

The Uprising's Effects on the Israeli Economy

The heroic uprising of the Palestinian masses that erupted on December 9, 1987, and which is now entering its sixth month, has undoubtedly opened a new chapter in the Palestinian struggle against Israeli occupation. In addition to the political success of the uprising in moving towards civil disobedience, the masses have waged another very daring war against the Israeli occupation forces in accordance with the guidelines of the United National Leadership of the Uprising. This other war is the economic battle. In mid-May, Israeli Economy Minister Gad Yacobi announced that the uprising had already cost 'Israel' at least \$650 million.

To realize the full effects of the uprising on the Israeli economy, one should trace the course of the 21-year old occupation and the benefits gained by the Israeli economy through subordinating the West Bank and Gaza Strip, and holding back their development to achieve the Zionist dream of «A land without a people for a people without a land.»

Israeli control of the West Bank and Gaza Strip has definite colonialist characteristics.

The trade balance between the occupied territories and 'Israel' reveals this colonialist relationship. For the period of 1984/85, the occupied territories exported \$100 million worth of goods to 'Israel' while importing \$363 million from 'Israel'. Fifty-five percent of the occupied territories' exports were to 'Israel' while 90% of their imports were from 'Israel'. On the other hand, 10.6% of Israeli exports were to the occupied territories. However, Dr. Hisham Ortani of Najah University in Nablus, points out that this percentage reaches 25% if Israeli military exports are excluded. Thus, the West Bank and Gaza Strip are the second largest importer of Israeli goods, after the United States.

EFFECTS OF THE UPRISING

It is difficult to get exact figures on the damage done to the Israeli economy by the uprising. One, the Israelis are very secretive about revealing statistics on this subject, because they want to avoid damaging their reputation with their international trading partners. Two, the real effects of the uprising are of a long-term nature which cannot be immediately assessed in numbers. This is because the uprising challenges the continuation of the occupation itself, by having raised the slogan of «freedom and independence.» Never-

theless, symptoms of recession have been discernable since the beginning of the uprising. These symptoms can be summarized in four categories:

1. Palestinian workers from the occupied territories boycotting their jobs in Israeli establishments, and resulting losses to Israeli enterprise.
2. Reduction of consumption in the occupied territories, and hence a decline in sale and production of Israeli goods.
3. Increase in military expenditures at the expense of other productive sectors.
4. International economic pressure on 'Israel' due to its vicious repression of the popular uprising.

1. PALESTINIAN WORKERS' BOYCOTT

According to Moshe Ketsav, the Israeli labor minister, 105,000 Palestinians from the occupied territories work in 'Israel' - 51,000 in construction; 8,000 in agriculture; 20,000 in industry; 26,000 in general services and 20,000 in unspecified sectors. Palestinians from the occupied territories constitute 7-10% of the labor force in 'Israel'. This might give the initial impression that the absence of these workers would not create any problems for the Israeli economy, but in fact the opposite is true. In mid-January, the Israeli newspaper *Yediot Aharonot* reported that the absence of Gaza workers from 28 Israeli factories alone had cost employers \$40-50 million; and this is only a partial, provisional figure.

There are structural reasons why the absence of Palestinian workers from the occupied territories has a particular impact on the Israeli economy. The Palestinian labor force from the territories is concentrated in unskilled, low paid sectors where Israeli Jewish workers avoid to work. In an article in

the Israeli daily *Haaretz*, January 22nd, Jonathan Sherman says, «For years, a strata of jobs has been established where the majority (of workers) are from the occupied territories. Their abstention from working would create a problem, because the Israeli economy has not created a substitute labor force that would be able to fill their jobs. Although this will not threaten economic stability, a cut in 100,000 jobs at the base of the economic pyramid has to shake the pyramid to some degree.» According to Economy Minister Gad Yacobi, there was a 10-20% monthly drop in overall production, especially in the construction field, during the last three months. This resulted in a loss of at least \$75million (Associated Press, March 24th).

Knowing that a Palestinian worker earns 30% of an Israeli Jewish worker's wage, the abstention of Palestinians from work in Israeli establishments reduces the savings that 'Israel' accumulates from wage differentials. In the period 1968-85, 'Israel' saved over \$3 billion due to the difference in wages paid to Palestinian and Jewish workers. In addition, 'Israel' saved \$7.5 billion in the same period, in the benefits and insurance that Palestinian workers don't receive, but which would have been paid to Jewish workers. A special report prepared by the Israeli Department of Labor Services, and published March 3rd, indicated that 30-40% of Palestinian workers from the occupied territories were boycotting their jobs in 'Israel'.

2. SALES AND PRODUCTION

Israeli factories that depend on the occupied territories for disposing of their products are suffering huge losses due to the Palestinian boycott of their products. For instance, food-