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Reviewed by Emma Murphy

Until now, there has been little common ground in the analyses of Israeli and Palestinian economists of the relationship between Israel and the Occupied Territories of the West Bank and Gaza Strip. Israeli economists have stressed the benefits brought to the Palestinian economy by proximity to, and integration with, Israel. They have claimed that the transfer of technology, opportunities in Israel for Palestinian labor and open borders for the transfer of goods have all contributed to rising wages and a higher standard of living in the Palestinian lands than in those of their Arab neighbors. That Israel benefited proportionately more from the relationship is, to them, a simple factor of economics. The failings of the Palestinian economy are attributed to inherent weaknesses in Palestinian social relations, political intrusions such as the intifada, and a failure on the part of Palestinians to invest savings in industrial development rather than residential construction.

The Palestinians and their supporters have long disputed these assertions as little more than mythology. Academics like Yusif Sayigh, George Abed, Sara Roy, Adel Samara and Israel’s own Meron Benvenisti have ably argued that Israel has enforced relations of economic dependency, exploitation, imperialism, de-development and under-development. The autonomy of the Palestinian economy was, according to them, deliberately and systematically undermined in such a way as to service the requirements of the Israeli economy.

Some of the economic aspects of the Declaration of Principles (1993) and later the Paris Protocol (1994) represented recognition that any final status negotiations would ultimately stand or fall according to the capacity of interim agreements to provide an improvement in the rapidly deteriorating socio-economic conditions of the Occupied Territories. While Israel was eager to resist any arrangement that conceded either symbolic or de facto sovereignty to the Palestinian Authority, the Palestinians were caught in the dilemma of maximizing such arrangements within a framework that allowed the best chances of rapid and sustainable economic growth.

*The Palestinian Economy: Between Imposed Integration and Voluntary Separation* is an academic work that has arisen in part out of the subsequent debates. The book is the result of a project by a group of Israeli economists who participated in discussions and collaborative efforts with Palestinian and European economists, the original intention in 1990 being to establish a complete profile of the Palestinian economy and its relations with Israel. Subsequent events also shaped the work to suggest potential scenarios for the post-Oslo and ultimately the final status of the Palestinian entity. Perhaps because of the atmosphere surrounding the momentous events of the time, the authors have been able to bridge the gap between previous analytical positions, much as the Israeli revisionist historiographers have done in their studies of the origins of the refugee problem. To their credit, the authors of this volume have objectively assessed the development and implications of what they term the “imposed integration” of the two economies between 1967 and 1994. Like many of their historiographer counterparts, however, the authors are careful to avoid outright accusations of “deliberate policies” on the part of the Israeli leadership, in this case to underdevelop the Occupied Territories, although they make no bones about the mercenary approach to the utilization of Palestinian resources.

In addition, they carefully and convincingly deconstruct the Zionist myths regarding the beneficial nature of the occupation. For example, Israeli claims that revenues from taxes in the Occupied Territories were spent on providing services for the Palestinians are shown to have significantly underestimated the real level of Israeli tax revenue and ignored the fact that the supply of services was inadequate both quantitatively and qualitatively because of low levels of government involvement. Whereas their predecessors had pointed to high levels of Palestinian private consumption relative to that in neighboring Arab countries as evidence of a high standard of living, the authors here argue that this was a symptom of inadequate Palestinian banking and savings opportunities combined with political insecurity, both of which stemmed directly and indirectly from the repercussions of Israeli policy.

The book discusses labor and trade relations at length since the authors are at odds with conventional Israeli wisdom on both counts. Firstly, they argue that opportunities for Palestinian labor in the Israeli market have not ultimately been beneficial to the Palestinian economy. While such dependent labor migration did increase the income of the territories, it created distortions in the wage structures at home and negatively affected Palestinian output. In their view, the supposed open borders policy of the Paris Protocol provides no solution when political considerations act as unpredictable but effective barriers to its operation.

Nor do the authors agree that the current customs union arrangement is appropriate to Palestinian eco-
nomic needs. Since 1967, in their own words, there has always been "an involuntary, one-sided, impure customs union." The absence of significant Palestinian competition in Israeli markets is the result of strict Israeli administrative measures that hindered not just comparative trade, but also Palestinian production itself. Even the authors have had to bow to the evidence they have found that the Israeli authorities deliberately frustrated Palestinian efforts at entrepreneurship in order to maintain the subordination of the Palestinian economy to the requirements of Israel’s own. The authors explain how, in the Paris negotiations, the Israelis used the threat of borders closed to Palestinian labor to force the PLO into accepting a customs union that was little different from its predecessor. The current arrangement remains an instrument of Israeli policy rather than a mechanism for a coordinated and mutually beneficial trade policy. Any future arrangement should in their view admit the necessity of some trade barriers between Israel and the Palestinian entity. A flexible borders regime would preserve Palestinian sensitivities to issues of sovereignty and free them from the imposed involuntary aspects of a customs union with the far stronger Israeli economy. Properly balanced, it would, however, be better than a blocked borders policy which would deny the reality of current Palestinian dependency.

There are optimistic notes in the book, although the authors’ anticipation of a fairly healthy long-term financial future for a PNA-run public sector seems to have been premature given the full extent of Arafat’s (mis)management. More convincingly, they cite the extensive development of a Palestinian banking system since the Oslo Accords as evidence that past Israeli policies that prevented the development of necessary financial systems to support savings and investment can and have been overcome.

The optimistic note is carried through the last, rather out-dated, chapter, which attempts to simulate potential future prospects for the Palestinian economy. The very technical approach does foresee substantial and persistent problems of unemployment but more happily concludes that "with relatively small amounts of foreign aid, which is certainly available, the Palestinian economy would probably come significantly closer to the standard of living in Israel and in the developed economies."

The epilogue, written sometime after the election of Netanyahu, brings the reader back to earth with a bump. After all, “the Paris Protocol did not change the basic economic relations between the Palestinian economy and the rest of the world, rather, it preserved the imposed integration of 1967-1994 with only few modifications” (p. 235). The subsequent reality of unplanned Israeli separation, in the form of repeated and arbitrary closure of borders by Israel, has demonstrated that political realities are still imposing themselves at the expense of economic development strategies.


By Shiva Balaghi

This book argues that in neither the Pahlavi nor the Islamic eras have Iranian women enjoyed direct and independent control over the establishment of gender policies. "By destroying the independence of the women’s movement through co-option and coercion, both secular and Islamic states aimed to protect the nation ... from the negative side-effects of women’s social emancipation." (p. 358).

The book’s value lies in its detailed discussion of the development of laws and policies pertaining to women under the Islamic Republic. As the Islamic elements of the revolutionary coalition sought to control first the revolution and then the government, gender issues assumed prominence in political debates. During the revolution, the new leadership attempted to construct a popularly compelling image of cultural authenticity. The pre-eminent marker of that authenticity was the image of the veiled Muslim woman. To prove and consolidate its power, the new regime sought to further Islamize the behavior and appearance of Iranian women. The separation of official Shi’ism and the state facilitated this effort, with the clergy “in control of both women’s social and familial roles” (p. 257). Women’s employment, the hijab, marriage, and family planning were all decided within this larger attempt to gain and monopolize political power.

Paidar shows that consensus on the particular form Islamization would take was difficult to achieve. Often, “economic and political imperatives defined which practices in relation to the family were or were not acceptable as ‘Islamic’ ” (p. 289), with many policies made in an ad hoc fashion. Ensuring that the population adhered to shari’a law became tantamount to demonstrating the regime’s power. Laxity concerning matters regulating women was thus viewed as a transgression against the state itself.

Yet Paidar provides little evidence of the impact of such ideological rhetoricizing and legal maneuvering on Iranian women and their families. She occasionally cites census reports to gauge the effects of state policies and laws, but government statistics should be used with caution. Oral histories and interviews with exiled communities would have strengthened Paidar’s argument. Yet by focusing primarily on the ideological and political construction of gender relations, Paidar has failed to examine the multifarious technologies of power in multiple locations in Iranian society.