likelihood of any radical change occurring from within the political establishment. On the other hand, and perhaps as a result of these constraints, there is a growing inclination within the establishment to support extra-establishment movements and organizations in the anticipation that these will enforce "law and order" by illegal and violent means. This situation developed in Germany during the Weimar Republic, in Argentina during the 1970s and in Israel since 1977. In all three cases, the extra-establishment groups assumed a fascist character which was either ignored, forgiven or encouraged by the formal political mainstream.

The Business Sphere. Several prominent commentators have argued that fascist organizations in Italy, Nazi movements in Germany and the contemporary neo-Nazi groups in the United States have received considerable ideological, organizational and financial support from large business groups as well as from affluent individuals. There is evidence that many extreme right-wing movements in Israel enjoy similar support. Several related factors contribute toward this link with the business sphere. (i) Business elements often support the anti-socialist ideology of the extreme-right for its promise to put an end to "anarchy" and restore "order" in the chaotic labour relations. (ii) Business groups, particularly the large ones, have symbiotic relations with the state. They support a conservative, anti-radical ideology

because they view any change to the political *status quo* as a detriment to their own interest. (iii) The large business groups often encourage militaristic ideology for two reasons. First they believe that military expansionism brings economic growth and, second, they have a substantial stake in armament production and stand to lose from a disarmament policy.

3.2 Empirical Framework

Our general hypotheses suggest that fascist and neo-Nazi movements in Israel do not evolve in a vacuum, but rather enjoy substantial support from the main spheres of society. This support could be classified in three different ways:

By Source: political institutions, the armed forces, business organizations and individual businessmen.

By Destination: the various organs of the extreme-right.

By Form: ideological, organizational, military and financial.

This three-dimensional perspective may reveal a highly complex flow where various forms of support originate in different sources and are channeled to distinct destinations. A comprehensive examination of all facets of such a flow is beyond the scope of this study. Instead, we concentrate our attention on what, in our view, constitutes the most significant link between source and destination, namely the flow of financial support.

Financial support to the extreme-right is channeled in a number of different ways. In addition to direct money paid to these organizations, funds are also provided for settlements in the occupied territories (infrastructure, construction, maintenance, military protection, etc.), 'information' campaigns, summer camps and "tours for homeland acquaintance", symposia, rallies and other mass gatherings, monuments and statues, book and periodical publications, research funds and institutes, legal aid for right wing activists and financial support for their families. In analyzing these flows we will examine both sources and destinations.

Public Sources. Much of the funding comes from the public purse but only a small part is overtly given. Rather most funds are covertly allocated with the main ministries involved in secret funding being those of Housing, Agriculture, Security, the Interior and the Prime Minister's Office. For instance, a "general education" item in the Security Ministry's budget may contain funding for fascist propaganda in high-schools; a "development budget" of the Agriculture Ministry could find its way to a West Bank settlement; "loans to regional authorities" by the Ministry of the Interior may end up in the coffers of a "non-profit" right wing organization; "miscellaneous expenditures" by the Prime Minister Office may be used to support fascist publications; and the Security Ministry may covertly arm West Bank settlers under the budgetary title of "re-tooling".

Business Sources. Here we can distinguish between (i) institutional support from the large business groups, (ii) private support from individual businessmen, and (iii) foreign support from non-Israeli groups and individuals.

(i) Institutional support is provided by Israel's large conglomerates and monopolies. This support is partially motivated by tax considerations but ideological conviction and political foresight are also crucial factors. A notable example is provided by the Discount Group. This conglomerate controls Israel's third largest bank together with hundreds of industrial firms, including large armament producers. Discount is owned by the Recanati family which is affiliated with the Likud bloc. Its armament corporations (such as Iscar, Urdan, Elron and Elbit) are commonly headed by retired I.D.F. generals with declared fascist inclinations. Some, like retired Air Force Commanders Dan Tolowsky and Benjamin Peled, opposed the Israel-Egypt peace treaty and call for a "big Israel". They have contributed substantially to Ariel Sharon's 1981 election campaign and to colonization projects in the West Bank.

(ii) Individual support by affluent businessmen is provided directly and indirectly. Direct support was organized, for instance, by the previous Finance Minister, Ygal Cohen-Orgad, who runs a prosperous real estate business in the West Bank. Cohen-Orgad organized a group of businessmen associated with Gush Emunim for support of West Bank settlements and other colonization drives. Indirect support is provided, for example, by donations of businessmen to pools of funds such as the LIBY ("For Israel's Security"). The LIBY is organized by the Security Ministry as a periodic charity ball. Its donations are directed to Hachia movement, settlements and religious affairs in the occupied territories, and to campaigns toward strengthening the national consciousness.

(iii) Foreign investors and fascist organizations also assist the extreme right. For instance, Rabbi Meir Kahane and his neo-Nazi party Kach are supported by wealthy (Jewish and non-Jewish) foreigners (Omer, 1983-1984; Kotler, 1985). For example, Gush Emunim receives money from religious diamond merchants in Belgium and "Amana", the financial arm of Gush Emunim, accepts donations from U.S. financier Meshulam Riklis, who is also the patron of Ariel Sharon.

Destinations. The organs of Israel's extreme right often appear dispersed and unrelated. The spectrum extends from a conservative-clerical organization ("Kach"), to a national-socialistic political party ("Moledet"), or from an urban terror organization ("The Committee for Protection of the Temple Mount") to a rural movement engaged in violent colonization of the West Bank ("Amana"). This appearance of diversity and independence should be re-examined. Specifically, it is possible that further knowledge about the funding of these organizations may reveal that some of these groups are in fact linked together.

4. METHODOLOGY

Research will be conducted in two phases: (i) the collating of flow-of-funds data, and (ii) the mapping and analysis of the results.

4.1 Data Collection

Three forms of research will be undertaken:

(i) Direct analysis of public budgets, records of regulatory bodies, financial data from business organizations which support extreme right-wing movements and information from fascist and neo-Nazi organizations receiving such support. Much of these data exist in the public domain but were never identified, collated and analyzed in the context proposed for this research. (An initial listing of key sources for such data is given below.)

(ii) Interviews with key persons in the political, economic and military elites, individuals associated with extreme right wing movements as well as with foreign investors involved in supporting anti-democratic and racist movements in Israel. Previous experience attests that Israeli public officials and individuals from fascist and neo-Nazi movements are often eager to share detailed information with journalist and researchers in order to advance their own goals. While most businessmen are generally more discrete, some are quite outspoken and can provide valuable information that is unavailable elsewhere. (An initial listing of planned interviews is given below.)

(iii) Considerable information on extreme right-wing movement has already appeared in the popular media, particularly in newspapers and magazines. Mr. Bichler has collated and classified such articles and news items since 1975. His archive proves to be a gold mine for this research.

The list of institutions and organizations from which data will be sought and in which interviews will be conducted with key personnel is too long to be provided here in full. Instead, we list entries for some of the important sources only. We plan to conduct additional interviews with I.D.F veteran officers who served as military governors in the West Bank or the Gaza Strip, various members of Knesset who served in the Finance Committee and the Foreign and Security Committee, opposition members of Knesset (particularly from RAZ and the Progressive Movement for Peace), journalists, and foreign investors known for their support of the extreme right. It is expected that some of these sources will prove more useful than others and that new sources will come to our attention as our research progresses.

Government Ministries and Public Organizations:

Ministry of Agriculture
Ministry of Defense (I. Dekel)
Ministry of Finance (M. Nisim)
Ministry of Housing (D. Levi)
Ministry of Work and Welfare (D. Katzav)
The Bank of Israel (Research Unit)
The Central Bureau of Statistics
Israel Aircraft Industries (M. Keret)
The Jewish Agency (M. Drobles)
The Office for National Insurance (M. Zipori)

Government Agencies and Regulatory Bodies:

The Chief Scientist
The Government Corporations Authority
The Securities Authority
The Stock Exchange

Business Organizations:

Amidar (I. Davidovitz)
Bank Hamizrachi (A. Yeger)
Bank Hapoalim (G. Gazit)
Bank Leumi Le-Israel (A. Hurvitz)
Bank Tsfachot (M. Man)
The Company for Housing and Development (A. Sarusi)
Hevrat Ovdim (D. Rozolio)
The Industrialist Association (A. Lautman)
Israel Discount Bankholding (E. Cohen)
Shikoon Ovdim (R. Adari)
Tadiran (Y. Ne'eman)

Political Parties and Movements:

Agudat Israel (S. Lorentz, A. Shapirol)
Amana, Gush Emunim (A. Shapira)
MAFDAL (A. Shaky and Z. Hamer)
Moledet (R. Ze'evi)
Morasha (A. Druker)
SHAS (I. Peretz, I. Ben-Shlomo, S. Deri)
The World Mizrachi Movement (A. Bourg, J. Refael)
Kach (M. Kahane)
"Merkaz Harav Kook" Yeshiva

4.2 Mapping and Analysis

The collating of flow-of-fund data cannot begin without a tentative mapping for such flows. We start with the somewhat general framework of "source and destination" outlined in section 3.2. The imprecise nature of our initial mapping is deliberate for we wish to avoid rigid preconception that may preclude fruitful avenues of research. As research advances our mapping will have to be continuously modified to reflect accumulating findings. We hope to achieve two main goals:

(i) A static input-output table which will describe the flow-of-funds from source to destination in a single year (to be chosen on the basis of data completeness). The table will be then used as a central reference when we describe the various institutions, organizations, individuals and movements that act as source or destination. Attaining this goal is in itself a substantial step that will help to clarify the role government institutions and business organization may have in the evolution of fascism in Israel.

(ii) Our secondary goal is to construct a series of such annual input-output tables. This is certainly a much more difficult task but yet it is worth trying. Even if we are unable to assemble complete tables we are still likely to obtain partial information that could provide very valuable insight into the evolution of financial support. We believe that the structure of such support -- both the absolute amounts and the distribution of sources and destination -- has been changing. Tracking some of these changes may help to explain observed policies and activities of both government and extreme right-wing elements.

4.3 Organization and Time Table

The research is expected to extend over a two-year period. The first year will be devoted mainly to field work -- collating data, conducting interviews and analyzing newspaper and other published materials. In the second year, while we may conduct some required supplementary field work, we will mainly analyze the data, organize the results, write and edit the final report. The research tasks will be organized as follows:

Mr. Bichler will coordinate the field work in Israel. He will conduct most of the interviews, participate in collating and analyzing the financial data, organize and review the newspaper and other published materials and participate with Mr. Nitzan in writing the preliminary report. In addition, he will participate in the production of the final report.

Mr. Nitzan will work both in Israel and Canada. He will travel to Israel for a period of 3 months, mainly to participate in collating and analyzing financial data and writing the preliminary report. Upon returning to Canada, he will participate in organizing the result and writing the final report.

Professor Rowley will coordinate the entire research effort. He will analyze and assess the data and will verify its consistency as well as organize and edit the final report.

4.4 Publication

Research findings will be published in two main forms:

(i) A book describing the history of fascist and neo-Nazi movements in Israel and dealing with their place in the broader transformation of Israel's political economy. We will discuss the various forms of support that such organizations receive and provide a comprehensive account of our finding on their flow of funds, sources and destinations.

(ii) Principal research findings will be summarized in professional journals. Because of the interdisciplinary nature of the topic, these findings should attract interest from journals focusing on economics, sociology and political science.

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