



The Arab American University
Faculty of Graduate Studies

**Economic Peace: An Evolving Concept in the Context
of the Palestinian – Israeli Conflict**

By

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**This thesis was submitted in partial fulfillment of the
requirements for a Master's degree in Conflict
Resolution and Development**

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Thesis Approval

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This thesis was defended successfully on 2023/03/9 and approved by:

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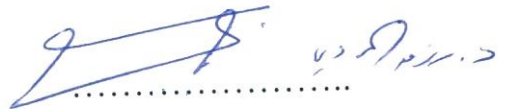
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Declaration

The work provided in this thesis, unless otherwise refereed, is the researcher's own work and has not been submitted for any other degree qualification.

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Acknowledgment

Writing this thesis on economic peace in Palestine has been an important academic and political experience that allowed me to engage and interact with many people whom I thank for giving me this opportunity. The thesis reveals the intricate relationship between politics and economics. It also shows that the Palestinian model of economic peace is a unique one because of the different nature of this case, a case of a prolonged Israeli military settler occupation.

During the period of researching and writing this thesis, I had to indulge in studying the Palestinian – Israeli conflict and relations, as well as Palestine’s relations with the rest of the international community, since the signing of the Oslo Accord in 1993.

Many people helped me in researching and writing this thesis. I would like to acknowledge the generous help and advice of my professors, especially my advisor, who provided me with their insights and guidance. I would like also to thank the Palestinian academic, political, and professional figures whom I interviewed, and who were also generous with their time and advice.

Finally, I would like to thank my friends and colleagues who helped in producing this thesis in its final form. I am solely responsible for any shortcomings in this research.

To the owner of enlightened thought, who had the first credit in my journey towards
gaining higher education (my father)

To my beloved mother who set me on the path of life, made me encouraged, and always
being my idol to become what I am today.

To my brothers and sisters, who had a great effect on many obstacles and hardships and
never hesitate to extend a helping hand to me.

Abstract

This thesis explores the concept of economic peace in the Palestinian-Israeli context and its relationship to political peace. Against the longstanding and complex conflict between Palestine and Israel, economic peace has emerged as a unique approach with distinct characteristics. Unlike traditional models and frameworks, economic peace in this context was devised as an alternative to political peace, depriving the Palestinians of the opportunity to develop their national economy and pursue independent statehood.

This research combines secondary and primary data sources through a qualitative analytical methodology. A comprehensive literature review draws upon secondary resources such as previous studies, books, journals, websites, and reports. Additionally, primary resources are gathered through interviews with diverse stakeholders representing different sectors of Palestinian society. These stakeholders include officials, private sector representatives, civil society members, experts, academics, and direct beneficiaries. By capturing numerous perspectives, the interviews provide valuable insights into the implications of economic peace.

The findings shed light on Israel's opposition to economic peace and the challenges encountered in realizing it within the Palestinian context. Moreover, the study examines the role of foreign aid and its impact on the Palestinian economy while uncovering the complicity of certain actors, notably the United States, in supporting Israeli designs.

This thesis, employing an analytical-qualitative methodology, utilizes various research tools, including literature analysis and interviews. By doing so, it aims to contribute significant insights into the concept of economic peace and its complexities within the Palestinian-Israeli conflict. Potential obstacles, such as limited academic material, the

need for data verification, and the sensitive political nature of the topic, are acknowledged and carefully navigated throughout the research process.

Foreign aid was initially intended to facilitate the development of the Palestinians' national economy and the establishment of their state institutions, laying the foundation for future independence. However, Israeli rejection and obstinacy have compelled donor countries to yield to Israeli ambitions, resulting in the subjugation of the Palestinian economy to Israeli political schemes. Consequently, the economy has become reliant on consumerism and weakened its autonomy. Notably, through its economic aid proposals and plans, the United States has been complicit in supporting these Israeli designs.

The conclusive findings of this research reveal Israel's consistent opposition to the concept of economic peace with the Palestinians. The ongoing Israeli settler occupation and complete control and exploitation of Palestinian material resources compound this opposition. In this context, the realization of economic peace becomes unattainable. Additionally, the study emphasizes that economic peace cannot be achieved in isolation from political peace, as the two are intricately interconnected.

Based on these findings, it is evident that the intentions behind foreign aid, the Israeli stance, and the structural constraints imposed by the ongoing occupation and resource control hinder the prospects of economic peace in the Palestinian context. The research highlights the imperative need for a comprehensive resolution that addresses the conflict's political and economic dimensions.

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Chapter One

1.1 Introduction:

The Palestinian-Israeli conflict has had substantial implications for Palestinians, who have faced displacement and hardship throughout their struggle. However, the international reaction and the Arab states' involvement in addressing the Palestinian question has been characterized by varying degrees of engagement and effectiveness. Throughout the conflict, numerous proposals and initiatives have been made. However, they have often been regarded as incomplete, biased, or welcomed; the latter was unlikely to be implemented by Israel.

Attention from the international community, including Arab countries and other stakeholders, intensified after the conflict's extended period. Proposals and peace initiatives gained momentum, but their shortcomings inhibited their effectiveness in achieving a comprehensive and reasonable resolution. The Palestinian-Israeli conflict complexities and the challenges posed by Israel's position and actions have influenced international action and restricted progress in addressing the Palestinian question.

Furthermore, the Palestinian armed resistance has attracted attention to their cause over the years and shaped the conflict discourse. However, while armed resistance has prompted international reactions and discussions, it is key to acknowledge that various factors and dynamics contribute to the conflict's complexities and the pursuit of a just and permanent resolution.

The United States, as a prominent supporter of Israel, positioned itself as a mediator for peace between Palestinians and Israelis. However, its biased approach and hindrance of resolutions and initiatives have stalled meaningful progress. The U.S., in collaboration with Israel, has advocated for economic solutions as alternatives to political ones,

asserting that economic peace could pave the way for a resolution. Experience, however, has shown that no major economic plans or solutions have either materialized, succeeded in achieving any political solution, contributed to sustainable economic development, or even improved the lives of the Palestinian people.

Experience has demonstrated that economic plans and solutions have yet to achieve concrete results or contribute to sustainable economic development for the Palestinians. The Palestinians have regularly rejected the notion of "economic peace" as a substitute for "political peace."¹ They believe that economic peace can only be meaningful and acceptable within the framework of a political solution, precisely the two-state solution. The concept of economic peace has evolved, reflecting different perspectives and intentions. Initially, Palestinians and others saw economic peace as a means to develop the Palestinian society and establish a viable independent state. The international community demonstrated support through substantial financial aid, benefiting the Palestinian Authority, civil society, and various humanitarian projects.

However, the concept of economic peace began to diminish due to various developments in the scene. The eruption of the Second Intifada in 2000 resulted in Israeli control over the West Bank, severely impacting the Palestinian economy. The victory of the Hamas movement in the 2006 legislative elections, followed by international boycotts, further undermined economic and political stability. The subsequent split between Fatah and Hamas, as well as Gaza and the West Bank, shattered the Palestinian national economy and fragmented the concept of economic peace.

¹ Turner, M., & Shweiki, O. (2012). Decolonizing Palestinian political economy: De-development and beyond. In R. L. Stein & T. Swedenburg (Eds.), *Palestine, Israel, and the politics of popular culture* (pp. 92-112). Duke University Press.

Efforts to reinstate economic peace have encountered considerable obstacles, including the distortion of its meaning and the shift toward emphasizing economic solutions over political resolutions. This distortion has negatively impacted the delicate Palestinian economy, undermining its sustainability.

In light of these challenges, this thesis examines the concept of economic peace within the Palestinian-Israeli conflict. This research, analyzing its evolution and implications, seeks to shed light on economic peace's limitations and potential in achieving a just and sustainable resolution to the conflict.

1.2 Research Problem:

The research problem in this thesis revolves around the concept of economic peace and its embodiment within the Palestinian-Israeli conflict, aside from its relationship with political peace. The research focuses on understanding the tangible outcomes of American foreign aid initiatives in the Palestinian-Israeli conflict and evaluating the authenticity of the claim that economic peace can be utilized as a pathway to political peace in the region. Moreover, the researcher aims to define and interpret the concept of economic peace in the context of Palestine, particularly as an alternative to political peace.

The United States and Israel have sought to weaken the European countries' political involvement, diverting their focus and involvement towards an economic one. This approach aims to relieve Israel's responsibilities as an occupying power towards the Palestinian population residing in the West Bank, including East Jerusalem, and the Gaza Strip. Redefine the concept of economic peace within the Palestinian-Israeli case based on international studies and experiences.

The researcher, to answer this research problem, will aim to:

1. Review primary sources and interview government officials, private sector representatives, businesspeople, experts, and academics to supplement the research.
2. Contribute novel viewpoints and analysis to the existing literature and studies in economic peace.

1.3 Research Significance and Justifications:

The significance and justifications of this research are rooted in the discipline of political economy, which recognizes the pivotal role of the economy in shaping historical events, including the formation of nations, states, and conflicts. The economy is the driving force behind the movement of people and groups in peace and war. The economy and foreign economic support hold crucial importance in the Palestinian-Israeli conflict.

Understanding the role of economic peace becomes essential as it can contribute to stabilizing the region and potentially paving the way for political peace, given the appropriate conditions. Therefore, this study aims to investigate the concept of economic peace as a means to alleviate the conflict and as a potential alternative to political peace. Furthermore, the research delves into the reasons behind the renewed American-Israeli proposal for economic peace. Finally, it examines the Palestinian reaction to such proposals, manifested by President Trump's "Ultimate Deal."

By exploring these dimensions, the study aims to provide valuable insights into the dynamics of economic peace, its implications for the Palestinian-Israeli conflict, and its potential as a catalyst for resolving the aforementioned conflict. The research contributes to the existing knowledge by shedding light on the significance of economic

peace and its potential as a viable approach to pursuing lasting peace in the region.. The study examines the potential of economic peace in establishing a foundation for its political counterpart whilst considering the U.S. government's promises to restore support to the Palestinians. It also seeks to study whether the U.S. plans for economic peace can serve as an alternative approach to peacebuilding and exert pressure on the Palestinians to accept a resolution that fails to live up to their aspirations for an independent state with East Jerusalem as its capital. This research contributes to understanding the interplay between economic peace, peacebuilding strategies, and external sways in conflict resolution processes by analyzing these dynamics.

Based on the literature and studies this research is going to delve into and the researcher's observations, the study highlights a multitude of key points, including:

1. Examining the Palestinians' and Israelis' perspectives and standpoints regarding economic peace compared to political peace. This analysis aims to understand how each side perceives the role of economic peace in resolving the conflict.
2. Investigating the implications of economic peace on the likelihood of political peace and the viability of the two-state solution. This analysis aims to explore the probable influence of economic peace on the wider political dynamics and the feasibility of a sustainable resolution.
3. Analyzing the perspectives of the United States and the international community regarding economic peace as an alternative to political peace. This examination delves into the various viewpoints and strategies these actors employ in promoting economic peace initiatives.
4. Exploring the official initiatives and plans pursued by the Israelis concerning economic alternatives to address the conflict. This investigation aims to understand

the policies and actions the occupying power implements concerning economic peace.

5. Investigating the conditioning of humanitarian and economic aid provided by the United States to the Palestinians, dependent upon the acceptance and pursuit of economic peace. This analysis seeks to understand how aid and assistance are influenced by emphasizing economic peace rather than solely focusing on political solutions.

The study aims to comprehensively understand the complexities and implications of economic peace within the Palestinian-Israeli conflict by addressing these key points. The findings will contribute to the existing body of knowledge and provide practical insights for policymakers, scholars, and stakeholders concerned with achieving a lasting and just resolution.

1.4 Research Objectives:

1. Develop an operational definition of economic peace distinct to the Palestinian context and clarify the underlying objectives for introducing this concept to the Palestinian-Israeli conflict and pursuing a political solution.
2. Investigate the role of economic peace as either a facilitator or barrier to political peace within the Palestinian-Israeli conflict and the ongoing political processes directed at resolving it.
3. Differentiate the proposed concept of economic peace by the United States, Israel, and other countries from the original concept, where the proposed concept is based on mutual economic interests among sovereign states. Highlight the distinctions and assert that economic peace cannot serve as a substitute for political peace.

4. Demonstrate that in the absence of a political framework, such as Palestinian statehood, reliance on economic peace may contribute to an extended Israeli occupation of Palestine and promote coexistence and normalization with the occupation.
5. Contribute novel theoretical insights and findings to the existing literature and previous studies on the relationship between economic peace and political peace in the Palestinian context.
6. Analyze the perspectives of the Palestinian Authority and civil society organizations regarding economic peace, considering their intrinsic skepticism towards the United States and Israel's rationales.

The study aims to deepen the understanding of economic peace and its relevance to the Palestinian-Israeli conflict by pursuing these objectives. The research conclusions will contribute to theoretical progress and provide valuable insights into the perceptions, dynamics, and potential consequences of economic peace as an alternative to political peace.

1.5 Research Questions:

The study attempts to answer the following questions:

- How can economic peace be defined in the Palestinian-Israeli conflict?
- How can economic peace help solve the Palestinian - Israeli conflict or reduce this conflict?
- Is the U.S. support for the Palestinians considered a tool for peacemaking?
- Is economic peace considered a substitute for political peace in light of the stalemate in the negotiations track between the Palestinian and Israeli sides?

- What are the repercussions of economic peace on the future of the conflict?
- Under what conditions can economic peace be an avenue for a political settlement between Palestine and Israel?
- Can economic solutions (projects and aid, for example) improve the living conditions of the Palestinians while the Israeli occupation persists?

1.6 Hypothesis:

The This thesis hypothesizes that economic peace, generally believed to contribute to political peace among states, does not hold in the Palestinian context. Despite claims that economic peace is a requirement and pathway to political conformity in the Palestinian-Israeli case, evidence suggests otherwise.

Initially, economic peace in the Palestinian-Israeli context was seen as a basis and incentive for political peace. However, succeeding developments have demonstrated a different reality. Economic peace has emerged as a standalone objective that is disconnected from and even undermines political peace.

This outcome is influenced by the dominant conditions and power dynamics between the occupying power (Israel) and the occupied people (the Palestinians). In addition, the Israeli position is ingrained in a colonial biblical ideology. It interprets the Oslo Accords as the latter does not explicitly endorse an independent Palestinian state as the final stage of the peace process.

Consequently, economic peace has been promoted as an alternative to political peace, marginalizing Palestinian sovereignty and statehood. The United States shares a similar standpoint, offering economic projects and financial aid instead of political recognition

or initiatives leading to a political solution and political peace, despite public statements suggesting otherwise.

While initially supportive, the European position has weakened under pressure from the United States and Israel. As a result, the focus has pivoted away from actively pursuing political peace and institutionalizing the Palestinian state, with the focus becoming primarily centered on scattered economic projects that undervalue the concept of economic peace.

Based on these observations, the thesis hypothesizes that economic peace in the Palestinian-Israeli context is a barrier to political peace and is promoted as an alternative to a political resolution.

1.7 Research Methodology:

The methodology is essential to research as it ensures the organized collection, analysis, and interpretation of data, leading to reliable and valuable academic and political results. Using robust scientific and social research methodology is crucial to achieving successful outcomes. On the other hand, inadequate or incorrect methodology can negatively impact the quality of research projects. Therefore, it is eminent for researchers to clearly describe their methodology when publishing their work. This enables other researchers to assess the research's merit and relevance..²

1. The concept of economic peace in the Palestinian-Israeli region is studied through an analytical-qualitative approach. The research collects two types of data: Secondary Resources: Previous research studies, books, journals, websites, reports, and other

²Kara, Helen (2015). Creative research methods in the social sciences: a practical guide. Gergen, Kenneth J., Gergen, Mary M. Bristol: Policy Press. p. 4. ISBN 978-1-4473-1627-5. OCLC 908273802.

2. relevant sources will be gathered and analyzed to establish a comprehensive literature review.
3. Primary Resources: Primary data will be obtained through various means, including documents, reports, interviews, and surveys. The researcher will interview a selected sample of individuals representing different sectors of Palestinian society, including officials, private sector representatives, civil society members, experts, academics, and direct beneficiaries. These interviews aim to gather various standpoints on economic peace.

The researcher will interview a selected sample of individuals representing different sectors of Palestinian society, including officials, private sector representatives, civil society members, experts, academics, and direct beneficiaries. These interviews aim to gather various standpoints on economic peace.

1.8 Research Tools:

The primary research tools employed in this study include the analysis of relevant literature, interviews with key stakeholders, as well as the examination of political, economic, and civil society representatives' viewpoints. These tools enable a thorough exploration of the topic.

1.9 Potential Research Obstacles:

1. Lack of relevant academic material on the subject: The shortage of academic literature on economic peace in the Palestinian-Israeli context may pose challenges during the literature review phase. To ensure a comprehensive understanding, efforts will be made to gather and analyze the available resources.

2. Verification of data authenticity: Ensuring the accuracy and reliability of collected data can be challenging. Critical evaluation and verification of the authenticity of data will be conducted to maintain the research's integrity.
3. Sensitive political nature: The research's subject matter carries political sensitivity. The researcher acknowledges the potential challenges in navigating political complexities and will exercise caution and objectivity while interpreting and presenting the findings.

1.10 Literature Review:

The economic peace theory articulates that integrated and increased positive economic conditions between two countries can stimulate peace. Thus, the theory suggests that economic interdependence promotes peace and prevents conflicts. Economic interdependence is conducive to peace because economic cooperation between actors can generate national economic interests.³

Perhaps the most conventional explanation for economic peace is that it creates mutual values between two countries, leaving them in a cost-benefit analysis where destroying these economic benefits becomes more costly than engaging in conflict. Liberals argue that economic trade represents a good foundation for building agreements on more sensitive issues such as security and borders. Research conducted by Dorussen highlights that trade can create peace where there are conditions for minimal barriers to trade with few states in the trading system.⁴

³Ilan Bijaoui, *The Economic Reconciliation Process: Middle Eastern Populations in Conflict*, Palgrave Pivot New York. 2014

⁴H Dorussen, Balance of power revisited: A multi-country model of trade and conflict *Journal of Peace Research* 36 (4), 443-462

Realists would argue that the role of economics will be rather limited due to the residing memories of the conflict between two enemies. As a result, trust is less likely to exist between two societies, and little familiarity is likely to be found. Realists would argue that peace is achievable through reconciliation between major political and security obstacles.

The term "economic peace" stems from the theory of liberal politics that relies, to a large extent, on the economic and institutional union that are closely interconnected between states in a consensual manner, as economic interdependence generates pressure for mutual benefit, that subjects states or interconnected entities to consensual solutions, for fear of losing the mutual economic benefit between them, a benefit that leads the two parties to avoid a heavy loss, if one entity harms the other entity.⁵

In this theoretical framework, it should be noted that the institutions sponsoring the economic union play a major role in creating sustainable economic interdependence. These institutions work to strengthen and perpetuate the relations among entities by providing an appropriate environment for holding meetings between politicians, economists, and security specialists of interconnected entities periodically in order to keep the collective enthusiasm present while providing opportunities for all citizens from both parties, to maintain the economic union.

1.11 Potential Limitations:

This study faces limitations concerning the accuracy and sensitivity of economic peace. First, the interpretation of this concept may differ among people, and there are different standpoints on what comprises economic peace. Some define it as a branch of

economics that analyzes the design of political, economic, and cultural institutions and their policies and actions to prevent, mitigate, or resolve violent conflicts within and between societies.⁶ On the other hand, for many people, especially in Palestine under Israeli occupation, economic peace can be perceived as a form of submission or surrender to the other party, potentially contradicting the Palestinian cause.

It is critical to acknowledge that the reality of the situation reveals a significant intertwining of the Palestinian and Israeli economies, denoted by the Palestinian economic dependence on the Israeli side following the Oslo Accord. However, the perceptions encompassing the concept of economic peace within the Israeli occupation challenge a comprehensive understanding and interpretation of the concept. Therefore, these obstacles must be considered when analyzing and evaluating the implications of economic peace in the Palestinian-Israeli conflict.

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⁵ <https://www.cambridge.org/core/services/aop-cambridge-core/content/view/EC0E51A297671553F8A194157A4A6A5F/S0260210515000273a.pdf/div-class-title-in-search-of-karl-polanyi-s-international-relations-theory-div.pdf>

⁶Jurgen Brauer, J. Paul Dunne peace economies : A Macroeconomic Primer for Violence-Afflicted States (USIP Academy Guides) September 1, 2012.155.

Chapter Two

2 Theoretical Framework of Economic Peace

This chapter examines the importance of peace in international relations, with a focus on the Israeli-Palestinian conflict. It delves into various ideas, including interpretations of peace, the relationship between peace and human rights, and the difference between negative and positive peace. Economic peace is also examined, viewing theories on economic interdependence and its impact on conflict. Furthermore, the chapter discusses peacebuilding as a framework for transitioning from conflict to sustainable peace, highlighting the need to address both political and economic factors.

2.1 The Concept of Peace:

In order to understand economic peace, it is crucial first to understand the ideas and concepts that have influenced its development. The chapter will delve into the definition of peace, will focus on defining peace, peace relation to international relations and specifically the Palestinian-Israeli conflict, peace-making processes, economic peace, and the achievement of peace.

Historically, peace was defined as “the absence of war”⁷, particularly after the two world wars. It was also defined as the absence of violence or evil. Moreover, peace has been portrayed as the outcome of civil order and social justice, a state in which the world is free from conflicts and wars, providing security, stability, and promoting development and prosperity for all⁸.

⁷ Gilpin, R. (1975). *U.S. Power and the Multinational Corporation: The Political Economy of Direct Foreign Investment*. New York, NY: Basic Books.

⁸ United Nations Under-Secretary-General for Peacekeeping Operations. 2018. <https://blogs.icrc.org/alinsani/2019/03/06/>

Peace also denotes safety, the preservation of dignity, and the identification of common interests that lead to the establishment of a civilization based on self-respect, respect for others, justice, and enlightenment for all human races and even all living beings.⁹

The period following 1945 marked a notable era in developing the concept of peace. Two prevailing factors shaped this period: the Cold War between East and West and the emergence of nuclear weapons, which threatened global peace.

In the late 1960s, attention shifted from direct violence to indirect or structural violence exemplified through social, political, and economic systems. Alternative standpoints on defining peace emerged, recognizing that war was not the sole cause of violence but that the absence of peace entailed annihilating all elements contributing to peaceful coexistence. Injustice, displayed through discrimination, poverty, and human rights abuses, breeds anger and tension, leading to armed conflict and war. Peace, therefore, denotes a way of living together that allows all members of society to realize their human rights, acting as a critical element for fulfilling these rights.¹⁰

Moreover, peace is not only a product of human rights, but it is increasingly identified as a human right in itself or as part of the emerging solidarity rights. The relationship between international human rights and the right to peace is robust, as the absence of peace often leads to numerous human rights violations. Various international documents, such as the Universal Declaration of Human Rights (UDHR) and the International Covenant on Civil and Political Rights, acknowledge the importance of peace in preserving and fulfilling human rights. The UDHR recognizes, for example, the right to security and freedom,¹¹ prohibits torture, inhuman or degrading treatment or

⁹ <http://www.un-documents.net/a53r243a.htm> UN resolution A/53/243

¹⁰ African Charter on Human and Peoples' Rights | African Legal Information Institute (africanlii.org)

¹¹ Universal Declaration of Human Rights | United Nations (Article 19);

punishment¹², and calls for an international order in which the rights and freedoms set forth in the declaration can be fully realized.¹³ The International Covenant on Civil and Political Rights prohibits propaganda for war as well as "advocacy of national, racial or religious hatred that constitutes incitement to discrimination, hostility or violence".¹⁴

The right to peace is also codified in some regional documents such as the African Charter on Human and Peoples' Rights and the Asian Human Rights Charter. The creation of the Council of Europe was itself based on the conviction that "the pursuit of peace based upon justice and international co-operation is vital for the preservation of human society and civilization".¹⁵

Johan Galtung, a recognized Norwegian scholar and researcher, distinguished between two aspects of peace: negative and positive. Negative peace refers to the absence of war, or violent conflict between states or within states, while positive peace refers to the absence of war or violent conflict coupled with equity, justice and development.

However, the absence of war on its own does not guarantee that people will not endure psychological violence, repression, injustice, or denial of rights. Therefore, peace cannot be solely defined by negative peace.¹⁶

In recent years, considerable attention has been given to peace processes and their role in education and research. There is an increasing recognition that preventing violence is more cost-effective than post-conflict management. The focus on peacebuilding gained momentum with the introduction of the concept of "Post-Conflict Peacebuilding" in the United Nations Agenda for Peace presented by Secretary-General Boutros Ghali. This

¹²Gender-based violence (unfpa.org) (Article 20).

¹³Universal Declaration of Human Rights | United Nations

¹⁴Universal Declaration of Human Rights | United Nations(Article 3)

¹⁵ <https://www.coe.int/en/web/compass/peace-and-violence>

¹⁶www.who.int/violence_injury_prevention/violence/en/.

Peace and Violence - Manual for Human Rights Education with Young people (coe.int).

agenda highlighted four primary areas of action: preventive diplomacy, peacemaking, peacekeeping, and peacebuilding. Additionally, considerable documents such as the 2000 Brahimi Report and "In Larger Freedom: Towards Development, Security and Human Rights" further highlighted the importance of peacebuilding and led to the establishment of the peacebuilding commission.¹⁷

John Lederach, a pioneer in the field of peace studies, has contributed significantly to our understanding of peacebuilding. He stresses that peacebuilding goes beyond post-accord reconstruction and "encompasses a comprehensive concept that induces and supports a wide range of processes, approaches, and stages necessary for transforming conflicts into sustainable and peaceful relationships. According to Lederach, peace is not simply a static condition but a dynamic social construct as a holistic and multi-faceted approach to managing violent conflicts in all their phases.¹⁸

Conflict transformation, as described by Lederach, denotes an ongoing process of change from negative to positive relations, behavior, attitudes, and structures.¹⁹

To achieve sustainable peace, an integrated approach to peacebuilding must consider the complex and multi-dimensional nature of the human experience and rely on broad social participation. "A sustainable, transformative approach suggests that the key lies in the relationship of the involved parties at psychological, spiritual, social, economic, political, and military levels." Building an "infrastructure for peacebuilding" entails

¹⁷6 Progress report of Barbara Frey, UN Special Rapporteur, "Prevention of human rights violations committed with small arms and light weapons", UN Doc. E/CN.4/Sub.2/2004/37, 21 June 2004, para 50

¹⁸Little Book of Conflict Transformation: Clear Articulation Of The Guiding Principles By A Pioneer In The Field (Justice and Peacebuilding) Paperback – January 1, 2003
by John Lederach (Author)

¹⁹John Paul Lederach. The Little Book of Conflict Transformation, p. 35, .
John Paul Lederach "Conflict Transformation" on Beyond Intractability.
<http://www.beyondintractability.org/essay/transformation>

more than merely concluding undesirable situations. It involves nurturing relationships that collectively form new patterns, processes, and structures.²⁰

2.2 Concept of Peace in Palestinian –Israeli Conflict:

It is crucial to identify peace in order to fully understand how it integrates with international relations. Peace can be identified in multiple ways and can vary according to cultures, especially those that suffer from a conflict. For example, Israelis may define peace as a time period where ceasefire is achieved effectively and terror attacks in their cities diminish, while for Palestinians, peace can mean obtaining complete freedom from the occupation²¹. It can, thus, be examined that Israeli's definition of peace is related to the idea of ceasefire while Palestinians, can exceed this and denote concepts of sovereignty and independence. For the sake of this paper, peace will be defined according to an article written by Dana Golde in 2019, titled: *The Israeli-Palestinian Impasse and Theories of Peace in International Relations* where she defines peace as “the successful implementation of agreeable conditions for preventing conflict between nations”.²²

Immanuel Kant and Thomas Hobbes' ideas in the context of the Israeli-Palestinian conflict provide valuable insights into the concept of peace and its attainability.

Kant believed in the possibility of attaining perpetual peace among nations, emphasizing the establishment of just and democratic institutions, the recognition of

²⁰John Paul Lederach, *Building Peace: Sustainable Reconciliation in Divided Societies* (Washington, D.C.: U.S. Institute of Peace Press, 1997), 20.

²¹ Podedh, E. (2014). Israel and the Arab Peace initiative, 2002–2014: A plausible missed opportunity. *The Middle East Journal*, 68(4), 584-603.

²² Gold, D. (2019). *The Israeli-Palestinian Impasse and Theories of Peace in International Relations*. E-International Relations ISSN, 2053-8626.

rights and sovereignty, and adherence to international law. In the Israeli-Palestinian context, Kant's ideas suggest that peace can be achieved through these means.

Hobbes, on the other hand, presented a more negative view of peace, arguing that human nature is self-centered and competitive, requiring a social contract or governing authority to maintain order and security. In the Israeli-Palestinian context, Hobbes' ideas highlight the need for effective governance and enforcement mechanisms.

Comparing Kant and Hobbes in the Israeli-Palestinian context reveals different perspectives on the nature of peace and its achievement. Kant emphasizes democratic institutions and international cooperation, while Hobbes emphasizes structured frameworks and enforcement mechanisms. Both perspectives offer valuable insights into the Israeli-Palestinian conflict and the challenges of pursuing peace. A subtle approach incorporating elements from both scholars may be crucial in establishing sustainable peace in the region.

Comparing Kant and Hobbes within the Israeli-Palestinian context reveals their differing perspectives on the nature of peace and the methods of achieving it. Kant's emphasis on democratic institutions, international cooperation, and the recognition of human rights aligns with the pursuit of a fair and enduring peace in the region. Conversely, Hobbes' emphasis on establishing a strong central authority or peace agreement highlights the importance of effective governance and enforcement mechanisms to ensure peace and security.²³

International Relations theories offer valuable insights into the possibility of achieving a form of peace between Israelis and Palestinians, despite the ongoing uncertainty surrounding the specific approaches needed to realize it. Exploring this discourse

²³ Hobbes, Thomas. *The Leviathan*. Oxford: Clarendon Press, 1651

discloses a range of courses and mechanisms through which peace can potentially emerge. Some scholars argue that economic peace assumes a significant role in promoting peaceful relations between states.

2.3 The Concept of Economic Peace:

Economic peace encompasses both an internal and interstate dimension. Internally, it examines the design of societies' political, economic, and cultural institutions as well as their interacting policies and actions to prevent, mitigate or resolve violent conflicts within and between societies. Scholars argue that economic peace, in conjunction with peace agreements, well-designed economic policies, and effective aid, plays a vital role in mitigating economic damage and reducing the likelihood of relapse into violence. During active combat and even long after, war and other violent conflicts have substantial passive effects on economics.

The concept of economic peace has a long history, dating back at least three centuries. Influential philosophers, such as Immanuel Kant, considered economic peace as one of the three legs on which world peace rests²⁴. The theory of economic peace, also referred to as "capitalist peace" or "commercial peace," suggests that market societies are less inclined to engage in violent conflicts with each other. This is attributed to their mutually beneficial and interdependent relationship, wherein the losses incurred from war and violent confrontations may outweigh any potential gains. Supporters of economic liberalism argue that higher levels of prosperity increase the costs of war, consequently reducing the willingness to engage in it²⁵.

²⁴ Kant, I. (1992-) The Cambridge Edition of the Works of Immanuel Kant. (P.Guyer and A. Woods, Eds.) Cambridge: Cambridge University Press.

²⁵; Kant, Immanuel, *Toward Perpetual Peace and Other Writings on Politics, Peace, and History*, ed. by Pauline Kleingeld and trans. by David Colclasure (New Haven, CT: Yale University Press, 2008).

However, empirical research has not provided conclusive evidence regarding the hypothesis that "prosperity prevents war." Studies examining the relationship between economic interdependence and the likelihood of war have produced varied and sometimes contradictory results. Consequently, the belief that rewards from war and confrontation outweigh the losses exceeds the principle of economic interdependence²⁶. Economic peace theory suggests that integrated and favorable economic conditions between two countries can further peace. It suggests that economic interdependence promotes peace and prevents conflicts. Moreover, economic cooperation between private actors generates national economic interests, making economic interdependence conducive to peace.²⁷

A conventional explanation for economic peace is that it creates mutual values between two countries. This leaves them in a cost-benefit analysis, where the destruction of economic benefits becomes costlier than engaging in conflict.

Liberals argue that economic trade represents a good foundation for building agreements on more sensitive issues such as security and borders. Research conducted by Dorussen highlights that trade can create peace where there are conditions for minimal barriers to trade with few states in the trading system.²⁸

Realists would argue that the role of economics will be rather limited due to the residing memories of the conflict between two enemies. As a result, trust is less likely to exist between two societies, and little familiarity is expected to be found. Realists would

²⁶ Copeland, D. C. (1996). *Economic interdependence and war*. Princeton University Press.

²⁷ Han Dorussen Trade Networks and the Kantian Peace January 2010 *Journal of Peace Research* 47(1):29-42 DOI:10.1177/0022343309350011

²⁸ Hegre, Håvard (2002) Trade Decreases Conflict More in Multi-Actor Systems: A Comment on Dorussen, *Journal of Peace Research* 39(1): 109–114.

argue that peace is achievable through reconciliation between major political and security obstacles.²⁹

These recollections create a sense of mistrust and animosity, making it difficult to establish a foundation of economic cooperation. Even if economic interdependence is pursued, the underlying resentments and historical tensions between the parties involved can impede the establishment of trust and cooperation.

The realist view focuses on major political and security impediments that shape international relations. While economic factors may play a secondary role, they are considered less compelling than the broader political dynamics. Realists emphasize the importance of power, national interests, and the pursuit of security in shaping states' behavior.

In the Israeli-Palestinian conflict, the leading causes are deeply embedded and encircle issues such as territorial disputes, self-determination, sovereignty, and the status of Jerusalem. These are intrinsically political and require political solutions. Economic cooperation, while beneficial in its own right, cannot address these core grievances and aspirations.

The researcher's perspective aligns with the view that economic peace alone cannot replace the need for an exhaustive political resolution. It recognizes that achieving lasting peace requires addressing the political dimensions of the conflict.

Economic initiatives and development projects can undoubtedly contribute to confidence-building measures and improve living conditions for Palestinians and Israelis. However, they should be seen as complementary to, rather than a substitute for, political negotiations and a comprehensive peace agreement.

²⁹https://icsr.info/wp-content/uploads/2018/12/KPMED-Paper_Economic-Peace-and-the-Israeli-

Although it is possible to point to a long line of classical liberal thinkers in the last three centuries who argued that economic interdependence and growth could positively affect political relations between states, it is only in the previous thirty years that research has attempted to test the claim and support it with firm theoretical and empirical underpinnings. Most of the research on the topic focuses on the issue of the alternative costs involved in the conflict, or in simpler words: what states and their citizens are liable to lose by taking violent steps. Proponents of commercial liberalism assume that economic cooperation between two states increases their absolute economic welfare and therefore raises the alternative costs involved in political confrontations. The deeper the economic cooperation, the more the economic welfare of both sides grows, thus dampening their enthusiasm for taking steps that are liable to interfere with regular economic activity.³⁰

2.4 Concept of Peace Building:

The peace building process seeks to develop constructive personal, collective, and political relations across religious, class, national and ethnic boundaries. It also aims to resolve conflicts in non-violent ways.

Peacebuilding can include conflict prevention; conflict resolution; transformation and reconciliation after conflict and its non-violent treatment, and measures designed to strengthen peaceful relations and consolidate political, socio-economic, and cultural

Palestinian-Conflict.pdf

³⁰ Mansfield, E. D., & Pollins, B. M. (2003). The study of interdependence and conflict: Recent advances, open questions, and directions for future research. In E. D. Mansfield & B. M. Pollins (Eds.), *Economic Interdependence and International Conflict: New Perspectives on an Enduring Debate* (pp. 3-22). University of Michigan Press.

institutions capable of dealing with conflicts and creating other mechanisms that create or support the necessary conditions for sustainable peace.³¹

Peacebuilding acts as a vital framework for comprehending the process of transitioning societies from conflict to sustainable peace. It encompasses a wide array of activities, policies, and interventions aimed at identifying and resolving the fundamental causes of conflicts, facilitating reconciliation, and establishing the necessary conditions for long-term peace and stability.

Peacebuilding, within the context of the Israeli-Palestinian conflict, assumes particular significance due to its deep-rooted nature and the intricate interplay of political, historical, and socio-economic factors. While economic peace can contribute to mitigating tensions and enhancing living standards, it is crucial to acknowledge that it cannot substitute political peace. Instead, economic peace can foster an environment conducive to peace by promoting interdependence, cultivating shared interests, and creating economic opportunities for both parties. However, achieving sustainable peace necessitates addressing the underlying political concerns and grievances.

Peacebuilding deals with the underlying causes of people fighting among themselves. It supports societies in managing their differences and conflicts without resorting to violence that can surface before, during, and after. Peacebuilding is a long-term, collaborative process involving changes in attitudes, behaviors, norms, and institutions.

We believe that peace is more than the absence of violence. While the period after the fighting has stopped and a return to everyday life is welcome, stability often obscures that grievances or other causes of conflict have not been addressed and may resurface.

³¹ <https://kroc.nd.edu/about-us/what-is-peace-studies/what-is-strategic-peacebuilding/>

Peacebuilding organizations such as International Alert ultimately seek to promote what is described as “positive peace.” To understand peacebuilding, we need to appreciate the factors that contribute to peace where everyone lives safely, without fear or threat of violence, and no form of violence is permitted by law or practice.

Everyone can partake in formulating political decisions, and the government is accountable to the people. In addition, everyone has fair and equal access to the basic needs that ensure their well-being –food, clean water, shelter, education, health care, and an adequate living environment.

There are many varied approaches to peacebuilding, but ultimately, they all work to ensure that people are safe from harm, have access to law and justice, are included in the political decisions that affect them, and have better economic opportunities.

2.5 Palestine and the Economic Liberalization Doctrine:

One critique directed at the theories of economic liberalism is their tendency to oversimplify human behavior by reducing individuals to mere rational economic beings. They ignore the broader spectrum of human experiences and motivations that extend beyond economic calculations. It fails to account for the thirst for personal and collective freedom, the desire to repair perceived injustices and humiliations, and the aspiration for self-realization without external constraints. These non-economic factors often hold considerable importance, particularly in complex situations like the Palestinian case.

Furthermore, even when considering the theory of "economic peace" on its own terms, its relevancy to the Palestinian context is questionable. The Palestinian struggle involves unique dynamics, including statelessness, occupation, and the pursuit of statehood.

Moreover, focusing solely on economic considerations disregards the underlying political and territorial complexities that are at the core of the conflict. Therefore, a comprehensive approach that addresses both economic and political dimensions is necessary to understand and address the Palestinian-Israeli situation effectively.

The theories of economic peace primarily draw upon examples of relationships between independent states and people that have already achieved their national aspirations. These theories often differ in certain details. However, it is important to note that the context of Palestine differs immensely from the European examples upon which much of the research, analysis, and theoretical development of economic peace have been based.

Palestine is not situated in Europe, where extensive research has been conducted and economic peace general concepts have been formulated.

In 2000, on the eve of the outbreak of the second intifada, the rise in the gross domestic product in the West Bank and Gaza reached 9%, and in Israel, it reached 7%, the two highest rates in recent decades, which contradicts the foundations of the theory of “economic peace.”³²

The conclusion is clear: economic growth did not prevent confrontation, as it does not impress the Palestinian people and ease the ferment of their struggle against injustice and humiliation, nor does it deter the Israeli machine of oppression from practicing its usual brutality.

A logical analysis suggests that as to the fact that politics prevails over the economy when there are pressing and critical political issues. No matter how advanced the economy may be, it cannot resolve these challenges on its own. However, there has

³² <https://www.adl.org/resources/glossary-terms/the-second-intifada-2000>

been instances where individuals have embraced optimistic yet illusory standpoints. An example of this is the view promoted by former Palestinian Prime Minister Salam Fayyad. This approach was popularized by the American journalist Thomas Friedman under the name “Fayadzim”³³. This approach calls for attracting investments, economic development, institution-building and strengthening monitoring and accountability system, as the foundations for the establishment of an independent Palestinian state.

Israel’s view to develop the concept of economic peace is often aligned with its colonial project. Israel is concerned that the national political aspirations of the Palestinians to establish an independent state will prevail in the hotspots over any economic consideration. Within Israel, some advocates believe that substantial economic growth can provide Palestinians with a taste of "prosperity," leading them to believe they can achieve even more significant economic gains if liberated from occupation.

The “economic peace” project is presented as an alternative to a political solution, not as a prelude to it. Israel fears that the Palestinian ambition to end the occupation and establish a state will remain an obstacle to the success of this project. So, what is the solution? From the Israeli perspective, the solution is despair, and since the Palestinians will not give up the desire for independence, at least it is possible to sow despair in their souls and convince them of the statement that political salvation is impossible, and they must have economic salvation. In terms of economic projects in kind, Israel stubbornly rejects any project consistent with the establishment of an independent state, such as the highway between Gaza and the West Bank, changing the unjust customs system, establishing a port and airport, dismantling barriers, lifting restrictions on freedom of movement, and others. Instead, it insists on projects to consolidate the status quo.

³³<https://shoah.org.uk/thomas-friedman-mourns-demise-of-fayyadism>

Foreign investors see all this and come to a logical conclusion: the "economic peace" projects are designed to preserve the status quo, which may explode at any moment so that their investments go to waste. Accordingly, and paradoxically, discussing economic peace deters and does not encourage economic investment.

History can be referred to show the political success that comes with mutual economic development. For example, Japan and South Korea were able to build peace through Japan's economic investment in South Korea. Likewise, Israel and Palestine can reach that stage by adopting similar strategies, provided Israel agrees to that, which is not likely to happen.

2.6 The Political Economy of Peace-Building in Palestine:

Johan Galtung was the first to coin the term peacebuilding in 1975 during his work on developing approaches to peacemaking, which led him to define peacekeeping, peacemaking, and peacebuilding³⁴. Since then, the term has been subjected to different uses by Western institutions and governments in different contexts, and to the extent that Galtung and other peace scholars have disagreed with it. It has been further criticized for becoming a model of a neoliberal framework for development and has lost its applicability in the context of war crises in other countries. Moreover, its current use is problematic as it shifts the focus of the country's humanitarian needs and ignores global economic inequality.

When peace-building was first practiced, it was aimed at bringing peace between Israel and Palestine; however, it did not address the main issues causing the conflict. Moreover, international intermediaries, such as the World Bank, IMF, and USAID,

believe that economic growth in the private sector can assist in solving humanitarian crises, as has been proven in their missions in Latin America, Africa, etc. Thus, peace-building strategies were formulated by econometricians in World Bank and USAID boardrooms and have failed to address the actual issue.

At first, an independent capitalist Palestinian economy seemed realistic, especially with the rise of the Palestinian bourgeoisie globally in Jordan and the Gulf states that were prepared to invest back in Palestine. This idea was further emphasized by Salam Fayyad, former PA Prime Minister, whose government and administration focused on investment, private sector growth, and international aid.³⁵

While investments were coming, donors were still aware of the limitation imposed on the Palestinian economy due to the Israeli occupation. As a result, they questioned the capacity of the PA to build a practical framework that could increase employment and regulate the growth of the private sector.

2.7 Economic Peace in Northern Ireland:

The choice to examine the case of Northern Ireland in relation to economic peace is driven by the relevance of its conflict resolution and peacebuilding efforts. Although the Israeli-Palestinian conflict differs from the Northern Ireland conflict, there are shared characteristics and elements that make the Northern Ireland example valuable.

Both conflicts encompass political, historical, and socio-economic intricacies, along with aspirations for self-determination and national identity. In both cases, violence and a lack of trust have hindered the path to peace. The experiences and insights gained from the peace process in Northern Ireland can offer valuable lessons and serve as a

³⁴ Land of Blue Helmets The United Nations and the Arab World Edited by: Karim Makdisi and Vijay Prashad <https://doi.org/10.1525/9780520961982>

source of inspiration for addressing other conflicts, including the Israeli-Palestinian conflict.

Nevertheless, it is paramount to acknowledge that each conflict possesses its distinct dynamics and intricacies. Solutions that proved effective in one context may not directly apply to another.

In Northern Ireland, the peace process witnessed the foundation and dissolution of many bodies and institutions, and many structures have changed at their core³⁶. Beyond violence, Mari Fitzduff analyzes the changes that were necessary to transform the conflict in Northern Ireland. Over thirty years, it changed from a bloody, intractable conflict to a contained, hopeful one. Ultimately, she argues that no one approach single-handedly transformed the conflict. Instead, she uses the metaphor of a jigsaw puzzle. She wrote, "[resolving a conflict] is a complex and interlocking process. In many ways, the task is like working on a jigsaw, where the successful putting together of just a few pieces may well leave the picture as a whole still in fracture and uncertain." In the rest of the book, Fitzduff explains that "pieces of peace" that were necessary to transform the conflict in Northern Ireland.³⁷

Two funds supported economic peace in Northern Ireland. The International Fund for Ireland (IFI) started its activities in 1986, before the 1994 ceasefire. The IFI aimed to encourage and assist social and economic advancement in Northern Ireland and to encourage contact between the Economic Reconciliation Process and reconciliation between the unionists and nationalists throughout Ireland. Three initiatives were launched to achieve these objectives: community capacity building, regeneration of

³⁵<https://isreview.org/issue/109/how-neoliberalism-undermined-palestinian-liberation/>

³⁶ Goldie, R. and Murphy, J Embedding the Peace Process: The Role of Leadership, Change and Government in Implementing Reforms in Policing and Local Governments in Northern Ireland. (2010).

deprived areas, and economic development through encouraging investment image, medium and small private enterprises.

The principal focus of these policies was on reducing the economic deprivation faced by both sides through economic cooperation that benefited both parties. In addition, the belief was that it would lead to cross-community dialogue and reconciliation in matters initially related to economic development and later also to sociopolitical issues.

Between 1986 and September 2004, about 5,236 funded projects created the potential for 55,000 jobs. Over 800 organizations have been assisted in promoting social and economic development, involving more than 9,000 community leaders.³⁸

In 2006, the perceived success of the IFI led to it announcing a new five-year strategy, entitled *Sharing this Space*, with the aim of moving away from its traditional role of assisting economic development in favor of policies focusing on reconciliation between the communities. The second fund, the European Union 's Peace and Reconciliation Fund (EUPRF), was established after the 1994 ceasefire that was agreed to by the Provisional Irish Republican Army.³⁹ The funding was directed at Northern Ireland and the six counties in the Republic of Ireland that share its borders.

The EUPRF focused on economic development initiatives involving cross-community and cross-border cooperation between local communities, based on the belief that the increased contact would have positive spill-over effects into the political and cultural arenas. In 2001, phase II came into effect, which imposed new legal requirements on the relations of dialogue and cooperation between the sides, which had already been

³⁷Fitzduff, Mari. *Beyond Violence: Conflict Resolution Process in Northern Ireland*. Tokyo: United Nations University Press, 2002.

³⁸ Department of Foreign Affairs (2006b). *Irish Aid: Annual Report 2006* (Dublin: DFA).

³⁹ https://www.eeas.europa.eu/palestine/european-union-and-palestine_en?s=206#7604

mainstreamed by most institutions based on the aforementioned Economic Peace (EP) policies.⁴⁰

There has been an attempt to adopt a similar strategy for the Palestinian-Israeli conflict as the one used for Northern Ireland. This can be observed through the decades of work institutions have done to encourage cooperation and work between the two countries. However, it is important to note that past cases show that this needs consistent and coordinated effort, which is difficult to observe in the context of the Palestinian-Israeli conflict.⁴¹

While the “economic peace” came after a political peace in Northern Ireland, the United States, and behind it, the international community, wanted to use the economic factor in the Palestinian issue as a “carrot” that could bring the Palestinian side to the negotiating table. The goal was and still is to entice the Palestinians to submit to a political agreement that is acceptable to, and perhaps designed by Israel and the U.S, such as the Trump Ultimate Deal which was authored in close cooperation with Israel.

⁴⁰ Fitzduff, M. (2002). *Beyond Violence: Conflict Resolution Process in Northern Ireland* (Tokyo: United Nations University Press).

⁴¹ <https://www.usip.org/events/northern-irelands-lessons-israeli-palestinian-peace>

Chapter Three

3 Palestinian-Israeli Conflict

3.1 Roots of the Palestinian-Israeli Conflict

The Israeli-Palestinian conflict dates back to the end of the nineteenth century when the Zionist movement held its first congress in 1897. In this congress and subsequent Zionist congresses, the Zionists schemed to establish a Jewish state in Palestine. The British government issued 1917 the Balfour Declaration, which promised the Jews a homeland in Palestine. Jewish immigration to Palestine began to flow ever since, and a conflict between the Zionists and the Palestinians ensued as a result of that.⁴²

After the First World War, the Western colonial powers decided to divide the spoils of their victory. In this war, Britain imposed its mandate on Palestine in 1922 just to make sure that the Balfour Declaration was implemented. In 1947, the United Nations adopted Resolution 181, known as the Partition Plan, which divided Mandate Palestine into two states Arab and Jewish. The plan gave the Jews 56% of the country, while it gave the Arab majority 46% of the land.⁴³

On May 14, 1948, the Zionists declared the creation of the state of Israel, sparking the first Arab-Israeli War.⁴⁴ The war ended in 1949 with Israel occupying more Arab land, leaving to the Palestinians only 22% of mandate Palestine (the West Bank and Gaza). Moreover 950,000 Palestinians, more than half of the entire

⁴²Kilani, A. W. (1990). History of Modern Palestine

⁴³Rashid Khalidi, *The Hundred Year War on Palestine – A History of Settler Colonialism and Resistance, 1917-2017*. Metropolitan Books, Henry Holt and Company, New York, 2020.

⁴⁴Edward W. Said, *The Question of Palestine*, Apr 07, 1992 | ISBN 9780679739883

population, were displaced, and Palestine was divided into three parts: The State of Israel, the West Bank (of the Jordan River), and the Gaza Strip.⁴⁵

Over the following years, tensions arose in the region, particularly between Israel and Egypt. In 1956, Egyptian President, Gamal Abdel Nasser, nationalized the Suez Canal, a vital trade water route connecting the Red Sea and the Mediterranean Sea. Israel invaded Egypt, followed by forces from Britain and France. A cease-fire, backed by the United States and the former Soviet Union, arranged for a ceasefire. But the Canal was blocked by sunken ships and did not reopen until 1957.

In June 1967, following a series of maneuvers by Egyptian President Gamal Abdel Nasser, Israel preemptively attacked Egyptian and Syrian air forces, starting the Six-Day War. After the war, Israel occupied the Sinai Peninsula and the Gaza Strip from Egypt, the West Bank and East Jerusalem from Jordan, and the Golan Heights from Syria. Six years later, in what is referred to as the October War or the Yom Kippur War, Egypt, and Syria launched a surprise two-front attack on Israel to regain their lost territory. The conflict did not result in significant gains for Egypt, Israel, or Syria, but Egyptian President Anwar al-Sadat declared the war a victory for Egypt, as it allowed Egypt and Syria to negotiate disengagement agreements with Israel through U.S. mediation, which resulted in partial Israeli withdrawal from Egyptian and Syrian occupied territories.

Finally, in 1979, following a series of cease-fires and peace negotiations, representatives from Egypt and Israel signed the Camp David Accords, a peace treaty sponsored by the U.S., that ended the thirty-year conflict between Egypt and Israel, by which Egypt regained the Sinai peninsula. Even though the Camp David

⁴⁵Rashid Khalidi, *The Hundred Year War on Palestine – A History of Settler Colonialism and Resistance*,

Accords improved relations between Israel and its neighbors, the question of Palestinian self-determination and independence remained unresolved.⁴⁶

In 1987, hundreds of thousands of Palestinians living in the West Bank and Gaza Strip rose up against the Israeli government in what is known as the first intifada. Together with the Gulf War in 1991, the Palestinian uprising (intifada) of 1987 forced the U.S. and the international community to convene the Madrid peace conference in 1991.⁴⁷ The convening of the conference was perceived as a sign of hope to end the suffering of the Palestinian people. The Madrid peace process was launched with various negotiating tracks between Israel and the Arab parties in the conflict, including a Palestinian – Israeli track. The Madrid peace process did not lead to any agreement.⁴⁸

The Oslo Accord of 1993, an interim agreement for Palestinian self-rule, was signed after the failure of the Madrid process. The differences between the requirements for achieving peace from the Palestinian point of view compared to the Israeli one remained deep throughout the period of the negotiations process, especially on the issues of Jerusalem and the Palestinian refugees, and the two parties failed to reach a comprehensive peaceful resolution to end the conflict.

The 1993 Oslo I Accord set up a framework for the Palestinians to govern themselves in the West Bank and Gaza and allowed for the establishment of the Palestinian Authority. In 1995, the Oslo Accords II expanded on the first agreement, adding provisions that mandated the complete withdrawal of Israel from

2017. Metropolitan Books, Henry Holt and Company, New York, 2020.

⁴⁶<https://www.britannica.com/event/Camp-David-Accords>.

⁴⁷ <https://www.history.com/this-day-in-history/intifada-begins-on-gaza-strip>

⁴⁸The Oslo Accords and the Arab-Israeli Peace Process. U.S. Department of State. (n.d.). <https://history.state.gov/milestones/1993-2000/oslo>

6 cities and 450 towns in the West Bank. The 5-year period designated for Oslo to solve the permanent status issues of Jerusalem, borders, security, settlement, and others, and to end the conflict, ended without achieving this goal.⁴⁹

Then the intifada of the 2000 was sparked in part by Palestinian grievances over Israel's control over the West Bank, the stagnating of the peace process, and former Israeli Prime Minister Ariel Sharon's visit to the al-Aqsa mosque—the third holiest site in Islam in September 2000. In the year 2002, Israel reoccupied the West Bank. On several occasions, the United States attempted to revive the peace process between the Israeli government and the Palestinian Authority, but all of these attempts failed in 2007.

In 2007, Hamas staged a military takeover (coup) of Gaza and expelled the Palestinian Authority from there, and established its own regime, as such undermining the geographic, demographic, national, and political integrity of the Palestinian order. The separation between Gaza and the West Bank added to the complexity of the Palestinian political situation. Ever since the Hamas takeover of Gaza, and especially since Netanyahu became prime minister in 2008, no political negotiations have taken place between Israel and the PLO. The exception was a period of 10 months of proximity talks between the two sides under American patronage which yielded no results. Ever since, the political horizon was closed, with Israel's declared position of rejecting the two-state solution.

This political development by the Israeli side has rendered the concept of economic peace a severe blow since any Palestinian engagement in any economic initiative,

⁴⁹Mahmūd 'Abbas Through Secret Channels: The Road to Oslo: Senior PLO Leader Abu Mazen's Revealing Story of the Negotiations with Israel Paperback – January 1, 1997

plan, or project, would be construed as a Palestinian acquiescence of economic peace as an alternative to political peace.

3.2 Palestinian – Israeli Economic Peace:

In fact, the concept of "economic peace" dates back to the notion that was first introduced by Shimon Peres in his book: "The New Middle East," which was published in English in Britain in 1993 and involved a vision of a political settlement to the Arab-Israeli conflict through the development of economic cooperation between the countries of the region.⁵⁰

The framework of constructing a new regional system by exploiting the oil, water, and human resources available in the Arab World with the advanced technology that Israel possesses could guarantee stability and development, paving the way for opening borders and the free movement of people and goods. Also, this guarantees the solution to complex problems associated with this conflict, such as the problem of the Palestinian refugees.⁵¹ Peres proposes to be resolved this by settling them in the countries that hosted them and granting them the nationalities of these countries, with Israel's willingness to contribute to financing projects aimed at improving their living conditions. After the "Oslo Accords" were reached, and the illusion of the upcoming "peace" emerged, he promoted the concept of "economic peace" at the World Economic Forum for Development in the Middle East and North Africa, which was held in Casablanca in late October 1994.

⁵⁰Yaris, Shimon, *The New Middle East*, translated and edited by Muhammad Helmy Abdel Hafez, Amman, Al-Ahlia for Publishing and Distribution, 2018.

Peres, Shimon, *The New Middle East*, Dorset, Element Books, 1993

⁵¹ Hellas, Raed Muhammad, "Economic Peace and the Deal of the Century According to the Israeli Security Theory," Ramallah, Research Center, Political Studies Reports,

Palestinian-Israeli economic peace refers to efforts to promote joint economic projects between Israelis and Palestinians, as a pathway to reach peace between the two groups. It is based partially ⁵² on official efforts and projects by the governments of Israel and the Palestinian Authority and partially based on private efforts by individual companies and business people who seek to promote various ventures which promote economic unity and collaboration between the two sides. Although the concept of "economic peace" was launched with this name after Prime Minister Netanyahu came to power in Israel in 2008, behind it lies inconsistent actions to achieve a different goal, mainly as a motivation to not resist the occupation. As the means varied from one era to another, the dealings of the Palestinian people, their leadership, and their capital with such initiatives ranged between silent benefit from them without necessarily encouraging them (out of powerlessness...), or openly rejecting them as offering an alternative to a political solution, and resisting the transformation of such initiatives are tools used for propaganda purposes or external visions that are not suitable for the Palestinian situation.

Perhaps the policy of the Israeli Minister of Defense was the first experience with economic peace in the seventies, when he applied the policy of "open bridges" to allow the flow of Palestinian labor to the Arab markets in an attempt to convince the commercial, economic poles (and the relatively large agricultural sector at the time) that despite the new occupation rule, there is no barrier for it to engage in economic and commercial activity.

In 1986, the US Secretary of State came to launch the concept of "improving the quality of life" for the Palestinians to pave the way for political efforts to reach a solution to the Palestinian-Israeli conflict. However, the first intifada quickly exploded to refute the idea that the economic precedes the political until field matters reached a force of pressure on the occupation that forced Prime Minister Rabin, elected in 1992, to announce a package of facilities for industry, trade, investment and banking in the occupied territories.

With the launch of the Middle East peace process in 1991, and within the framework of the Madrid Conference, the concept of economic peace rose to a belief on which the entire political process was based, stating that building confidence through regional economic cooperation between the Arab parties and the PLO on the one hand, and Israel and its European and American supporters on the other hand, it will frame and direct the historic peace efforts. This stage witnessed the entry of the most prominent international institutions into the circle of peace, as a matter of analyzing the economic obstacles to regional cooperation and the Israeli-Palestinian economic relationship. Harvard University, the World Bank and others gave their evidence in studies issued in 1993 during the announcement of the Oslo Accords (and the "Paris Economic" attached to them), and perhaps in anticipation and preparation for these agreements.⁵³

This is how the "Paris Economic Protocol" came in spirit as the most advanced version of agreed arrangements for economic peace, through a number of facilities, delegation of governmental powers and financing interventions to support the peace process and the nascent Palestinian Authority during the transitional period (1994-1999), and to provide an integrated deal of Confidence-building measures, improving the quality of

⁵³ <https://www.cfr.org/global-conflict-tracker/conflict/israeli-palestinian-conflict>.

life for Palestinians, and economic cooperation with the occupation. The Paris Formula lasted until the outbreak of the second intifada in 2000, which reaffirmed that, in the end, when the economy becomes a substitute for the political, financial spending and economic exertion become in the wind before the will of the people, and it cannot be bought or engineered colonially.⁵⁴

With the beginning of the last decade of the peace process, and before its major decline, Benjamin Netanyahu renewed the concept in the context of resuming political negotiations with the "post-Arafat" Palestinian leadership and supporting everything that contributes to rebuilding the authority in the West Bank. On the other hand, the occupation is tightening its grip on the Gaza Strip, which is ruled by Hamas. Many of the Israeli economic and commercial "facilitations" came through explicit positions that improving the Palestinian economic conditions and developing its moderate economic policies would strengthen the chances of reaching a political agreement, and met with an official Palestinian refusal to enter into projects of economic cooperation or negotiation with Israel before achieving tangible political progress. Leads to the establishment of a Palestinian state in the territories occupied in 1967.⁵⁵

The Palestinian-Israeli conflict is no exception to this rule, to the extent that the political and historical dimensions drive the conflict. However, since the outbreak of the conflict, the economy has been one of the most prominent pillars on which this conflict is based. Even when the Oslo Accord was signed, in an attempt by both parties to end the conflict or to manage it, the economy was strongly present, forming the other dimension that is

⁵⁴ <https://www.washingtoninstitute.org/policy-analysis/palestinian-politics-and-peace-process>

⁵⁵ <https://fanack.com/wp-content/uploads/Oslo-Accords-and-Paris-Protocol-Konrad-Adenauer-Stiftung.pdf>.

no less important than the political dimensions which can bring the two sides together and does not accept separation.

The Oslo Accord indeed granted the Palestinian National Authority full civil powers in the areas classified as (A) and (B), and the management of economic resources in those areas in line with the Palestinian goals and priorities.⁵⁶

There was, however, a significant measure of lack of national sovereignty, by depriving the PA of control over crossings and borders, and restricting it in the exploitation of its natural resources, even on lands directly under its administration (especially water), as well as the most severe restriction in areas classified (C). Moreover, these restrictions came within the “Paris Economic Protocol framework,” which was imposed by Israel (and approved by the Palestinians) to regulate the economic relations between the two parties in the commercial and financial fields.

It was clear that the Paris protocol would constrain the Palestinian economy and deprive the Palestinian Authority of the possibility of controlling its financial resources, as it linked the Palestinian economy with the Israeli economy under one customs envelope. It prevented it from controlling the value-added tax rate and customs duties, which are important components of fiscal policy. In addition, the protocol kept the function of collecting customs and value added taxes on Palestinian trade in the hands of Israel, which subjected its transfer to the PA’s treasury for arbitrary security and political considerations. In short, the protocol kept most of the keys to the Palestinian economy in the hands of Israel, and made it subject to its blackmail.⁵⁷

⁵⁶<https://www.hurriyetdailynews.com/opinion/guven-sak/the-paris-protocol-is-bad-economics-for-palestine-30171>

⁵⁷ <https://www.prc.ps> Economic peace and Deal of the Century.

Today, after almost three decades of the agreement, the conflict is still raging, and the region has not witnessed the desired peace. The National Authority has not achieved the economic revival that it promised. Still, the economic situation has worsened, and peace has remained a slogan behind which successive Israeli governments hide behind to implement their policies of occupation on the ground by force, creating a *fait accompli*. During this period, the two sides engaged in direct negotiations under US auspices, hoping to reach a final agreement. But the intransigence of the Israeli side, its insistence on extorting concessions from the Palestinians, and its handling of negotiations with the logic of the occupying power having the upper hand, has always been the obstacle to reaching any real understanding, and thus the negotiations failed, and the conflict continued in multiple forms.

Economic peace is one of the proposed solutions for settling and ending the Arab-Israeli conflict. It is based on building trade and economic relations between the Arab countries and Israel, in addition to building commercial and economic relations between Israel and the West Bank and the Gaza Strip, for economic prosperity which would be an entry point for a future political settlement between the Israeli and Palestinian sides based on security. Israeli economic peace aims to replace the political solution to settle and end the Palestinian-Israeli conflict based on Palestinian land in exchange for peace. Hence, the solution becomes Israeli security in exchange for economic prosperity.

The idea of economic peace is an Israeli idea that was proposed by Shimon Peres, the most prominent leader of the Labor Party in Israel, who put forward this idea in his book "The New Middle East" 1993, in which he presented Israel's vision for economic peace that is based on controlling the Middle East, and his belief that Israel possesses

the economic potential which qualifies it which present itself to be an economic partner in the region.⁵⁸

Israeli Prime Minister Benjamin Netanyahu presented ideas for economic peace with a different perspective from what Peres proposed, based on the recognition of the Jewishness of the state in exchange for economic facilities for the Palestinians without the establishment of a Palestinian state, and the maintenance of the status quo, with the Israeli government seeking an economic peace and openness with some Arab countries in exchange for economic cooperation and prosperity.⁵⁹

For Israel and the United States, the option of an economic solution is considered a strategic choice due to the low cost of the economic solution compared to the political solution, especially since the financing of most of the economic initiatives and projects that were proposed to settle the conflict (Kerry Economic Plan 2013),⁶⁰ and the American Economic Plan: Peace to Economic Prosperity 2019 the Deal of the Century) depends mainly on grants and foreign aid (from the Arab Gulf states and the European Union) and private capital, and this is what Israel seeks to achieve; that is, managing the conflict instead of resolving the conflict, and without political cost.⁶¹

After the Palestinian side became involved in the peace process according to which the P. A was established in 1994, and took control of the Palestinian territories, and the process of Palestinian institution building began, these institutions faced many restrictions that Israel continued to impose during the transitional period.⁶²

⁵⁸Shimon Peres, Arye Naor, *The New Middle East*, Element, 1993; ISBN, 1852305193, 9781852305192

⁵⁹<https://trumpwhitehouse.archives.gov/peacetoprosperity/economic/>.

⁶⁰ <https://carnegie-mec.org/2013/11/15/kerry-s-plan-for-palestine-economic-boom-or-occupation-bust-pub-53594>

⁶¹<https://www.jpost.com/Middle-East/US-launches-economic-part-of-Middle-East-peace-plan-Palestinians-unhappy-593672>

⁶²United Nations Conference on Trade and Development - UNCTAD (2012).

The Palestinian Economy: The Status of Macroeconomic and Trade Policies under Occupation. p. 11.

The Palestinian Authority was unable to draft and comprehend national program for reform and development at that stage, partly due to the Israeli policies that did not fulfill its obligations, according to the transitional agreements (the Oslo Accords and its annex, the Paris Economic Protocol), and partly due to the structural weakness and inability of the Palestinian Authority, to have a consistent vision, which largely reflects the inherent shortcomings that usually characterize transitional agreements.⁶³

During the transitional period, the Palestinian National Authority heavily relied on grants and foreign aid to build Palestinian economic institutions and finance development plans and programs. However, the vision and agendas of donors burdened the already weak Palestinian economic institutional capacities, and restricted the national development strategy and policy. This led to the absence of a clear goal for development in light of the wide range of donor requests and conditions, as well as the pressure imposed by the repressive Israeli policies and procedures that continued at that stage, and led the Palestinian Authority to adopt private alternatives to policies that are often unsustainable.

As a result, the Palestinian economy at that stage was severely affected, and its ability to achieve sustainable economic development was weakened. Furthermore, Israel continued its occupational policies and practices after the transitional period, represented in land confiscation, settlement, siege and closure, and restricting the movement of people and goods within the Palestinian areas and with the outside world. In addition to the repeated wars on the Gaza Strip, ultimately led to the disruption of the process of economic reform and restructuring, and obstruction of economic growth, as

⁶³<http://ialiis.birzeit.edu/blog/en/2020/12/18/the-disengagement-from-the-oslo-accords-and-paris-protocol-and-its-role-in-%E2%80%8Eshaping-the-palestinian-economic-approach-and-creating-economic-crises/>

well as the deterioration of the economic and social conditions in the Palestinian territories, and this naturally led to an increase in the Palestinian needs.

In view of what is being proposed, analysts believe that the economic peace projects from the Israeli point of view; aims at improving the economic situation in the West Bank to undermine the establishment of a Palestinian state and remove the possibility of a new Palestinian Intifada the second objective is to postpone or escape final status issues (the issues of borders, Jerusalem, refugees, water, and settlements).

Instead of solving the conflict, Israel focuses on building commercial relations between Israel and the West Bank, to be a corridor for a political settlement in line with the Israeli strategy. That is, through economic peace, Israel seeks to impose temporary or long-term solutions that will eventually turn the West Bank into isolated cantons surrounded and controlled by settlement belts, so that the maximum that can be achieved in light of this dysfunctional equation is to facilitate the entry of Palestinians to Jerusalem, facilitating the communication of West Bank cities with each other without barriers, while releasing a limited number of old Palestinian prisoners, and searching for means through which communication between Palestinian areas can be done with the least degree of direct friction with settlers, thus turning the settlements into a part of normal life in the West Bank, and thus the conflict will turn from a struggle for national liberation and ending the occupation into a struggle to find ways and means to transform “living” in the West Bank for Palestinians and settlers alike into a practically feasible life, and this can be achieved, according to the Israeli point of view, by making the Palestinians live in comfortable economic conditions.

Chapter Four

4 American Initiatives Toward Economic Peace in the Palestinians- Israeli conflicts

4.1 American Economic Peace Initiatives:

Since the establishment of the PA in 1994, based on the Oslo agreement, the United States was the largest donor to the Palestinians the U.S also provided financial support to the Palestinians, mostly to government and humanitarian programs. Washington gave more than \$5 billion in total between 1994 and 2018. It also provided more than \$60 billion in aid to the UN Palestinian refugees agency (UNRWA) since 1950.⁶⁴

Aid flows were restructured in 2007, after Hamas had won the parliamentary elections, seized control of the Gaza Strip, and refused to accept the International Quartet conditions of recognizing Israel, renouncing terrorism and accepting the signed agreements between the PA and Israel. As a result, the United States officially consider Hamas a terrorist organization and takes measures to prevent it from receiving any assistance from the U. S.⁶⁵

U.S. aid to the Palestinians continued to flow, in varying degrees, under the various administrations. However, it began to shrink under the Trump administration in 2018, as it reduced assistance to the West Bank and Gaza and discontinued contributions to UNRWA.

In 2019, Trump signed an antiterrorism law that allowed Americans to sue recipients of U.S. foreign aid, including the PA, over alleged complicity in acts of violence. Fearing

⁶⁴<https://www.cfr.org/backgroundunder/what-us-policy-israeli-palestinian-conflict#chapter-title-0-8>

⁶⁵<https://www.cfr.org/backgroundunder/what-us-policy-israeli-palestinian-conflict#chapter-title-0-8>

lawsuits, the PA requested that Washington cut off its aid. Though the antiterrorism law remains in effect, the Biden administration has resumed aid to the West Bank and Gaza. Pending congressional approval of some funds, this could amount to more than 360\$ million in 2021 for economic support, pandemic-related assistance, funding through UN agencies, and humanitarian aid following the Israeli war on Gaza.

Changes in U.S administrations, and political shifts in the Middle East, have affected the volume and frequency of yearly aid. During the George W. Bush presidency, U.S. aid to Palestine peaked in 2005 following Mahmoud Abbas's victory in presidential elections, but substantially dropped in 2007 following Hamas's takeover of Gaza. At the time of the initial Hamas rule, "the United States halted direct foreign aid but continued providing humanitarian and project assistance". The Obama administration resumed aid to Palestine with a significant increase in 2008 and 2009, aiming at supporting "post-conflict humanitarian needs in Gaza and reform and development priorities in the West Bank."⁶⁶

4.1.1 The Kerry Peace Plan 2013:

The U.S. Secretary of State John Kerry unveiled a proposal that offers alternative economic solutions to a comprehensive political solution, during the World Economic Forum for the Middle East and North Africa activities held on the shores of the Dead Sea in Jordan in May 2013.

Kerry aimed at jumpstarting negotiations between the Israelis and the Palestinians, the main component of the plan is economic rather than political. With a proposed \$4 billion investment into the Palestinian economy, he addresses rampant unemployment

and sluggish economic growth in the Occupied Territories. The proposal has received mixed reaction from both Palestinians and Israelis, many questioning whether the proposal will be enough to eventually bring the two parties together.⁶⁷ “The plan for the Palestinian economy is bigger and bolder and more ambitious than anything proposed since Oslo more than 20 years ago,” said Kerry as he spoke at the World Economic Forum closing session by the Dead Sea in Jordan.⁶⁸

It falls within the framework of building confidence to create an atmosphere conducive to the start and continuation of Palestinian – Israeli negotiations. It also came after Kerry’s success in initiating negotiations, with a temporary freeze on settlement activities for a period of 10 months, which were wasted because of Israeli intransigence, and fail me to make any progress on any of the relevant issues such as borders, security, settlements, and Jerusalem. Israel continued to request the Palestinian Authority to recognize Israel as a Jewish state as a condition for any progress in the negotiations.

Regarding the initiative’s impact, the secretary of state n interest in the economy of Palestine as such, but rather its impact on the political aspect of the Arab-Israeli conflict.

There is no doubt among politicians that there is a connection between the political settlement and tranquility on the one hand and the economic plans of the Palestinians on the other hand. Especially, since the P A. has endured a financial and economic collapse in recent years, threatening its very existence. However, the relationship between the economy and calm in the Palestinian streets has never been particularly close. For

⁶⁶<https://www.middleeastmonitor.com/20221212-un-discusses-palestinian-icc-request-about-legitimacy-of-israeli-occupation/>

⁶⁷ <https://www.jpost.com/Diplomacy-and-Politics/Kerry-unveils-4-billion-Palestinian-economic-plan-314436>

⁶⁸ <https://mepc.org/commentary/kerry-peace-plan>.

instance, the first intifada occurred under relatively comfortable economic conditions for Palestinians in the West Bank and Gaza. The outbreak occurred in the wake of considerable economic growth during the preceding years, averaging a rate of about 9%. Even in the years before the second intifada in 2000, high growth rates were recorded, in addition to several projects flourishing and others in the pipeline. This means that the improvement in the economy is not necessarily guaranteed to prevent eruption of the political and security situation, even if we agreed that the deterioration of the economic situation increases the chances of tension. Such a conclusion was indicated in a study by the Peres Center for Peace in 2009, under the title “Economic Peace: Alternative or Illusion?”.⁶⁹

It is worth mentioning that the Kerry plan never saw the light because ultimate control remained in the Israeli hand. Israel was and still is opposed to any plan that is bound to really strengthen the Palestinian economy, or reduce its dependence on the Israeli economy. A strong Palestinian economy may produce some political expression to which Israel is opposed.

4.1.2 Kushner and the "Economic Part" of the US "Peace Plan":

In late February 2019, Jared Kushner, advisor to President Donald Trump, accompanied by Jason Greenblatt, his special envoy to the Middle East, visited several countries in the region to introduce the economic part of the "peace" plan and provide financial support for various projects, including Turkey⁷⁰. UAE, Oman, Bahrain, Saudi Arabia and Qatar. In an interview with "Sky News Arabia", conducted with him on the 25th of

⁶⁹<https://www.al-monitor.com/originals/2013/05/kerry-economic-plan-palestine-israel.html#ixzz7ner8rAlv>

⁷⁰Paul R. PillarThe Kushner Plan: Keeping Israeli-Palestinian Peace out of Reach Pages 113-120 | Published online: 21 Dec 202

the same month in Abu Dhabi, Kushner pointed out that the core aim of his visit, and his accompanying delegation, is "to consult the concerned authorities in the region and share with them some details about what we look forward to achieving, especially in Regarding the economic vision and opportunities that will be available when peace comes," considering that conflicts "deprive people of opportunities to practice trade and improve their lives," and that the economic impact of the plan "will not be limited to Israelis and Palestinians, but will include the entire region, including Jordan, Egypt and Lebanon." So that "the focus is on developing infrastructure, laws and providing training to create new opportunities and ensure prosperity in the region. " He elaborated that the Palestinian economy would remain "constrained in the absence of peace," and that if success was approached, "peace away from intimidation could ensure the free flow of people and goods and lead to new opportunities."

4.1.3 **Manama Workshop: "From Peace to Prosperity":**

A statement issued by the White House on May 2019 announced the organization of an "economic workshop" in the city of Manama, Bahrain, on June 25 and 26, 2019, "to encourage investments in the West Bank and Gaza and in the region." This workshop held under the title: "From Peace to Prosperity", will manifest as mentioned in the statement reported by the French magazine "Courier International", "a unique opportunity to bring together representatives from governments, civil society and the business world to exchange ideas, discuss and mobilize support for investments and economic initiatives.⁷¹ that will be possible thanks to a peace agreement," and "defining an ambitious and achievable vision and framework for a prosperous future for the

Palestinians and the region”; In a press statement, Jared Kushner thanked the Kingdom of Bahrain for agreeing to host this workshop, and said: "This allows us to present our ideas to create greater economic dynamism in the region. "The Palestinians, and all the peoples of the Middle East, deserve a decent future and opportunities to improve their lives".⁷²

The Trump administration claims that the Gulf states will finance several investments for the Palestinian territories. A senior official in the US administration at the time indicated, in a statement he made to CNN, and was quoted by the French magazine itself, that “the economic part of the peace plan would address four main elements: infrastructure, industry, empowerment, and investment in resources and governance reforms, in order to “make the region as qualified as possible to attract investments.”⁷³

While another official saw that this economic component would include "a combination of financing, low-interest loans, and individual capital," considering that the separation between the economic component and the political component aims to "show that peace cannot be achieved without stability and economic opportunities." While Jason Greenblatt declared, in response to the Palestinian position that refused to participate in the "Manama workshop": "It would be a mistake for the Palestinians not to join us [in this workshop] ... They have nothing to lose, and they will gain a lot if they wish to join us."

⁷¹ Abd al-Rahman, Omar Hassan, “What is Behind Relations between Israel and the Gulf States,” Brookings Doha Center, January 31, 2019.

⁷² Hilal, Jamil, “The Israeli Project for the Regional Order,” *Journal of Palestine Studies*, Issue 22, Spring 1995, pp. 31-51

⁷³ <https://trumpwhitehouse.archives.gov/peacetoprosperty/>

4.1.4 The Trump Economic Plan “Peace to Prosperity”:

Any careful reading of the Trump “Deal of the Century”⁷⁴ will discover that this plan does not address Palestinian legitimate national and political aspirations. The plan fails to address Palestinian statehood by name and talk instead about the Palestinian people and the Palestinian society: “if implemented, peace to prosperity will empower the Palestinian people to build the society they have aspired to establish for generations. This vision will allow the Palestinians to see a better future and realize an opportunity to pursue their dreams. With the support of the international community, this vision is within reach. Ultimately, however, the power to unlock it lies in the hands of the Palestinian people.”⁷⁵

For its implementation, the plan puts the onus on the Palestinian people under a prolonged Israeli military settler occupation, relieving Israel from any responsibility of failure. It also stipulates that the international community invests \$50 billion over a period of 10 years, a farfetched goal considering the lack of the required peace and investment environment.⁷⁶

The vision promises to “unleash the economic potential of the Palestinians. This includes the undertaking of a number of major steps such as the opening of the West Bank and Gaza to regional and global markets, major investments in transportation and infrastructure integration with neighboring economies, increasing the competitiveness of Palestinian experts, and reducing the complications of transport and travel. Other

⁷⁴[http://www.plo.ps/files/PDF/Deal%20of%20the%20Century%20\(1\).pdf](http://www.plo.ps/files/PDF/Deal%20of%20the%20Century%20(1).pdf)

⁷⁵Peace-to-Prosperity-0120.pdf (archives.gov).

⁷⁶“Kushner: Arab Peace Initiative no basis for Israel-Palestine deal”, Aljazeera, 25/6/2019, accessed 1/7/2019

steps include constructing essential infrastructure, promoting private-sector growth and strengthening regional development and integration.⁷⁷

The peace for prosperity initiative fundamentally contradicts the existing Israeli policies and measures that are constraining and restrictive. And yet as mentioned earlier, the plan holds the Palestinians responsible for the failure of its implementation.

The Occupied Palestinian Territories (OPT) account for 167% of the 199 projects, or \$27.8 billion, while Jordan, Egypt, and Lebanon account for \$22.2 billion for the remaining 32 projects the first element, "unleashing the economic potential," is the focus of almost two-thirds of the 105 OPT projects. These projects range from promoting private sector growth in agriculture, manufacturing, housing, and tourism to targeting infrastructure and human capital. The analysis that follows illuminates the strategy by focusing on four fundamental principles.⁷⁸

The plan's main features stand out: First, it resembles a lot of previous plans; secondly, it denies any official Palestinian involvement, thereby ignoring the political reality. In fact, similar topics have been covered by at least four plans from different parties over the past 15 years. John Kerry, who was Secretary of State at the time, presented an economic plan in 2014 that included nearly identical projects. In addition, a number of economic initiatives that dealt with natural resources and infrastructure were announced in 2011 by the Office of the Quartet, which was led by the former Prime Minister of the United Kingdom, Tony Blair.

⁷⁷ (Peace and Prosperity) Ibid, p.8

4.1.5 Biden's Aid to Palestine:

In early 2021, the new US administration promised to reverse some of the worst political setbacks of the Trump era in supporting the Palestinian people economically and socially. USAID returned to the local donor arena a year later, and the United States financed UNRWA. Still, American law and pressure groups keep preventing any support from reaching American assistance to the Palestinian National Authority. In this context, one of the components is intended new aid to the United States, which was employed within the framework of the Partnership for Peace in the Middle East known as Also known as the “Nita M. Lowey Middle East Partnership for Peace Act (MEPPA)⁷⁹, strengthening partnerships between American, Palestinian and Israeli companies, which adds a new dimension Another point is to the approach taken after the Trump administration with regard to the American involvement in the Palestinian scene. Aid resumed under the Biden administration known for the Nita Lowe Initiative for Partnerships in the East USAID Administrator, Samantha Power, appointed a Palestinian American lawyer, George R. Salem,⁸⁰ as the Board chair of the Partnership for Peace Fund (PPF) Advisory Board. The appointment of Salam was a gesture to the Palestinians to show American evenhandedness towards the Palestinians and Israelis, and perhaps to encourage the Palestinians side to engage and cooperate with the Fund. The establishment of the Fund came as a clear shift from the Trump administration policies, which tightened the screws on any economic or financial aid to the Palestinians, trying to extract a political concession or price from the Palestinian side,

⁷⁸ The Trump Peace Plan – Peace to Prosperity (January 28, 2020)

⁷⁹ <https://www.usaid.gov/west-bank-and-gaza/meppa>

⁸⁰ <https://www-origin.usaid.gov/news-information/press-releases/feb-4-2022-usaid-appoints-partnership-peace-fund-board-chair-announces-board-members>

that would be based on the articles and principles of Trump's Deal of the Century which is called the "Ultimate Deal."

Critics of the Fund are skeptical because none of the designated money will be subject to any Palestinian approval or go directly to the Palestinian Authority or its official institutions. The money is specifically designated to People-to-People programs, and joint Israeli Palestinian projects which were perceived as acts of normalization between Israelis and Palestinians. Since the project is relatively new, there is not enough data regarding the projects that have been approved by the USAID, or designated to be approved.

However, it is clear that the US administration's current political stance praises the national authority's disregard in determining the priorities of "new" aid. The one that was presented in the financial year 2020: 75 million dollars, ensuring the framework of economic support, by adding 40 million dollars to finance the security sector. In contrast, data details actual expenditures since then are not yet available, but according to available sources, in 2021, The United States has provided about 130 million dollars for the benefit of the Palestinian people, on the bilateral and multilateral levels International Development Fund, 2022 (with the largest portion of that first tranche of funding allocated to UNRWA at 90 percent).⁸¹

One million dollars to supplement the budget of its programs for the year 2021. On the other hand, the US Department of State provided through the Office of Population,

⁸¹ https://www.unrwa.org/sites/default/files/2022_confirmed_pledges_30_september_2022.pdf

Refugees and Migration received significant multilateral funding for UNRWA, amounting to \$181 million in 2021.⁸²

Under the Economic Support Fund, the World Food Program (WFP) received about USD 30 million for the voucher programme. In addition, Catholic Relief Services also received \$6 million for its health programmes, and the International Corps Medical has secured \$3 million for its health program in Gaza. Likewise, Mercy Corps received \$5.2 million for its programs in Gaza as well, while Jerusalem hospitals were supported with \$10 million.⁸³

4.2 The Joint Investment for Peace Initiative

Investments focus on increasing investment in small and medium-sized enterprises/projects owned by Palestinians in high value-added industries or emerging industries such as technology and agriculture. In the same context, since this initiative constitutes one of the main programs of the Partnership for Peace in the Middle East, it aims to attract investments that enhance economic development. It increases the economic cooperation between the Palestinians, Israelis, and the Palestinians and the American. If the Biden administration truly supports Palestine in the “rules-based international trading order,” it can support Palestine's long-suspended application to join the WTO.⁸⁴

⁸² [.www://https, 2022. Feb 4, gov.USAI](https://www.gov.usaid.gov/2022/02/04/2022_USAID_Sheet_Fact_CyEmergen_Complex_Gaza_and_Bank_West_USG_04-02-2022/documents/files/default/sites/gov).” 1 #Sheet Fact - Emergency Complex – Gaza and Bank West: “2022, USAID .pdf.1_Sheet_Fact_CyEmergen_Complex_Gaza_and_Bank_West_USG_04-02-.2022/documents/files/default/sites/gov

⁸³ <https://www.wfp.org/funding/2022>

⁸⁴ <https://palsawa.com/post/23250/%D8%AF%D8%B1%D8%A7%D8%B3%D8%A9-%D9%84%D9%80-%D9%85%D8%A7%D8%B3-%D8%AD%D9%88%D9%84-%D9%85%D8%B3%D8%A7%D8%B9%D9%8A-%D8%A7%D9%86%D8%B6%D9%85%D8%A7%D9%85-%D9%81%D9%84%D8%B3%D8%B7%D9%8A%D9%86-%D9%84%D9%85%D9%86%D8%B8%D9%85%D8%A9->

4.3 People-to-People Partnership for Peace Fund Grants Activity

The Peace for Partnership People to People Fund supplements the Joint Peace Investment Fund administered by the United States Agency for International Development. This fund supports Israeli-Palestinian partnerships in addressing the challenges of economic and social development.

The United States Agency for International Development will grant the funding allocated to this fund through two initiatives⁸⁵.

Changing policies and promoting tolerance in parallel with enhancing participation and interaction between Palestinians and Israelis. The additional goals of this cultivation include achieving stability through the increase in economic relationships) between the Palestinians and Israelis.

4.4 Palestinian-Israeli Business Opportunities: Building Regional Economic Bridges (BREB) Activity

Another component of the revived US aid formula is the Bridges Regional Economic Building initiative. Like the fund, this component also aims to build the foundations of peace through economic ties. This initiative is rooted in the Nita Lowe Act, designed to bring bipartisan support for a two-state solution.

Information exchange and joint participation in economic growth and knowledge exchange activities. While the amount allocated to this activity is unclear, it is expected

%D8%A7%D9%84%D8%AA%D8%AC%D8%A7%D8%B1%D8%A9-
 %D8%A7%D9%84%D8%B9%D8%A7%D9%84%D9%85%D9%8A%D8%A9
⁸⁵ <https://www.usaid.gov/west-bank-and-gaza/meppa/active-programs>

that up to \$50 million will be paid annually over five years⁸⁶. The main objectives of this financing are:

1. Facilitate collaborative exchanges between businesses, trade associations, research institutes, and individuals by supporting technology transfers, joint ventures and research, and internship and mentoring opportunities.
2. Assisting companies in accessing the private Investment for Peace Initiative run by the US International Development Finance Corporation and participating in collaborative exchanges.
3. Enhancing trade opportunities by increasing access to new markets and improving export support services.

According to its RFP for the activity, USAID identified the expected outputs for each objective⁸⁷. These numbers, based on unknown hypothetical models, may include:

1. Strengthening economic relations at the regional level through an increase of \$350 million in exports for companies participating in the initiative to build regional economic bridges.
2. Building new market links between Israelis and Palestinians and starting at least 75 new Palestinian companies. By exporting to new markets. Developing a US\$ 50 million line of financing by the US International Development Finance Corporation.
3. Providing 1,500 internship opportunities for Palestinian students, graduates, or recent graduates.

The final date of the completion of the request for the presentation of the offers ended on May 13, 2022, the ambiguity there are any consulting companies' associations

⁸⁶ [https://www.usaid.gov/sites/default/files/2022-](https://www.usaid.gov/sites/default/files/2022-08/APS_P2P_Partnership_for_Peace_Fund_APS_Amendment_No._4_-_FAQ_Document.pdf)

[08/APS_P2P_Partnership_for_Peace_Fund_APS_Amendment_No._4_-_FAQ_Document.pdf](https://www.usaid.gov/sites/default/files/2022-08/APS_P2P_Partnership_for_Peace_Fund_APS_Amendment_No._4_-_FAQ_Document.pdf)

⁸⁷ <https://www.usaid.gov/partner-with-us/find-a-funding-opportunity>

responsible for implementing the program and for any Palestinian or Israeli business related to the program. This will lead to establishing links between the two parties and an environment of openness for peace between Israelis and Palestinians.

The two previous US administrations, the Obama and Trump administrations, were trying to establish economic peace in Palestine and other countries in the Middle East.

The administration of US President Bill Clinton, with its liberal social orientation embraced economic peace between the Palestinians and Israelis in the aftermath of signing the Oslo Accord and the subsequent Paris Protocol signed in 1994.

Ever since the signing of the Oslo Accord, the successive Israeli governments were not serious about reaching a political solution with the Palestinians, leading to real and permanent peace. These governments were unwilling to pay the price for peace and forever end the Palestinian Israeli conflict. Instead of choosing and focusing on conflict resolution, successive U.S administrations resorted to crisis management. Although the Israelis gave the Palestinians and the world at the beginning of Oslo the impression that they were serious about achieving peace, their real intentions were revealed later. Two Israeli prime ministers, Benjamin Netanyahu and Ehud Barak, opposed the Oslo Accord. For about 2 years since the signing of Oslo, Israel always created pretexts and excuses to avoid serious negotiations, or even any negotiations with the Palestinians as was the case with Netanyahu and later Bennet. To justify their rejection, they always falsely claimed that there was no peace partner on the Palestinian side. At times they claimed that the Palestinian, in light of the split between Fatah and Hamas, were not united, and there was no point of negotiating with an authority that does not represent all of the Palestinians. Ironically, every time Fatah and Hamas sat together to negotiate a reconciliation between the two sides, Israel opposed very strongly, and threatened the

Palestinian leadership, and asked it to choose between peace and Hamas. When all of this Israeli posturing did not work with Palestinians, and the rest of the world the Israeli governments escape to talking, and only talking, about economic peace with the Palestinians.⁸⁸

4.5 Normalization and the Abraham Accords:

The ultimate scheme of Kushner and the Trump administration after the release of the Ultimate Deal was to normalize relations between the Arab states and Israel, in a clear move to bypass the Palestinians and their demands for statehood, which is consistent with the Israeli claim that the Palestinian issue is not the core issue in the Middle East, and that Israel can normalize relationship with the Arab states without resolving the Palestinian issue or even ending the Israeli occupation of the Palestinian territories. Both the U.S and Israel played on the Arab states, especially the Gulf states fears from Iran, and on intra-Arab disputes (Morocco and Algeria over the Sahara, for example) to blackmail these Arab states and force them, not only to ignore the Palestinian issue, but also to stop supporting the Palestinian people economically and financially, which is the case right now, where all Arab states, except for Algeria, have stopped granting the Palestinian Authority any financial aid.

The purpose of the Abraham Accords is to enforce, expand and consolidate normalization between Israel and the Arab states, and make these states dependent for internal and external security on Israel, particularly because of its geographic proximity, and the United States as a traditional ally. In addition, the Abraham Accords will ensure

⁸⁸10 Things to Know: Biden's Approach to the Israeli-Palestinian Conflict | United States Institute of Peace (usip.org)

opening the Arab states markets to Israeli exports, especially high technology and weapons.

By holding the Arab states captive to U.S and Israeli security and economic plans, both countries can stop worrying about political peace as well as economic peace. There is little talk right now about political or economic peace by the U.S, Israel, and even the international community. Economic peace for Israel was never a genuine issue. It was meant to be an alternative to political *peace, and only until prospects and demands for political peace fade away.

This was confirmed by some researchers regarding the purpose of US aid as development programs aimed at strengthening the conditions that donors, especially the US administration, consider necessary to build peace with Israel. However, they failed to contribute to building a development economy and empowering the Palestinian economy in a new way. Most of the aid was provided to the private sector and to support small projects.

The Palestinians view these accords with suspicion. They feel that they were designed to bypass their national aspirations of having their own independent state on the 1967 borders, with East Jerusalem as its capital, to live side by side with Israel in peace and security.

Today, Israel does not subscribe to the two-state solution. Several Israeli officials brag that the Abraham Accords have put the Palestinian issue at the back burner and that the Palestinian Israeli conflict is not a cardinal issue and can be ignored. Israelis argue that the Abraham Accords prove that Israel can normalize with the Arab states without ending its occupation of the Palestinian territories, and without conceding to the Palestinians their national rights and statehood.

Chapter Five

5 Perspectives of Practitioners and Experts on Economic Peace:

This chapter presents the views, analysis, and assessments of practitioners, experts, and other relevant parties on economic peace in the Palestinian context. Palestinian expert opinions never converge on any particular political or economic issue except for the malignancy of the Israeli occupation and its economic policies. Through my research and the interviews, I have conducted, the different perspectives I gathered were more or less uniform that the Palestinian context is not witnessing any real economic development or economic peace according to any definition of the concept.

The interviewees all agree that no economic development or economic peace is possible under the Israeli occupation, and the Israeli claim to all of the land of historic Palestine. Israeli laws have been legislated to this effect. They are intended to abort any possibilities of the emergence of a viable Palestinian state and society, with their relevant components including a viable economy.

By analyzing the interviews conducted with a number of experts and those interested in the subject of the study and who have a variety of experiences from academics to businessmen and politicians,

the answers were summarized according to the following headings:

5.1 Foreign Aid and Economic Peace:

“Investing in Peace” was an economic plan developed by the World Bank following the signing of the Oslo Accords, which aimed to relocate aid to support peace⁸⁹. The World Bank believed that economic stability would assist in obtaining peace between the two

⁸⁹ World Bank (1993) *_Developing the Occupied Territories: An Investment in Peace_*, Washington. D.C.

sides. Therefore, they aimed at providing support to the Palestinians in order to increase their living standard, encourage efficiency and in return be a part of the peace process through promoting financial incentives such as investments, free markets, trade, etc.⁹⁰

One of the means of achieving economic integration with Israel was the establishment of the Paris Protocol in 1994 as an appendix to the Oslo Accords, which established a customs union under which the Palestinian Authority would implement Israel's trade and tariff policy, and according to which Israel reserves the right to change this policy without only having to notify the Palestinian Authority of those changes. The protocol also regulated taxation and trade policy, and established a joint economic committee to manage the agreement. Under the protocol's customs envelope, all foreign aid donated to the Palestinians had to pass through Israel, which had the option of taxing it. In the words of one of the Israeli negotiators involved in designing the protocol, the protocol "basically legalized forced marriage between the two economies."⁹¹

Therefore, it was not surprising that the political objectives of this aid were evident in a blatant manner, as many literature on the subject indicates that the donor countries agreed on broad lines for the goals and objectives of the peace process between Israel and the Palestine Liberation Organization by advancing economic development in the Palestinian territories, and implementing projects that that were supposed to improve the standard of living, the quality of life for the Palestinians. Furthermore, it was important to establishing a Middle Eastern order based on collective security, stability, and

⁹⁰<https://documents.worldbank.org/en/publication/documentsreports/documentdetail/708501468331060052/the-world-bank-annual-report-1993>.

⁹¹ Aldo. M. (2013) *_Beyond the Paris Protocol: Reforming Israeli-Palestinian Economic Relations; Pivoting to Palestinian Economic Sovereignty_*, The Middle East Peace Process Project, European Council on Foreign Relations, U.K.

progress for the peoples of the region, and integrating them into a common global market within the framework of the global economy.

The Palestinian Authority receives \$300 million in annual aid from the United States. However, on December 6, 2017, the US House of Representatives approved a bill to stop this aid, claiming that the families of Palestinian martyrs and prisoners benefit from it.⁹²

Currently, the West Bank and Gaza Strip received 416.7 million dirhams, which were directed entirely to development support, despite the presence of 18 million dirhams for security support, which Washington said was allocated to building civil peace. In addition, 133 million was allocated for urgent relief needs, 86 million for social services, and 11 million for the government and civil society. American support for the West Bank and Gaza Strip has been uneven in recent years, as in 2013 it reached one billion dollars, while 2006 recorded the lowest support, when it did not exceed 85 million.⁹³

The volume of all US aid from the Nakba until 2016, according to the classification of the (USAID2016) report, amounted to \$7.6 billion. Due to the impact of the political developments accompanying the launch of the peace process, and then the impact of the division that occurred in June 2007, the previous ten years (2008-2017) witnessed the largest volume of US aid which amounted to 5.7 billion dollars.⁹⁴

The table below shows that the volume of aid did not fall below \$417 million throughout the period (2008-2015), as it decreased during 2017 to \$267.5 million in the

⁹²<https://www.aljazeera.net/encyclopedia/2015/4/29/%D8%A7%D9%84%D8%B3%D9%84%D8%B7%D8%A9>

⁹³ <https://royanews.tv/news/144326>.

⁹⁴ USAID, 2016, U.S. Overseas Loans and Grants, Obligations and Loan Authorizations, July 1, 1945 – September 30, 2016. <https://www.usaid.gov>

context of the divergence of political views between the US administration and the Palestinian National Authority. ⁹⁵It must be noted here that the previous amounts are pledges to disburse, but what was disbursed amounted to 4971.4 million dollars, or 87.25% of the volume of pledges .The evolution of US aid to the Palestinian territories (2008-2017) - million dollar.⁹⁶

Year	Volume of AID	To Support Budget
2008	512	200
2009	1041	160
2010	687	223
2011	461	52
2012	462	
2013	769	348
2014	497	189
2015	557	
2016	417	78
2017	285	75
Total	5698	1325

This is what the US Agency for International Development (USAID) states on its website that the goal of US foreign assistance has always been the twofold goal of advancing US interests and improving life in the developing world. USAID implements US foreign policy by promoting human progress on a large scale while expanding stable

⁹⁵ Lindsay, James G.,2009, Fixing UNRWA: Repairing the UN's Troubled System of Aid to Palestinian Refugees,

⁹⁶Ministry of Foreign Affairs, State of Palestine

and free societies, creating markets and trading partners for the United States, and fostering goodwill abroad.⁹⁷

The US Congress played an important role and one of the aspects of politicization of this aid, which is often dependent on the approval and approval of Congress, and is approved on the basis of a law specialized in the provision of foreign aid.

Many of the devolved congressional committees and subcommittees are responsible for US foreign aid, and several committees are responsible for passing legislation and establishing programs and policies for foreign aid programs. The Senate, the Foreign Relations Committee, and the Foreign Affairs Committee have primary jurisdiction over bilateral development assistance, political-strategic assistance, other economic security assistance, military assistance, and international organizations. Congress has not enacted a comprehensive foreign aid authorization law since 1985, although foreign aid authorizing bills have passed the House, the Senate, and both on numerous occasions. Foreign aid projects have often been halted at some stage of discussion due to controversial issues or executive and legislative foreign policy disputes.

Although American aid has played an important role in the Palestinian economy, especially in terms of support for UNRWA and support for the budget, but linking this aid to specific political positions that the US seeks to achieve, as there is doubt about the benefit that accrues to the Palestinians. As the American aid has been blatantly linked to a political agenda centered on the security and safety of Israel, and it supports, from an American point of view, three main priorities of concern to Congress, related to combating and preventing terrorism against Israel, creating a state of stability and

⁹⁷ Zanotti, Jim, 2012, U.S. Foreign Aid to the Palestinians, Congressional Research Service, 7-5700> www.crs.gov

prosperity that encourages the Palestinians to peaceful coexistence with Israel, prepares them for self-rule, and seeks to meet humanitarian needs and prevent further destabilization, particularly in the Gaza Strip.

Removing and containing the causes of conflict, tension and violence, encouraging market economies, consolidating democracy, and protecting human rights, based on the study (Al-Amad and Awartani) .⁹⁸ The study indicates that, according to Palestinian statistics, the volume of aid during the period (1993-2016) reached about 30 billion dollars (Palestinian Monetary Authority, website), while the Organization for Economic Cooperation and Development (OECD) estimates what reached the Palestinian territories at about 35 billion dollars.⁹⁹ Also according to OECD data, the 12 largest donors to Palestine provided about 89% of the total aid, and the six largest donors are the European Union, the United States of America, the United Nations Relief and Works Agency for Palestine Refugees (UNRWA), Norway, Germany and Britain, About 70% of the total aid.¹⁰⁰

In any case, the available data on international aid indicated that the pace of this aid - both in quantity and quality - was greatly affected by the progress made in the political settlement process with the Israeli government. This supports the basic assumption of the donors behind the provision of aid, which is financing the peace process and providing the requirements for its success (Mass, 2005). It is no secret that this approach, along with the ongoing Israeli measures against the Palestinian people,

⁹⁸ Al-Amad, Adnan, Awartani, Basil, 2003, International Aid and Economic Development - The Palestinian Case, in: The Palestinian Economy in the Transitional Period, edited by: Dr. Muhammad Shtayyeh, 2nd edition, Palestinian Economic Council for Development and Reconstruction (PECDAR), Palestine.

⁹⁹ <https://data.oecd.org/>

¹⁰⁰ World Bank (1993) _Developing the Occupied Territories: An Investment in Peace_, Washington. D.C.

¹⁰⁰ <https://documents.worldbank.org/en/publication/documents->

contributed to the failure of the aid to remove the negative effects resulting from the aggressive Israeli policy against the Palestinian people, and the state of dependence was entrenched.¹⁰¹

This is consistent with the opinion of a number of interviews that the researcher made in this study linking them to previous studies related to the subject regarding economic peace and US AID:

The aid provided by donor countries to the Palestinian people, including the United States, has always been linked to the policies of those countries towards the Palestinian cause, and its value, components, mechanisms, and objectives have varied according to their changing political stances and their regional and global development agendas, especially in the 25 years since the Oslo agreement.

Dr. Al-Khalidi ¹⁰²argued that the concept of economic peace is not the result of the current disastrous circumstances, as much as it reflects the accumulated bankruptcy of the same concept, which was originally promoted by US Secretary of State George Shultz in 1987, and which states the need to "improve the quality of life of the Palestinians" instead of responding to the demands of the PLO at that time, by recognizing it as the representative of the Palestinian people and as a party with national rights. Indeed, the permanence of the concepts of political taming through economic incentives is consistent with the oldest and most successful tools of the colonial authorities throughout history and in the Israeli-Palestinian context as well. Schultz's initiative was just one in a chain of similar stations. Here we recall Rabin's initiatives towards the Palestinian industry after the first intifada, then the path of regional

¹⁰¹reports/documentdetail/708501468331060052/the-world-bank-annual-report-1993

¹⁰² A personal interview with Khalid Raja, Director-General of the Palestine Economic Policy Research Institute (MAS).10/12/2022

economic cooperation within the Madrid process, up to the Paris Economic Protocol attached to the Oslo Accords.

The economic peace equation has always relied on the availability of three conditions:

1- The existence of a viable political initiative, plan or process, 2- The existence of a legitimate Palestinian partner ready to cooperate, and 3- An extremely bad Palestinian economic situation that calls for rapid and intensive recovery. While the first American initiatives in this direction were destroyed after 1987 due to the US administration's refusal to recognize the PLO. Because of the outbreak of the first intifada, the process of regional economic cooperation and then the Paris economic agreements formed successful formulas for a limited period, because they included the three aforementioned elements: a political process, Palestinian participation, and response to the economic remnants of suppressing the intifada and the financial isolation imposed on the organization after the first Gulf War.

Even when the idea was floated again by Netanyahu in 2008, the aforementioned elements were also present: a peace process revived by President Obama at the Annapolis summit, a new Palestinian leadership facing the test of goodwill and behavior, and an urgent need to compensate for the economic losses incurred as a result of the second intifada and the geographical and political division between the two parts. Motherland.

Then, this cooperative formula was renewed in the era of Netanyahu in the form of "facilitations and permits", and not directly affecting the Palestinian economic life. In all these stages, Israel retained the keys to controlling Palestinian trade, energy, transportation, land, water, and financial resources, and manipulated them as required by the necessities of imposing the political or security stick.

So, economic peace was never peace and was not economic. With regard to the aid and initiatives that have been evaluated for the Palestinians by Israel, US policy, and donor countries with the aim of separating the path, as well as the Palestinian economic prospects, from the possibilities of reaching a just political settlement, although they realize the centrality of the economic-political relationship, but from an angle opposite to the Palestinian vision. That is, the economist can be employed to achieve political ends, and this is what he indicated in many interviews and studies.

Studies conducted by Mass¹⁰³ indicated that this aid has failed, and that the source of this failure stems from the basic objectives of providing aid, represented by supporting the political process between the Palestinians and the Israelis, and giving it the required impetus, by supporting the Palestinian economy, containing the causes of tension and violence in the region, and spreading Principles of democracy and human rights among the Palestinians. This was at the expense of bringing about the real development that the Palestinians seek. On the contrary, this aid may have contributed to exempting the Israeli Authority from bearing the economic and service burdens resulting from its re-occupation of most of the Palestinian territories since 2001, by enabling the official institutions and agencies of the Authority and civil institutions.

Omar Shaban, a Palestinian economist, and director of Pal-Think, a Gaza based think-tank, indicates that foreign aid for the Palestinians constituted 77 percent of all aid since the signing of the Oslo Accord. Shaban states that American aid to the Palestinians has been influenced over the years by the U.S - Israeli relations and by the central role Washington has played in managing the peace process between Israel and Palestine.

¹⁰³ MAS, 2005, Towards a More Efficient Employment of Foreign Aid Provided to the Palestinian People, Palestine Economic Policy Research Institute (MAS), Ramallah, Palestine.

The U.S has been the second longest donor to the Palestinian people after the European Union.¹⁰⁴

According to Shaban, European aid to the Palestinians has been driven by a desire to help implement the two-state solution and address serious socioeconomic needs in the Palestinian society. European aid to the Palestinians was directed through several channels, including the institutions of the PA, UNRWA, healthcare and social welfare organizations, and other groups working on humanitarian, educational, and other social issues. However, Shaban believes that European aid to the Palestinians was not always altruistic.

Following a partial suspension of funds in 2020—which was intended to force changes in Palestinian educational curricula—the EU released the roughly €215 million in aid that it had been withholding. And on average, the EU provides more than €600 million a year in aid to the Palestinians¹⁰⁵.

Shaban also believes that the question of what impact international aid makes in Palestine has weighed on politicians, activists, and ordinary Palestinians. Since the signing of the Oslo Accords, according to Shaban, “nobody seems to know what the long-term purpose of aid in Palestine”. Shaban poses an important question, asking whether the aid is meant to support institution building for a two-state solution, or to provide decades of emergency funding for a population experiencing ongoing violence and deprivation.

According to Shaban, “much of the aid that Palestinians receive from the international community is governed by either solidarity politics or political considerations focused

¹⁰⁴A personal interview with Omar Shaban, a Palestinian economist, and director of Pal-Think, a Palestinian think-tank in Gaza, 13-12-2022.

¹⁰⁵ <https://www.nrc.no/news/2022/may/palestine-eu-aid-delay-puts-lives-at-risk/>

on the reality of the Palestinian-Israeli conflict. In donors' calculations, there is an emphasis on supporting the PA to continue to assure peace and stability that far outweighs the importance of development plans that could potentially put the aid to better use. As a result, foreign aid is promised without guarantees that the funds will be delivered.

This instability impacts the PA's ability to predict the origin, amount, and directed use of such aid, "making public finance management in the occupied Palestinian territories increasingly unpredictable, and thereby hindering the PA's efforts to create and implement development initiatives".

Even when economic development is a priority for international donors, according to Shaban, the increasingly complicated nature of the Palestinian-Israeli conflict makes the implementation of development projects difficult to achieve. This in turn leads donors to allocate most of their aid to addressing urgent humanitarian needs and the PA's budget deficit. Most importantly, the reality of Israel's occupation of Palestinian land and the political and economic control it wields over Palestinian institutions causes a good portion of aid intended for the Palestinians to instead "be funneled into the Israeli economy, which renders the funds useless for the PA or the Palestinian economy at large".

Finally, Shaban makes the following somber conclusion: "In light of this analysis of the nature, purpose, size, and impact of international aid to the Palestinians, the conclusion must be drawn that since the establishment of the PA, international aid has failed to achieve the Palestinians' aspiration of placing their economy on the path of economic growth and sustainable development. This failure is due to the deadlock in the Palestinian-Israeli peace process and to the recurrence of dramatic political and security

developments. It is also caused by Israel's policies and actions, which include its continued control over large parts of the Palestinian territories, its imposition of severe restrictions on the freedom of movement of both people and goods, and its periodic military attacks on the Gaza Strip, all of which have led to changes in both the scope and focus of international aid. These factors continue to lead international donors to focus on relief and addressing imbalances and distortions that have arisen due to blockade, division, and repeated Israeli attacks instead of working to bring about.

Dr. Setifan Salameh¹⁰⁶, advisor to the Prime Minister for Planning and Aid Coordination Affairs, argues that American support is unpredictable, as it fluctuates according to political circumstances, and is subject to American laws, which are fundamentally unfair to the Palestinians. Many of these laws also undermine the bilateral relationship between the United States and the state of Palestine. He added that the American support during the Biden era returned in a different form, as the Palestinian government was not consulted regarding the proposed new programs, and there is no clarity regarding the possibility of settlements benefiting from the new financing programs. There is also a focus on the economic side at the expense of the political side, as the Israeli side will be the main beneficiary of these programs.

Despite all the political risks surrounding this aid, Salameh stressed the importance of not considering all foreign aid harmful or all the projects provided by US aid in the past as unhelpful, and that it is necessary to reconcile the donor's priorities with the potential Palestinian benefit. Furthermore, while welcoming the introduction of the issue of "aid effectiveness" through the evaluation of the first phase of American aid in particular, Salameh noted that the government has made great efforts recently to revive national

¹⁰⁶<https://mas.ps/publications/6189.html>

coordination mechanisms and Palestinian ownership of that system after years of declining status, and that it is in the process of completing the "aid strategy" to be directed and motivating, for more effective foreign aid. He also touched on the intensive efforts of the government and a number of friendly European countries to liberate the equivalent of 600 million euros in aid for the years 2021 and 2022, which is still hostage to an unprecedented bureaucratic, and also political obstacle in the history of European aid to Palestine.

Salameh¹⁰⁷ pointed out to the necessity of balancing US external support with Palestinian priorities, especially with the sharp decline in external support in general from its various sources, and that the Palestinian government is making great efforts to restore support to its required levels, regarding all projects funded by external parties and implemented in Palestine, so that this rule will help unify the projects put forward in the general budget, and those presented to donors.

In the early nineties and with the start of the process of political settlement of the Palestinian-Israeli conflict and the exchange of recognition between the PLO and the Israeli government and their signing of the Interim Self-Government Agreement in September 1993, and the subsequent agreements under American auspices and international support, it became necessary to transfer the peace process from paper to reality, and a group of international institutions and bodies considered that economic peace is the best way to achieve political peace.

5.2 The Definition of Economic Peace in the Palestinian-Israeli Conflict:

The concept of "economic peace" is rooted in the ideas put forward by Shimon Peres in his book: "The New Middle East", published in Britain in 1993. It discussed a new regional system that allows the exploitation of oil, water and human resources owned by the Arab countries, and the advanced technology owned by Israel, in a way that guarantees stability and development, and paves the way for opening borders and the free movement of people and goods, and also ensures the solution of complex problems associated with this conflict, such as the problem of the Palestinian refugees. Peres proposed that it will be resolved by settling them in the countries that hosted them and granting them the nationalities of these countries, with Israel's willingness to contribute to financing projects aimed at improving their living conditions. After the "Oslo Accords" were reached, and the illusion of the upcoming "peace" emerged, he promoted the concept of "economic peace" at the World Economic Forum for Development in the Middle East and North Africa, which was held in Casablanca in late October 1994.

And after the "Annapolis Conference" in late November 2007, called for by President George Bush Jr., Palestinian President Mahmoud Abbas and Israeli Prime Minister Ehud Olmert participated, agreed to launch Palestinian-Israeli negotiations that would lead before the end of 2008 to an existing settlement. On the "two-state" solution, the head of the "Likud" party, Benjamin Netanyahu, suggested, in a speech he delivered at the "Herzliya Conference" in January 2008, the path of "economic peace", considering that this "peace" is a path to the option of peace later, and he is the one who will create the appropriate conditions so that the atmosphere is ready for that, by improving the living conditions, of the Palestinians. After assuming the presidency of the Israeli

¹⁰⁷A personal interview Salameh, Setifan advisor to the Prime Minister for Planning and Aid

government, the following year, Netanyahu formed a ministerial committee to support the idea of "economic peace."

On the sidelines of the World Economic Forum for Development in the Middle East and North Africa, which was held between 24 and 26 May 2013 on the shores of the Dead Sea in Jordan, and in order to rebuild "confidence" between the Palestinians and the Israelis and create an environment conducive for them to resume negotiations, John Kerry, the U.S Foreign Secretary in the administration of President Barack Obama, presented a plan to improve the economic conditions in the occupied Palestinian territories based on pumping investments of about four billion dollars over three years to develop infrastructure in the field of water, energy and electricity, stimulate economic growth rates, reduce unemployment, and significantly increase the level of income of the Palestinian family Reducing the Palestinian Authority's budgetary dependence on foreign aid. The plan also proposed facilitating the movement of Palestinians and expanding the activity of the Palestinian Authority in areas classified as "C". The roots of economic peace go back to a wing of the leadership of the Israeli Labor Party, which developed a vision for the settlement process and ending the Arab-Israeli conflict under the banner of the peace process and economic cooperation within the framework of a new regional construction project. This project was expressed, theorized and promoted by the then Israeli Foreign Minister Shimon Peres, and his deputy, Yossi Beilin, where Shimon Peres predicted the birth of a new Middle East, dominated by prosperity, in his book "The New Middle East". The same year, the Peres project was officially adopted and put forward, guiding the Israeli policy regarding regional relations in the multilateral talks branching from the Madrid Conference.

The process of promoting economic peace with the logic that it brings prosperity and development was not limited to the Israeli side only, but the United States of America promoted it during the official celebration at the conference that the United States called for shortly after the signing of the “Declaration of Principles” agreement between Israel and the PLO. Under the slogan of securing financial aid for the development of Palestinian autonomous areas, it was also re-promoted at the World Economic Conference on Development in the Middle East and North Africa, which was held in Casablanca in late October 1994, and was attended by the majority of the countries in the region and hundreds of businessmen from the countries of the region. The United States and Israel, in addition to the host country, have been active in organizing it, and we find that the idea of peace with this economic logic also occupies an important part of the work of some multilateral negotiation work committees, including some Arab parties, at official and unofficial levels, in marketing the argument that the Israeli-Arab “peace” will bring prosperity and prosperity.

The British Portland Trust is one of the international institutions British non-profit organization whose mission is to promote peace and stability between Israelis and Palestinians through economic development. It was established in 2003 and has offices in several countries. As part of this effort, the Portland Trust has responded to a suggestion from the British Government to assess the Palestinian private sector's role in generating growth, sustainable employment and higher living standards. The suggestion arose out of a growing belief that the economic dimension of the conflict deserves as much attention as the political one, since economics play an important role in driving or reducing instability.¹⁰⁸

¹⁰⁸ http://portlandtrust.org/wp-content/uploads/2019/12/beyond_conflict.pdf

Dr. Salam Fayyad, a former Palestinian prime minister, indicates that the idea of economic peace in the Palestinian context was first initiated after the Palestinian – Israeli Oslo Accord signed in Washington, D.C 1993. Then, in the mind of the Palestinian Authority, economic aid and projects granted to the Palestinians were supposed to help build the institutions of the future Palestinian state, at the end of the interim period of self-rule and the resolution of the financial status issues, leading to permanent peace.

The process of state institution building, according to Fayyad, was not linear, but suffered from ups and downs, because of the failures and stalemate in the political process and peace negotiations, which in turn caused an interruption and fluctuation in the flow of donor money and international aid, that was politically motivated.

According to Fayyad, the policies of the Israeli occupation stood in the way of economic development, and economic peace as a whole, when the political framework and the horizon of the two-state solution was obscured.

The occupation policies also have weakened the ability of the Palestinians to affect a gradual and incremental economic self- reliance.¹⁰⁹

Fayyad made it clear that his program is focused on establishing a state to end the occupation by building state institutions that cater to the needs of the citizens.¹¹⁰ This further requires ending the restrictions executed by Israel on the Palestinian state, such as checkpoints, military rule, trade policies and sanctions, and more. Restrictions imposed by the occupation regime are the major obstacle stalling Palestinian national

¹⁰⁹(A personal interview with Fayyad, Dr. Salam, former Prime Minister of the Palestinian government, Ramallah, 28/09/2022)

¹¹⁰http://www.miftah.org/Doc/Reports/2009/PNA_EndingTheOccupation.pdf

efforts to initiate an economic recovery that will lay the ground for sustainable economic and social development.

Dan Diker and Pinhas Inbari, senior foreign policy analysts at the Jerusalem Center for Public Affairs, emphasized the implication an economically independent Palestinian state has on Israel on a legal, political and even security aspects.¹¹¹

“Palestine Document: Ending the Occupation, Establishing the State.” faced many criticisms, in addition to the Israeli government, which stated its concern about the idea of establishing a Palestinian state that would have equal rights before the international community. The Israeli occupation struggled the most with the idea of a state that aimed at ending the occupation, especially as it controls Area C.

Dr. Ziad Abu-Amr,¹¹² Deputy Prime Minister in the Palestinian government, believes that in normal conditions economic peace comes as an outcome to political peace, or at least in a parallel line with it. Abu-Amr suggests this should be the case in the Palestinian context, but the reality on the ground is different.

According to Abu-Amr, Israel and the U.S, and perhaps some other donor countries focus their efforts on economic peace intentionally, or because of the uncertainty that engulfs political peace. At the beginning of the peace process in the 1990’s, there was an impression that foreign aid will contribute to containing the conflict and help advance the peace process. But later developments on the ground demonstrated that this aid neither contained the conflict, nor helped the peace process. Even worse, this aid

¹¹¹Dan Diker and Pinhas Inbari, “Prime Minister Salam Fayyad’s Two-Year Path to Palestinian Statehood: Implications for the Palestinian Authority and Israel,” Jerusalem Center for Public Affairs, October 2, 2009

¹¹² (A personal interview with. Ziad Abu-Amr, Deputy Prime Minister in the Palestinian government, Ramallah, 15/10/2022).

relieved Israel from undertaking its responsibilities as an occupying power towards the Palestinian people, including its financial responsibilities.

Abu-Amr warns that any engagement in economic peace should not divert attention from the need to achieve political peace. Economic peace should not jeopardize the prospects of political peace. In the absence of political peace, economic peace in the Palestinian context may not be sustained, if it existed in the first place.

Finally, Abu Amr believes that economic peace, in the absence of two sovereign entities, may be a form of free normalization with the occupation, and a form of dependency on the Israeli economy.

Huleileh¹¹³ stated during the interview that economic peace is no longer attainable for different reasons. First is that economic empowerment for Palestine requires decreasing the unemployment rate which is directly connected to the high unemployment in Gaza due to the occupation siege on the area. Secondly, Israel imposes many policies and economic sanctions that limit the movement of exports and imports. Thirdly, foreign aid has shifted its focus to humanitarian relief rather than achieving economic peace. Furthermore, it is crucial to note that the issue of the Israeli-Palestinian cause is not an economic one, but rather, an issue of injustice, and working towards economic peace and empowerment will only redirect the issue and accept the existence of an apartheid state.

Huleileh concludes that the conventional concept of economic peace is no longer applicable to the Palestinian case. The current political situation between the Palestinians and the Israelis does not lend itself to economic peace. Any joint economic

¹¹³ ¹¹³(A personal interview with. Huleileh ,Samir, Chief Executive Officer, Palestine Development & Investment Ltd - PADICO HOLDING Ramallah, 14/10/2022

projects between the two sides, when they exist in the first place, reflect a major discrepancy in the distribution of benefits.¹¹⁴

On the other hand, according to Dr. Khaldi, the Palestinians know very well how Israel uses economic weapons from time to time to punish the Palestinian resistance through closures and roadblocks, demolishing homes, leveling lands, withholding Palestinian tax funds, etc. The Palestinian people also know very well how Israeli policy uses initiatives to grant the Palestinians economic and civil facilities, to evade the political entitlement. Moreover, since the 1967 occupation, Israel has taken such "confidence-building steps" as deliberate, planned and tested strategies to control its control over the Palestinian political situation, either to relieve tension, or as preemptive steps in the face of the dangers of renewed armed or mass resistance and phenomena of civil disobedience, including among Palestinian citizens of Israel.

Since 1993, the United States has provided more than \$5 billion in aid to the West Bank and Gaza Strip.¹¹⁵ This generous program continued under the various US administrations, Republican and Democratic, and throughout this period it enjoyed the support of both parties in the US Congress, despite all the fluctuations in the peace process and the waves of violence that were intensifying at times and subsiding at other times.

Although the Trump administration in 2017 halted the entire economic aid program intended for the West Bank and Gaza Strip, the US administration tried to put forward alternative laws and innovative legislative proposals that preserve the space for American influence and enjoy the support of both parties, especially "the law related to the Palestinian Partnership Fund" which was presented in the October 2018

¹¹⁴(A personal interview with Hulileh, Samir a Palestinian business man, Ramallah, 20/08/2022).

congressional session. It promotes economic growth by connecting Palestinian entrepreneurs and Palestinian companies with their counterparts in the United States, Israel and the Middle East. The idea of an "International Fund for Peace between Israel and Palestine," long advocated by the nonpartisan organization Coalition for Middle East Peace, has received bipartisan support in past congressional sessions and would encourage interpersonal peacebuilding activities.

“To establish the Palestinian Partnership Fund to promote joint economic development and finance joint ventures between Palestinian entrepreneurs and companies in the United States, Israel, and countries in the Middle East to improve economic cooperation and people-to-people exchanges for further shared community building, peaceful coexistence, dialogue, and reconciliation between Israelis and Palestinians.”

Therefore, it was necessary to get acquainted with the point of view of one of the Palestinian businessmen and investors in this regard.

Bashar Masri, a prominent Palestinian businessman and developer, spearheading a major real estate project, a new town called Rawabi, nine kilometers from Ramallah. Rawabi house 50,000 people and has secured \$500 million in funding from the Qatari sovereign wealth fund. A successful enterprise argues that the building of Rawabi was a real national challenge which aimed, first and foremost, at creating job opportunities for the Palestinians to improve the level of their life conditions.

Masri alludes that the success of his project may be an exception, since he worked under adverse conditions and had to overcome so many odds, political and otherwise. Rawabi can, therefore, serve as a model for determination, persistence and creativity.

¹¹⁵ <https://sgp.fas.org/crs/mideast/RS22967.pdf>

As a single achievement, and without a national economic peace plan, Rawabi cannot be considered an example of successful economic peace, but only as a successful economic project. It is a challenge to transform a short-term period growth into something more sustainable as it would require a steady economic peace until there is a distinction between Israel and Palestine. Which is all theoretically possible but when understanding the legal and economic implications of Area C, it becomes difficult to implement. The Palestinian state is in a dire need of an independent info structure that involves communication, transportation, energy, etc. that can assist in increasing employment, stabilize independence and fuel urbanization.

Masri himself asserts that economic peace is not attainable and viable without a political framework that responds to Palestinian national and political aspiration.¹¹⁶

He also believes that in the event of a real economic peace in the Palestinian situation, there will be great opportunities to attract many investments and establish investment projects that will provide job opportunities for many Palestinians, especially youth, reduce unemployment, advance the Palestinian economy, and exchange benefits with the market and the Israeli economy.

5.3 The Role of Economics in the Palestinian – Israeli Conflict:

Dr. Ali Jarbawi,¹¹⁷ a professor of political science at Birzeit University, suggests that Israeli officials adopted economic revival in the Palestinian areas in the aftermath of the 1967 war, and the occupation of the West Bank and Gaza.

¹¹⁶(A personal interview with Masri, Bashar a Palestinian business man, Rawabi, Ramallah, 8/11/2022).

¹¹⁷ A personal interview with Dr. Jarbawi, Ali, professor of political science at Birzeit University, Ramallah, 17/10/2022)

The then Israeli Defense Minister, Moshe Dayan, worked for a regional settlement in which parts of the West Bank would be conceded to Jordan, adopting an open bridges policy, and absorbing Palestinian labor in the Israeli labor market.

Jarbawi believes that economic peace is a political paradigm to avoid political peace, from its content. This content in the Palestinian case is the independent state on the territories that were occupied in 1967. In this sense, economic peace would be an alternative and a substitute to political peace, and any Palestinian would be dependent on the Israeli economy and will not be able to create a political oppression for the Palestinian people.

Israel has always tried to hint at economic facilities, which was indicated by the Israeli historian Omri Raviv in archives relating to the first years of the Israeli occupation of the Gaza Strip. It shows the preoccupation of the high levels of Israel and the army, since the first weeks of the occupation, in formulating secret plans, policies and understandings to use economic and financial inducements to encourage the 1948 refugees residing in the Gaza Strip camps to migrate to the West Bank and then Jordan, and in the best cases to the Gulf states, or to South America.¹¹⁸

Jarbawi, like many other Palestinian experts and scholars, asserts that no sustained economic development can be realized in the continued presence of the Israeli occupation which colonizes the land and steals its material resources. Therefore, it is only natural that the Palestinians reject any economic peace or plans which are set on their national, political and physical negation¹¹⁹.

¹¹⁸<https://assafirarabi.com/ar/41700/2021/11/11/%D8%A7%D9%84%D8%A7%D9%82%D8%AA%D8%B5%D8%A7%D8%AF-%D8%A7%D9%84%D8%B3%D9%8A%D8%A7%D8%B3%D9%8A-%D9%84%D9%84%D8%B3%D9%84%D8%A7%D9%85-%D8%A7%D9%84%D8%A7%D9%82%D8%AA%D8%B5%D8%A7%D8%AF%D9%8A-%D8%A7%D9%84/>

Abd Karim believes that the Israeli vision of solving the conflict is based on trading Palestinian political and national aspirations with economic gains at the personal and perhaps community levels. As pointed out by Dr. Abdul Karim the Israel government's decision to withhold clearing funds is an embodiment of Israeli Prime Minister Benjamin Netanyahu's vision to employ the economy in political blackmail to force the Palestinians to make concessions, warning of the consequences of the financial crisis that the P.A. began to suffer from and its impact on the various groups of society The Palestinian, and this was confirmed in many interviews. ¹²⁰Accepting this Israeli vision for economic peace would mean the end of Palestinian political and national aspirations.¹²¹

Shukri Bishara, Minister of Finance in the Palestinian government believes that, and evidence has shown, that no economic development in the Palestinian territories, under the existing Israeli military occupation is possible or viable now and as long as this occupation remains in place. Bishara believes that this occupation, which plans to be permanent, is the antithesis of Palestinian economic development or economic stability and prosperity.

No Palestinian economic development is possible without Palestinian control of Palestinian land and material and natural resources which are under the full monopoly and control of Israeli occupation authorities. Furthermore, the Palestinian economy, and development are being marginalized by the hegemonic policies by the Israel and its expanding settlement project in the Palestinian territories, policies that are leaving no

¹²⁰<http://www.miftah.org/Arabic/Display.cfm?DocId=15334&CategoryId=16>

¹²¹A personal interview with Dr. Abdul Kareem Nasr, a professor of economy and finance, the Arab American University, Ramallah, 08/09/2022

physical space for a proportional development that can accommodate the Palestinian population and its economic and life needs.

Like other experts, Bishara believes economic peace is not feasible in the Palestinian context, in the absence of political peace. Bishara further argues that economic peace on its own, is not feasible because of restrictive and crippling Israeli deliberate policies at all levels which are designed to keep the Palestinian economy very weak and fully dependent on the Israeli economy¹²².

5.4 The Role of American Aid and Initiatives Provided to The Palestinians in Building Peace and Reducing the Palestinian-Israeli Conflict:

According to economist Nasr Abdel Karim: “The organizers of this initiative may be businessmen, but they may not represent all of the private sector, because the Palestinian private sector may not agree with this proposed approach, which may seem normal with the Israeli side.”

Dr. Abdel-Karim said, "Those in charge of the initiative may make the wrong assumption that the economy, economic relations, or the Israelis' notification that they have an interest in peace may be the most appropriate solution to reach a just settlement, as if this initiative ends the conflict."

Abdel Karim adds: “I think this is consistent in a way that the initiative owners may not be aware of, with the economic peace thesis, which practically deviates from the Kerry plan and the Quartet Committee. I also disagree with this initiative, because the conflict with the occupation is not a conflict over resources only or an economic conflict, as the occupation is the first and last impediment to the growth of the Palestinian economy.

Yahya Al-Shunnar¹²³ was initially the General Manager of the Foundation's branch in Palestine, the Foundation implemented very large projects, most important of which is “Rawabi”, which is the largest urban project in Palestine at a cost of 850 million US dollars. However, after implementing the “Rawabi” project, it was noted that investing in this sector would not be the best option to move the economy forward, because Palestine's financial and economic sectors are suffering.

To conclude this chapter, the interviews conducted with practitioners, experts, academics and businesspeople reveal the following:

1. The conventional theory of economic peace does not automatically apply to the Palestinian context, which is rather complex, in light of the conflicting political and economic agendas of the Palestinians and the Israeli occupation.
2. No economic peace is viable under the existing conflict between the Palestinians and the Israelis. The relationship between the occupier and the occupied cannot create a win – win situation and is asymmetrical.
3. The Israeli occupation authority insists on making economic peace, no matter how much weak and superficial, a substitute and an alternative to political peace which is not acceptable to the Palestinians.
4. International aid to build an economy for a future Palestinian independent state has receded and become linked to certain political agendas that are not acceptable to the Palestinians. (The Trump Deal of the Century is a case in point).

¹²²A personal interview with Bishara Shukri Minister of Finance in the Palestinian Government, Ramallah, 20/11/2022.

¹²³ A personal interview with Shunnar, Yahya director of Portland Trust, Ramallah 05/12/2022

5. The consensus among the interviewees is that economic peace, even if it becomes feasible, will not be accepted by the Palestinians if the price is giving up their political independence and state-hood.
6. The American-Israeli project under the title “economic peace” transforms the Palestinian issue from a political issue that must be resolved in accordance with the relevant international legitimacy resolutions, which stipulate the national rights of the Palestinian people, into a mere living issue that is to be improved and dealt with through economic and development projects, under the roof of Israel’s security. This The solution gives priority to “economic peace” over “political peace” with the content of establishing limited administrative self-rule over the people without the land, under complete Israeli domination, in return for a series of projects that, if implemented, would contribute to raising the standard of living for the Palestinians.

Despite the deterioration of the economic conditions of the Palestinians in general, and despite the worsening of their miserable living conditions, it will not lead to the acceptance of the "economic peace" project as a substitute for a just political solution represented by the return of refugees, self-determination and the establishment of independent states with East Jerusalem as its capital.

1. The aid provided to the Palestinian people, including the United States, has always been linked to the policies of those countries towards the Palestinian cause, and its value, components, mechanisms and goals have varied according to their changing political stances and their regional and global development agendas, especially in the 25 years since the Oslo Accords.

2. The aim of economic support may be to redefine the Palestinian issue and change it from national rights and political issues to job opportunities, relief and humanitarian aid, and at best a better economy, provided that it is linked to the Israeli occupation, which means acceptance of the occupation and settlement, without offering the development and independence of the Palestinian economy.
3. Israel resorts to the tone of economic peace in two strategic cases. It can be found at a moment of weakness on the Palestinian side, when it seeks the possibility of achieving political gains through distortion of the negotiating agenda, and here it tries to enhance its chances through economic "desalination". Likewise, it has often come as acquiescence to a state of actual Palestinian resistance, or an intelligence and strategic reading that says that employing pre-emptive economic inducements would relieve tension or build a comprehensive Palestinian resistance force, as was evident in the Jerusalem and Gaza donation in May 2021.

Conclusion

It has become obvious, all through this thesis, that the recent Israeli governments have decided to reject any meaningful political solution to the Palestinian – Israeli conflict, based on the signed agreements and the relevant UN resolutions, or international law. Since Benjamin Netanyahu assumed power, as prime minister, in Israel, he has publicly disavowed the two-state solution. During his political rule, the Israeli Knesset adopted the “Nation state” law, which gave the Jews the full entitlement to the state land of the state of Israel, and also referred to historic Palestine as the state of the Jewish people.

In Netanyahu’s mind, and the mind of the Israeli right, the West Bank, what they refer to as “Judea and Samaria”, belongs to the Jewish people. According to this biblical, ideological, and colonial vision, the Palestinian inhabitants of the West Bank cannot have any national or political rights or expression. They should be treated only as communities without political or national identity or representation.

One can imagine, therefore, the kind of economic peace that can be offered to the Palestinians, an economic peace that has no link or connection to any national political scheme.

The ultimate deal of the former U.S president, Donald Trump, came to support and enforce the Israeli vision of “peace” with the Palestinians in general, and “economic peace” in particular. After the departure of Donald Trump, the new American president, Joseph Biden, and his administration did not practically change course. Although Biden and his administration reiterated their commitment to the two-state solution, they always added the caveat that this solution is farfetched, and the focus now should be on improving the life conditions of the Palestinians.

Now with the return of Netanyahu and the Israel ultra – right to power, and the possibility of Trump then returning to power in the next American Presidential elections, it is expected that political peace will fade away, and the debate will focus on improving the economic conditions of the Palestinians, as Israel and the U.S see fit. The term “economic peace” may be dropped out altogether. Instead, the Israelis and the Americans will talk about economic projects and the improvement of the economic conditions of the Palestinian people.

The Palestinian reaction to these Israeli – American schemes should be as follows:

1. The Palestinians should stick hard to their national goals of self- determination, national independence, and statehood, based on the Palestinian fixed national goals and resolutions, and the relevant international legitimacy resolutions. The Palestinians should continue their struggle at all levels, internal, regional, and international, and should continue to lobby the world to support their just and legitimate cause. They should continue to expose Israel as a colonial occupation power and an apartheid state and regime. The Palestinian strong and vocal message should continue to be heard that there will be no peace and security in the region, and for Israel in particular, unless the Palestinians attain their full legitimate national and political rights and statehood. The Palestinians have to make it clear, that neither economic alternatives, nor the Abraham Accords and the normalization of relations between some Arab states and Israel will change the ground rules for the solution of the Palestinian Israeli conflict.
2. Based on these resolutions, the Palestinian leadership institutions have recently redefined the relationship between the Palestinians and Israel, as a relationship between an “occupier” and “occupied”. The Palestinians need to develop a practical

plan to start disengaging from the Israeli economy, as a prelude to a broader plan to full disengagement with the occupation. In this regard, the Palestinians also need to increase their own economic self-reliance, utilizing their available material and potential human resource to the maximum. They need to expand their economic relationship with the neighboring countries and other countries, despite the restrictions of the Paris Protocol. The Palestinian economy as a whole need to be restructured in order to free this economy from Israeli domination.

3. Finally, and to win the international community's support, the Palestinians should demonstrate willingness to engage in any economic scheme, initiative, plan or project, as long as it comes under the acceptable political framework, based on the two-state solution. They should make sure that these economic activities do not constitute an alternative to their national and political rights, or an alternative to a political solution based on international legitimacy resolutions. If assured, the Palestinians may engage in an economic track that goes in parallel to a political track, since the two tracks can go hand in hand.

In conclusion, it should be remembered that all attempts to bypass the Palestinian issue by focusing on economic solutions, as an alternative to political solutions, have failed and are not likely to succeed.

Economic peace can be important and useful for the Palestinians as long as it does not become an alternative to political peace as illustrated in independence and statehood. The economic peace plan which recognizes them as an equal partner, and comes in the context and framework of the two-state solution. This solution is recognized and adopted by all the relevant parties, including the United States and Israel. The plan

should simultaneously cover all parts of the Palestinian territories, the West Bank, including East Jerusalem, and Gaza.

I believe Palestinians will be ready to engage in a dual political and economic peace track. The two tracks are intertwined and can go hand in hand, and can serve each other. In this sense, economic peace can help sustain political peace and consolidate security, development, stability, and prosperity for all.

If economic peace is not predicated on the two-state solution, how then is it going to look like? On a one state solution? I pose this question to you all. From past experience, attempts for building economic peace have mainly failed. The realities on the ground made it impossible for major economic projects to see the light look at the Gaza Mega water desalination plant.

In the absence of the right political horizon and framework, we would be obstructing major economic projects which can make a difference and create real development and prosperity. Do we have the required political horizon and framework right now? The answer is no. Then how and where can we start? How much can we do if tension, violence, Israeli incursions, and settlers' violence prevail? If Palestinian access to their natural resources and movement of men and goods is restricted, how much can we do and how? How is economic peace, or any plan under such circumstances, feasible if not predicated on the two-state solution, how then is it going to look like? On a one state solution? From experience, attempts for building economic peace have mainly failed. The realities on the ground made it impossible for major economic projects to see the light, the Gaza Mega water desalination plant is a case in point.

❖ **Aid and the Political Stalemate:**

In light of the ongoing stalemate in the political process between the Palestinians and the Israelis, and the absence of any realistic political horizon, the future of economic peace and economic aid to the Palestinians remains uncertain.

Four scenarios in this regard may be at play. First, and following the formation of the current far-right government in Israel, and the likely rise of tension between the Palestinians and the Israelis on the ground, attention of the international community, and the United States in particular, may focus on containing this tension and preventing a drift towards violence. In other words, priority may be given to maintaining security and order on the ground. Any aid in this context may be geared to enhance security, and not advancing a plan for economic revival for the Palestinian economy, based on the argument that feasible economic development, or investment plans require a stable security environment.

The second scenario would be an international and U.S. aid intervention for the Palestinians to counterbalance the aggressive policies of the far-right Israeli government against the Palestinians, especially in light of the punitive measures, financial and otherwise, that are undertaken by this government, and which are likely to increase. The rationale here is to prevent the collapse of the Palestinian Authority which is suffering from a severe financial crisis as illustrated in huge debts to banks and in the inability to pay full salaries for the PA employees for months. In this case, a package of economic and financial aid to the Palestinians would be considered a benign political response to the harsh Israeli measures which are likely to expand in the coming period, and which are provided for in the coalition agreements of the current Israeli government. If

implemented, these measures will undermine the national and material existence of the Palestinians on their land.

The third scenario is that the U.S. may try to pressure, induce, or blackmail the Palestinians, who are in great economic and financial need, to engage and participate in the Abraham Accords, with promises that this engagement and participation will help them solve their economic and financial problems. Past experience, however, had shown that similar American sponsored economic projects, initiatives or plans did not add much to solving Palestinian economic and financial problems it is very likely that the PA would engage in the Abraham Accords without an acceptable political horizon for them.

The Fourth and last scenario is for the current situation to continue, which will likely lead to the Palestinian Authority's disintegration. The current far right Israeli government views this Authority as an enemy and no partner. Clearly, any of these scenarios involve a political price that the Palestinians are required to pay, but may not be ready to do so.

Recommendations:

- First: The Palestinian Authority has to embark on a strategic plan of short term and long-term economic self-reliance, that requires a gradual and incremental process of economic disengagement from the Israeli economy, and Israel as a whole. It is very evident that this task is painstaking and not easy to achieve, considering more than half a century of Palestinian economic entanglement with the Israeli economy, and multifaceted reliance on Israel. Palestinian economic self-reliance requires a break of

the structural and functional relationship that has organically linked the Palestinian economy to the Israeli economy.

- Second: The Palestinian Authority has also to embark on a serious process of good governance, based on transparency, accountability, and the rule of law, to be matched with a process of political, administrative, legal, and financial reform that is necessary for economic self-reliance. These processes are necessary for constituting a solid foundation for a functioning national economy.
- Third: The Palestinian Authority should empower the Palestinian private sector, which is the backbone of the Palestinian economy, and the largest employer of Palestinian man-power in Palestine. This empowerment includes creating conducive conditions for investment, including the adoption of the appropriate investment laws. It should also encourage and facilitate foreign investment and partnerships.
- Fourth: The Palestinian private sector has an important role to play in achieving national economic self-reliance, with a clear understanding that the Palestinian Authority will issue and adopt the required legislations and policies that would enable the private sector to play its role in decreasing Palestinian reliance on the Israeli economy.
- Fifth: Since the material resources available to the Palestinians are limited, due to the fact that Israel controls area (c) which accounts for 60 percent of territories in the West Bank, and prevent access to Palestinian resources there, both the Palestinian Authority and private sector should try to utilize Palestinian human resources to the maximum, benefiting from the newly acquired electronic and technological skills the young generation of educated Palestinians possesses. Furthermore, both the Palestinian Authority and the Palestinian private sector should plan to turn Palestine

into a start-up nation. Perhaps this shift may be a way to achieve Palestinian economic self-reliance in the long run.

- Sixth, and finally both the Palestinian Authority and private sector should seek alternative economic partners to Israel, both in the region and worldwide, in the areas of trade (imports and exports), as well as in major economic projects, and expand existing economic relationships with other countries.

The ultimate goal in this regard is to have less economic relationships with Israel, more Palestinian economic activities, and more economic relationships with other countries.

It is expected that Israel will not easily let go of its hegemonic relationship with the Palestinian market, which accrues huge benefits for the Israeli economy. Israel also realizes that Palestinian economic strength can eventually translate into political strength, to which Israel is strongly opposed.

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ملخص

يناقش هذا البحث مفهوم السلام الاقتصادي ويحلل علاقته بالسلام السياسي في سياق الصراع الفلسطيني الاسرائيلي. كما يبين هذا البحث الترجمة الفعلية لهذا المفهوم على أرض الواقع بما أحاط به من تطورات ومتغيرات أثرت بدورها على المفهوم ذاته.

يختلف مفهوم السلام الاقتصادي في السياق الفلسطيني عنه في أي سياق آخر، وذلك بسبب طبيعة الاحتلال العسكري الاستيطاني الاحتلالي، والذي لا يعترف بوجود شريك، له الحق بتقرير مصيره في إطار دولة مستقلة، وعليه لا يمكن تحقيق أي سلام اقتصادي، وخاصة في ظل العلاقة القائمة بين الدولة القائمة بالاحتلال والدولة أو الكيان الخاضع للاحتلال، حيث ترفض دولة الاحتلال أية تسوية سياسية مقبولة للفلسطينيين لا تشكل إطاراً سياسياً لاي سلام اقتصادي. فإسرائيل ترفض الاعتراف بدولة فلسطينية، وهذا يجعل السلام الاقتصادي غير مقبول وغير ممكن بالنسبة للطرف الفلسطيني.

وحتى لو أرادت اسرائيل سلاماً اقتصادياً منفصلاً عن أي إطار سياسي مقبول للفلسطينيين، فإن ما تعرضه لا يرتقي الى الحدود الدنيا لتحقيق سلام اقتصادي من أي نوع، فالاحتلال والاستيطان والسيطرة على الموارد وعلى حركة الناس والبضائع تحول دون قيام أية تنمية اقتصادية أو أي اقتصاد أو سلام اقتصادي حقيقي بأي مفهوم تطرحه الأدبيات في هذا السياق.

تريد اسرائيل أن يكون ما يسمى بالسلام الاقتصادي بديلاً للسلام السياسي، كمقدمة للتنازل لكليهما. فقد سعت منذ احتلالها للأراضي الفلسطينية في العام 1967 لعدم تمكين الفلسطينيين من بناء أي اقتصاد حقيقي تكون له تعبيراته السياسية، ولذلك نجدها تفرض سياسات مقيدة للغاية على الاقتصاد الفلسطيني الذي أصبح يعاني من الهشاشة والتشوّه بفعل هذه السياسات، كما تواصل اسرائيل حصارها على قطاع غزة، وتحول دون وجود أي تكامل اقتصادي من شأنه ان يسهم إيجاباً في بناء اقتصاد فلسطيني قابل للحياة. وتتوافق الرؤية الأمريكية في هذا السياق مع المنظور الاسرائيلي، كما يتجلى ذلك في صفقة القرن التي طرحها الرئيس الأمريكي السابق دونالد ترامب، وما رافقها من خطط أو مبادرات اقتصادية تصب في هذا الإطار.

هذه الرؤية الاسرائيلية تؤكدتها اليوم مجموعة القوانين والسياسات والاجراءات العنصرية التي تبنتها الحكومات الاسرائيلية السابقة، والحكومة اليمينية الحالية المتطرفة بقيادة بنيامين نتنياهو، كقانون القومية وغيره، والتي تعتبر أن ارض فلسطين التاريخية هي ملك حصري " للشعب اليهودي"، وأن حق تقرير المصير هو أيضاً حق لليهود فقط، الذين من حقهم الاستيطان في كل

بقعة من أرض فلسطين التاريخية التي تطلق عليها الحكومة الاسرائيلية مسمى " أرض اسرائيل ".

يوضح البحث أيضاً أن المساعدات الخارجية للفلسطينيين، وخاصة الأمريكية، لم تنجح في خلق اقتصاد فلسطيني مستقل قابل للاستمرار في جميع الظروف، أو خلق سلام اقتصادي، لأن هذه المساعدات جاءت متساقطة إلى حد بعيد مع المنظور الاسرائيلي لمستقبل الأراضي الفلسطينية. أما المساعدات الأوروبية فقد كانت واعدة في بداياتها عندما ركزت على بناء مؤسسات الدولة الفلسطينية. ولكن نتيجة لمجموعة من المتغيرات تراجعت أوروبا عن هذا الهدف السياسي وتقلصت مساعداتها الاقتصادية الى حدود دنيا.

ويوضح البحث أيضاً أن الولايات المتحدة الأمريكية استخدمت المساعدات المالية للسلطة الفلسطينية وللاقتصاد الفلسطيني كوسيلة ضغط في محاولة لفرض مواقف سياسية محددة لا يقبل بها الفلسطينيون. وقد فعلت بعض الدول الأوروبية الشيء ذاته في مواقف معينة. أما اسرائيل فتحجز الأموال الفلسطينية وتعطل بذلك بناء ونمو الاقتصاد الفلسطيني في محاولة مكشوفة أيضاً لفرض سياسات معينة على السلطة الوطنية.

خلاصة البحث، هي أنه ليس هناك أية إمكانية لتحقيق سلام اقتصادي في فلسطين في ظل عدم وجود أفق سياسي مقبول فلسطينياً، واستمرار الاحتلال الاسرائيلي للأراضي الفلسطينية، وعدم تحقيق حل الدولتين، وقيام دولة فلسطينية مستقلة ذات سيادة وقابلة للحياة لكي تشكل إطاراً سياسياً للاقتصاد الفلسطيني وللسلام الاقتصادي على وجه التحديد.