

## THE BEGIN DOCTRINE

On January 21, 1981, before his designated successor was known, Begin appointed his third finance minister. His decision to give the portfolio to Yoram Aridor, who had been appointed as minister of communications only two weeks before, resulted mainly from the political situation. Although Aridor was the first finance minister with a bachelor's degree in economics—"an expert" according to Begin—he was appointed mainly because "now we need a political finance minister," as Eliezer Shostak, the minister of health, told Begin.<sup>1</sup> Aridor had had a great success two weeks before with his first decision as minister of communications. He had canceled a ban on color television broadcasting, an anachronistic regulation that mainly derived from an attempt to prevent the import of new televisions. It was a brilliant decision as broadcasting in color helped the public forget the sorry economic situation at least for a little while at a time.

Aridor's appointment led to a turning point in the economy. Unlike Horowitz, who considered saving in foreign currency and eliminating the deficit as the main goals, Aridor actually thought that inflation could be eliminated by loosening the reins. In this way he promised Begin "to benefit the people."<sup>2</sup> And indeed, as finance minister, Aridor increased the range of services offered to the public. He believed that taxes need to be lowered—especially on consumer goods—in order to reduce the deficit and stimulate the economy; lowering prices—mainly on cars and imported electrical appliances—would increase the trade turnover and eventually increase the state's revenues.

The changes initiated by Aridor, including increasing the subsidies on basic products—which had been decreased by his predecessor—