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The West Bank and Gaza

# Political Consequences of Occupation

by Sheila Ryan

The past eleven years of Israeli occupation have wrought an awesome transformation of the economies conquered in 1967. Their foreign trade is now dominated by Israel, their own development stifled, their natural resources—oil in the Sinai, water in the West Bank—exploited by the occupiers, their population subject to rapid and brutal proletarianization for the benefit of Israeli employers.

The Israeli economy too has been profoundly affected by the occupation and growing reliance on exploitation of the conquered areas. The West Bank and Gaza Strip, now a foreign market second in importance only to the United States, are a convenient dumping ground for shoddy Israeli industrial products which could not compete with the local manufacturers of the industrialized countries of Europe and North America. A whole new sector of Israeli capitalists has arisen since the June war, fed by the profits to be made on the super-exploitation of workers from the occupied areas. The Israeli labor force itself has been restructured so that, according to a study by the Bank of Israel, “things have reached such a pass that unskilled jobs have come to be considered the preserve of workers from the administered areas.”<sup>1</sup>

Clearly this economic relation between Israel and the territories it occupies—what Moshe Dayan called “the flywheel that kept Israel and the areas connected”<sup>2</sup>—has enormous political significance. It suggests that Israeli determination to retain control of the occupied areas rests on sources far deeper than the Biblical quotations and historical references which float about in the speeches of Israeli diplomats. The nature of the economic relationship also



Jim Richter

illuminates, although in a more diffuse and refracted way, the capacity and potential of various sectors within the occupied areas to struggle for an end to the occupation.

## No Class of Collaborators

Israel has not to date been able to mold a comprador class with political credibility in the West Bank and Gaza Strip. This failure is the joint product of the limitation on what Zionism is willing and able to offer any sector of Palestinian society, and testifies to the extent of the national commitment of the masses of Palestinians under occupation. It may well be the most significant obstacle to the imposition of a settlement in the region under U.S. auspices. Israel needs the kind of "stability" in the occupied areas that can only be guaranteed by continuation of the occupation or its nominal replacement by an administration of collaborators with limited authority. Jordan cannot involve itself directly in negotiations about a future role for itself in a West Bank administered by so-called "moderates" when no one with any political following is willing to accept such a role. It is difficult for Sadat to negotiate under the "fig leaf" of an "autonomous" future for the West Bank and Gaza Strip, unless collaborators can be found to give it at least some plausibility.

This Israeli failure was epitomized by the defeat of its favored candidates in the municipal elections in the West Bank in the spring of 1976. The "Israeli-Hashemite" slate of traditional notable politicians tied to Amman was decisively defeated despite the open efforts of the military authorities and the strategic channeling of funds from East Jordan.

There is a sector of the West Bank and Gazan population which has enriched itself on the occupation, and which could expect a drastic reduction in its new affluence were links to be severed with Israel. These people serve a clear function as agents: labor suppliers, subcontractors and real estate middlemen. While they may be rewarded with a high level of consumption, they do not have a basis of extensive economic power: the subcontractor has no plant to speak of, merely the facilities for completing a part of the production process by poorly-paid labor. Labor contractors purvey workers for Israeli farms and construction sites, but have no further role in the processes of production or distribution.

These figures generally have very little political support in the occupied areas, and are the target of considerable rage. A most striking case is Abd an-Nur Janho, a Ramallah collaborator, who made himself conspicuously hateful by driving about in a purple Cadillac and carrying a pistol with the special—and needless to say very unusual—permit of the military government. Once promoted by the *New York Times*<sup>3</sup> as the kind of "moderate" who could successfully substitute for the Palestine Liberation Organization as a representative of the West Bank, he was assassinated in February 1978.

The traditional elite sectors of the West Bank and Gaza—the semi-feudalists and the part of the bourgeoisie closely linked to it—have in general experienced no extremes of devastation or enrichment under the occupation. Their prosperity is, however, dependent upon Israeli—and sometimes Jordanian—tolerance. This dependence imposes a severe limitation on their capacity to retain positions of political leadership by adopting a nationalist stance attractive to the population. The essence of Israeli policy toward this sector has been to control it, sometimes by the offer of economic advantages, other times by implicit or explicit threat of sanction.

A case in point are the citrus grove owners of Gaza. Half of the Gaza Strip's agricultural produce is citrus, a sector controlled by capitalist farmers. The citrus owners depend on exports, and to do so they must rely on Israel. Until the past few years, the citrus crop of Gaza was sold in Europe through the Israeli citrus marketing board, which was able to turn their increased control of the market to Israeli advantage while satisfying the market requirements of the Gaza producers. In 1974-5, however, the Israeli government diverted the Gaza exports across the Jordan River to Iran. This shift minimized competition with Israel citrus in Europe and brought prices 88 percent above those of the previous year to the Gazan growers.<sup>4</sup>

This marketing arrangement gives the Israeli government a great deal of leverage over the Gazan capitalists engaged in citrus production, and at the same time provides King Hussein with a fulcrum of his own to exert the kind of political pressure which the Israeli authorities find complementary. The *Jerusalem Post* described the pro-Hashemite positions of Gaza's Mayor Rashad ash-Shawwa as frankly motivated by considerations that are "primarily economic."

As an owner of large citrus orchards and related interests in this sector, Shawwa requires Hussein's help to market his crop in Iran via Jordan. For his part the King finds Shawwa an appropriate candidate for the task of creating an all-Gaza leadership (despite his Palestinian opinions which are no secret).

The mayor occupies the position of uncrowned representative of the Hashemite Kingdom in the Gaza Strip. Practical expression of this position is manifested not only in the arranging of permits for Gazan lorries to travel to the West Bank (with Gaza produce) but, crucially, in the granting of Jordanian passports to all Gaza Strip residents who wish to travel to other parts of the Arab world via the Jordan bridges—a point of great importance since they possess no other travel documents whatever.<sup>5</sup>

In a similar way, the Israeli occupation authorities and, to some extent, Hussein are able to exert control over the West Bank elite. The military government has occasionally forbidden the transport of the agricultural produce of a particular area—



**Commuting to  
Israel: Arab  
workers in Gaza**

Hebron grapes at picking time, for example—or their transport across the Jordan until the local elite capitulated to Israeli demands, such as imposing control on student demonstrators.

For several years the Israeli government offered exporters special incentives in the form of an inflated rate of exchange for dinars earned in Jordan. This not only provided Israel with a supply of hard currency—one of the advantages of the “open bridges” policy—but also was a form of support to the exporters of olive oil products from Nablus, chocolate from Bethlehem, or whatever. This program was allowed to disintegrate, however, over a period of a few years as the currency fluctuated. For instance, in 1971, when 8.7 million dinars were legally converted to Israeli lira, the Israeli government offered some exporters an exchange rate of 13.4 lira to the dinar, as against the official general rate of 10.5 and the “free market” rate of 10.9. By 1975, however, the total legal conversions fell to 931,000 dinars, and by the final quarter the highest export incentive rate of 26.1 still slightly exceeded the general official rate of 21.3 but fell below that free market rate of 28.9.<sup>6</sup>

The general thrust of Israeli economic policy on the West Bank has been to allow the economic activities controlled by the traditional elite to decline in importance relative to new forms of activity fostered by the occupation. In 1972, for example, exports from the West Bank were evenly divided between East Jordan and Israel. By 1975, exports to Israel were double those to East Jordan.<sup>6</sup> While the exports to Jordan were basically agricultural products, those to Israel were 85 percent industrial goods, largely goods which underwent only a (labor-intensive) part of the productive process in the West Bank under subcontract to Israeli firms.<sup>7</sup>

This shift in emphasis, along with the vulnerability to Israeli economic pressure, has made the traditional agricultural and business elite of the occupied areas a class which is neither economically dynamic nor able to adopt a sufficiently nationalist stance to retain political support on a mass level.

### **Emigration or Resistance**

Much of the militant resistance in the occupied areas has been rooted among students, intellectuals and professionals. These people, acutely aware of the national indignity of occupation, have very few opportunities in the stagnation of the local economy which occupation has imposed. Industrialization—as opposed to subcontracting, which does not demand technically skilled workers or contribute to the development of an industrial infrastructure—is simply not occurring on the West Bank. (In Gaza there is a growth of small-scale light industry owned and managed by Israelis, but it too offers nothing to the highly educated.) Health care institutions are not being allowed to develop, so their staff sizes are failing to expand and in some cases shrinking.<sup>8</sup> Cultural work and publishing are, of course, severely limited by the political situation. The public sector generally is not allowed to expand, and the employment opportunities it might be expected normally to offer new graduates are not created. While there has been some educational development—notably of Bir Zeit University—educators are plagued with the problem of what training they can offer to students which will equip them for employment on the West Bank rather than push them to emigrate. The educated strata of the West Bank is being continually forced to leave their area in search of economic opportunity.



Work in Israel for residents of the occupied areas is available only in the lowest echelons of unskilled and semi-skilled labor. This is so apparent that it scarcely needs the support of statistics. In 1977, for example, the Labor Exchanges sent 86 percent of the workers it processed from the occupied areas to slots for unskilled work and 11 percent to construction jobs, with only 2 out of 3,260 going to clerical or professional work. On the other hand, the Labor Exchange sent only 25 percent of Israeli applicants to unskilled work, 3 percent to construction and 17.7 percent to clerical and professional positions.<sup>9</sup>

## Formation of a Palestinian Proletariat

The single most significant economic result of the occupation has been the proletarianization of a large sector of the society—particularly the peasantry of

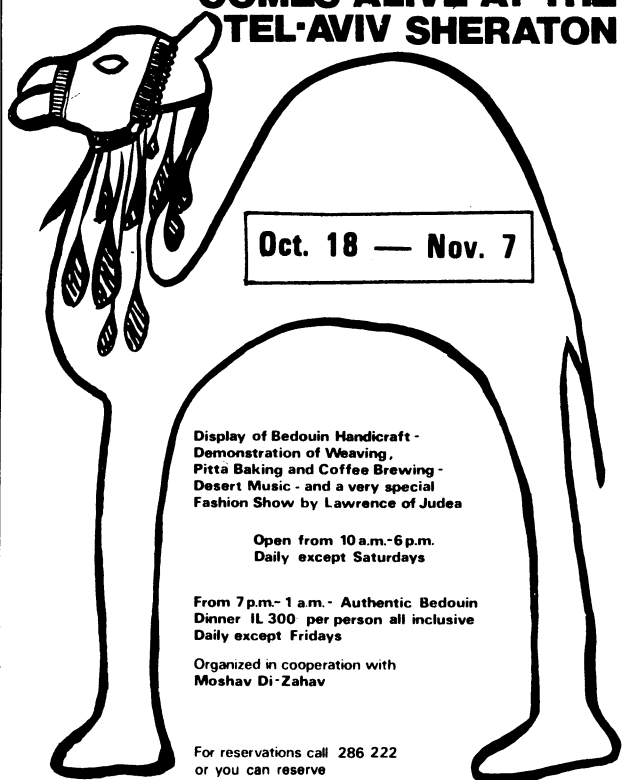
the West Bank and the destitute refugees of the Gaza Strip—for the benefit of Israeli capital. The increase in the ranks of the working class in the West Bank has, in fact, been due entirely to an increase in employment in Israel: employment in the West Bank itself has actually been declining in absolute terms, from 95,000 in 1974 to 87,600 in the first quarter of 1978.<sup>10</sup> There has been a massive decline in employment in agriculture in the West Bank from an estimated minimum of 60,000 before June 1967 to 40,500 in 1974.<sup>11</sup>

The political consequences of this economic change have yet to be manifested in sustained, active and organized resistance by these workers, despite occasional manifestations of nationalism such as not reporting to work in Israel around the time of the October War. Samir Amin and others have predicted a historic role for this part of the Palestinian people.

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*Even the Economic Consul of Israel in New York, Moshe Avnimelech, was drafted for the task: in a taped interview with Nili Yanai, director of Hebrew broadcasts, Avnimelech said that Israelis can now return, along with hundreds of thousands of American Jews who "haven't come up to now for understandable reasons."*

*What changed things? Peace! "The Egyptian-Israeli peace will give Israel a special status: American firms will set up Middle Eastern offices in Israel, and the Israelis will be the agents between the Americans and the Arabs . . . The commercial tasks which the Americans assign us are particularly suited to the demographic structure of the Jewish people . . . we can return to being the middle-class of the Middle East, a role Jews have always filled in the area. . . ."*

*" . . . Physical labor isn't necessary for the realization of Zionist aims. On the contrary, Judaism desires to be a beacon to the gentiles, and we will be a light in the Middle East."*

Source: *Haolam Ha-ze*, Nov. 9, 1978

Translated by *Israleft*, Dec. 1, 1978.



In his book, *The Arab Nation*, Amin underrates the present development of this class, but declares that it is uniquely important to the future of the struggle:

In the occupied territories the peasant masses are still only a reserve of manpower for Israel. It is only to the extent that these masses will be integrated as proletarians into the Israeli economy that the real revolutionary class, whose vocation it is to lead the struggle of the Palestinian people, will be constituted. Only the Palestinian proletariat can fulfill this role, especially since its bourgeoisie has disappeared, has gone off to integrate itself into the ruling classes of Jordan or to enrich itself by becoming the comprador bourgeoisie of the Gulf States.<sup>12</sup>

The role which Amin predicts for the sector of the Palestinian working class employed in Israel may sometime be seized by these ruthlessly exploited people, or other historic developments may create a different set of conditions. The factors which presently affect this sector politically need to be studied in detail, and careful first-hand reports of their political consciousness would make an important contribution to understanding and analysis.

There are a number of immediate experiential factors which would spur these workers to adopt the classic role which Amin suggests: they are subjected to extreme discrimination, receiving on the average only 40 percent of the average Israeli wage (a gap which has in fact been widening in the past few years).<sup>13</sup> They must endure extraordinarily harsh conditions, many forced to spend their nights "illegally" in Israel, housed in chicken coops or in workplaces locked from the outside.

But other factors have thus far limited their ability to organize and express resistance in regard to either class or national issues. First, the structure of

employment has yet to concentrate workers from the occupied areas in the kinds of workplaces in which the working class has, and also realizes that it has, great power. About half of the Palestinian workers in Israel are employed in construction, and many others (probably a larger proportion than indicated by official statistics, if "illegal" workers are also considered) in agriculture and services. The number of Palestinian workers employed in industry does seem to be increasing, however, and a few more years may show a concentration of Palestinians in the kinds of work which have historically given the proletariat its special role. But besides the issue of the kinds of work available for the Palestinians employed in Israel, there is the question of concentration: the Palestinians seem to be scattered in small workplaces.

Second, there is the particular political repression faced by workers from the occupied areas employed in Israel. Unionization is prohibited, and they are excluded from the Histadrut. This lack of union protection is combined with the fact that political dissidence can mean the quick withdrawal by the military authorities of the permit needed for employment in Israel. In the context of a "reserve army of labor" waiting in the occupied areas, these are serious limitations on any impulse toward resistance which the worker may feel.

To the worker, the choice seems to be between a job in Israel, requiring a lack of outward resistance, and emigration to find work elsewhere in the Arab world. Employment in the occupied West Bank has been declining in recent years, apparently due to the economic stagnation. Unemployment in the West Bank did not increase when the post-October War slump in the Israeli economy resulted in a decreased demand for workers from the West Bank. It seems that West Bankers left for the East Bank and elsewhere to find work, with the net migration balance of the West Bank going from a positive of 300 in 1973 to a net emigration of over 15,000 in 1975, and still hovering around 10,000 net out migration two years later.<sup>14</sup>

The Israeli authorities have made unabashedly clear that the proposal of "autonomy" for the occupied areas is not expected to give any increased economic independence to the regions. Shlomo Amir, adviser to the Minister of Labor and Social Affairs on the "administered areas" told the *Jerusalem Post* in the fall of 1978 that

Organizationally we are prepared for autonomy. Ever since "area" workers began taking jobs in Israel we have treated that labor force as equal but separate. And that is precisely the way things could continue under autonomy . . . Our (labor) exchanges could remain where they are and operate even without the presence of our Military Government.

On the expectation that the Camp David "peace" would be implemented, Amir forecast an increase in employment of workers from the occupied areas:

We already need more of these excellent workers. Building activity is picking up again after the slowdown and the new earth-moving projects connected with the relocation of our Sinai military bases to the Negev could give many more jobs to

The long range effects of the economic changes in the West Bank and Gaza can only create a serious political threat to the forces behind the occupation.

The colonial economy has nothing to offer the educated and professional strata: there is no prospect of opportunity, either within Israel or within the stagnant West Bank and Gaza Strip. The sector of the working class which Israel is forging from among the residents of the occupied areas for its own immediate exploitation may ultimately destroy the political situation which created it.

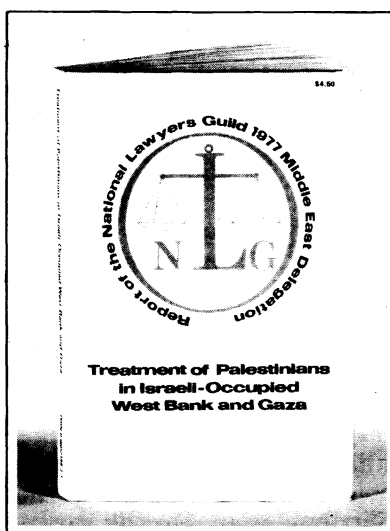
## Footnotes

- <sup>1</sup> Bank of Israel, *Report*, 1973, p. 44.
- <sup>2</sup> *Jerusalem Post*, December 14, 1972.
- <sup>3</sup> See the Op-Ed page article by chief editor John B. Oakes in *New York Times*, December 21, 1977.
- <sup>4</sup> Arie Bregman, Bank of Israel Research Dept., *The Economy of the Administered Areas, 1974-75*, p. 44.
- <sup>5</sup> *Jerusalem Post*, Jan. 4, 1978.
- <sup>6</sup> Israeli Central Bureau of Statistics (ICBS).
- <sup>7</sup> Bregman, p. 51.
- <sup>8</sup> *Report of the National Lawyers Guild 1977 Middle East Delegation: Treatment of Palestinians in Israeli-Occupied West Bank and Gaza*, (New York, 1978) pp. 48-9.
- <sup>9</sup> ICBS, *Monthly Bulletin* (v. 29, #7), Table k/17.
- <sup>10</sup> ICBS, *Quarterly Statistics of the Administered Territories* (January 1978).
- <sup>11</sup> Bregman, p. 58; *Statistical Abstract of Israel*, 1975.
- <sup>12</sup> Samir Amin, *The Arab Nation* (London, 1978) p. 68.
- <sup>13</sup> ICBS, *Monthly Bulletin* (v. 29, #7), July 1978.
- <sup>14</sup> Calculated from figures in ICBS, *Quarterly Statistics of the Administered Territories* (VII, 1): "Population and Natural Increase."
- <sup>15</sup> *Jerusalem Post*, October 20, 1978.

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