

How Israel Is Gradually Privatising Its Occupation of Palestine

By [Antony Loewenstein](#) and [Matt Kennard](#)

Global Research, November 01, 2016

[Antony Loewenstein](#) 1 November 2016

Region: [Middle East & North Africa](#)

Theme: [Crimes against Humanity](#), [Global Economy](#), [Police State & Civil Rights](#)

In-depth Report: [PALESTINE](#)

Author's Note: [My investigation](#) in US magazine *The Nation* ([print](#) and [online](#)) about Israel privatising its occupation of Palestinian land. It's co-written with the great, London-based journalist [Matt Kennard](#). This work continues my years-long research into [disaster capitalism](#) globally.

It's 4:30 am with the moon still high in the sky, but Palestinians from across the West Bank are already disembarking from buses outside the Qalandia checkpoint near Jerusalem. They're about to begin a day's work on the other side of the separation wall, in Israel.

Qalandia is one of the busiest checkpoints through which Palestinians with the required work documents can travel from the occupied Palestinian territories to Israel. With unemployment around 26 percent in the West Bank (in zaza, it's far worse—[among the highest in the world](#), according to the United Nations), it's always extremely busy at this early hour, because Palestinians need work, which is more readily available in Israel, especially in construction, manufacturing, and agriculture.



Roughly 63,000 Palestinians have Israeli work permits, though it's [estimated](#) that 120,000 Palestinians work for Israelis; 27,000 of them are employed in illegal industrial zones in the West Bank that are operated and owned by Israeli companies, and 30,000 of them work illegally in Israel because they're unable to obtain the necessary work permits. Permits to work in Israel are routinely [revoked](#) for spurious "security" reasons, and Palestinians are rarely given a reason for rejection. Since the so-called "[knife intifada](#)" last October, Israel revoked thousands of permits, citing fears of Palestinian terrorism, and the Israeli government is currently discussing a [sizable reduction](#) in the tax breaks granted to Palestinian laborers in Israel, which would make a significant dent in their already-meager wages.

In the early hours of the morning, Palestinian men (and only a handful of women) rush to beat the long lines and frequent Israeli closures at the checkpoint entrance. Such activity seems incongruous in the predawn hours, when the stark neon lights of the checkpoint are the only illumination for these harried workers. Many smoke cigarettes as they wait in line; one man wears a T-shirt with the words "Chicken Revolution" on the back.

The warehouse-like checkpoint looks like a cattle pen on the inside: Metal bars on either side and above form a narrow chute, enclosing and herding the workers—many of whom have traveled from villages more than an hour away—toward the point where their documents will be checked by Israeli officials. They then wait on the Israeli side for transport from their employers.

For years, these checkpoints were manned by personnel from the Israel Defense Forces (IDF) and the Israeli Border Police. But starting in January 2006, gun-toting private security guards joined the soldiers and police. Today, there are 12 checkpoints in the West Bank and two on the Gaza border that use such guards. Israel is slowly privatizing its occupation.

Many of the Palestinians we speak to are unaware of the changes. As far as they're concerned, any Israeli with a gun and a badge is licensed to [humiliate](#) them. Day laborer Imad (like most Palestinians we interviewed, he didn't want to give his last name) is standing in line at Qalandia and smoking a cigarette. He has slicked-back hair and wears a gray T-shirt. "If they are supposed to help, they don't," he says of the private security guards. "They are no different from the army."

Just after 6 am, armed figures who initially look like Israeli soldiers start turning up; they're wearing uniforms darker than the traditional olive green of the IDF, with a badge that reads "Ezrachi." The company Modi'in Ezrachi is the largest security contractor currently employed by the Israeli government, and its personnel were among the first private guards the government used to staff its checkpoints. They can also be seen checking public buses in Jerusalem, [protecting Jewish compounds](#) in mostly Arab East Jerusalem (with the guards accused of [terrorizing](#) Palestinians and enabling settler violence), and standing watch at the city's Western Wall plaza. Modi'in Ezrachi has repeatedly [breached](#) Israeli labor laws by underpaying its workers, along with other violations, but this has had no effect on its ability to get government contracts. This is a trend we've witnessed in many other nations, including Australia, Britain, the United States, and Greece, where governments and private security firms collude to avoid responsibility. (Modi'in Ezrachi did not respond to multiple requests for comment on its activities.)

When it comes to private security, the IDF, and the police, "we can't differentiate between them," says Reham, a 22-year-old medical and psychology student at An-Najah University in

Nablus. Reham, who hails from Jerusalem, has six more years of study before she's qualified to become a doctor. We speak to her and her friends just outside the chaotic Qalandia terminal.

"It's miserable," Reham continues. "Sometimes there are many people there, and you have to wait a long time. Sometimes you have to wait for an hour." She was unaware that the checkpoints were being gradually privatized. "I haven't noticed it. People take it [security] as a job."

There's a long history of humiliation inflicted on Palestinians at checkpoints. The Israeli human-rights group [B'Tselem](#) has released countless [reports](#) over the years documenting the abuse. The Israeli women's organization [Machsom Watch](#) has been monitoring the checkpoints since 2001 and advocating on behalf of Palestinians whose work-permit applications are unfairly rejected.

Reham explains her own experience. "It depends on the individual soldier or policeman," she says. "Sometimes they let you go; they don't talk to you. Generally, girls are more mean than boys—I don't know why that is."

The Israeli NGO Who Profits, which tracks the private-sector companies cashing in on the illegal occupation of the West Bank, [released a report](#) earlier this year that lifted the lid on this trend. "In recent decades," the report stated, "many military responsibilities were handed over to private civilian companies, turning the private security industry into one of the fastest growing industries in Israel."

PRIVATE MUSCLE IN THE LAWLESS ZONE

As the sun rises on another hot August day, its rays hit the separation wall near the Qalandia checkpoint; on it, one can see ads for apartments in Palestine. Coffee sellers do a roaring business among those waiting in line. A wall near the checkpoint features a large painting of men—"martyrs" to locals—from Qalandia village who have been killed by Israeli security forces.

On one level, it's a mystery why Israel feels it needs more muscle at these checkpoints. Palestinians passing through already face a [maze of confusion](#), and another level of security bureaucracy hasn't helped. But even if more muscle is needed, why not just send more soldiers? After all, Israel has a captive security labor force in its large conscript army, which requires three years' service for men and two for women (and reserve duty is obligatory for men until age 51 and for women until age 24).

Iyad Haddad, a 53-year-old field researcher with B'Tselem for the past 15 years, has spent his whole career investigating Israeli human-rights abuses against Palestinians. "Before, the Israeli forces were clear, with a clear uniform," he tells us in the Palestinian city of Ramallah. "Sometimes, before the second intifada [which began in fall of 2000], they used undercover units by using civilian dress. But in that period, I don't remember that they used private groups. But after the second intifada, I started to notice that there is a different type of tactic: using private Israeli forces and companies at checkpoints, guarding the barrier, doing security on the barrier and in the jails. Also guarding the settlements."

This move was part of a global trend, from Iraq to Colombia, in which private security and military companies increasingly began to assume state functions. Most companies started

with more mundane operations but ended up carrying out those involving violence. In their 2016 report [“The Invisible Force,”](#) which compared private security in Colombia, Iraq, and the Palestinian territories, the International Institute for Nonviolent Action found: “Outsourcing began with the delegation of non-military services such as catering, transportation and other logistic services, then continued with the construction of military systems, including the separation Wall, and finally included the delegation of some of its functions of maintenance of public order and security in the [occupied Palestinian territories].”

It has become more confusing for Haddad to figure out who has committed violations, as many Palestinians aren’t aware that they’re dealing with private security forces. “Sometimes, Palestinians describe to me forces that I can’t recognize,” he says. He believes this is one of the main reasons Israel has turned to these companies. “They use them to escape accountability, especially because the people can’t recognize them, and it becomes easier for them to use force when they want [to do so] without accountability. Instructions regarding Israeli or international law are easier to escape via private forces.”

Haddad’s hunch seems to be correct. At the Qalandia checkpoint this past April, two Palestinians—Maram Saleh Abu Ismail, 23, and her brother Ibrahim Saleh Taha, 16—were [shot dead](#) by Modi’in Ezrachi guards. It was one of the first high-profile killings carried out by private security guards at a West Bank checkpoint. The siblings, who witnesses said didn’t seem to understand instructions in Hebrew, were branded “terrorists” by the Israeli police because one of them, Ismail, allegedly threw a knife at officers. Not long afterward, the justice ministry announced that it was dropping an investigation into the killings without charging anyone. The Israeli defense minister’s office, the IDF, and Modi’in Ezrachi all ignored our questions about the incident.

In theory, these private security guards could be prosecuted in Israeli courts since they’re not protected under Israeli law in the same way as police and soldiers. However, an Israeli court placed a gag order on the case (partially lifted in October), making it impossible to see footage of the shootings and prove the security guards were at fault. The family of the victims were given no recourse to justice. In this way, privatized occupation enforcement serves the interests of the Israeli state.

In its 2014 report [“The Lawless Zone,”](#) the Israeli nonprofit Yesh Din wrote that private security forces “are equipped with IDF weapons, undergo military training, and are empowered to undertake policing actions, such as searches and detentions, and to use force.”

At the Shuafat refugee camp in East Jerusalem, which is surrounded by Israel’s separation wall, we witnessed Ezrachi guards checking the documents of bus and car passengers, taking on many of the roles that used to be done solely by state security forces or police. When we approached the guards, they scowled at us and told us to leave. Black smoke from burning rubbish, collecting near the separation wall, wafted through the air.

When we contacted the Israeli Ministry of Defense for comment about its matrix of control across the West Bank, we were told that “some of the crossings receive assistance from companies specializing in security and protection.” The ministry advised us to speak to the IDF for further details, because “the crossing points around Jerusalem” are its responsibility. But the IDF told us, “The Ministry of Defense is the appropriate body to speak with on this subject.” It was a Kafkaesque dead end that gave us a small window into the impossibility

facing Palestinians who seek justice for loved ones killed or injured by private security contractors.

THE ETHOS OF PRIVATIZATION

From its founding in 1948 until the Six-Day War in 1967, Israel was supported by much of the global left, which saw it as a socialist nation committed to social justice and equality. True, this was always a convenient myth that ignored the endemic and state-sponsored discrimination against the Arab minority (in fact, Israel's Palestinian citizens lived under direct military rule from the end of the 1948 war until 1966). Until the mid-1970s, Israel had one of the smallest wealth gaps in the West (for Jews), with the welfare state providing decent support for its Jewish population. But by the mid-1990s, the gap between rich and poor had skyrocketed. Israeli academic Daniel Gutwein, who teaches at the University of Haifa, [writes](#) that "Israel's ethos of social solidarity has been replaced by an ethos of privatization."

Of course, after Israel seized control of the West Bank and Gaza in 1967, the state never considered granting universal welfare coverage to Palestinians in the newly conquered territories. Palestinians under occupation were subject to military rule, a policy that continues to this day.

From the late 1970s, right-wing governments in Israel, led by the Likud Party, argued that dismantling the welfare state was the best way to liberalize the economy. Simha Erlich, Israel's finance minister from 1977 until 1979, boasted that hardline economist and privatization zealot Milton Friedman was his economic adviser.

Shir Hever, author of *The Political Economy of Israel's Occupation* (2010) and a graduate student at the Free University of Berlin who specializes in security privatization, says: "In 1985, as the World Bank and the IMF imposed 'structural adjustment plans' on developing countries struggling with debt, the Israeli government voluntarily adopted such a plan. The Israeli 'Stabilization Plan' of 1985 was a transformative moment in the country's economy, marking the shift from a social-democratic, planned market into a neoliberal one."

Hever continues: "Actual privatization of large government-owned companies started in the 1990s, and privatization in the defense sector followed later, first with the sale of factories out of government-owned arms companies, and later with massive outsourcing of security operations to private companies during the second intifada." Israel was following the model set by Ronald Reagan's America and Margaret Thatcher's Britain. Indeed, the US military industry encouraged the Israelis to privatize their weapons industry.

Hever argues that privatization in Israel was driven by the same factors leading the charge internationally: "Private-sector investors used neoliberal ideology to claim that the government was inefficient in running businesses and were able to buy Israel's telecommunications giant, its largest airline, its giant shipping company, oil refineries, and all but one of its banks at fire-sale prices."

Health, labor, and education were targeted, and it wasn't long before Israel's middle class began to suffer from the brutal discipline of market forces. A [calamitous drop](#) in union representation and reduced regulations corresponded with falling living conditions. By the 2000s, membership in the Histadrut labor organization had [dropped by two-thirds](#), from a figure of 2 million in the early 1990s. (Over the past decade, however, Israel has seen a

steady [increase](#) in union membership, as the country's population struggles to survive financially.)

Today, the results of outsourcing are clear. Israeli Prime Minister Benjamin Netanyahu is committed to selling off billions of dollars in state assets, a policy he's proudly championed for years and one he started during his first term in office in the late 1990s. But the Israeli public is paying a high price. Israel now has the [highest](#) poverty level among the nations of the Organisation for Economic Co-operation and Development. According to UNICEF, in 2016 Israel showed the [highest](#) level of inequality among children in the world's 41 most developed states, with [one-third](#) living below the poverty line. In 2015, Israel's National Insurance Institute estimated that there were 1.7 million poor people in the country, out of a population of about 8 million. The pay gap has also widened, and increases in the cost of living and high rents led to [massive protests](#) in 2011.

But not everybody is suffering. The country's military establishment is both privatizing the weapons sector and selling this technology abroad. Israeli writer and activist Jeff Halper argues in his book *War Against the People: Israel, the Palestinians and the Global Pacification* (2015) that the occupation isn't a burden for Israel but a "resource," because it gives the Jewish state the opportunity to test weapons and surveillance in the field on Palestinians, along with assisting other states in their military and intelligence needs. Growing numbers of [European](#) and [US officials](#) have been visiting Israel in recent years to learn about its security and defense systems.

Take the Israeli company Magal Security Systems, which surrounded Gaza with fencing, assisted construction of the barrier along the [Egyptian](#) and Jordanian frontiers in recent years, and is bidding to build a wall on the Kenya-Somalia border to protect Kenyans from Al-Shabaab terrorist attacks. The company's head, Saar Koursh, recently [told Bloomberg](#) that "the border business was down, but then came ISIS and the Syrian conflict. The world is changing, and borders are coming back big-time."

This is just one way that Israel's vast expertise in occupation, from militarizing borders to surveilling unwanted populations, has become a huge financial boon for one sector of the Israeli economy. It isn't helping most of the population—poverty is rife, after all—and according to economist Hever, it's not enough to insulate Israel from potential economic headwinds from the growing BDS (boycott, divestment, and sanctions) movement. "BDS is not about the size of exports but awareness of international law," he says. "Recently, BDS activists have made some advances in regards to the arms industry itself, starting a debate in the EU about the funneling of research funds into Israel's arms industry and convincing key Brazilian politicians to [reconsider](#) arm deals with Israeli weapons companies." Indeed, Hever questions the viability of Israel's defense industry. "The arms sector in Israel is larger compared to the size of the economy than in any other country in the world," he tells us, "but its relative share of the Israeli export market is declining." In 2015, Israeli military exports were [relatively flat](#), at \$5.7 billion.

OCCUPATION INC.

Private companies have been investing for years in the settlement project. But that involvement, as well as the amounts of money being made, have increased dramatically in the past decade. Earlier this year, Human Rights Watch (HRW) released a report, "[Occupation Inc.](#)," that detailed how "Israeli and international businesses have helped to build, finance, service, and market settlement communities." It added, "In many cases,

businesses are ‘settlers’ themselves.”

For Israelis, the West Bank has become a kind of [special economic zone](#), where settlements often provide more profitable business conditions—low rents, favorable tax rates, government subsidies, and access to cheap Palestinian labor—than in Israel proper. It’s a draw for Israeli companies, but also for the international market, and a lot of money is being made. Foreign direct investment in the West Bank and Gaza spiked from \$9.5 million in 2002 to \$300 million in 2009, before plateauing back to \$120 million in 2015. The American computing behemoth Hewlett-Packard, for example, developed the [biometric ID cards](#) used by Israeli security forces at West Bank checkpoints.

HRW reports that there are 20 Israeli-administered industrial zones in the West Bank, covering about 1,365 hectares, with Israeli settlers overseeing the cultivation of 9,300 hectares of agricultural land. The researchers conclude that “by virtue of doing business in or with settlements or settlement businesses, [foreign] companies contribute to...violations of international humanitarian law and human rights abuses.” This knowledge is beginning to have an effect.

This is one of the contradictions of privatization. While Israeli state transgressions of international law are generally ignored by its biggest benefactor, the United States (President Obama just gave Israel its largest-ever military-aid package), the BDS movement has claimed some key victories in terms of pressuring the private sector over affiliations with human-rights abuses in Palestine. For example, the French infrastructure firm Veolia [announced in April 2015](#) that it was leaving Israel, while the British mobile-phone company Orange said just a few months later that it would [terminate contracts](#) with its Israeli partner.

This poses the question of whether the privatization of the occupation is making Israel more susceptible to international opprobrium, including boycotts. The security company G4S, the biggest private-sector security employer in the world, announced in 2014 that it was leaving Israel within three years and terminating its contracts with the Israeli prison system. (BDS claimed a victory, but when contacted by *The Nation*, G4S said that while it still planned for a full pullout by June 2017, “the decision to not renew the contracts was taken for commercial reasons.”) That system now [holds](#) 6,295 Palestinians as prisoners and security detainees (including, at the end of 2015, [116 Palestinian children](#) between the ages of 12 and 15). In 2009, the Israeli Supreme Court ruled that plans for fully private prisons were unconstitutional. But many of the systems and products used in prison—from cameras to doors to alarm systems—are made or managed by private corporations.

With the Middle East aflame, and Israel selling itself as an island of stability amid a region in conflict, there are few compelling reasons why the Jewish state won’t continue to market itself as a model in how to manage unwanted populations, with private companies the beneficiaries of this policy. Next year will mark the 50th anniversary of Israel’s occupation of Palestine, and the colonization is increasing. Without massive international pressure, it’s impossible to see how the outsourced occupation won’t become a permanent nightmare.

[Antony Loewenstein](#), a Jerusalem-based independent journalist, is the author of [Disaster Capitalism: Making a Killing Out of Catastrophe](#).

[Matt Kennard](#) is deputy director of the Centre for Investigative Journalism in London and the [author](#) of *Irregular Army* and *The Racket*.

The original source of this article is [Antony Loewenstein](#)
Copyright © [Antony Loewenstein](#) and [Matt Kennard](#), [Antony Loewenstein](#), 2016

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: [Antony Loewenstein](#) and [Matt Kennard](#)

Disclaimer: The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: publications@globalresearch.ca
www.globalresearch.ca contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: publications@globalresearch.ca