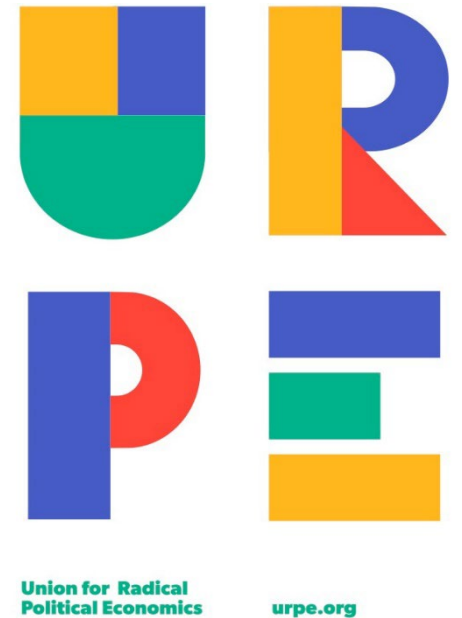


# Heterodox Economics and the Political Economy of Palestine



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# 1. Gaza and the West Bank Today

# Socioeconomic Catastrophe in Gaza – Genocide



66,000 tons of explosives

Housing units destroyed and damaged → **360,000**

Schools and universities destroyed and damaged → **395**

Mosques → **400**

Deaths → **28176**: 12,300 children and 8,400 women

Injuries → **67,784**

Attacks on healthcare facilities → **350**

Famine → People are eating bread from animal feed

Economy → annihilation of productive capacity and up to **\$2 billion** in economics losses

Jobs → ILO (Dec. 2023) **two thirds** of Gazans without any income

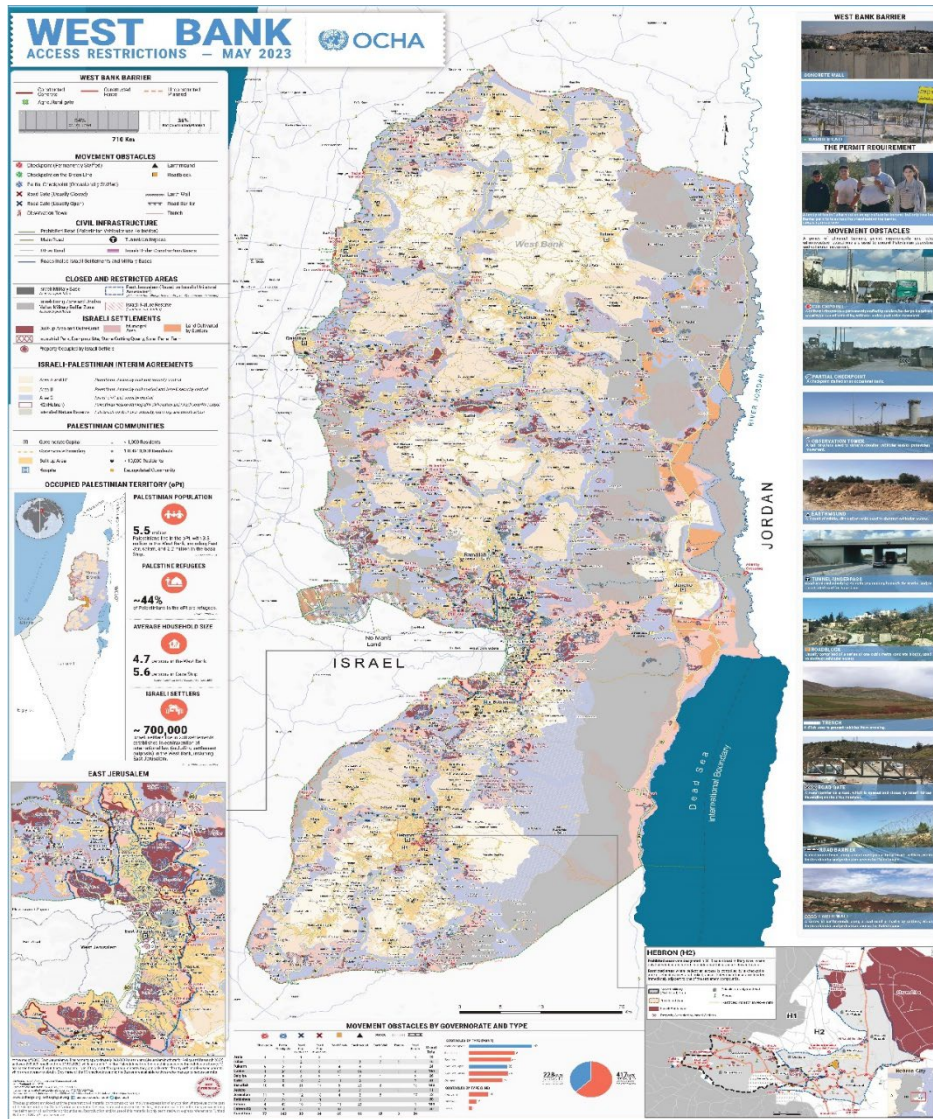
Prices → as a result of the shortage, prices in January were **70%** higher than a year before.

# Socioeconomic Catastrophe in Gaza – Genocide

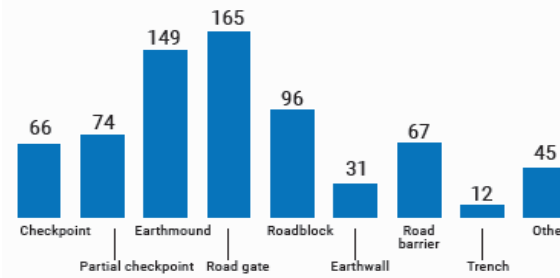


The story of 5-year old [Hind Rajab](#)

# The West Bank



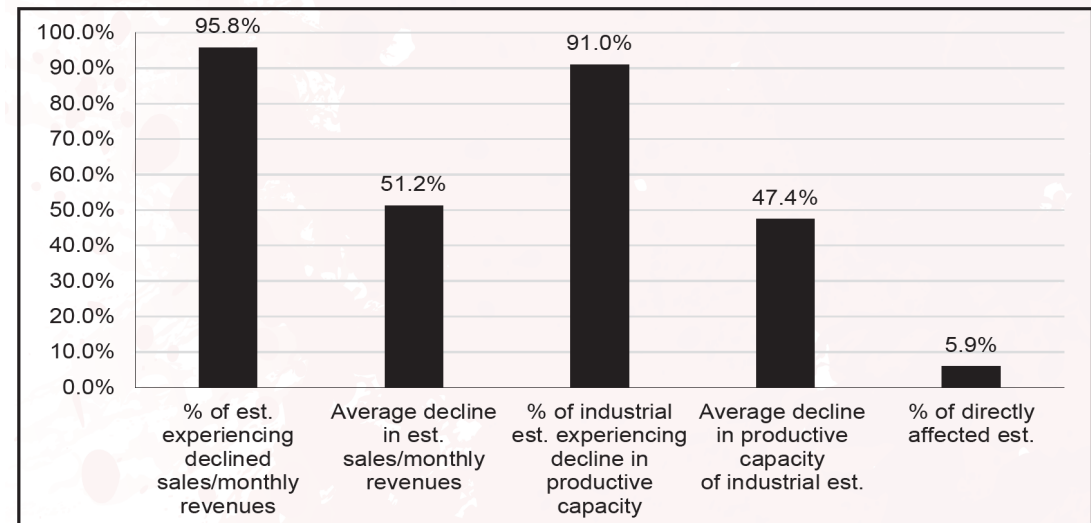
## 705 total closures



Daily raids on cities and refugee camps, with special focus on northern West Bank (Jenin, Tulkarem, Nablus)

- 398 deaths
- 4,500 injuries
- 7000 detainees
- [“Pogroms” by Israeli settlers](#)

Figure 2: Select Economic Indicators for the City of Jenin since the Start of the War on Gaza (%)



Source: Ministry of National Economy, 2024. “Performance of economic establishments in the West Bank during the Israeli aggression on the Gaza Strip”.

## 2. Settler Colonialism and the role of the British Mandate

# Colonial mindset and narrative

**Ze'ev Jabotinsky – Intellectual father of Likud Party, writing in 1923 (The Iron Wall)**

- “There can be no voluntary agreement between ourselves and the Palestine Arabs. Not now, nor in the prospective future” ...  
“Zionism is a colonizing adventure and therefore it stands or falls by the question of armed force”
- “Zionist colonisation must either stop, or else proceed regardless of the native population. Which means that it can proceed and develop only under the protection of a power that is independent of the native population – behind an iron wall, which the native population cannot breach”
- “My readers have a general idea of the history of colonisation in other countries. I suggest that they consider all the precedents with which they are acquainted, and see whether there is one solitary instance of any colonisation being carried on with the consent of the native population. There is no such precedent. The native populations, civilised or uncivilised, have always stubbornly resisted the colonists”
- “We may tell them whatever we like about the innocence of our aims, watering them down and sweetening them with honeyed words to make them palatable, but they know what we want, as well as we know what they do not want. They feel at least the same instinctive jealous love of Palestine, as the old Aztecs felt for ancient Mexico , and their Sioux for their rolling Prairies”



# The Belfour Declaration (1917)

Foreign Office,  
November 2nd, 1917.

Dear Lord Rothschild,

I have much pleasure in conveying to you, on behalf of His Majesty's Government, the following declaration of sympathy with Jewish Zionist aspirations which has been submitted to, and approved by, the Cabinet

"His Majesty's Government view with favour the establishment in Palestine of a national home for the Jewish people, and will use their best endeavours to facilitate the achievement of this object, it being clearly understood that nothing shall be done which may prejudice the civil and religious rights of existing non-Jewish communities in Palestine, or the rights and political status enjoyed by Jews in any other country"

I should be grateful if you would bring this declaration to the knowledge of the Zionist Federation.

Y. v. v.  
Arthur Balfour

- The establishment of a "national home for the Jewish People"
- the government will "use their best endeavors to facilitate achievement of this object"
- "nothing shall be done which may prejudice the civil and religious rights of existing *non-Jewish communities* "
- 700,000 Arab Palestinians lived in Palestine at the time, compared to 55,000 Jews.



# Zionist organizations operating in Palestine

- The Jewish Colonization Association (1891) - later the Palestine Jewish Colonization Association (1924)
- The Jewish National Fund (1901)
- The Palestine Land Development Company (1909)
- The Foundation Fund or “Keren Hayesod” (1920)



## Distorted markets

- Land purchase
- Capital preference
- Labor security

# The British Mandate (1922-1947)

1. Agricultural taxes
2. Economic concessions of vital projects
  1. Rutenberg Electricity Company (1922)
  2. Atlit Salt Company (1922)
  3. Palestine Potash company (1929)
3. Tariff Policy
4. “Open doors” policy for agriculture goods

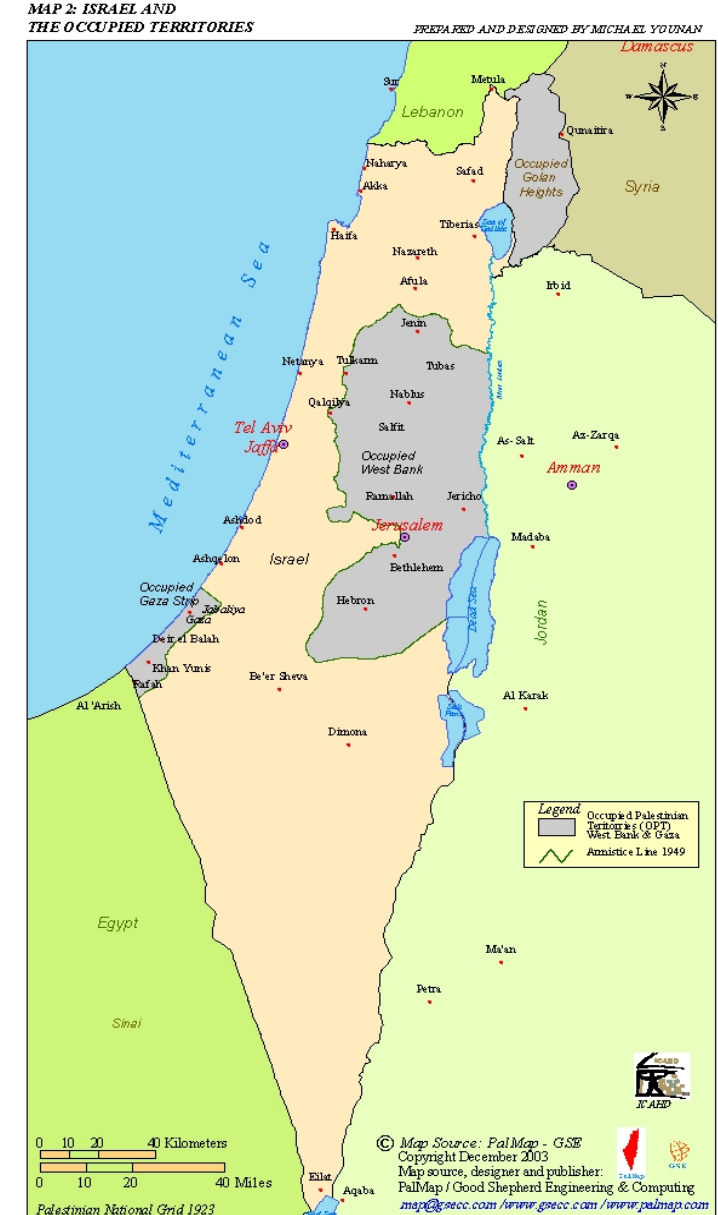
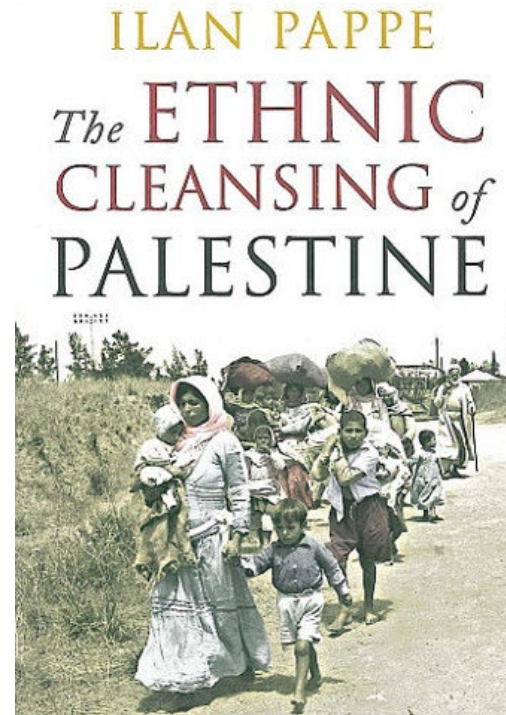


# The UN partition plan and Nakba of 1948



Year	Arab Population (%)	Jewish Population (%)	Arab Production (%)	Jewish Production (%)
1917	92.5%	7.5%	81%	19%
1947	67%	33%	47%	53%

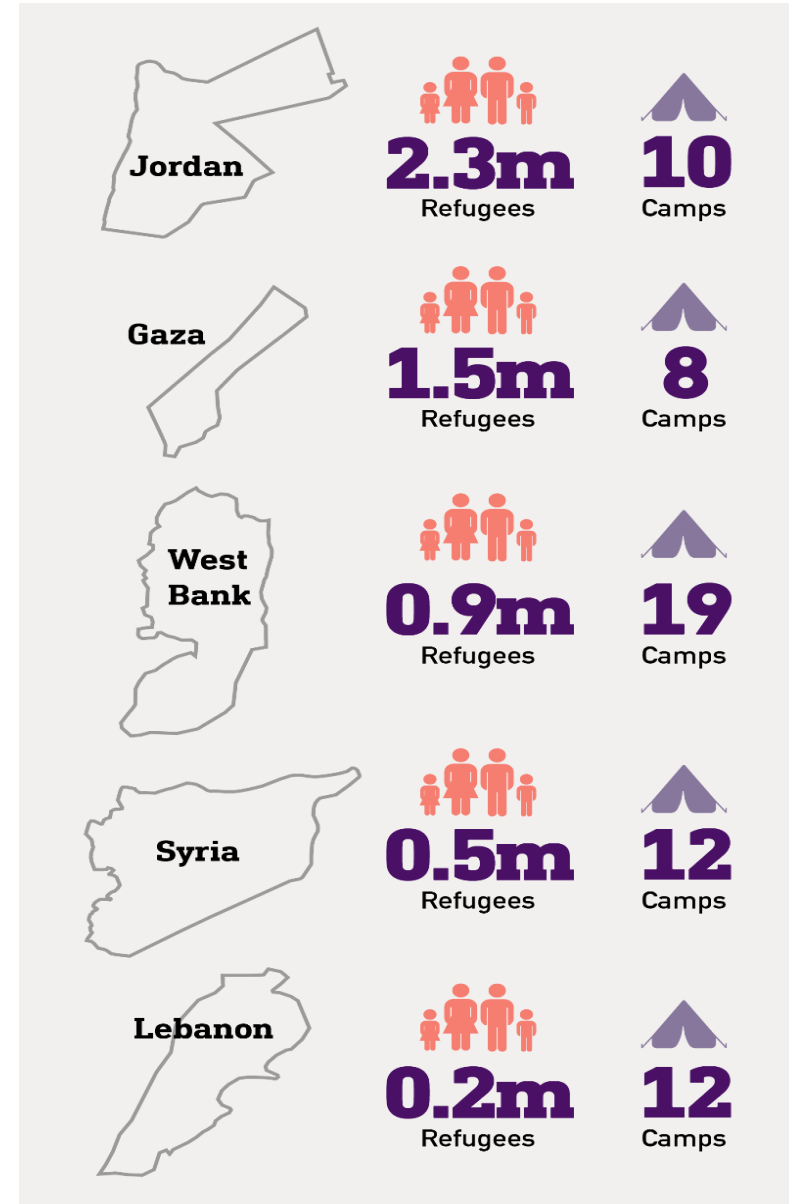
Saleh Abdel Jawad (2007). *Zionist Massacres: the Creation of the Palestinian Refugee Problem in the 1948 War*



# Palestine: still a refugee cause

## Where are Palestinian refugees now?

Around 80 percent of the Palestinian population was expelled in 1948 by Zionist forces to neighbouring countries. Today, more than 5.8 million registered refugees live in dozens of camps in the occupied West Bank, the Gaza Strip, Jordan, Syria and Lebanon.



### 3. Occupation, class transformation and dependency

# Proletarianization of the labor force

Graph (2): Wage Labor vs. Work in Israel



Indicator	1970	2016
Agriculture contribution to employment	39%	7%
Agriculture contribution to output	33%	3.6%
Wage workers (%)	47%	70%
Self-employed + unpaid family work (%)	37%	23%

Source: Work in Israel from (Farsakh, 2004, table A4). Wage labor calculated by author from Israeli CBS “Quarterly Statistics of Judea Samaria and the Gaza Area”, multiple years.

# The Labor Market

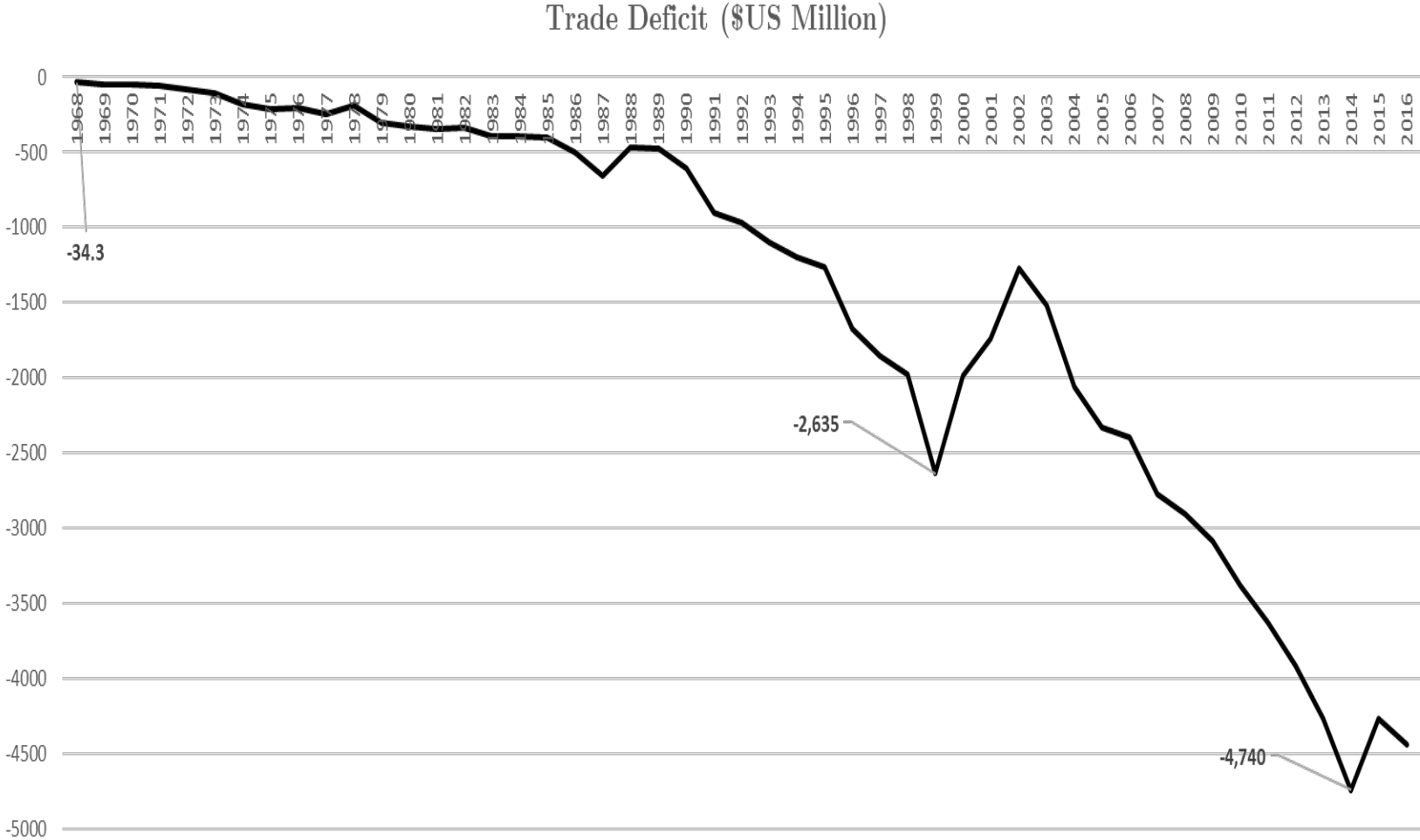
Graph (1): Unemployment vs. Work in Israel



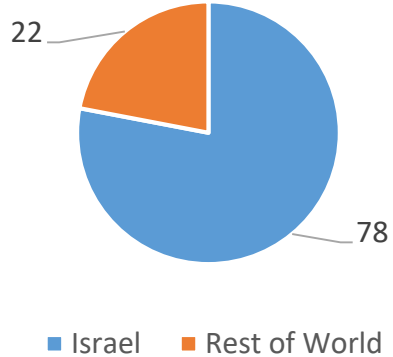
Source: Calculated by author from Israeli CBS "Statistical Abstract of Israel", multiple years and (PCBS, 1995-2016, c).



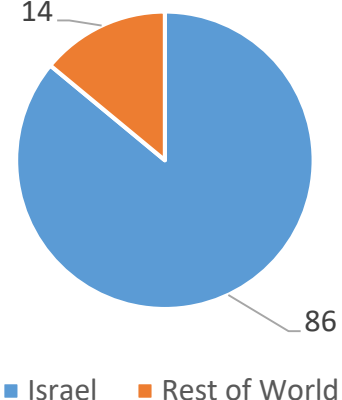
# The Goods Market



Imports  
(average 1967-2018)

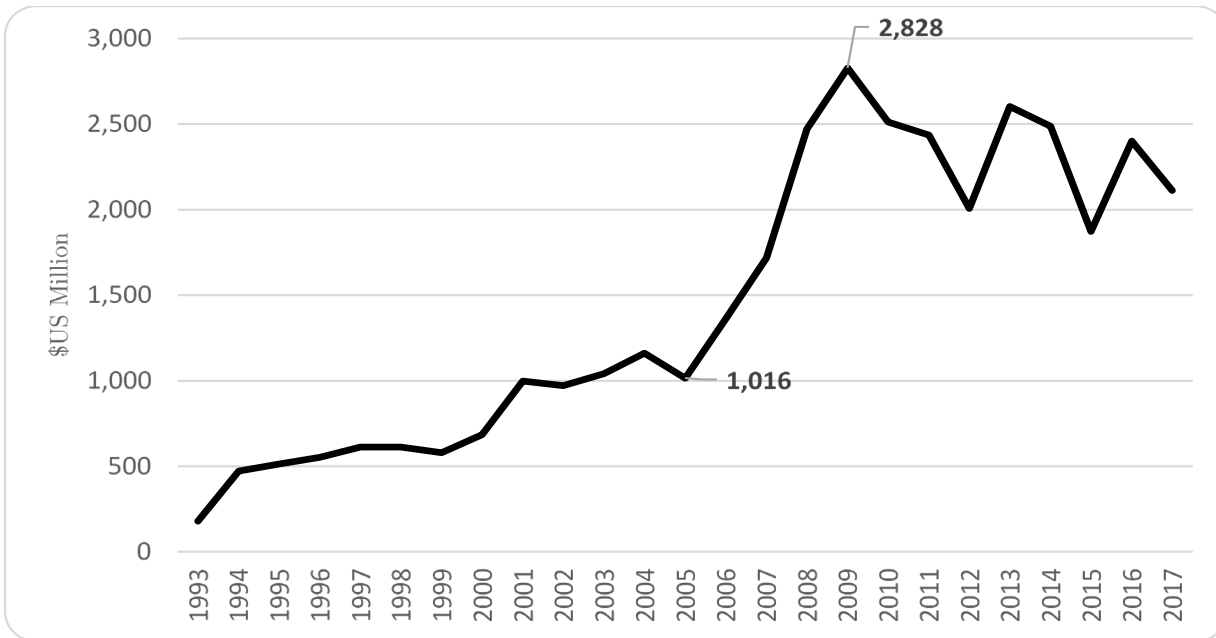


Exports  
(average 1967-2018)



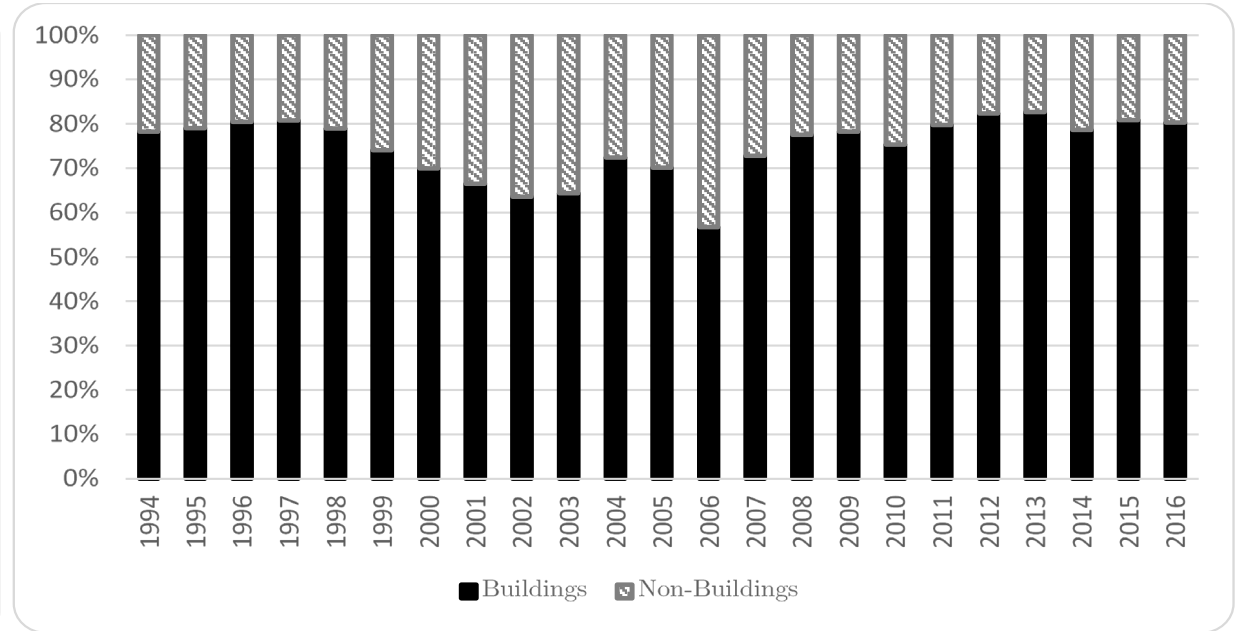
# The establishment of the Palestinian Authority (PA) New Dependencies

Graph (5): International Aid in Current Prices



Source: World Bank data, "Net Official Development Assistance Received"

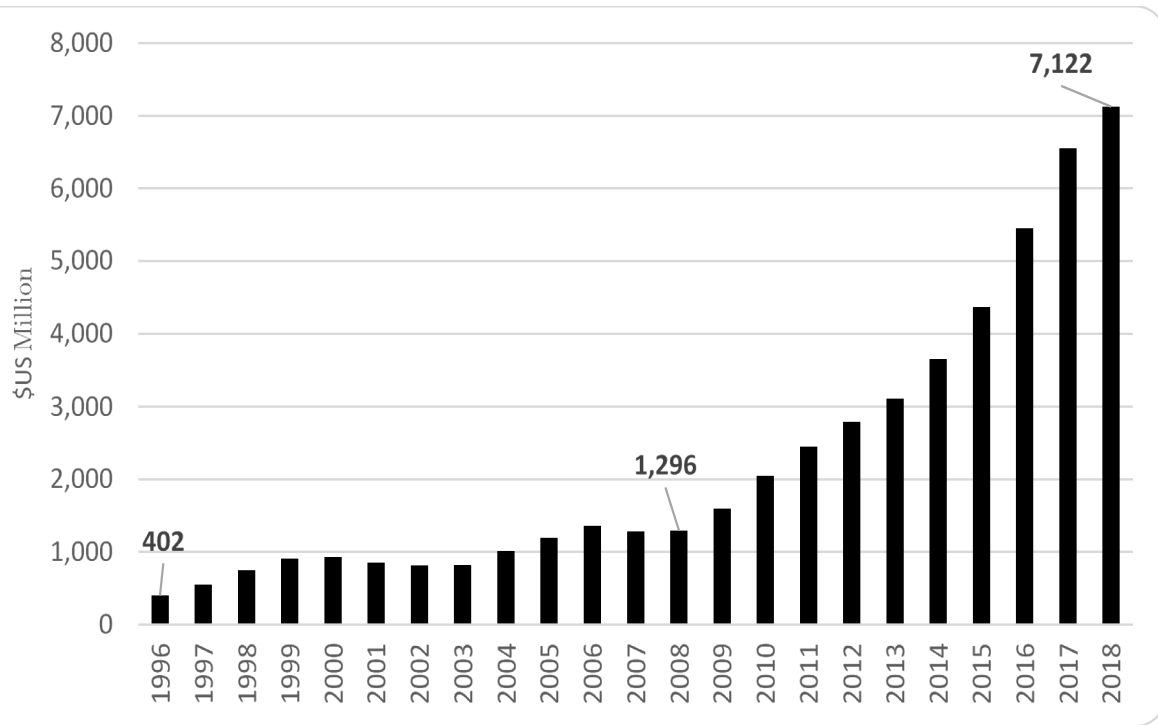
Figure (2): Gross Fixed Capital Formation



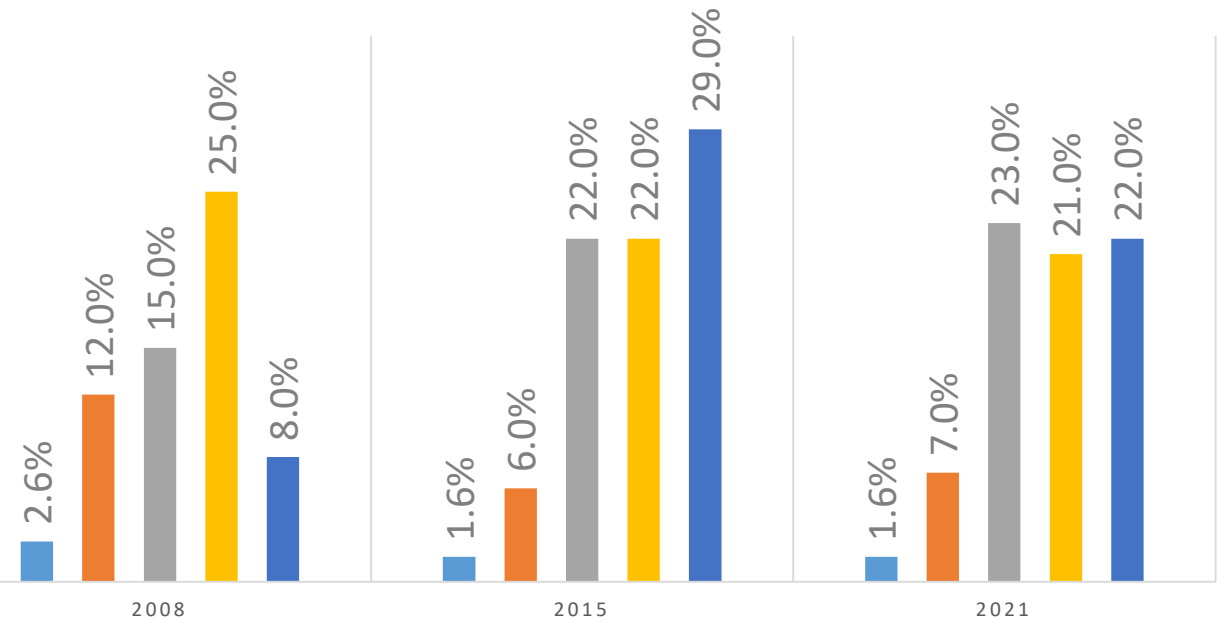
Source: PMA website, time-series table on "Major National Accounts Variables at Constant Prices"

# The establishment of the Palestinian Authority (PA) New Dependencies

Figure (A5): Total Credit Facilities



CREDIT FACILITIES ACCORDING TO SECTOR



- Agriculture
- Mining and Manufacturing
- Real Estate
- Trade Finance
- Consumption goods and cars

Source: PMA website, time series table on “Distribution of Credit Facilities by Economic Activites”

# Sectoral transformation – role of trade activities

Graph (1): Sector Contribution to GDP



Trade activities contribution:

1. More than 50% of all economic establishments operating in the Palestinian economy.
2. More than 40% of the *private sector* GDP.
3. Around 37% of all workers in the private sector.
4. Between 20-25% of loans and credit facilities

*By far* the largest sector in all of these categories

## 4. Towards a Heterodox economics approach in Palestine

# Economic research in Palestine

- Existing critical literature

- Economic approaches: Shikaki & Tartir, 2012; Farskah, 2016; Kahlidi, 2016; Capelli & Missaglia, 2022.
- Theoretical models: Kadri, 2020; Shikaki, 2023
- Political economy: Naqib, 2001; CDS, 2015; Botmeh, 2016; Wildeman, & Tartir, 2021.
- Neoliberalism: Khalidi & Sammour, 2011; Nakhleh, 2014.
- Dependency: Samara; 1989; Shikaki, 2021.
- University conferences: Pavia (2010) & Brown (2014)
- Class analysis: Hilal, 1976; Hanieh, 2011; Hilal, 2006.

# Relevance for Palestine

- **Relevant themes in heterodox economics**

1. Uneven development - dependency theory
2. Political economy and class – functional distribution of income
3. Feminist economics – gendered view of economic inequality
4. Rethinking macroeconomic variables – national accounting and the labor market
5. Formal models - Structuralist growth models

# Final word

## Plea to heterodox scholar community

- Partnerships between colleges and Palestinian universities;
- PhD scholarships for Palestinian students
- Inviting Palestinian speakers as visiting scholars and faculty;
- Special issues for journals;
- Organizing conferences on the Palestinian economy;
- Arranging visits for faculty to visit Palestine and meet scholars and activists



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