



FACULTY OF SOCIAL SCIENCES  
*Charles University in Prague*

# The Israeli-Palestinian Conflict

Political Economy

7.4. 2020

# Class outline

- What is political about economy?
- Political economy of Israel/Palestine
- Developmental, humanitarian, foreign and military aid
- Israeli military industry and privatization

# Political Economy

- Economy and politics are closely intertwined
- It is impossible to analyze economic situation without attending to the political context
- Can you think of any schools of thought that postulate a specific relationship between economy and politics?

# Economy (and politics) in Israel

- In the first four decades of statehood, Israeli economy was state-led
- In the wake of a prolonged economic crisis in the mid-1980s, Israeli government adopted neoliberal reforms
- Welfare state gradually dismantled
- Large-scale privatization
- Israel as a start-up nation

# Economy (and politics) in Palestine

- The Oslo Accords had a strong economic element
- The Paris Protocol (1995) is the key framework for governing Palestinian economy and economic relationships
- Israel collects customs on the Palestinian behalf
- Israeli goods are not subjected to customs
  
- Trump's peace plan has strong economic components
  
- What are some of the possible economic hindrances imposed by the Israeli rule?

- Lack of fertile land and other resources
- Curtailment of mobility inside the West Bank
- No control of external borders
- Israel often withholds customs belonging to the PA

# Profitability of the occupation?

- In what ways is the occupation economically beneficial for Israel?
- How is it economically detrimental?

# Foreign and Military Aid to Israel

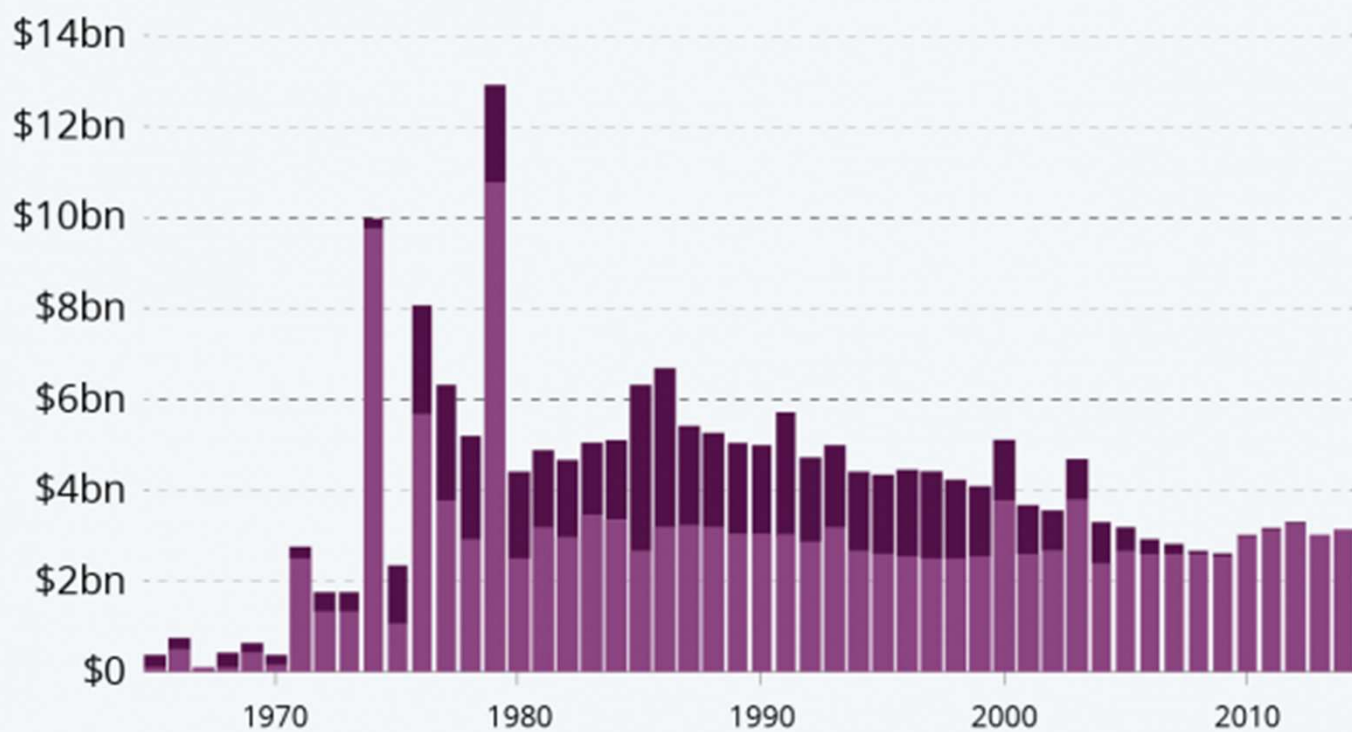


## US foreign aid to Israel (Inflation-Adjusted)

Constant Dollars

Military

Economic



Source: USAID. As of September 30, 2014

MÆ

# US assistance to Israel

## TOTAL AMOUNT OF US MILITARY AID PLEDGED IN MOUs

From 1999 onwards, US assistance to Israel has been outlined in 10 year Memorandum of Understanding (MOUs). These do not require Senate approval and do not include the missile defence funding.



## Congressional appropriations vs MOU

For Missile Defence Only

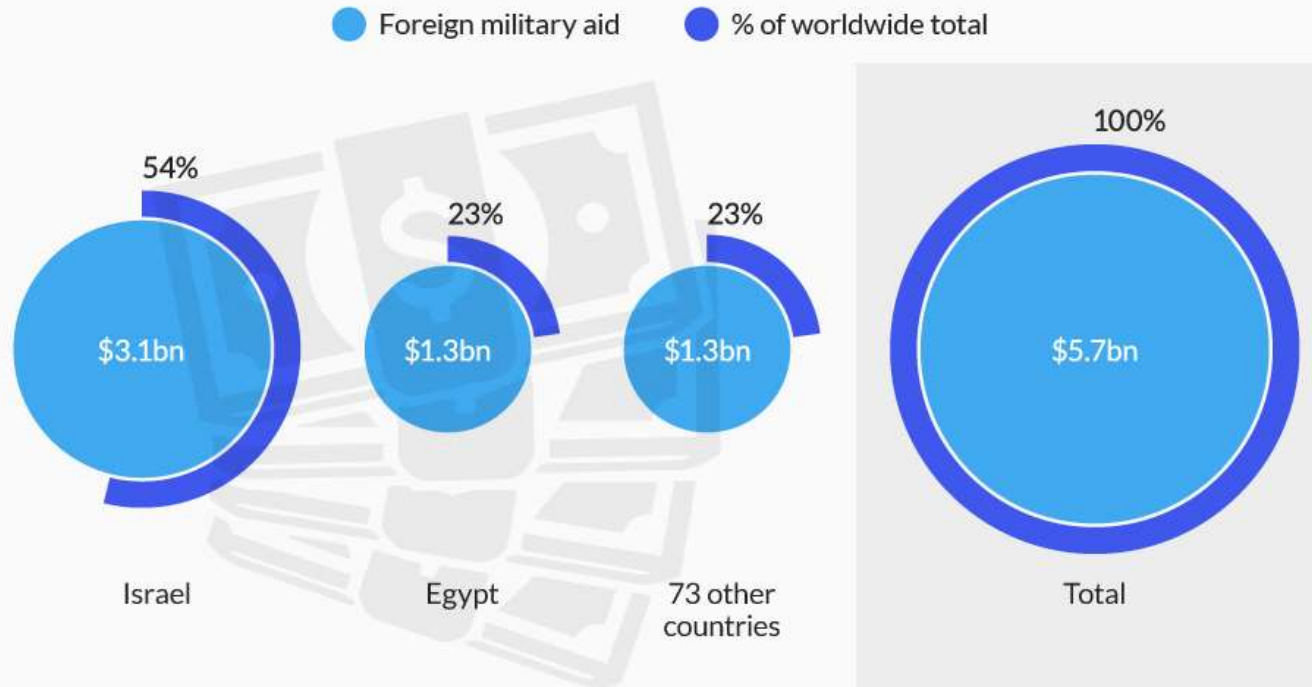


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# US military aid: Israel gets more than everyone else combined

U.S. foreign military aid to countries in 2014 (in billion U.S. dollars)



@StatistaCharts Source: U.S. State Department

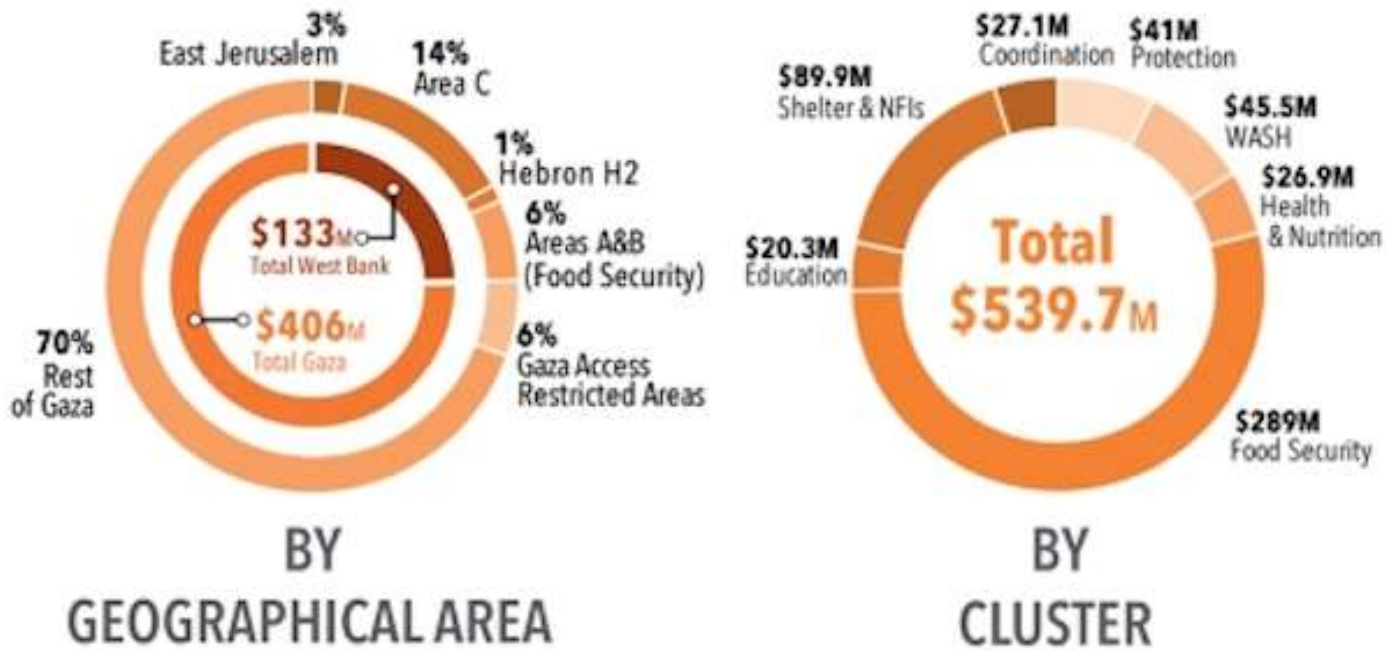
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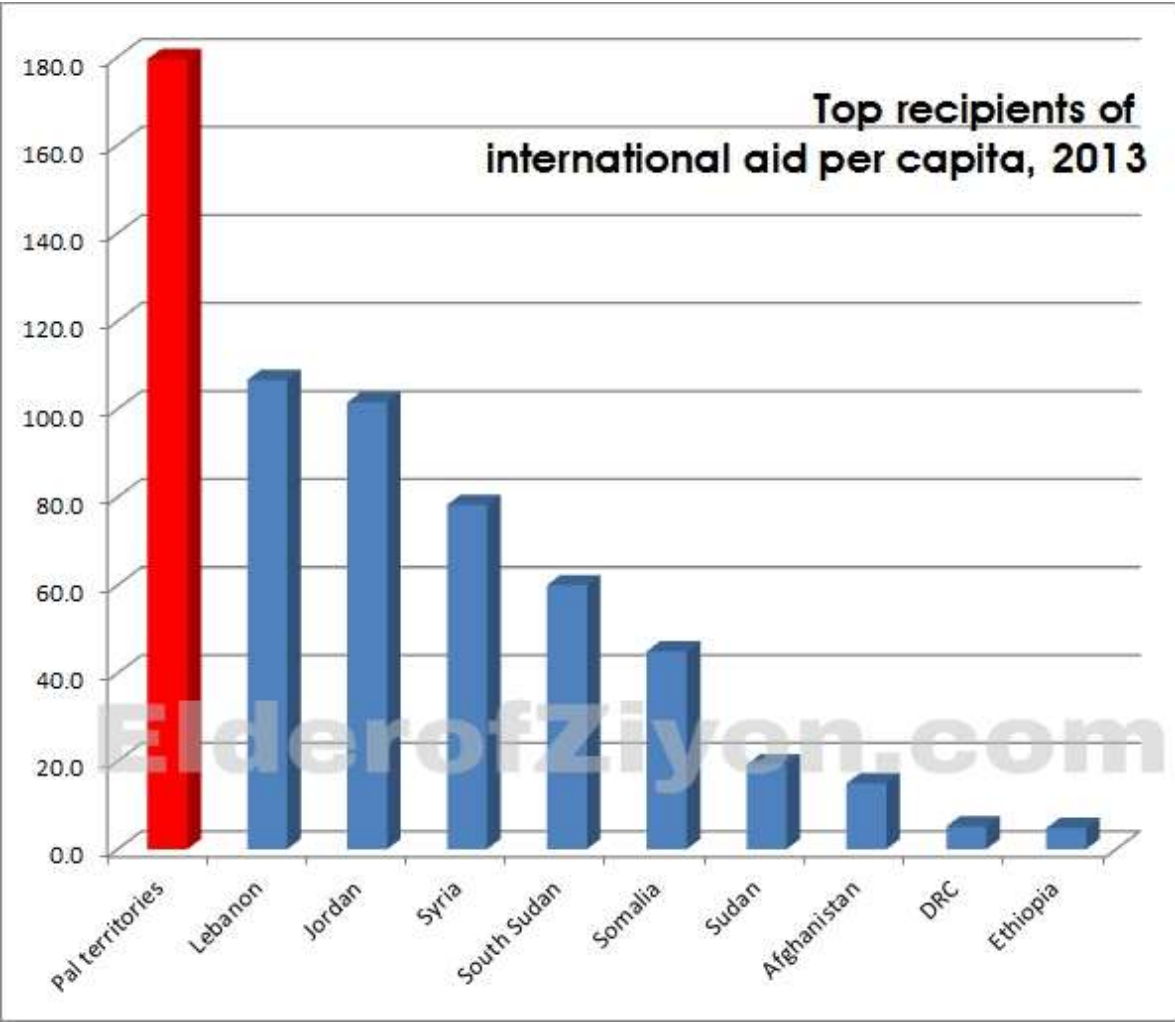
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# Developmental and foreign aid to Palestine

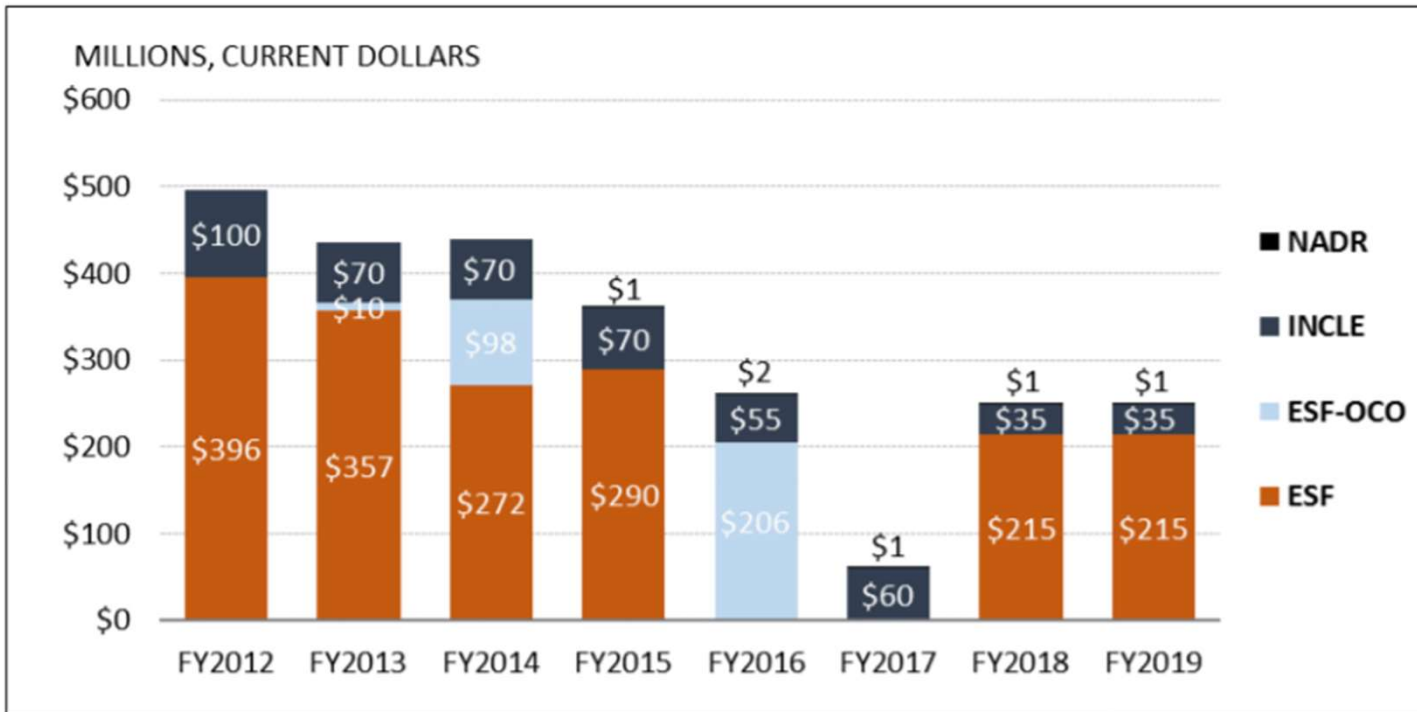
# FUNDING REQUIREMENTS



Breakdown of UN funding requirements. (OCHA)



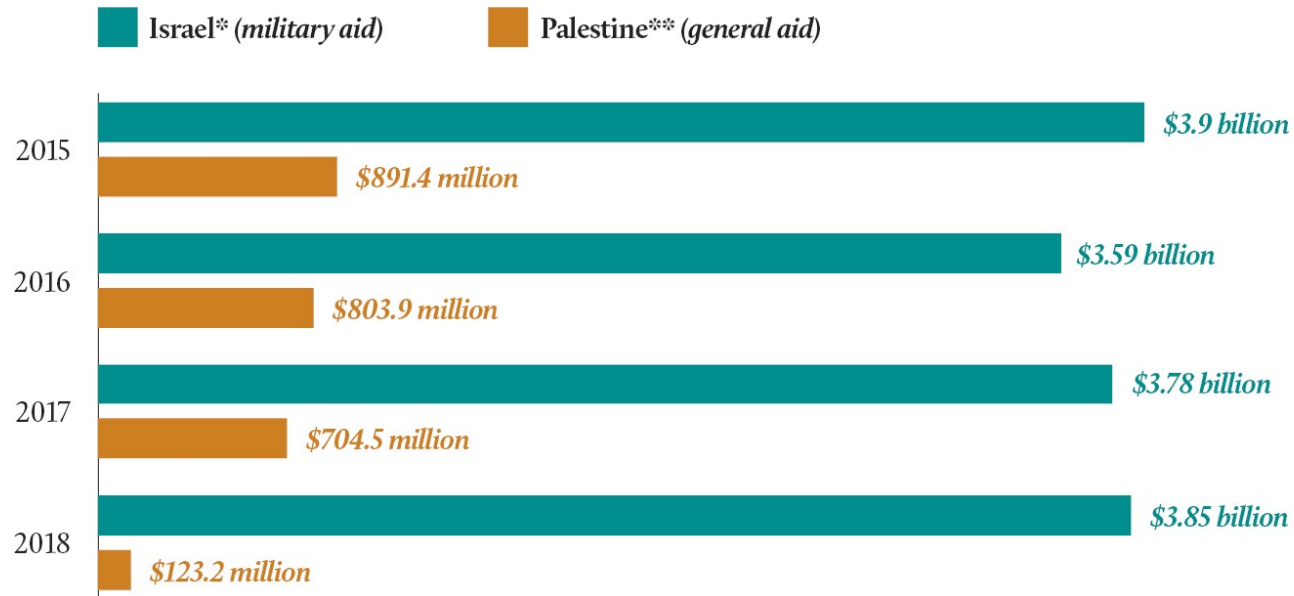
**Figure I. Detailed U.S. Bilateral Assistance to the Palestinians, FY2012-FY2019**



**Sources:** U.S. State Department and USAID, adapted by CRS.

**Notes:** All amounts are approximate. Amounts stated for FY2018 and FY2019 have been requested, with ultimate appropriation and allocation amounts to be determined. NADR = Nonproliferation, Antiterrorism, Demining and Related Programs, INCLE = International Narcotics Control and Law Enforcement, ESF = Economic Support Fund, OCO = Overseas Contingency Operations. For FY2018 and FY2019, ESF is referred to in the Administration's budget request as Economic Support and Development Fund (ESDF).

## How much money does the US give to Israel and Palestine?



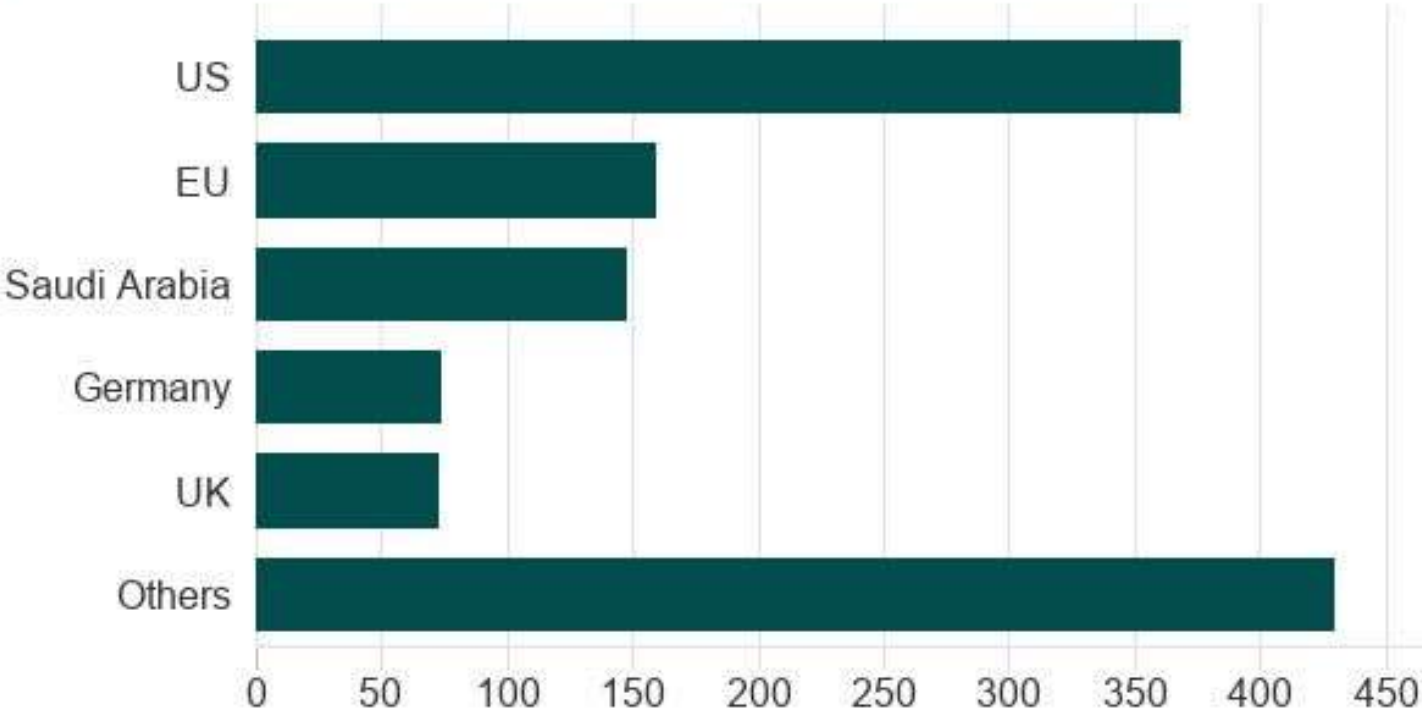
\*Numbers are an MEE estimate based on available records of US funding going towards missile defence and as part of the US military assistance package to Israel

\*\*Numbers are an MEE estimate based on available records of US funding for humanitarian projects in the West Bank and Gaza; PA creditor payments; PA security coordination training; and UNRWA



# Biggest donors to the UN agency for Palestinian refugees

■ US\$ millions



Source: UNRWA, Dec 2016



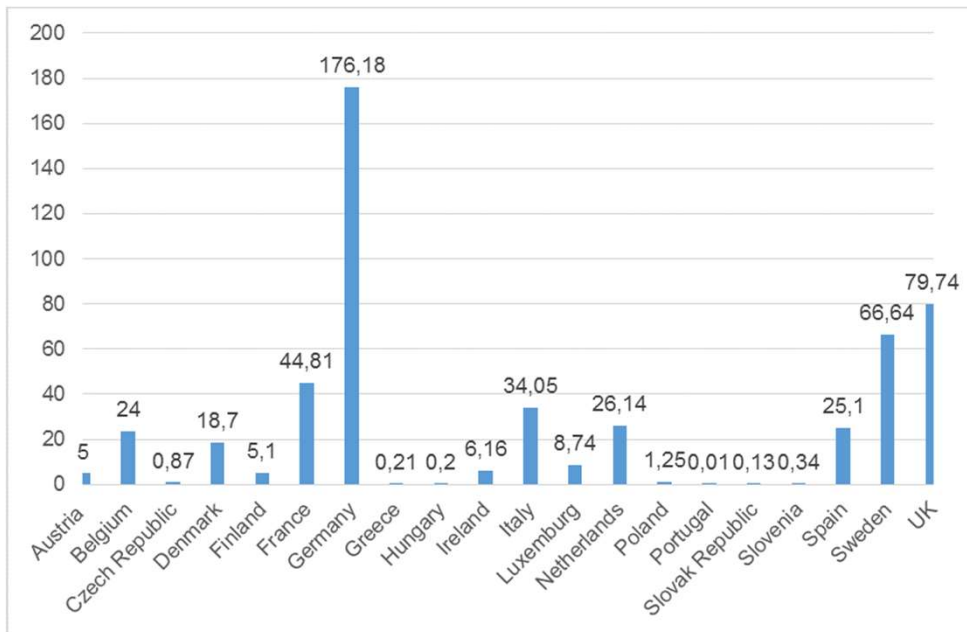
In fall 2018, the Trump administration ended US funding of UNRWA

Donor	Programme Budget
Germany	47,752,782
EU (including ECHO)	116,709,616
UK	58,909,803
Sweden	57,553,023
UAE	51,800,000
Saudi Arabia	2,000,000
France	15,756,464
Japan	19,265,866
Qatar	27,631,960
IDB	0
Norway	14,734,808
Switzerland	21,303,527
Netherlands	20,902,090
Canada	14,847,810
Italy	9,639,839
Australia	13,853,706
Belgium (including Government of Flanders)	7,312,157
Turkey	10,000,000
Denmark	10,695,787
Spain (including Regional Governments)	5,334,661
<b>Total</b>	<b>526,003,901</b>

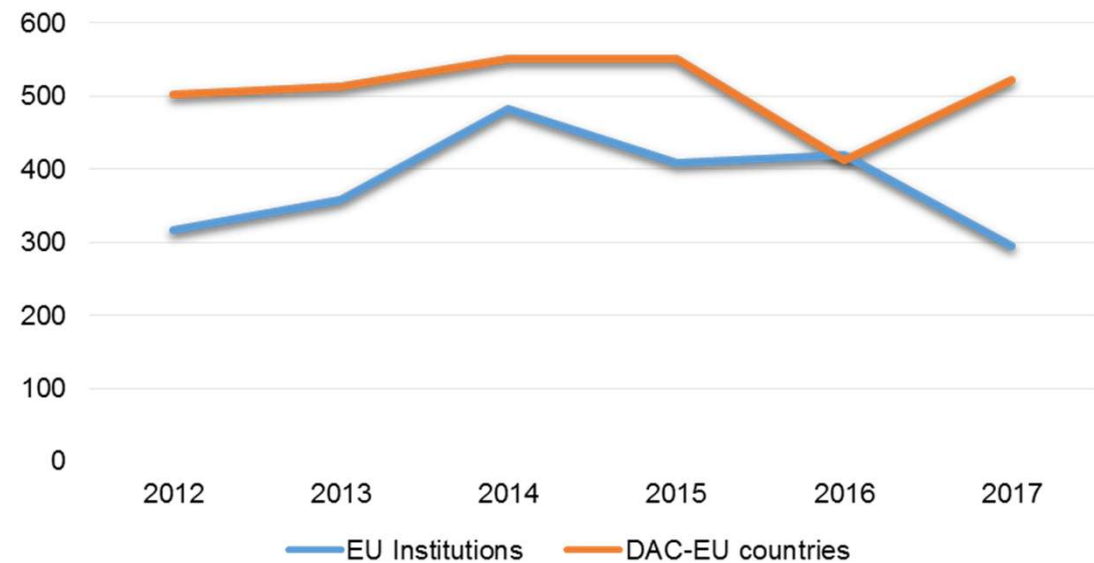
## Top 20 UNRWA donors in 2019

[https://www.unrwa.org/sites/default/files/2019\\_to\\_p\\_20\\_donors\\_overall\\_ranking.pdf](https://www.unrwa.org/sites/default/files/2019_to_p_20_donors_overall_ranking.pdf)

Aid by EU member states to West Bank and Gaza in million US dollars, 2017



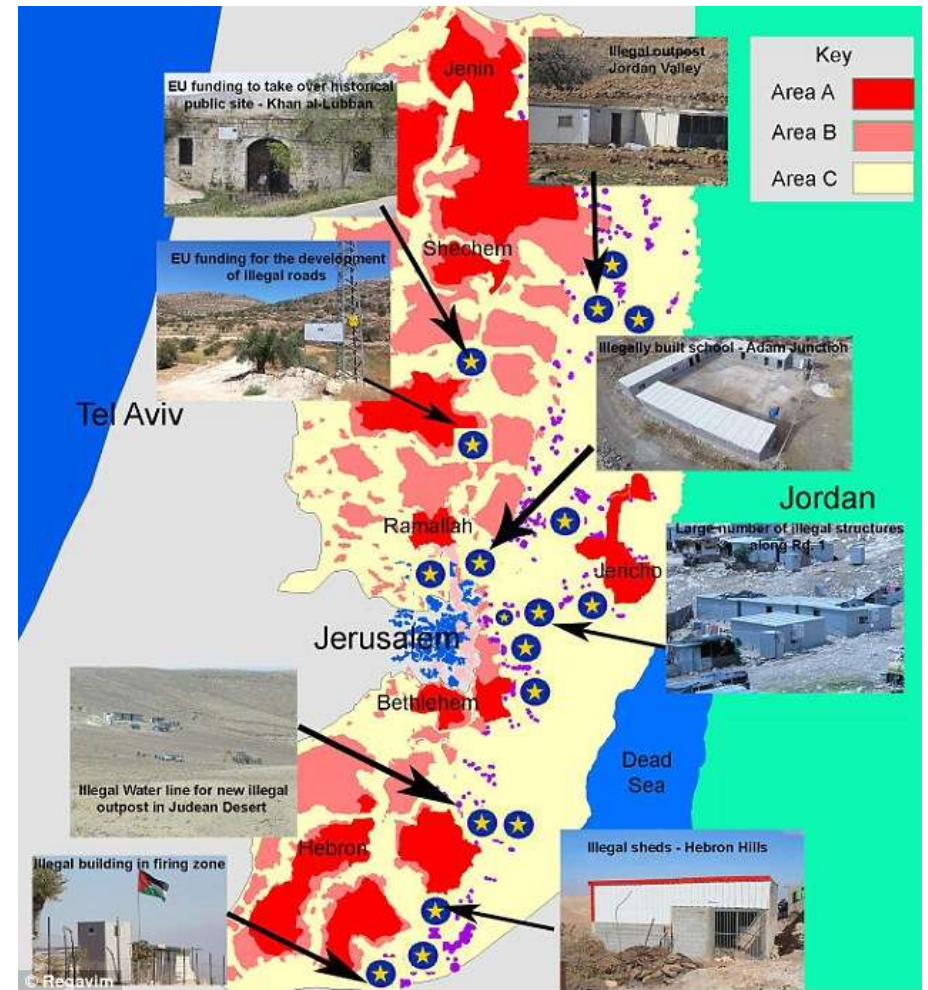
Total aid to West Bank and Gaza in million US dollars, 2012-2017



Source: <https://www.iai.it/en/publicazioni/new-venice-declaration-coalition-lead-donors-israelpalestine>

# Developmental projects in the West Bank

- Anything suspicious about the Regavim report?



# Regavim

“Regavim (רגבים) is a pro-settler Israeli NGO that monitors and pursues legal action in the Israeli court system against any construction lacking Israeli permits undertaken by Palestinians or Bedouins in Israel and in the West Bank. It sees its own mission as one of ensuring "responsible, legal, accountable and environmentally friendly use of Israel's national lands and the return of the rule of law to all areas and aspects of the land and its preservation". It was founded in 2006 by Yehuda Eliahu and Bezalel Smotrich as "response to a Supreme Court case against the illegal outpost of Harasha in Samaria" initiated by Peace Now in 2005”. (Wiki)

Following the breaking news that Prime Minister Netanyahu and Benny Gantz have been invited to Washington D.C. for the presentation of President Trump's "Deal of the Century," The Regavim Movement calls on Netanyahu to protect Israel's national interests without compromise.

“This is a historic opportunity to extend Israeli sovereignty to Judea and Samaria, the cradle of our heritage and the heartland of our ancestral homeland,” said Meir Deutsch, Director General of Regavim. “We urge the Prime Minister not to squander this opportunity, and to extend Israeli sovereignty to all Jewish communities in Judea and Samaria as the first step toward full sovereignty over all of Judea and Samaria – but under no circumstances should he agree to the creation of a Palestinian state in the heart of Israel.

The days of ‘Gaza and Jericho first’ are over. From this day forward, “Maaleh Adumim, the Jordan Valley and Ofra first.”

## Israel Rejects Over 98 Percent of Palestinian Building Permit Requests in West Bank's Area C

Trend to limit Palestinian development over the past three years correlates with expansion of Jewish settlements in the West Bank

Hagar Shezaf | [Send me email alerts](#)

Jan 21, 2020 8:56 AM

# Outsourcing the occupation?



“Half of Palestinian public sector civil servants are employed in security. Annually, the sector receives \$1bn from the PA's budget and around 30 percent of total international aid.”

<https://www.aljazeera.com/indepth/features/2016/11/security-aid-pa-sustains-israel-occupation-161103120213593.html>

# Group discussion

- Should the EU continue its developmental projects in the Area C?

- How does the foreign aid relate to the US goals in the region according to Bhungalia?





‘US assistance to the Palestinians is allocated in accordance with US congressional policy priorities which include: “combating, neutralizing, and preventing terrorism against Israel” from groups defined by Israel as terrorist organizations; creating “stability and prosperity in the West Bank that inclines Palestinians ... towards peaceful coexistence with Israel and prepares them for selfgovernance”; and “preventing further destabilization, particularly in the Gaza Strip”’ (Bhungalia 2015: 2314)

- Is it legitimate for the donor countries to attach conditions to developmental aid?

# Group discussion

- What are some of the possible economic problems stemming from relying on foreign aid?

- Top-down neoliberal reforms
- Dependence on the donors (and Israel)
- Humanitarian assistance does consist of supporting local Palestinian industries
- Foreign aid does not address the root causes of Palestinian economic problems

# Privatization of the Israeli security industry

- Directly relates to neoliberal moment in the development of the Israeli economy
- Close relationship between Israeli state agencies and private actors
- Based on the text by Lee, what are the reasons that make the Israeli military industry so competitive globally?
- <https://www.youtube.com/watch?v=eE3Yps0dCqY>

# Israel/Palestine as a laboratory

- What can the “laboratory” notion mean based on the text by Lee?

<https://www.youtube.com/watch?v=I4CehqWcEk4>

‘The product they [Israelis] are selling is unique. Rather than rifles, rockets or bombs, the Israeli companies sell their experience. The long running conflict with the Palestinians has created a unique and unrivalled laboratory for testing technologies and ideas relating to “asymmetric warfare” [...] In this manner the Israeli conflict with the Palestinians may be seen as a national asset—rather than a burden’

(<https://www.aljazeera.com/programmes/witness/2014/05/lab-20145475423526313.html>)