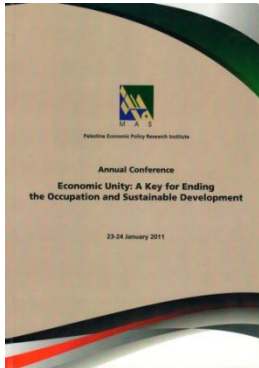




MAS Conference 2010



The Unity of the Palestinian Economy a Key for Ending the Occupation and Achieving Sustainable Development

MAS held its fifth conference on Jan 23 and 24, 2011. Many experts and dignitaries attended the conference, including the Prime Minister and other government officials, academics, economists and representatives of the private sector. The main focus of the conference this year was on the importance of achieving economic unity while attempting to build a viable Palestinian state.

In light of this, the papers discussed examined various options for reducing the effects of geographic separation and provided policy recommendations that sought to encourage the establishment of networks among citizens, thus facilitating the movement of goods and financial and labor capital. The papers also emphasize developing the institutions of the Palestinian state and distributing these institutions more equally across the country in order to achieve maturity, efficiency and justice.

Five papers were presented at the conference:

1. [The Palestine State: Economic Integration despite Geographical Discontinuity.](#)
2. [Building an Efficient and Effective Public Administrative Structure Despite Geographical Separation.](#)
3. [Options for Achieving Internal Economic Connectivity and Effective International Trade for a Viable Palestinian State.](#)
4. The Central Role of Jerusalem in the Development of an Independent Palestinian State.
5. Development Gap, Internal Distortions and Disparities in the Palestinian Economy.





Following are the synopses of the working papers that were presented at the conference:

The Palestinian State: Economic Integration despite Geographical Discontinuity

by Dr. Numan Kanafani



This paper meant to answer two questions: the first concerns the role of economic cohesion in achieving sustainable growth and a steady improvement in the quality of life of Palestinians in the OPT; and the second regards possible models of economic integration between the two parts of the country. First, the paper reviews the acute structural changes that have occurred in the Gaza Strip and the West Bank over the past 50 years. Second, the paper outlines trade relations between the two regions and provides estimations of the costs of achieving a relative convergence of living standards between the West Bank and Gaza Strip. Third, the paper considers the various aspects of cohesion and the potential models that could bring development and integration. Specifically, two models are contemplated: the equilibrium model and the agglomeration model. After an analysis, the paper concludes that a Palestinian state will never be viable without ensuring the free flow of goods and individuals while highlighting the high cost of achieving economic convergence between the West Bank and Gaza Strip. Furthermore, it emphasized the interdependency of the two regions of the country, especially with regard to economies of scale and the ability of the West Bank to engage in maritime transactions via the Gaza Strip. In light of these problems, the paper adopted recommendations that combine the advantages of the two models: building a knowledge-based economy; the establishment of industrial and economic clusters; and building transportation and communication networks to ensure the formation of united urban basin.

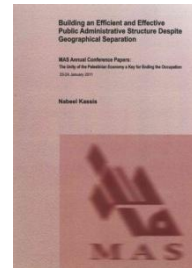




Building an Efficient and Effective Public Administrative Structure despite Geographic Discontinuity

By Dr. Nabeel Kassis

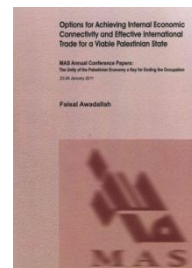
This paper surveys the various options for a politically favorable and effective administrative structure that a future Palestinian state would need to have to function. In this regard, the paper tries to answer two questions: the first relates to the role the state is supposed to assume in terms of responsibilities, duties and powers; while the second involves the perceived system of administration: centralization vs. decentralization. The paper also discussed the role of local government in an environment of democratic decentralization as well as the importance of outsourcing certain tasks and services to the private and civil sectors. The paper considers the decentralization model, in which the central government out sources equal powers and functions to elected provincial councils while the central government retains control over some strategic areas such as ports, border crossings and productive exclusive economic zones. The paper argues that this model can be achieved by building on the already exiting administrative and political hierarchy, which requires an efficient, capable government that is not burdened by job inflation. It also requires well-trained local organizers who are aware of the potentials of democratic decentralization.



Options for Achieving Internal Economic Connectivity and Effective International Trade for a Viable Palestinian State

By Dr. Faisal Awadallah

This paper considers transport network systems that could enable a viable Palestinian state in the territories occupied in 1967. The study proposes building a corridor in the central West Bank, starting from Jenin in the north and heading southward to Hebron. It then crosses Israel from a point south of Beit Awa to a point south of Beit Hanoun, and continues southwards along the eastern border of the Gaza Strip down to the Yasser Arafat airport and the Rafah crossing. A main road branches from the corridor to link to the Gaza port, south of Gaza City. The study also proposes building a main corridor along the Jordan River and the Dead Sea, as well as a main road in the western part of the West Bank, specifically between Jenin and Tulkarm – passing through the village of Ni'lin and on to east to Jerusalem. Furthermore, the paper proposes building three transportation links between the west and the east of the West Bank, with a special focus on East Jerusalem, the Palestinian





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state's transport hub. The paper concludes with policy recommendations, first of which is the establishment of two border crossings with Jordan, one crossing with Egypt and

a number of crossings with Israel. It is also recommended that two airports and one port (Yasser Arafat International Airport, Al-Quds International Airport and Gaza Port) be built, which would allow air corridors between the West Bank and Gaza Strip, the northern West Bank and the Mediterranean, Yasser Arafat Airport and Jordan through the Negev desert.



Development Gap, Internal Distortions and Disparities in the Palestinian Economy

By Dr. Samir Abdullah

Modern Palestinian history faced significantly adverse and unstable conditions, characterized by numerous drastic, turbulent changes in Palestinian political life. For less than a century, Palestine went through three radically different stages of Arab and foreign rule: the British Mandate (1922-1947), the Jordanian and Egyptian control over the West Bank and the Gaza Strip respectively (1948-1967), and the Israeli military occupation (1967-to the present). The inability of the Palestinians to determine the path of their own political, social, and economic development resulted in two equally strong and important sets of disparities: the developmental gap between the OPT and the rest of the immediate sub-region (Israel, Jordan, Egypt, Syria, and Lebanon) and distortions and disparities in the level of changes within the OPT (mostly between the West Bank



and the Gaza Strip). This study has two main objectives. First, the paper measures the gaps between the OPT and the neighboring states in terms of investment climate, including infrastructure, and economic performance. Second, the study investigates the

discrepancies between the Gaza Strip and the West Bank, on the one hand, and the entire OPT, on the other, with respect to key macroeconomic indicators, the labor market, human capital, and infrastructure.

In conclusion, the study not only quantifies the regional and domestic developmental gaps within the Palestinian economy but also provides an explanation for their emergence and persistence over time. The adverse course of recent Palestinian history and especially the last forty three years of occupational limitations and practices have distorted the Palestinian economy, bringing it to its current state of inability to compete with the neighboring economies and incapability to emerge as a united entity. The final section of the study proposes specific policy recommendations to decrease and eventually eliminate the external and internal disparities by focusing on tackling the specific weaknesses and building on the present strengths.

The Central Role of Jerusalem in the Palestinian Economy and the Independent Palestinian State

Dr. Abd Al Fatah Abu Shokor

This paper addresses the central role of Jerusalem in the Palestinian economy and the independent Palestinian state. It aims to determine the central role of Jerusalem in the Palestinian economy and to identify the population changes that occurred in Jerusalem since its occupation in 1967. The paper looks into the most important developments which have taken place in various economic aspects as well as the Israeli plans and mechanisms that had been used for the annexation and Judaisation of Jerusalem through the evacuation of its Palestinian population then its isolation from its Palestinian and Arab surroundings as well as the marginalization of its role in the Palestinian economy. This paper also aims to identify the Palestinian plans and programs in face of the Israeli annexation and Judaisation policies and the central role of Jerusalem as a the capital of the independent Palestinian state.

The paper outlined the strategic objectives that should be emphasized to combat the Israeli plots and to prepare Jerusalem to perform its significant role in the Palestinian economy as the capital of the independent Palestinian state. These goals are summarized in the following:

1. Support the steadfastness of Jerusalemites to maintain their living in their city, providing the protection for their lands and property and for their cultural, social,



- economic, religious and youth institutions.
2. Protect the Arab Palestinian social structure with the focus of efforts on child protection.
 3. Unify, regulate, develop and activate all sorts of peaceful mass resistance in Jerusalem.
 4. Reconnect Jerusalem to its Palestinian, Arab and Islamic surroundings spiritually, culturally, economically and socially.
 5. Accomplish economic revival in Jerusalem to increase job opportunities to absorb its labor force.
 6. Reinforce Palestinian national unity in Jerusalem and preserve its Arab Islamic and Christian nature.

The achievement of the above mentioned national and economic objectives requires adequate financial and human resources and an efficient executive authority in addition to the political will.

The paper proposes the need for the Palestinian national movement on both the immediate and long term, as a practical way of addressing these objectives, in light of the status quo.

Listed under the immediate action, there is the activation of external tourism to Jerusalem, specifically the revival of Islamic pilgrimage to Jerusalem following the Hajj ordinance (to consecrate the Hajj). Also, there is the activation of internal tourism, encouraging investment in Jerusalem through providing easy financing and technical support, giving preferential treatment for Jerusalem products in governmental purchases as well as supporting cooperative and individual housing in Jerusalem. Moreover, give attention to the implementation of employment programs inside Jerusalem, allocating sufficient budgets for the development of public services especially education, health services and social welfare; in addition to supporting the institutions operating in the development field.

On the long term, new structural plans for Jerusalem must be prepared, determining its extensions in order to reconnect it effectively with its Arab Palestinian surroundings. Also, structural plans should be made for the headquarters and premises of the Palestinian National Authority which have temporarily settled in Ramallah or other Palestinian cities. Plans for roads and transport must be also made for the reconnection of Jerusalem to its Arab Palestinian surroundings. It is necessary to prepare studies for the transitional period following the end of the occupation in Jerusalem, to ensure the smooth transit from the previous legal status to a new one in which Jerusalem assumes its role as the capital of the independent Palestinian state.