

### Shekel Devalued; Sweeping Economic Measures To Follow

JERUSALEM (WNS) — Israel's new unity government announced the devaluation of the Shekel by nine percent and, at the same time, hiked fuel prices by nine percent prior to the imminent introduction of sweeping economic measures. A plan to cut this year's \$20 billion budget by \$1 billion was also announced.

The devaluation came in order to stop an outflow of dollars from the Treasury to the public in anticipation of the devaluation. Gad Yaacobi, the Economics Minister, pointed out

that more than \$60 million had been lost by the government on one day — last Friday, the day after the new unity government was formed. Finance Minister Yitzhak Modai feels that the moderate devaluation of the Shekel to 397 to the dollar, will calm the public atmosphere. He said the new austerity program was intended gradually to cut back Israeli living standards to the 1982 level. Just where the budget cuts will be made had not been decided, Mr. Modai stated.

The Finance Minister

said the budget cuts would be decided within the next few days by a committee which will negotiate with each Cabinet minister on the cuts his Ministry must absorb. He said there was no doubt the public would feel the burden of the austerity measures, but that everything would be done to spread the budget cuts equitably.

Top government ministers met with the Histadrut leadership for three hours and both sides reported progress toward the freezing of wages and prices. Histadrut Secretary-General Yisrael Kessor said he would cooperate if the "load falls equally"

on all sectors of the economy.

It is understood that of the \$1 billion budget cut, one-half will be saved in actual cuts of running costs, and one-half by slashing government subsidies on basic commodities. Thus a further, sharper increase in the price of fuel is pre-

dicted in the coming weeks and all other basics will go up too. Israeli newspapers reported that out of the planned slashes in operating costs, the Ministries of Health, Education and Welfare alone were due to contribute one-quarter billion dollars which would mean some pretty large reductions of Government aid programs for all citizens. Among Modai's plans are reported to be increases in value added tax, in

purchase tax, and a one time property tax.

Prime Minister Shimon Peres, speaking in Jerusalem, said "first of all we now have to turn to ourselves, reduce our expenses, control our standard of living and make Israel a self-reliant country from an economic point of view." He also stated that the new unity Government was committed to withdrawing Israeli troops from Lebanon in a matter of several months.




### Happy New Year Margaret Marlow

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