

Palestinian Economy: From Bad to Wretched

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Global Research, September 29, 2008
29 September 2008

Theme: [Global Economy](#), [Poverty & Social Inequality](#)

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The numbers are grim, whether in the West Bank or the Gaza Strip. The Palestinian economy is in one of its most wretched states, and the disaster is mostly, if not entirely manmade, thus reversible.

The World Bank made no secret of the fact that Israeli restrictions are largely to blame, as poverty rates in the Gaza Strip and West Bank have soared to 79.4 per cent and 45.7 per cent respectively. It concluded: "With a growing population and a shrinking economy, real per capita GDP is now 30 per cent below its height in 1999." "With due regard to Israel's security concerns, there is consensus on the paralytic effect of the current physical obstacles placed on the Palestinian economy," it added.

With a declining economy, lack of developmental projects and Israeli restrictions, Palestinians are increasingly reliant on foreign aid, which is largely controlled by political interests. For example, the US proved more generous than ever in supporting the Ramallah-based government of Mahmoud Abbas as it led an international regime of sanctions and embargo against the Gaza-based Hamas government. Such funds are often conditioned on such murky concepts as "cracking down on the terrorist infrastructure", which is duly understood as fighting those who challenge Israel and Palestinian Authority (PA) rule in the West Bank.

Nonetheless, even if the PA had no history of corruption and genuinely intended to invest in a sustainable economy, no truly free and independent economy can flourish under occupation, whose very intention is the disempowerment of Palestinian workers, farmers and the middle class. It is these strata of Palestinian society that have led the struggle to end the occupation on the one hand and to resist local corruption on the other.

Indeed, Israeli restrictions are not coincidental and hardly confined to the classic reasoning pertaining to national security. "In reality, these restrictions go beyond concrete and earth-mounds, and extend to a system of physical, institutional and administrative restrictions that form an impermeable barrier against the realisation of Palestinian economic potential," the World Bank said. It concluded that more aid would not revive the Palestinian economy, unless the above restrictions are removed.

But these restrictions represent the backbone of Israeli policy; removing them would deny the Israeli government political leverage over Abbas's government. By extension, the US is in no mood to help Palestinians develop a strong economic base and infrastructure, enough to spare Palestinians the indignity of living on international donor handouts.

In the West Bank, Palestinian economic woes are compounded by a terrible water crisis, a

nightmare for farmers who are already struggling to endure Israeli water theft and disproportionate water distribution. According to a recent report by the Israeli human rights group B'tselem, an Israeli household consumes on average 3.5 times as much water as a Palestinian household. The group blames Israel for its discriminatory policy and tight restrictions that prevent Palestinians from drilling new wells. One fails to see how Israel's "security" concerns can ever justify Israel's plundering of Palestinian water using West Bank aquifers while many Palestinian families in cities like Jenin have been denied water since April.

While many farmers found themselves unable to preserve their livelihoods, ordinary people have to spend a significant proportion of their meagre incomes buying water. A recent UN report, cited by news agencies, estimated that Palestinians in the hardest-hit communities spend 30 to 40 per cent of their incomes to purchase water delivered by trucks. How can a sustainable economy with a sensible growth level be achieved under these circumstances?

If the situation is difficult in the West Bank, it's impossible in Gaza. A report in March sponsored by Amnesty International, Care International UK, Christian Aid, Oxfam and others, described the situation in the Strip as the worst humanitarian crisis since the Israeli occupation of 1967. The report called on Israel to change its policies towards Gaza. A few months following the release of the report, Israel seems to be stiffening its control over the impoverished Strip, rendering its hapless 1.5 million inhabitants more miserable by the day.

According to the report, 80 per cent of the Gaza population relies on food assistance. Some 1.1 million people receive their food aid from UN agencies, which are themselves struggling to operate under fuel cuts and the near-total isolation of Gaza.

Unlike the West Bank, Gaza's aim is hardly economic development but mere survival. Gaza's reliance on food aid has increased tenfold since 1999, according to the report. Concurrently, 98 per cent of Gaza's factories are no longer functioning, leaving thousands unemployed and wreaking havoc on the income of numerous families.

Coupled with inner-Palestinian violence, US-led international sanctions and the perpetual Israeli siege and violence are destroying the very fabric of Palestinian society in Gaza while turning the West Bank into a charity-based society, with funds provided largely as political incentives with hardly any long-term vision.

Equally disheartening is that the PA in the West Bank has actively shut down Muslim charities, kindergartens, orphanages and schools in the ongoing tit-for-tat action between rivals Fatah and Hamas. It's intolerable that the animosity between both parties has reached a point of victimising the most unfortunate in society: orphans, widows and the physically and mentally impaired. Some 82 children didn't return to school this year — they were killed in the previous year. And over one million students will have to negotiate their way around 600 Israeli military checkpoints. With the shutting down of Muslim charity-run schools, hundreds of students will lose their right to education. But this time, Israel is not the one entirely to blame.

Palestinians cannot survive on handouts through a charity-like economic system. They need, and deserve, sustainable economic development, with a long-term vision, one that can overhaul the economies of the West Bank and Gaza and make use of the precious human resources available. Israel will do its utmost to undermine such a possibility, as it has done for decades. This represents the very struggle that Palestinians are undergoing:

between their need to break free, and Israel's insistence on maintaining its matrix of control. Without proper channels to empower the Palestinian individual and community, Palestinians will remain economically disadvantaged and thus politically handicapped. This is hardly a recipe for an equitable, lasting peace with justice.

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