being extremely selective and liable to stringent regulations.

3. Permitting continued trade with Jordan through what is known as the "open-bridge policy" on the basis of maximizing exports but holding imports to a minimum.

4. Restructuring of the money market and fiscal policy by permitting two currencies in circulation and by closing down all Arab banks and credit institutions.

5. Claiming property of all state land and all private plots whose owners do not possess formal deeds issued by land registration offices.

6. Restricting water use by Arab residents to approximately 20 percent of all usable reserves, and leaving the rest to be gradually developed by Israeli beneficiaries.

The Israeli policies related to land and water were discussed earlier in chapter III and this chapter now deals with other more general economic sectors and parameters of economic growth.

<u>Aggregate growth</u>

The West Bank economy has achieved a high rate of growth since 1967. The assessment of this growth is hampered by several problems such as unreliability of data, exclusion of East Jerusalem from West Bank statistics, and the difficulty of discounting accurately for rapidly rising prices. The problem is further compounded by taking the two years succeeding occupation as a baseline for measuring subsequent growth, which inevitably leads to unduly optimistic comparisons.

Despite all the above mentioned limitations, empirical and statistical evidence suggests that both gross domestic product and gross national product have risen at fairly high rates, though exact figures of growth

remain highly controversial. According to official data, West Bank GDP is reported to have risen at the rate of 12 percent per annum during 1968-75 (at 1968 prices). In the late seventies, however, GDP growth declined to the more modest rate of 7 percent. Likewise, GNP reportedly rose (at 1968 prices) at the annual rate of 10 percent in the early years of occupation and then at 7 percent in the late seventies.[1]

The official figures on rates of growth are believed to be biased upwards by most independent economists. In his study on the economy of the West Bank and Gaza Strip, Arkadie calculated the growth rate during 1968-73, over and above postwar recovery, at about 9% per annum. By applying his adjustment formulas for the subsequent period of 1975-80, the growth rate during this period drops to some 4-5%. Evidently, these figures are not remarkably high compared with the pre-1976 growth rate of about 8% or that of Jordan during 1970-75, estimated at about 6%,[2] nor are they higher than growth rates in most non-oil producing countries of the Middle East. (See Table V-2)

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1 B.V. Arkadie, <u>op. cit.</u>, p. 119.

2 <u>Jordan's Five Year plan for Economic Development 1976-80</u>, (Amman: Jordan Development Board), pp.9, 11.