



Decolonising the Palestinian Economies

By Nur Arafeh



Is there a “Palestinian economy” or “distinct enclave economies”? This article problematises the concept of “Palestinian economy” by arguing that there are at least six different economies in Palestine that co-exist with the Israeli economy. Nevertheless, as these economies are all subjugated to Israeli colonisation, decolonising them is a key common strategy to achieve real economic stimulus.

A de-developed² and isolated economy in the Gaza Strip, under a strangling Israeli blockade

A major part of Palestinian economies is the economy of Gaza, which has been in an increasing state of de-development as a result of the eight-year Israeli-imposed blockade and the three assaults launched by Israel in 2008–2009, 2012, and 2014. Sea and land restrictions

have isolated Gaza’s economy from the rest of the occupied Palestinian territory (oPt), and have heavily curbed Gaza’s foreign and internal trade. Closures and movement restrictions have also paralysed the agricultural, construction, fishing, and industrial sectors. More specifically, the so-called “dual-use” items’ list³ has decreased the availability of production inputs, increased their cost, and led some industries to either use inefficient mixes of inputs or drop product lines.⁴ Consequently, Gaza’s productive base and its private sector have been severely undermined. These destructive Israeli policies, combined with the depleted water, power, education, health, and other services facilities, have rendered Gaza unliveable by curbing its capacity to achieve sustainable economic growth and realise social change.

However, the Israeli siege has given rise to new kinds of economies in

There are at least six economies in Palestine that coexist with the Israeli economy: a de-developed economy in Gaza; a marginalised economy in East Jerusalem; a neoliberal economy in Ramallah; an economy “on the sideline” in Area C; a southern West Bank economy that is becoming the industrial and commercial centre of the oPt; and an economy in the northern West Bank that is developing interactions with the Arab economy in the Galilee and the Triangle. Despite the distinctive characteristics of each of these economies, however, they are all sapped by Israel’s colonisation and occupation. As a result, a genuine economic boost would only happen by decolonising these economies.

Gaza. For instance, in reaction to Israeli restrictions on imports and exports, Gazans espoused new crop-planning models, such as the multi criteria crop-planning model. The goal was to produce crops that are normally imported in order to decrease dependency on imports, maximise the



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Tunnel trade economy in Gaza.

use of local resources, and achieve food-security and self-sufficiency in the long run. An “agricultural resistive economy”⁵ thus emerged in Gaza.⁶

An informal tunnel economy has also developed and has been, until recently, Gaza’s main engine of economic survival and growth. Tunnel trade decreased Gaza’s dependency on the Israeli economy and thus gave Gaza the main authority over imported goods. In 2009, the Hamas government sought to formalise this economy by creating a Tunnel Affairs Commission (TAC) that became the regulatory authority for commercial activities. However, this kind of smuggling trade did not generate sustainable growth: markets became saturated with supply exceeding demand, and tunnel trade did not have large benefits on labour-intensive and productive sectors.⁷ Moreover, tunnel activity was met with a severe Egyptian crackdown in mid-2013, and has thus aggravated the socio-economic and humanitarian crisis in Gaza.

A marginalised and withering economy in East Jerusalem

East Jerusalem was the commercial, transport, tourism, and cultural heart of the Palestinian nation. However, it has been gradually separated from the economies of the Gaza Strip and the West Bank, and has been

integrated into the Israeli economy, in a partial and distorted way. It has thus become increasingly dependent on Israeli markets for employment, trade, and finance. This marginalisation of East Jerusalem’s economy was caused by the Israeli pernicious policies of annexation, isolation, and externalisation, especially through the construction of the apartheid Wall. As a result, socio-economic conditions have been in precipitous decline. Palestinians have been suffering from very high poverty and unemployment rates (75 percent⁸ and 17.6 percent,

Photo by George Azar.



respectively); acute housing deficiency; lack of investment and economic infrastructure; a depleted commercial sector; a tourism sector that falls behind its potential; and dilapidated educational and health services.

The distinct economies in the fragmented archipelago of the West Bank

While the Gaza Strip and East Jerusalem were both economically marginalised and isolated, a neoliberal economy was being developed in Ramallah. The neoliberal economic-development model implemented by the government of Salam Fayyad included institution building; increasing attempts to privatise and reduce interest rates and inflation; a surge in personal debt; growing inequality; endless openings of Western cafés, bars, etc. While a period of economic growth ensued, however, the latter was illusionary and unsustainable since it was based on an artificial, donor-dependent economy. Moreover, “growth” was far from being equitable, since it was mainly taking place in areas A and B of the West Bank, whereas Area C remained off-limits for Palestinian development. In fact, Israel’s restrictions on access to Palestinian land, water, mines, and quarries in Area C have created an economy that has been completely sidelined.

In opposition to the economies of Ramallah and Area C, Hebron and the southern West Bank have increasingly become the commercial and industrial heart of the oPt. Moreover, whereas consumerism and materialism largely characterise Ramallah nowadays, the southern West Bank is still known for its strong communal and social cohesion, which could be the foundation for building a stronger economy.

Meanwhile, new economic “north-north” relations and trade flows are developing between the economies in the northern West Bank (Nabulus,

Jenin, Tubas, and Qalqilya) and the Arab economy in the Triangle and Galilee localities. These new economic interactions involve the hotel, tourism, and restaurants sector; the retail trade sector; the professional services sector, especially health services; financial, accounting, and legal services; and transit transport services. It is estimated that the total current value of goods and services purchased from northern West Bank markets by Palestinians living in Israel amounts to NIS 1.1 billion annually. Palestinians in Israel are thus becoming a significant engine of the northern West Bank’s economy.⁹

Decolonising the Palestinian economies: the role of the agricultural and industrial sectors

Given that there are several Palestinian economies, is there a single strategy to boost them?

While it is very problematic to think of a “one-size-fits-all” strategy, one should note that all these economies are subjugated to Israel’s occupation and colonisation, and all of them are dependent on the Israeli economy, albeit in different ways. Furthermore, they have all been strangled by the same Israeli hermetic system of physical, institutional, and administrative impediments. The apartheid Wall, fixed and flying checkpoints, earth mounds, trenches, permit requirements, etc., have all had deleterious effects on the movement of persons/workers and goods within the oPt as well as to/through Israel. In other words, Palestinian economies are confronting the same dynamics: constrained access to natural and economic resources; restraints on the transportation of goods; limitations on investment and infrastructure development; and mobility restrictions throughout the oPt. These Israeli movement and access restrictions, combined with labour-market fragmentation and the on-going process of exclusion, have



Palestinian farmers from Gaza.

sapped Palestinian economies and stymied sustainable economic growth and development in the oPt.

Thinking within this framework, the decolonisation of Palestinian economies becomes the key to achieving a real economic boost. There is thus an urgent need to conceptualise and implement a counter-hegemonic strategy that resists Israeli colonisation and its hegemonic power structures, and that defies the neoliberal model adopted by the PNA. More specifically, the cornerstone of this strategy should be to resist land occupation and dependency on the Israeli economy.

The promotion of the agricultural sector would be crucial in this regard, since it has a strategic role in maintaining Palestinian land and water under the use of Palestinians. Moreover, enhancing the agricultural sector would foster Palestinian productive capacity and disengage it from the stranglehold of the Israeli economy. It would thus facilitate the transformation of Palestinian society from a consumerist to a productive one, and ensure the achievement of food security. Furthermore, as a labour-intensive sector, agriculture has the ability to generate jobs, especially for those who cannot work in other sectors

because of lack of education and skills.

The industrial sector should also be enhanced in order to foster local production and achieve self-sufficiency and self-reliance. Hence, in the short term, we should focus on promoting industries that are the most profitable socially and economically. In other words, we should expand competitive industries that create employment and produce goods that use inputs that are the least dependent on the Israeli market. Industrial expansion would also increase the demand of technical skills (engineering, chemistry, physics, etc.), and thus create job opportunities in disciplines that currently face a lack of demand in the Palestinian labour market.

Boycotting Israeli goods and deepening trade links between Palestinian economies

The suppression of the flow of goods between Palestinian and Israeli markets is equally important to boost the Palestinian economies and develop their productive capacity. The boycott of all Israeli goods (not only those produced in Israeli settlements) is also crucial to protect local products, raise

their competitiveness, and increase the cost of Israel's occupation and apartheid system. Needless to say, the boycott of the colonising power's products is a moral duty that should be upheld by all Palestinians.

The promotion of "north-north" relations is also essential to resist integration into the Israeli economy. The PNA, local communities, and the private sector should play a crucial role in this regard by giving preferential treatment to Palestinian investors; developing trade fairs to foster trade and investment links; improving municipal services for Palestinian visitors from Israel; organising awareness campaigns about Palestinians in Israel and those in the West Bank to address the misconceptions they have of each other and to fill the leadership gap between the two areas, etc.¹⁰ Equally important is the strengthening of economic links between the economies of the West Bank on the one hand, and those in the Gaza Strip and East Jerusalem, on the other hand.

Finally, it is worth noting that for resistance to be impactful, it should tackle the issue of incentives (motivating people to get involved), and should be

based on people's consciousness and awareness of the dangers of living under colonised economies. Attention should thus be given to education, capacity-building, and social mobilisation. As Paulo Freire eloquently argued in *Pedagogy of the Oppressed* (1970), "education either functions as an instrument which is used to facilitate integration of the younger generation into the logic of the present system and bring about conformity or it becomes the practice of freedom, the means by which men and women deal critically and creatively with reality and discover how to participate in the transformation of their world."

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¹ "Strengthening Trade and Economic Interaction between Palestinians in the West Bank and inside Israel: an Arab "North-North" Alternative to Israelization," Raja Khalidi, 2015. Unpublished.

² *The Gaza Strip: The Political Economy of Development*, Sara Roy, 1995.

³ According to Israeli claims, "dual-use" items are products that can be used for military purposes in addition to civilian ones.

⁴ "The Economic Costs of the Israeli Occupation for the Occupied Palestinian Territory," The Applied Research Institute Jerusalem, 2011.

⁵ The term was coined by the Ministry of Agriculture.

⁶ "A multi criteria crop planning model based on the 'Resistive Economy' characterizing the Situation in Gaza Strip," Salah R. Agha, 8th International Conference on Islamic Economics and Finance, 2011.

⁷ "Gaza's Tunnel Phenomenon: The Unintended Dynamics of Israel's Siege," Nicolas Pelham, 2012, *Journal of Palestine Studies*, 41 (4).

⁸ "East Jerusalem 2014 – By the numbers," Association for Civil Rights in Israel, 2014, <http://www.acri.org.il/en/2014/05/24/ej-numbers-14/#12>.

⁹ Khalidi, 2015.

¹⁰ *Ibid*.