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Palestinian workers

# **The Gaza Economic Crunch**

- Aujourd'hui - Israël/Palestine ou l'inverse - Israël-Palestine -



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Qassam rockets hit the Israeli town of Sderot on an almost daily basis, but on September 4, 2007, at the start of the new school year, one fell beside a day-care center. That night Haim Ramon, a deputy and close friend of Israeli Prime Minister Ehud Olmert, appeared on TV and, with a touch of passion, aired an idea he intended to present to the cabinet. Not a massive military operation that would cost the lives of soldiers. No, something much simpler.

Cut their water and electricity (both of which Israel supplies). Every Qassam would have its known price : a certain number of hours or days without water or power. The purpose : get the Gazans to pressure the Hamas government to stop the Qassams.

Issam Younis, who heads the AI Mezan Center for Human Rights in Gaza <u>www.mezan.org</u>, is not impressed by Ramon's brainstorm : "The steps the Israeli government is discussing are already happening on the ground," he told *Challenge* in a phone interview on September 5. All the passages, he said, are shut to everything except basic foods and medicine. Every part of Gaza suffers from planned blackouts of 12 to 24 hours per week. These are accompanied by water cutoffs. The sewage system is in danger of collapse. This collective punishment is extremely dangerous, he said. "We are still under occupation. Israel has full responsibility for what happens here. What more can it do to us ?"

Wael Khalaf is on the board of the Palestinian General Federation of Trade Unions (PGFTU) in Gaza. He agrees with Younis, but he puts the matter less diplomatically. "You don't kick a dead horse," he says.

Indeed, Israel continues to be directly responsible for the fate of Gaza, even after it dismantled its settlements and pulled back behind the Green Line. It is responsible for supplying 60-70% of the Strip's electricity. No gasoline goes into the Strip without its approval. It blocks the renewal of the airport and the harbor. It is in charge of the passages, some for goods and some for people, all of which have been sealed since Hamas made its coup in June. Israel holds the customs fees on imports slated for Gaza, as well as other taxes, which fund about 60% of salaries in the Palestinian Authority (PA). Gaza is hermetically sealed. The world, including the donor nations, supports the Israeli blockade and takes part in it. Gazans have no one to whom they can effectively turn.

## Danger of economic collapse

In the summer, UN officials warned of disaster. Here are 1.4 million people, including 1.1 million refugees, all living on rations. Israel lets in, as said, just the most basic foods and medicines. It does not permit raw materials like cement, iron, wood, or nails. It does not permit replacement parts. No clothing, shoes, cigarettes, electrical appliances, batteries, plastics, paper of any sortâ€"even toilet paper, kitchen utensils, or mobile phones.

Given the lack of paper and ink, more than 350,000 UNRWA textbooks could not be printed. Many of the 200,000 pupils in Grades 1-9 will have to do without them as the new school year opens. So writes the UN Office for the Coordination of Humanitarian Matters (OCHA) in its report for August 15-23. The report cites figures from Paltrade (<a href="http://www.paltrade.com">http://www.paltrade.com</a>) : "As of 14 August, the direct and indirect potential losses from the closures [since mid-June, when the blockade began – MS] have reached an estimated \$8 million for the furniture sector, \$15 million for garments and textiles and \$3 million for processed food. The agriculture sector has estimated export losses at \$16 million. 85% of manufacturing businesses [about 3900 in number—MS] have now temporarily shut down, with over 35,000 workers laid off. An additional 35,000 workers have been laid off from other sectors including construction, trade and the service sector" ("Gaza Strip : OCHA Humanitarian Situation Report (15-23 August 2007").

The shutdowns have meant that 70,000 workers, breadwinners for about half a million people, are out of their jobsâ€"and with no compensation, no National Insurance Law or unemployment benefits, and without any prospect of finding work.

Pipes for the sewage system on the Gaza coast, funded by the World Bank, were transported through the Sufa Checkpoint before it was closed on September 9. But to operate the project requires 250,000 liters of gasoline per month ; even if Israel would let it in, there would be no money to buy it. (OCHA, Report of July 16.) This reflects the general situation. The lack of raw materials has brought international projects to a halt. These include an UNRWA building project valued at \$25 million, a US AID water project of \$100 million, a German sewage project (€ 80 million), and a \$25 million Japanese project for developing Saladin Street in Gaza City. Israeli and other foreign banks are meanwhile considering a halt to cooperation with Palestinian Banks (from a report by Ali Abu Shahla, "Whither the Gazan Economy ?" delivered at a conference of the Israel-Palestine Center for Research and Information on August 7).

Agriculture provides work for 40,000 Gazans, supporting about a fourth of the Strip's population. This branch is 100% dependent on the import of seedlings, fertilizers, and pesticides. Lacking them, it faces a 50% drop in quality and quantity. Gaza's Minister of Agriculture estimates that \$4.5 million has been lost since the blockade began, and if it continues, this season's losses will amount to \$12 million (The UN Humanitarian Monitor, July 2007, www.ochaopt.org).

Overall, Gaza's unemployment rate is officially put at 40%. The real rate is probably closer to 60%. The World Food Program warns that 80% of Gazans are in poverty (and 46 % of West Bankers). As long as the current crisis remains, food security will remain a major concern (<u>www.wfp.org</u>).

Karni is the main checkpoint for the passage of goods. All that goes through it today is animal feed on a single conveyor belt. Food and medicine enter through the checkpoint at Kerem Shalom. Apart from forbidding export, Israel has cancelled Gaza's destination customs code, preventing imports. There are 850 Gaza-destined containers stuck at Israeli ports, valued at \$65 million. Another 450 are on their way, having left their ports before Israel cancelled the code <u>www.paltrade.org.</u> Some 600 empty containers are stranded in Gaza. The Palestinian merchants pay daily fines for failing to return them. Exporters are losing \$0.5 million per day (Shahla, cited above.)

According to Wael Khalaf of the PGFTU, Gaza is kept alive by the 100,000 clerks of the PA who still get advances on salaries, as well as 10,000 who work for the UN. Also, Hamas distributed allotments of \$100 to 20,000 jobless workers a month ago, and apparently it will do so again in September. Others have gone back to raising livestock or growing food. More and more children are begging or picking through garbage.

"The lack of goods has led to a hike in food prices," Issam Younis of AI Mezan told Challenge. "This is not just because the scarcity and the blockade have enabled some merchants to hoard supplies and jack up prices. It's also because the cost of bringing a shipping container from Ashdod harbor to the Sufa Checkpoint runs between \$2000 and \$5000. It costs \$2000 to bring the same container from China to Ashdod. So a pack of cigarettes, which used to cost 10 shekels, is now 15." Wael Khalaf gives a different example : The quantity of oats that used to be 43 shekels is now 85. That affects the cost of raising livestock to escape starvationâ€"and of course the price of meat and chicken.

The situation in the hospitals is abysmal. When blackouts occur they work with generators and go into a state of emergency. They have to cancel all operations and treatments that are not life saving, and they can work only limited hours. In these circumstances, the refrigerators holding the medicines do not function properly. Dr. Muwayya Hassanein, a surgeon, heads the emergency service in the Gaza Health Ministry for the PA. He told Challenge : "We have basic medicines, but there is a lack of medicines for kidneys, heart problems and chronic diseases like

diabetes. There is also a lack of drugs for chemotherapy. The lack of replacement parts keeps us from maintaining vital equipment. The shortage of water and the cleaners' strike create dismal sanitary conditions that may lead to epidemics and infectious intestinal diseases. There is a rise in abortions."

### Pushed into the Corner

The present blockade is an extreme escalation of the steps that Israel has taken since Hamas won the PA elections in January 2006.

"You've pushed us into a corner," says Younis," and the results of this Israeli policy will spell disaster. If Israel thinks it can use 1.4 million people as guinea pigs and get them to turn their rage against Hamas, it's mistaken. Most people see Hamas as a victim. If they turn their backs on Hamas, it will be for the sake of something more extreme. That will be the direction until the Occupation is really over and we manage to create a unified policy."

There are some who say that the street has rejected Hamas because it failed in governing, or because of its anti-democratic behaviorâ€"against journalists, for example. Others think differently. Issam Younis seeks national unity, whereas Wael Khalaf holds that Hamas has not given up its ambition to replace the PLO, that it continues to prepare for a showdown, and that there is no common ground for national unity. At the same time he is disappointed by the fact that the national forces don't show themselves on the street in Gaza and have apparently ceased to function.

The supporters of PA President Mahmoud Abbas (Abu Mazen) claim that Fatah now stands before a window of opportunity that may slam shut in November if he returns empty-handed from the international conference scheduled in Washington. (See editorial, p. 3.) In such a case the Palestinians will shift their support to Hamas or other, more extreme organizations. But Israel does not appear to be working toward a basic solution in November. Rather, it sticks to its obsession of defeating Hamas by punishing the people of Gaza.

#### Post-scriptum :

WAC, the Workers Advice Center (or Ma'an in Arabic), is an initiative for building an independent labor association. It aspires to create a culture of worker solidarity and a consciousness for union organization. Hundreds of thousands of workers in Israel, both women and men, lack the benefits for which unions struggled through most of the 20th century.

Employees of personnel ("manpower") companies, freelancers, and those employed under individual contracts all find in WAC an address that offers support, advice, and protection. WAC is an open, democratic association that unionizes all workers without regard to their religion, nationality, sex, or outlook. It was founded in the late 1990s to fill the vacuum left by the General Federation of trade unions (Histadrut), which went into deep crisis during this period, losing over two thirds of its members. WAC aims to provide an address for unorganized workers, with a strong emphasis on Arabs who are segregated in the Israeli job market. Hundreds of workers have already joined WAC and found the protection of a labor union, assuring them proper jobs with full social benefits.

#### The global era and the epidemic of privatization

Since Israel entered the global era in the mid-1990s, its domestic economy has undergone an epidemic of privatization. Organized labor has been on the wane, first in the service sectors, such as security and cleaning, followed by the building and industrial sectors. As part of its privatization program and budget cuts, the state encourages employment through subcontractors who circumvent labor laws. The epidemic has now spread to government offices, schools, the entertainment industry, and the academy : faculty, administrative employees, lecturers, producers, and directors are employed as temporary workers on humiliating terms. The Histadrut and its committees have not done enough to stop the importation of labor under conditions that amount to slavery. The entry of unorganized, imported workers into the construction, agriculture and nursing sectors has mortally wounded the achievements of the labor struggle in Israel. WAC is committed to the struggle of Palestinian workers from the West Bank East Jerusalem and Gaza, for jobs and social rights. It cooperates with Palestinian Trade Unions in fighting the Separation Wall and Israel's policy of closure. Concern for Palestinian workers is, we maintain, a fundamental moral duty of labor unions in Israel. WAC demands equal rights for all workers, whether migrants, Palestinians or Israelis.