

services. Between 1969 and 1985, this savings amounted to over \$350 million, since the total wages paid to workers from the territories in that period was \$2,260 million. Added to this, the Histadrut gained \$ 1,489 million between 1968 and 1985, from direct deductions from these workers' wages, plus employers' contributions to the National Insurance Institute and the interest compiled on these funds (average rate 8.7%). This means that the total profit derived by the Israeli economy from West Bank and Gaza labor in the years between 1969 and 1985, was \$ 4890 million. (This does not include the amounts saved with the employment of illegal labor.)

In addition to this economic exploitation, thousands of Palestinian workers have to spend the night in 'Israel' even though this is illegal. They are housed in subhuman conditions and subject to harassment by the Israeli authorities and to racist attacks.



Armed settler waits for bus to West Bank settlements

## ECONOMIC SUBORDINATION

In analyzing the economic conditions in the West Bank and Gaza Strip, two main trends stand out. The first is the gross inequality between the settlers and the local population. The second is the persistent Israeli drive to integrate the economy of the occupied territories into the Israeli economy on the basis of subordination. In this way, the territories serve primarily as a cheap labor reserve and a market for Israeli products, and secondarily as a source of certain products which would be more expensive to produce in 'Israel'. This aims simultaneously at strengthening the Israeli economy, while undermining any independent Palestinian national economy which would provide the material base for Palestinian statehood.

The economic activity of the 60,000 settlers accounts for 35% of the gross domestic product of the West Bank, although they constitute less than 7% of the total population. The Palestinian gross domestic product in the West Bank has not changed in the last years. Added to the distortions in the indigenous economy by land confiscation and restrictions on trade and industry, the stagnation of the Israeli economy has kept the Palestinian gross domestic product stagnant (estimated at \$810 million in 1983). Palestinian disposable income was \$1,300-1,500 million in 1984. This amounts to \$1,450-\$1,650 per capita, 30% of per capita consumption in 'Israel'.

Of the Palestinian gross domestic product, 7% is derived from industry, 27% from agriculture, 16% from construction, 36% from transport, commerce and private services, and 14% from public services. The agricultural sector has declined further in recent years. From contributing 40% of the gross domestic product in 1980, it fell to 27% in 1983. Industry is a marginal sector with little possibility for development due to the overall economic situation and specific Israeli-imposed restrictions.

Military occupation has allowed the Israeli state to control the trade of the occupied territories to its own advantage, making this a major factor in economic subordination and integration. In 1984, Palestinians in the West Bank sold \$100 million worth of goods to 'Israel' and bought \$363 million worth of goods from the Zionist state. Trade with 'Israel' accounted for 55% of the West Bank's export and 90% of its import. In 1984, the West Bank and Gaza Strip received 10.6% of the Israeli export, making the territories the second-ranking market for Israeli goods, after the USA. In 1985, the Israeli surplus in the balance of trade with the West Bank and Gaza Strip was \$420.2 million. See table no. 3.

TABLE No. 3

Surplus in the Israeli balance of trade with the West Bank and Gaza Strip in millions of dollars

Year	Gaza Strip	West Bank	Total
1967	—	—	12.7
1968	—	—	38.2
1969	18.8	39.0	57.8
1970	23.9	38.4	62.3
1971	32.0	39.6	71.6
1972	41.9	55.6	97.5
1973	51.0	76.7	127.7
1974	79.7	109.2	188.9
1975	113.8	134.1	247.9
1976	103.7	145.0	148.7
1977	143.3	166.0	309.3
1978	106.8	139.2	246.0
1979	115.3	208.6	323.9
1980	118.8	239.2	358.0
1981	123.5	252.2	375.7
1982	132.6	257.3	389.9
1983	154.6	272.9	427.5
1984	161.0	263.2	424.2
1985	176.8	243.4	420.2