The property rights of the Palestinian small farmer and the right to development in the Palestinian occupied territory.*

Discussion Paper

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The social transformations in the occupied Palestinian territory (OPT), in particular the West Bank (hereinafter the WB) resulting from its occupation by Israel in 1967 were abrupt and massive by any account. In particular, when in 1968 West Bank labour was permitted to work in Israel, the number of workers commuting daily from the WB to Israel rose from a negligent proportion of the indigenous labour force, to 35 percent of all employed persons, and 60 percent of all wage paid workers.\(^1\) The evolution of this situation from a case on the margin into a phenomenon cannot be attributed to salient wage differences that induced labour to move. For the few jobs that became available in the WB under occupation, economic integration nearly equalized the remuneration from similar type jobs. However, with nearly two thirds of the total land area of the WB confiscated by Israel for the purpose of settlement, the reason for this transformation can primarily be attributed to forced and massive Israeli land expropriation that diminished the asset holdings of the farmer and precipitated the shift away from the land as major contributor to income. In an analogous context to that of enclosures and primitive accumulation in rural England at the time of early industrialization, land confiscation eroded the traditional welfare support base of the WB farmer and, not surprisingly, with little assets and meagre work opportunities to fall back to at home, working for a wage in Israel became a matter of survival rather than choice. Over ninety percent of commuting workers lost propertied farmland to settlement and, with the ongoing conflict failing to taper down, unemployment in the WB continues to hover at the thirty percent mark. And, as a matter of course, the persistently unemployed are being put to use as a political pressure instrument on the theatre of political conflict. The purpose of this note is to show more concretely that the principal cause behind the slow economic development of the OPT rests, in part, on an utter disregard for the property rights of the small Palestinian farmer and, ultimately, a flouting of the obligation of the Israeli state towards a non-self governing territory as per articles 73 and 74 of the Charter of the United Nations.\(^2\)

**General Outline**

At the outset of the Israeli occupation, the West Bank exhibited the general economic characteristics of a developing region. In fact, the majority of the population (about 65 percent), was rurally based. Farming was undertaken to meet the immediate needs of the family. Agriculture as well as industry were characterized by rudimentary levels of technology, and therefore, dependent on labour and labour productivity. In either sector, the degree of concentration in landed property or capital was low with agriculture employing the greater proportion of the labour force, (see Table 1). However by about after two decades of occupation, the importance of agriculture to employment began to decline, (see Table 2).

**Table 1** Farm size distribution in the West Bank for two selected years-pre and post occupation - in Dunums\(^3\)

<table>
<thead>
<tr>
<th>Year 1965 1978</th>
<th>Less than 10 49.7 40.5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20-49 21.0 31.0</td>
</tr>
<tr>
<td></td>
<td>50-200 7.0 7.0</td>
</tr>
</tbody>
</table>

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\(^1\) These figures represent an average over various years during the height of border openness; *The Statistical Abstract of Israel*, an Israeli Bureau of Statistics Publication, various years. Commuting workers are generally forbidden to stay overnight in Israel. This move entails the crossing of an international border, however, it originates in an administered territory home sector. It is a unique case in that it shares the characteristics of a permanent migration situation, not only in the de-jure sense, but also insofar as it reallocates resources. Moreover, the risk factors associated with commuting become as consequential as those associated with permanent relocation situations. The term ‘Oscillating Labour’ was used to differentiate such cases from the salient commuting incident. Also, the majority of commuters, a little over ninety percent, have lost land by confiscation. See Ali Kadri, Survey of commuting labour from the West Bank to Israel, Middle East Journal, 1998.

\(^2\) See text of articles 73 and 74 in Annex.
A dunum is a measure unit for land. It nearly equals 1000 square metres.

**Table 2** Proportion of West Bank labour force in agriculture.

<table>
<thead>
<tr>
<th>Year</th>
<th>% of labour force</th>
</tr>
</thead>
<tbody>
<tr>
<td>1969</td>
<td>44.8</td>
</tr>
<tr>
<td>1971</td>
<td>34.2</td>
</tr>
<tr>
<td>1973</td>
<td>26.5</td>
</tr>
<tr>
<td>1975</td>
<td>27.4</td>
</tr>
<tr>
<td>1981</td>
<td>16.7</td>
</tr>
<tr>
<td>1987</td>
<td>19.6</td>
</tr>
<tr>
<td>1990</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Statistical Abstract of Israel and Bureau of Palestinian Statistics, various years.*

Detailed data is provided up to the point where structural change was nearly complete by the time of the first Intifada (1987-91).

The share of agriculture, including olive-culture, from GDP has continuously shrunk over the period of occupation, (see Table 3). Although in so far as the farmed area is concerned, olive-culture has expanded in order to hedge against land confiscation. However, the added value contribution to total GDP from olive-culture remained small irrespective of it employing a good part of the labour force in a seasonal and informal way. Table 3, indeed, presents an indication of the decline in this sector, annotated by the fall in the associated number of participants. The present share of agriculture still hovers around 25 percent.

**Table 3** The share (percentage) of agriculture from GDP.

<table>
<thead>
<tr>
<th>Year</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>74</td>
<td>45</td>
</tr>
<tr>
<td>75</td>
<td>29</td>
</tr>
<tr>
<td>76</td>
<td>34</td>
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<td>77</td>
<td>32</td>
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<td>78</td>
<td>29</td>
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<td>79</td>
<td>35</td>
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<td>80</td>
<td>30</td>
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<td>81</td>
<td>38</td>
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<td>82</td>
<td>33</td>
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<td>83</td>
<td>30</td>
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<td>84</td>
<td>27</td>
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<td>88</td>
<td>20</td>
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<tr>
<td>89</td>
<td>22</td>
</tr>
<tr>
<td>90</td>
<td>20</td>
</tr>
<tr>
<td>91</td>
<td>25</td>
</tr>
</tbody>
</table>

*Source: Statistical Abstract of Israel and Bureau of Palestinian Statistics, various years.*

Detailed data is provided up to the point where structural change was nearly complete by the time of the first Intifada (1987-91).

**Table 4** Employed persons in West Bank agriculture, various years, thousands.

<table>
<thead>
<tr>
<th>Year</th>
<th>Employed persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>1967</td>
<td>58</td>
</tr>
<tr>
<td>1970</td>
<td>42.3</td>
</tr>
<tr>
<td>1975</td>
<td>31.8</td>
</tr>
<tr>
<td>1980</td>
<td>28.4</td>
</tr>
<tr>
<td>1985</td>
<td>24.4</td>
</tr>
<tr>
<td>1987</td>
<td>22.8</td>
</tr>
<tr>
<td>1989</td>
<td>23.7</td>
</tr>
<tr>
<td>1991</td>
<td>25.8</td>
</tr>
<tr>
<td>92</td>
<td>24.3</td>
</tr>
</tbody>
</table>

*Source: Statistical Abstract of Israel and Bureau of Palestinian Statistics, various years.*

Detailed data is provided up to the point where structural change was nearly complete by the time of the first Intifada (1987-91).

Table 4 reveals a steep decline in agricultural employment after which the level settles at about 25,000 meaning that the percentage out of the labour force is on the decline. The slight rise in the employment level of 1991 is due to the policy of self-reliance pursued during the "Intifada" or uprising. One argument explaining the steady decline in agricultural employment emphasizes that the modernization of this sector may have resulted in the reduction of the labour necessary per capital unit, i.e., as a result of increased efficiency and higher marginal productivity of labour. According to an Israeli government source, "technological improvements have been introduced into the West Bank's agriculture as a result of the spill-over from Israeli technology\(^4\). However, the mechanization of small farms at a rate that can halve the total employment in the farming sector within a period of five to seven years is improbable. Such a transformation requires easy access to capital markets, and provisions for the marketability of the finished product, i.e., conditions which are minimal in this area. Furthermore, according to B. Van Arkadie when compared with Jordanian agriculture it is "striking" how little of West Bank agriculture has become irrigated, and it is mainly irrigated agriculture that benefits from technological improvement. He also notes that the acreage of irrigated farming is quite...

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1 The average growth rate in agriculture, excluding the seasonal olive component, over ten years (1976-1985), is -.03 percent. *Statistical Abstract of Israel,* various years.

small and agriculture remains labour intensive, and where, in the absence of jobs outside agriculture "it makes good economic sense" to work on the farm.  

Although it is not possible to obtain an accurate reading of the extent of the elasticity of labour absorption due to technological innovations in WB agriculture, it is still possible to acquire an approximate measure of marginal productivity through the per worker value of output and per worker output. These measures can serve as proxies for technological innovation, and more to the point, reveal as to whether it was possible for rapid farm mechanization to abruptly reduce or, more aptly, halve the number of workers in the agricultural sector. Tables 5 and 6 are calculated using the Israeli published figures.

Table 5  
Real per worker value output in agriculture, Israeli Shekels.  
(Ratio of the real value of output over employment in agriculture)  
.51 .36 .49 .49 .56 .57 .51 …. ≈.50  
Source: Calculated from the Statistical Abstract of Israel and Bureau of Palestinian Statistics, various years. Detailed data is provided up to the point where structural change was nearly complete by the time of the first Intifada (1987-91)

Table 6  
Per worker output in agriculture, Tonnage of Field Crops.  
(Ratio of output of field crops in tons over employment in agriculture)  
1.15 1.25 1.33 1.3 1.36 …. ≈1.3  
Source: Calculated from the Statistical Abstract of Israel and Bureau of Palestinian Statistics, various years. Detailed data is provided up to the point where structural change was nearly complete by the time of the first Intifada (1987-91)

Contrasting the near steady state in the actual per worker output (tonnage), with the abrupt decline in the number of people employed in this sector, proves, prima facie, that the huge exodus from the farms could not have been explained by minor developments in agricultural technology. This point is further satisfied when the value of output per worker (constant money value), has not undergone any significant changes over the length of this period as well. Account has been taken of frequent closures that ruin crops. Tables 5 and 6 illustrate that the steady levels in per worker output do not imply any major technological additions to this sector. More importantly, this overly exaggerated ‘technology shock’ could not have accounted for the displacement of half the labour force associated with this sector.

In 1967, agriculture contributed 42 percent to the gross domestic product. It employed 58,000 workers, in a cultivated area of 2.3 million dunums- almost half of the total area of the West Bank. By 1983, agriculture's share of the GDP declined to 27 percent, and the agrarian labour force was nearly halved to 29,300. However, the more poignant impact is witnessed in the shrinkage of the cultivated area to 1.7 million dunums (half its size in 1967). By, simple comparisons of shares, it was principally the shrinkage in the cultivated area and not shift to capital intensive farming that caused the exodus from agriculture.

Apart from the general difficulties that this developing agricultural sector faces, e.g., poor irrigation and transportation systems and competition with products of the modern Israeli economy,

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6 Prior to the Israeli occupation, in 1966, agriculture contributed about 65 percent of GDP. The drop in 1967 is due to the war. Gharaibeh F., the Economies of West Bank and Gaza, Westview Press, 1983.  
there are, in particular, the land confiscation and settlement policies pursued by the Israeli state that definitely curtail growth in this sector, reduce employment and overall economic development.

**Land confiscation**

Various esoteric interpretations to the Palestinian Civil Code were adopted in order to seize the property of the farmer, i.e., the emergency law of 1945, the law of management, the law of unused land, the forestry law, etc. In all, by 1982, 52 percent of the total area of the West Bank was taken over by the state of Israel, the majority of which represents prime farmland. Furthermore, prior to signing of the latest Peace accord between the PLO and the State of Israel, over three quarters of the West Bank’s area had already been confiscated by Israel. The continuation of this policy in itself can account for the displacement of a vast number of farmers during the early periods of Israeli military administration and thereafter. This alone provides the bulk of the answer regarding the sources of commuting labour. The more important theoretical implication of this forced dislocation of farmers arises as to whether Israel needs to resort to this measure and other extraordinary means to reproduce this migrant labour? If this is the case, is the dynamism of Israeli capital partly responsible for the policy of settlement expansion apart from the ideological motivation?

The settlements also serve a vital military purpose. Geographically, these settlements occupy strategically located positions, which circumscribe local towns and villages. From the perspective of Israeli jurisprudence, although the settlers do not reside in Israel, the civil rights of Israeli settlers in the West Bank are the same as those of the citizens of Israel. The settlements, therefore, are an organic continuation of the more modern Israeli formation inside the West Bank. However, they do not transmit to the West Bank any of the modern Israeli technological bases, which can potentially serve either as a long-term employment project, or as a resource from which the underdeveloped technological base in the West Bank can benefit. According to J. Abu-Lughod, the attitude that surfaces on both sides as a result of an intense political environment limits the interaction between the two entities to sporadic moments.

It is possible for the settlements to employ local labour in agricultural production. However, the number of Arabs employed in these processes remains relatively small. The development of agriculture in the settlements is reflected adversely in the continued loss of local farmland, and in the deprivation of the Palestinian farmer from the right to water. Although both entities share in the water table, the indigenous population is not allowed to drill any new wells nor to deepen old ones already in use. According to H. Awartani: "The current restrictive policies have severely restrained further expansion of the area of land under irrigation." The settlers have the rights of drilling and use of local water without consideration to the precariousness of this issue politically nor ecologically.

Given that the state of Israel controls the supply of water, this renders the farmer largely dependent on the Israeli authorities. The cost of irrigation water in the West Bank is systemically higher than Israel’s. The disparity in the use of water in the region is noted By E. Jarry. He observes that in 1978, 16,000 Israeli settlers used 14 million cubic metres of water and 690,000 Arabs used 33 million cubic metres of water. Presently, there are over 100,000 settlers in the West Bank making the

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9 According to the Archbishop of Jerusalem, H. Kabouji, the self-rule authorities will only be able to administer less than a quarter of the total area of pre-1967 West Bank. Kabouji H., speaking at the Jerusalem Conference, Abu Dhabi, United Arab Emirates, 14 January 1995.
13 Ibid.
strain on unrenewable water resources even greater, and by implication, the pressures on local farming and its future viability. These considerations point to the implacability of farming conditions that should, all in the main, result in the decline of the agricultural sector and its associated labour force.

In light of the farmers' limited available capital, and the absence of an institutionalized political will, modernizing West Bank agriculture up to a relatively competitive level becomes highly doubtful. The absence of capital is related to what L. Harris terms the "the financial repression of the territories." He says: "When the West Bank and Gaza were occupied by Israel one of the initial acts of the new administration was to (completely demolish) existing Arab financial and monetary institutions." This, in addition to ad hoc measures imposed by the military authorities; make the conditions for modernization, simply, unrealizable. A local newspaper listed in a summary report the following obstructive legislation and practices imposed on local farming:

a) The Israeli military authorities designate area, type, and quantity of crop;  
b) Restricting agricultural trade through Israeli agencies;  
c) Sales and export taxes in the range of 15 percent;  
d) Severe restrictions on irrigation waters and new drilling;  
e) The construction of military roads amidst cultivable crops, and the designation of a twenty metres security zone on both sides of the road.

The agricultural sector exhibits certain inherent factors which hamper its development. Most notable of these trends is found in marketing. The near absence of food storage and or processing plants necessitates the immediate delivery of the product. Given the seasonal nature of crop production and the volatile political situation, any incongruity with the timing of general strikes and/or curfews may result in the complete loss of the produce.

If, in addition to the above, competitiveness with the Israeli product is considered, the marketing problem is further exacerbated. According to B. Van Arkadie: "there are efforts conducted by Israel to make the West Bank product complement the subsidized Israeli product." In Israel apart from the high subsidy to agriculture, this sector remains highly mechanized and is concentrated in largely socialized farm areas, e.g., the Kibbutz. In contrast to this, the Arab producer is mainly based in small farms. The economic implications of this surface in the higher per unit cost of production and loss of scale. In this regard H. Awartani says: "The crux of the problem, in regard to profitability, stems from the fact that the price system for production inputs and farm produce has been radically restructured to the disadvantage of farmers. The costs of such major inputs as labour, animal ploughing and irrigation water have risen by 5-18 times, whereas the price of major products (for example olive, olive oil and oranges), has risen by 2-3 times. Most of the imbalance in the market structure is caused by the unrestricted entry of subsidized Israeli farm produce to the occupied territories' market."  

15 Alfajr, Volume VI, number 238, September 1985.  
16 This design is implemented in concert with the demands of the Israeli agricultural sector.  
17 Van Arkadie B., op. cit., p. 128.  
18 Although the Israeli Shekel represents the major currency in circulation, on average, the general price level in the West Bank is slightly higher than its Israeli counterpart. This is an outstanding phenomenon that deserves a separate and complete investigation. Clearly, the standard is such that the currency of the developed formation carries a much higher purchasing power when spent in the less developed formation, however, not so in this case. Some of the reasons cited behind this phenomenon are: the economic isolation of the West Bank from the neighbouring Arab countries, the monetary and financial asphyxia suffered as a result of occupation, and the imposed high level of taxation. L., Harris, op. cit., pp. 191-199.  
19 Awartani H., op. cit., p. 145.
The importance of the political environment in determining the value of total output in agriculture comes to light during the politically charged period of the uprising. Table 7 below takes into consideration the developments in agricultural output pre and post the uprising of 1988.

Table 7
Real value of output pre and post uprising, Millions of Shekels.
167 231 305 171 216 172 …. ≈180

Source: Calculated from Statistical Abstract of Israel, various years. Detailed data is provided up to the point where structural change was nearly complete by the time of the first Intifada (1987-91).

On average, the figures on the real value of output in Table 7 exhibit a relative decline as of 1989 during the period of the uprising. This occurs despite the fact that during the uprising a policy of steadfastness, self-reliance, and return to the land was pursued. The actual volume of agricultural output for the years of the uprising has not fallen. This underlines the relative independence of output from its market value, and concomitantly, the significance of the volatile political environment in affecting this sector. In fact, the growth in this sector is completely dependent on political and not economic factors. The expansion of olive-culture is but a case in point. S. Brown posits that there is a politically construed plan in Israel aimed at depleting this sector from its input resources. B. Van Arkadie draws a very grim picture about the overall and per capita level, of absolute and relative decline in this sector. By implication, the Agrarian labour force follows, in a similar trend, the decline in agriculture.

In brief, two distinguishing factors, in parallel, arrest the expansion of this sector: firstly, political factors, i.e., principally, the continued loss of land to "settlement" policy, and political instability in general; and secondly, economic factors, i.e., the lack of marketability of agricultural products, and the absence of reinvestment in this sector. These factors combined can reproduce the conditions for the pauperization of this region.

Certainly economic factors such as competitiveness, scale, and higher technology relative to the Near East's economy, are inherent in industrial Israel and can be employed as means for removing additional labourers from the land. This role is facilitated by the potential and actual weakness of small-scale farming, as the latter does not have the necessary structural configuration- technology and scale- to survive the advent of modern-scale economies. The economic measures translate themselves mainly into the procedure for the imposition of a common market on the West Bank by Israel. Small-scale industry or the nuclei of future industrial activity in the West Bank is left exposed to the intrusions of the more modern and substantial Israeli industrial structure. As to the political measures, the peculiar political environment was instrumental in providing Israel with the grounds for the implementation of extreme practices like uprooting crops, demolition of houses and entire villages in the West Bank. These measures underpin the creation of additional reserves of wage labour, and, are generally historical landmarks that revamp traditional ways of life, and which, as in this instance, may aggravate the impoverishment of the population, causing it to deliver its labour services in the more modern Israel.

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20 The years 1983/84, 1984/85, and 1985/86 are deflated using an arithmetic average of the general consumer price index for the respective years.
22 Van Arkadie B., op. cit., p. 130.
23 Mattar I., "Settlements in the Occupied Territory," and Sarah G. Brown, "The Economic Impact of Occupation," in Nasser Aruri, ed., Occupation: Israel over Palestine (London: Westview Press, 1986). Both sources cite crop defoliation, plantation removal, and at times the piecemeal removal of whole villages as standard practice by the Israeli authorities. The result is that over half of the total area of the West Bank has been confiscated, much of which is farming land.
This shift away from the land as a source of income in favour of wage labour in Israel while maintaining the farm or village as a place of residence led Sarah Graham-Brown to argue that this was no ordinary process of converting people into wage labour. In this case, the employer had to pay the subsistence wage of an employee residing in the village (West Bank), a wage that is much lower than what it (the wage) would have been had the migrant worker resided in the city (Israel). This is precisely the point from which the argument of the cheapness of the West Bank's commuting labour force has been derived. Yet, as Michael Burawoy aptly points out: there remains the question of "cheap for whom"? The social cost of the reproduction of the labour force is being borne totally by the economic structure of the West Bank. The more equivocal question that emerges is whether the cost of reproducing the labour force in the West Bank is being adequately covered by the remuneration of the migrant, or, are the politics of occupation directly being translated by the economics of occupation?

The long-standing occupation of the West Bank and its economic quarantine may be in part due to the predicament of Israeli capital accumulation. Thus, the extreme political measures that limit the economic potential of the West Bank in order to make Palestinian labour superfluous to it are, in part, the mediated contradiction of Israeli capital, or as the immediate contemplation of facts reveals: Israel, driven by self-interest, has created a pool of surplus labour in the West Bank by imposing restrictive conditions on the expansion of local industry and, more importantly, by taking away the farm land of the Palestinian farmer.

From the outset of occupation until 1993, the unemployment rate in the West Bank remained extremely low (these averages do not include the high rate of imprisonment of young Palestinian men and women). The range of the rate of unemployment for the period 1975-1988 was between 1 to 3 percent. When in early 1993 Israel prohibited territorial labour from working in Israel the unemployment rate in the West Bank rose to 50 percent. Although several months later Israel allowed 68,000 workers—about half the commuting labour force, to go back to work, the unemployment rate in the West Bank remained as high as 25 percent. In the presently ongoing Intifada, the unemployment rate stands at about 30 percent. Clearly, there is no readjustment back to the old system of farming, or, there was not any significant re-absorption of labour on the farm or in other local industries. That makes for a case of disarticulation between economic and social conditions or, put more appropriately, the creation of a developing world industrial working class without it having dynamic national industry.

When Israel introduced considerable cuts and curtailments in territorial agriculture and industry, the surplus labour that the West Bank sent to Israel no longer could be re-assimilated at home, because in the West Bank itself, these productive sectors are stagnating. In the words of Emmanuel Jarry: "the labour drain and trade imbalances are but reflections of the economic asphyxia of the occupied territories," or, more adequately put, a consequence of the stifling of the small farmer’s property rights, amongst other restrictive measures on trade, industry and mobility.

24 Graham-Brown S., op. cit.
26 On the spectrum of international and regional relations, Israel occupies a particular political role that may, more often than not, dictate the course of its developmental processes. The discussion here is solely to the dynamics of its capital accumulation.
27 For a detailed account of the curtailments by sector, see George Abed in The Palestinian Economy, op. cit.
28 The Statistical Abstract of Israel, various years.
29 The United Nations agencies in the region, i.e., United Nations Relief and Work Agency, and the Economic and Social Commission for Western Asia, have repeatedly reported this high rate of unemployment, and the associated, worsening economic conditions arising from closure, Al Quds Daily, London, various issues in March 1993.
30 The Gaza strip differs substantially from the West Bank in that it has a huge population of Palestinian refugees.
31 It may be that once the measures forcing over half of the farmers off their land are exercised, the process of re-absorbing this labour force on remaining land becomes unfeasible.
The meaning to be conveyed here is that the two different economies in unity are being led as a united whole by the stronger politico-economic system, Israel. The already established relationship is that Israel, or the leading economic system, has in the way of reproducing its capital introduced political measures aimed at separating the local producer (farmer) in the West Bank from his/her traditional way of making a living. In turn, this producer is hired in those Israeli industries that require his/her labour service. To the expanding Israeli industries non-organized cheap labour entails higher profit at the same productive capacity. However, the erosion of the traditional way of life in the West Bank is not a gradual and calculated measure. The politics of occupation accelerated the process of pauperisation and allowed Israel to exercise economic and political pressure on the Palestinians.

Labour dynamics

The International Labour Organization (ILO) report says: "The social protection of Palestinian workers in Israel remains a subject of great concern to the ILO. Two thirds of the approximately 110,000 ... have no protection. The one third of these workers who are in a regular situation... have to contribute to a tax system from which they do not seem to benefit.” It further states the need for effective social protection, and adds: "This would redress a situation which is clearly unfair and which arouses both controversy and frustration." On preliminary grounds, it can be said that the remuneration from wages does not fully compensate the cost of the reproduction of the labour force: firstly, there are the losses to the West Bank because of land confiscations and loss of wealth, i.e., the extraordinary measures that Israel puts to use in order to generate the necessary labour, resulting in stagnation of industry and agriculture due to the common market, political repression and violence, etc.; and secondly, the deterioration in the economic infrastructure, including health and education, as the taxes paid by these West Bank workers in Israel are not reinvested in the West Bank. In fact, the chronic trade imbalance of the West Bank with Israel (about 60 percent of GDP), in large part, is offset by the amount of foreign remittances, i.e., foreign aid and payments from abroad, received by the West Bank. Indeed, to a large extent, the Israeli economy gets rewarded for what it destroys in the West Bank when reconstruction resumes with Israeli products. And, as a tangential corollary to this, the capacity of the West Bank to promote human and physical resources diminishes with occupation related closures and destruction.

33 ILO, Report to the Director General, 1990, p. 47.
34 Under the recent agreement, Israel has reimbursed symbolic amounts of the total taxes paid. It also plans to keep a quarter of the taxes paid by commuting workers as of the date of the accord. op. cit., The Protocol on Economic relations.
35 Report to the Director General, op. cit., pp. 24-57.
36 Kimmerling B., The Zionist Economy, p. 47. And, B. Van Arkadie, Benefits and Burdens, p. 98.
37 Alkatib, "Cuts in Wages of Labourers in Israel" issue 54, p. 31, Data from Israeli Annual Census Book, 1983.
inappropriate when discussing economic relations between Israel and the administered areas."38 Still, the biggest gain to the state of Israel comes from reconstruction projects in the OPT, which is primarily financed by donors. Here, it may be relevant to note that the benefits accruing to Israel as a result of demolishing construction or limiting indigenous economic expansion in the WB are somewhat significant but not so important when compared with the windfall accruing from its particular relationship with the U.S. and Europe.

As of 1988, the beginning of the first national uprising, the outlay by the Israeli government in order to meet the cost of the military administration of the West Bank soared in comparison to earlier. However, even when the Israeli administration incurs losses in the OPT this may not, in light of the previous argument, imply that Israel is likely to contemplate a full withdrawal from the occupied areas. The calculus of occupation hinges theoretically on whether Israeli capital gains more from the surrounding Arab region than it does from its relationship with world capital. So far, the latter point held sway. At least, it can initially be corroborated ipso facto by the unusual inception of a highly developed economy- Israel, in the relatively less developed Middle East- a sort of branch plant economy. The inherent dependency of Israeli Capital on Western capital may prove difficult to resolve even under post Cold War conditions. Highly developed Israeli industry is dependent on the variety of preferential trade scenarios with Western markets, and/or, markets that fall under the influence of Western capital. The bulk of Israeli trade is conducted with Western markets. In fact, with the exception of the Sinai petroleum imported from Egypt under the terms of the Camp David Accord, relatively little commodity or cultural trade has been conducted with this Arab economy. To this effect, the then serving Israeli Prime Minister, Mr. Shimon Peres, emphatically stated at the first Middle East Economic Conference that Israel does not need to trade with the Arab world.39

**Remarks and open ended questions**

Land confiscation and, its consequent, the commuting labour force has become an important political instrument in the theatre of the Arab-Israeli conflict. Recently, Israel has replaced much of the Palestinian commuting labour by other migrant and seasonal labour. Consequently, Unemployment in the OPT has stayed at astonishingly high rates making worse already dire living conditions under conflict. In the midst of a ‘Middle Eastern’ political scenario, the farmers/workers and their families require some form of social protection, the least of which should keep the following recommendation from the International Labour Office as its ceiling:

"The social protection of Palestinian workers in Israel remains a subject of great concern for the ILO. Two-thirds of the approximately 110,000 workers are in an irregular situation ... and have no protection, whether social or legal. The one-third of these workers who are in a regular situation have to pay dearly for protection which is reduced by the imposing of residence criteria, and have to contribute to tax system from which they do not seem to benefit. ... the adverse consequences to which this situation gives rise make it all the more necessary to institute appropriate and effective social protection for the Palestinian workers and their families through a system which the International Labour Office proposes to help to define and set up. This would make it possible to redress a situation which is clearly unfair and which arouses both controversy and frustration."40

A policy recommendation would be one where the system of social protection embraces a mechanism, which accounts mainly for losses associated with land ex-appropriation and drawn out periods of imposed unemployment. Indubitably, any lasting peace should not rest solely on economic considerations alone, but on political considerations, especially in respect to the rights of Palestinians


39 The Middle East Economic conference, Amman, Jordan, 27 October 1995. Trade with Jordan is still very small relative to other occidental regions.

40 Report to the Director General, op. cit., 1990, p. 47.
to self-determination, repatriation and compensation. Confiscating further lands and forcing thousands into perennial unemployment may harden the political position of the Palestinian opposition forces. The question is: Can the occupying power continue to further its control by such means? Or, alternatively, can it at a later stage drive indigenous population out of the territories or into conditions of hunger?

In light of the above, and in the absence of inhumane scenarios, e.g., mass depravation and pauperization or forcible mass expulsions, it would appear that the rational alternative would be represented in an alternative reconsideration of the Palestinian question. A diametrically opposed position implies the adoption of an unconventional of political-cum-economic liberalization framework. The political, as such, must precede the economic liberalization scenario in as much as Israel relinquishes the ideals of a purely Jewish state and allows the Palestinians equal national, civil and economic rights within Israel and in an independent Palestinian State.
Annex

Article 73

Members of the United Nations which have or assume responsibilities for the administration of territories whose peoples have not yet attained a full measure of self-government recognize the principle that the interests of the inhabitants of these territories are paramount, and accept as a sacred trust the obligation to promote to the utmost, within the system of international peace and security established by the present Charter, the well-being of the inhabitants of these territories, and, to this end:

a. to ensure, with due respect for the culture of the peoples concerned, their political, economic, social, and educational advancement, their just treatment, and their protection against abuses;

b. to develop self-government, to take due account of the political aspirations of the peoples, and to assist them in the progressive development of their free political institutions, according to the particular circumstances of each territory and its peoples and their varying stages of advancement;

c. to further international peace and security;

d. to promote constructive measures of development, to encourage research, and to co-operate with one another and, when and where appropriate, with specialized international bodies with a view to the practical achievement of the social, economic, and scientific purposes set forth in this Article; and

e. to transmit regularly to the Secretary-General for information purposes, subject to such limitation as security and constitutional considerations may require, statistical and other information of a technical nature relating to economic, social, and educational conditions in the territories for which they are respectively responsible other than those territories to which Chapters XII and XIII apply.

Article 74

Members of the United Nations also agree that their policy in respect of the territories to which this Chapter applies, no less than in respect of their metropolitan areas, must be based on the general principle of good-neighbourliness, due account being taken of the interests and well-being of the rest of the world, in social, economic, and commercial matters.