



MAS Conference , Dec 2007

The Palestine Economic Policy Research Institute (MAS) furthered its achievements in 2007, reinforcing its role as a home of national expertise for socioeconomic policies, by organizing a conference titled

Forty Years of Occupation... Forty Years of Arrested Development

In June 2006, it was the fortieth anniversary of the June 1967 war, at which time the Palestinian people were subjected to a one in a kind occupation that relentlessly endeavoured to marginalize the Palestinians, compelling them to migrate, not to mention that it destroyed their institutions and usurped their resources. The policies and measures applied by the occupation led to destruction of the Palestinian economy and increased dependency on the Israeli economy in addition to suffocating every opportunity of growth, aborting all attempts of development and producing a low standard of living.

The Palestine Economic Policy Research Institute (MAS) dedicated its conference on Dec 2007 to review this historic era and analyse the change in the economic thinking and policies and socioeconomic reality in Palestine across four decades. It followed the theoretical trends and actual performance of the three major agents that have been and are still the major elements of impact, namely: the Palestinian people comprising the government and civil population; Israeli occupation, its policies and institutions; and the international community, more particularly Arab countries and international organisations, that reflect the trends of the international community, (such as UNRWA, the World Bank and the International Monetary Fund, among others).



The conference addressed these issues in four sessions. The first two sessions discussed the formal and informal Palestinian component, while the third session tackled the Israeli dimension and its repercussions on the Palestinian economy, Israeli economy and the economy of the Arab minority inside the Green Line. The



fourth session reviewed the role of the international community. It was followed by a round table to make a focus discussion of the future of the Palestinian economy through reviewing a number of different scenarios.

To read the full Conference Book click on the link below:

[*Working papers and proceedings of the annual conference 2007: The Palestinian Economy: Forty Years of Occupation... Forty Years of Arrested Development*](#)

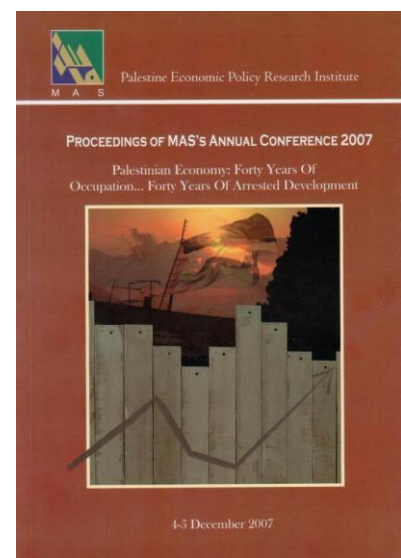
Following are the **synopses** of the conference work papers:

Milestones in Palestinian Theoretical Economic Thinking

By Dr. Fadle Al Naqib

The study identifies the economic challenge represented by Israeli policies that aim to distort the markets of labour, capital and land. These policies generally aim to create “individual wealth and national impoverishment” in the Palestinian society. In other terms, they highlight a political – economic situation in which Palestinian individual interests contradict with the Palestinian community national aspirations. According to the study, the milestones of Palestinian economic thinking can be divided into three phases: Palestine Liberation Organisation (PLO), Conference on Development for Steadfastness (1983) and the general program for the development of the Palestinian national economy (1994 – 2000). The Palestinian PLO economic thinking has been analysed by reviewing the decisions of the different sessions of the Palestinian National Council (PNC) and identifying the ideological reference of some PLO institutions like Samed, Consumers’ cooperatives and the General Union of Palestinian Workers. The political-economic environment resulting from the Conference on Development for Steadfastness was also discussed. This was an important landmark in the Palestinian resistance thinking that laid the ground for the 1987 Intifada. It was up to the challenge posed by the occupation and its systematic policies.

As for the general program for the development of the national economy for the years (1994 – 2000), the main elements were analysed by dividing this stage into two phases: **phase I** focused on the thinking of the PNA from its outset until the end of 2000, as reported by studies of some PNA ministries and official economic plans adopted by the Ministry of Planning. In this area, the huge impact of international





organisations like the World Bank, IMF and donor countries was revealed in the formulation of the economic references used by the PNA in this phase. On the other hand, **phase II** concentrates on the thinking that accompanied Al-Aqsa Intifada in 2000. Two major area of research led the discussion: 1) the research project carried out by MAS Institute to reinforce the self capacity of the Palestinian economy and 2) the research conducted by the Arab International Forum for reconstruction and development of the Occupied Territory.



Development of the Palestinian economy: Development at the formal level

Dr. Mohammad Ishtayah

The occupation left deliberate and systematic destruction of the Palestinian Territory. All through the years under direct occupation, no genuine development projects were implemented. Hence, the PLO endeavoured through these years to set up parallel services to attempt to mitigate the suffering of the Palestinian people. It therefore established and funded civil society and community based organisations and institutions and ran them as charitable associations. Pursuant to the Oslo Accord and the creation of the Palestinian National Authority, the civil society organisations established by the PLO were transformed from non-governmental to governmental organisations. The Fatah affiliated organisations became governmental institutions while the civil societies affiliated to other parties remained as non-governmental. This is the main reason behind the existing overlapping between the work of Fatah movement and that of the PLO.

The first developmental project or program was the contingency assistance project whose objectives were to rehabilitate the infrastructure. The program also involved technical assistance to foster the ability of governmental institutions to prepare strategic studies on the sectors of transportation, water, telecommunication, school building, and agricultural projects. Later on, projects started to become more specialised with rehabilitation projects and programs as well as strategic schemes including the creation of an



airport and a seaport, etc. Projects began to expand to different basic and social infrastructure sectors. There is no doubt that foreign assistance was founded on political basis as they were impeded with every obstruction of the political track. The assistance came to solve timely and conjectural problems that did not consider sustainability. Since the outset, assistance was relief and not developmental. The impact of this assistance faded as a result of the Israeli measures of siege and blockade. From another perspective, the Israeli economy may have benefited from the assistance provided to the Palestinians because of the interlinking between the Palestinian and Israeli economies.

Role of the private sector in facing the Israeli economic policies

Dr. Mahmoud Aljaafari

The paper tackles important details about the Palestinian private sector and its direct contribution after 1967, which has always been an important axe of the Palestinian economy

notwithstanding the major and non-negligible obstacles it encounters. In parallel, the paper presented the strengths that enabled the private sector maintain its activities and overviewed the relations imposed upon this sector by Israel. In spite of its major contribution to the comprehensive economic development and the role played by different institutions to support and motivate it, the private sector in many cases diverts its activities to Israel because of the dependency imposed upon this sector by Israel.

The paper also discusses the limitations of the performance of the private sector, and the necessary and sufficient conditions to reinforce the role of the Palestinian private sector to face the Israeli economic policies. Such policies, in many times, create and abuse the isolation of the Palestinian economy from surrounding economies. In conclusion, the paper presents the horizons and potential of the private sector at macro and micro levels with a focus on the economic sector and on the provision of work opportunities for those affected by Israeli policies. In the same area, the study examines the Palestinian infrastructure in education, knowledge and SMEs and reiterates the importance of upgrading the Palestinian private sector to have an internal national policy. It also discusses the means to confront the Israeli economic policies as a comprehensive external framework.





Israeli policies and their impact on the socioeconomic structure in Jerusalem

Dr. Loai Shabana

The geopolitical changes imposed by the Israeli occupation resulted in compulsory demographic transformation that intervened in the natural demographic change stemming from natural growth, fertility, deaths and migration. Consequently, challenges arose in different aspects of life. The Israeli policies underwent two interlinked stages: the first is based on enclaving and limiting Palestinian growth. It applied three dimensions, namely restraining any horizontal expansion in isolated enclaves, increasing dependency on Israeli resources and linking the survival elements in Jerusalem to Israeli resources using a number of instruments, most importantly the city's master plan, bureaucratic measures and checkpoints, permits system and also physical isolation by the wall and military checkpoints. The second stage involved emasculation of any potential growth of whatever remains of the Palestinian entity after restraining it. This is achieved by weakening the institutional structure, affecting administrative and legal spheres in the city and weakening the ability to use natural resources.

The Israeli policies toward Jerusalem annul part of its Arab identity, economically and politically. The policies turned Jerusalem from a source of economic and service power to a city in need of developmental assistance at institutional, humanitarian and demographic levels. They also weakened the infrastructure by furthering the Israeli economy in place of the Palestinian economy, causing deterioration of living standards and competitiveness of the Palestinian economy. Moreover, the role of Palestinian institutions in service provision retreated not to mention migration of individuals and institutions. As for the future, it goes without saying that it is hard to apply any economic strategy to achieve development without reaching a political solution, which is satisfactory to all parties, and which is approved by the international community. It should be noted that while the situation in Jerusalem needs long-term political tools to be settled, the developmental and economic treatment should take into consideration the current situation and needs on the long, medium and short runs.



Evolution of the Zionist program vis-à-vis the West Bank and Gaza Strip

Dr. Adnan Samara

The introduction to this paper discusses the political economy that is based on the relationship between centre and periphery, without neglecting the specificity of the case in the West Bank and Gaza Strip that hangs between occupation and independence. It discusses the Israeli case of settlements, just as the Jewish settlement in Palestine, which is colonisation with the ultimate goal of expulsion, as seen directly in 1948, or displacement to force the Palestinians of the West Bank and Gaza Strip (second occupation) to self-deportation, or 'smooth expulsion'. The paper attempts to use this theoretical framework to examine whether the occupying state has an official government policy, drafted for the West Bank and Gaza prior to 1967. Has the dynamic nature of the Israeli political system enabled it to formulate policies that respond to evolutions, on the one hand, and attempt to influence and direct such developments on the other? If the research found out that there is no previously drafted policy, then has the occupation adopted a number of scenarios, which it is trying individually or in parallel?

There are two key remarks related to the enforcement of this paper:

1. Although the paper tackles the economic agenda of the Zionist project toward the West Bank and Gaza, it is essential to address other factors within the limits of serving the key issue.
2. The "agenda" of the Zionist occupation authority toward the West Bank and Gaza Strip may be divided into the phase of establishment, represented through Israeli policies and positions since 1967 until the beginning of the first Intifada, considering that this stage conceptualised the Israeli agenda. Following is a stage of application, beginning with the first Intifada and then through the Oslo Accords up to our time. This stage is an extension and response in one way or another to the phase of establishment.

The theme covered by this paper is the Zionist agenda vis-à-vis the Occupied Territory. It is necessary to understand the components and effects that impact the constitution of this program, i.e. the fixed part of this program (like the ideological/religious/cultural dimension) and the variable (like the international politics factor). Israel is not an ordinary or marginal state; it is the product of the world order. Therefore it is necessary to read the economic relation with this centre and its repercussions in Israel's economic relation to the Occupied Territory.



Employing the occupation to serve the Israeli Economy

Prof. Issam Mukhawal

This paper tackles the effect of the occupation on the Israeli economy. It considers that the evolution of the policies of the Israeli occupation in the Occupied Palestinian Territory in 1967 had left an impact not only on the Palestinian economy, but also profound prints and structural changes on the Israeli economy as well. The Israeli economic prosperity resulting from the occupation and aggregation of use of land, water, resources and human capital within the framework of colonialist relations with the Palestinian Territory created a “greater economy” in Israel. This economy is characterised by its aspirations in the centres of the capitalist globalisation; it aspires to play a role in the world economy and conclude joint ventures with parties of the world order, mainly in the Middle East area. Opposite to this ‘greater economy’, another small economy exists whose interests and aspirations are focused on maximizing its use and benefits from the occupation while keeping the Palestinian economy confined and increasing completion with it and within it. In the first and second Intifadas, the occupation turned from being a source of accumulating gains to Israel to a burden on the Israeli society. It increased the contradictions of the occupation and the contradictions of the interest of the classes it served.

The paper refuses to claim that the devastation of the Palestinian economy and its opportunities for development is a mere result of the occupation and of the violent insurmountable confrontation between the two parties. It sees the destruction of the Palestinian economy as the essence of the occupation and its true face. It would be a systematic policy that aims directly to prohibiting the emergence of a Palestinian economy that is independent from the Israeli economy. It deliberately seeks to keep it dependent to ensure long-term profits. The study concludes with a partial calculation of the value of the benefits gained by Israel via its occupation. On the other hand, it estimates the high price that Israeli is paying for four decades of occupation under the Palestinian people’s refusal of such a situation. The study considers that the Israeli economy cannot keep paying the price of the occupation on its own without the American annual assistance to Israel, estimated at \$ 1.8 billion. It also concludes that the persistence of this funding is not conforming to the American claim of launching a real political process.



Arab Regional Economy in Israel: Sixty Years of Arrested Development... and Occupation?

Prof. Raja Alkhalidi

The paper tackles important details about the Palestinian private sector and its direct contribution after 1967, which has



This in-depth study of the developmental experience of the Palestinian Arabs in Israel since 1948 unveils valuable comparative lessons that contribute to attaining a better understanding of the economic impact of the long occupation of the West Bank and Gaza Strip. It provides an analysis of the status and role of the Arab economy in Israel to give a thorough insight to re-launch the efforts to implement a national Palestinian developmental strategy that is capable of facing any political scenario that sounds probable today. The analysis makes us conclude that the “Palestinian regional economies” in Israel and in the Occupied Territory are governed by the Israeli economic system that prevails on all of the land of historic Palestine since 1967. This acknowledgment of the joint interest and close developmental tracks of these economies must take into account all of the resources available to these three separate economies that have grown more similar with time.

Following six decades of failing integration in Israel, the Arab citizens remained at a lower rank on the socioeconomic hierarchy, with increasing rates of poverty, geographic fragmentation and dismantling of the social structure. The gaps that have been expanding over many years still need treatment by official policies and self-initiatives. Although the Arabs in Israel enjoy higher living standards than the Palestinians in the Occupied Territory, they are still marginalised and do not enjoy full rights in the state where, theoretically at least, they are considered to be equal citizens.

Regardless of the current or future possible structure of sovereignty between the two peoples of this territory, the three Palestinian economies combined form one of the parties to the distorted economic unity that have been existing de facto since 1967. This fact highlights the real challenge facing Palestinian decision-makers, namely starting from this ideological framework to formulate a national developmental strategy and devise a future economic program. Renewed efforts should seek reconstructing the Arab – Jewish economic relation on the basis of balanced and mutual cooperation; a goal that has not been achieved since it was first expressed sixty years ago.



Arab Governmental Assistance to the Palestinian People: Present and Future Perspective

Dr. Ghania Malheis

This is the first study that covers Arab official (governmental) assistance to the Palestinian people since 1940s until 2007. It is a valuable document made up of an introduction and three main chapters with annexes that covers a total of 113 pages.

Chapter "I" discusses official (governmental) Arab aid to the Palestinian people, its goals, motivations, size, sources, flows, mechanisms, use and impacts over six time intervals identified by the evolution of the Palestinian conflict with the Zionist project. The first stage examines Arab official support to the Palestinian people before 1948, while the second stage tackles Arab assistance from 1948 to 1967. The third stage is concerned with the post Israeli occupation of the West Bank and Gaza Strip in 1967 until the eruption of the first Intifada late 1987. The fourth stage covers the four years of the first Intifada 1988 – 1993 and the fifth stage runs through the interim self-rule period 1994 – 2000. Finally, the sixth stage follows the collapse of the political settlement process with the failure of Camp David talks and the break-out of the Alaqsa Intifada until the present day.

Chapter "II" carries out a critical review of the Arab aid to the Palestinian people, attempting to identify the strengths to build on them and the weaknesses and lacuna to avoid them in the future in order to activate and maximize the role of the Arab assistance to the Palestinian people. Chapter "III" attempts to use the outcome of the critical review of this experience so that it can conceptualize a vision that activates the Arab assistance to the Palestinian people, maximizing its political and economic return. In this chapter, the study presents detailed explanations of the objectives of Arab assistance to the Palestinian people in the near future. It suggests the bases and norms of identification of the size of this assistance and the distribution of this burden upon Arab states, in addition to reviewing the organisation of its channels and flows. It also presents suggestions on the priorities of the geographic and sectoral use of such assistance and to organise and develop mechanisms for the management, follow up and evaluation. This is to enable it to achieve its goals and empower the Palestinian people to live without such assistance and replace it with more constructive Arab – Palestinian cooperation.



Assessment of the Role of the World Bank and International Monetary Fund (IMF) in the Palestinian Economy

Dr. Numan Kanafani and Dr. David Kopham

The paper aims to review and assess the economic analysis and impact of policies recommended by the World Bank and IMF since becoming involved in the affairs of the Palestinian Territory in 1992. The paper discusses the beginning of the activities of these organisations in the Palestinian Territory as well as the form and nature of their work and the approach they adopted to realize the goals of the international community: supporting the peace process to attain tangible improvement of the living standards of the population of the West Bank and Gaza Strip. In addition, the paper discusses the different roles played by both institutions in the Palestinian Territory.

It reviews the most important studies of the World Bank and IMF, which cover the economy of the Palestinian Territory with a focus on identifying the bottlenecks faced by human resources and the necessary reforms. The researchers dedicated part of the study to analyse the contributions of the World Bank and IMF by shedding light on the most salient recommended policies for trade, labour market, private sector in comparison to the public sector, fiscal policies and currency issues. It also focuses on the extent of compliance of the recommendations submitted by these institutions and the so-called “Washington Consensus” or the “post Washington Consensus.”

The paper concluded that after one and a half decade of hard work and after having spent 10 billion US dollars through international assistance, the World Bank and IMF were unable to achieve their goals of improving living standards and laying the foundation of a solid economy for the Palestinian Territory. The paper attempts to identify the distortions in the experience of both organisations in the Palestinian Territory and understanding the factors that caused this failure.



The Role of UNRWA and other UN institutions in the Palestinian economy

By Dr. Taher Kanaan

The study reviews the role played by UNRWA and other UN organisations over the past four decades and what they are doing now in terms of the needs of the Palestinian people. The purpose is to measure the impact of this role on the Palestinian economy and society. The institutions covered by the study include: United Nations Development Program (UNDP), United Nations Industry and Development Organization (UNIDO), United Nations Conference on Trade And Development (UNCTAD). The study lays a matrix showing the convergence and divergence between the different needs of the Palestinian people on the one hand (whether relieve, employment, training, protection, support to the private sector with a focus on development) and the role played by UNRWA and other UN organisations now or the role they can play in the future on the other hand. This study identifies the necessary development strategies based on intensive labour and biasness to the poor and human rights.

The study showed that UNRWA and the Higher Commission for Refugees and other UN organisations responded only to a minimum part of the needs of the Palestinian people, fulfilling basic contingency needs resulting from the persistence of the refugee status and continuation of the occupation. As regards to protection, these organisations have not played any tangible role, for “protection” is the responsibility of the Higher Commission for Refugees alone. The operations conducted by UNRWA, in the West Bank and Gaza Strip under the Israeli occupation, do not include protection. However, “protection” is a primordial condition for any society not to mention that it is a perquisite for any development.