The Framework of Dependency: Arab Workers and Israeli Commodities

The most salient feature of the structural integration of the occupied territories into the Israeli economy has been, on the one hand, the employment of almost half of the total Palestinian workforce (about 80,000 workers) in Israel and, on the other, the emergence of the two Palestinian regions as the main market for the "export" of its commodities (after the United States).

The outcome of this economic integration has been interpreted differently, depending on the conceptual perspective utilised. One Israeli writer refers to the "tremendous progress" made by the Palestinians under Israeli tutelage, especially in the agricultural sector. "The West Bank," notes this economist, "has been unique among developing areas in that rapid agricultural progress has not been accompanied by the emergence of a surplus rural population -- in spite of lagging urban development -- but by the eradication of unemployment (due to mass work opportunities offered by the Israeli economy)." (Ater, 1975; Israel Economist, 1975).*

Using a more cautious tone, Arie Bregman, from the Bank of Israel, lists some of the major consequences of "the creation of a common market between two economies complementary as regards their factors of production and their structure." Those include: an 11 percent rise in real consumption *per capita* (for the initial period of 1968-73), 20 percent gross private savings (of disposable income as compared with less than 10 percent before 1968), 6 percent annual increase in employment leading to a negligible rate of unemployment by 1973 (compared with approximately 13 percent unemployment under the Jordanian administration), and an annual increase of daily wages by about 15 percent. However, despite the substantial savings and the increase in labour productivity, there was no noticeable increase in capital stock, investments or changes in the institutional