

Protests against Palestinian Authority austerity measures

Jean Shaoul**14 September 2012**

The Palestinian Authority (PA), the Palestinian trade unions and Israel are united in opposing a growing tide of protests in the West Bank.

They all fear it escalating into a political offensive against Tel Aviv and Washington's puppet government in Ramallah.

Protests have been growing since late August over the rising cost of living, especially the increase in fuel, which has risen to US\$2.12 a litre, and VAT, to 16 percent. Both are tied to prices in Israel, where wages are higher.

With more than 20 percent of workers and 35 percent of young people without jobs, such prices are beyond the means of the overwhelming majority of Palestinians. The PA has also warned of electricity cuts in many parts of the West Bank.

Mass demonstrations broke out throughout the West Bank, including in Ramallah, Nablus, Bir Zeit, Hebron, Bethlehem, Jenin, Jericho, Tulkarm, al-Dura and several refugee camps.

In Beit Jala, school children protested about the price of basic goods. In al-Dura, a 42-year-old man attempted to set fire to himself, but was stopped by a security guard. In Ramallah, a man tried to set himself and his 6-year-old daughter alight because he could not afford to pay for her cancer treatment.

Unable to hold back workers' anger, the trade unions called a series of public transport strikes, including the service taxis, bringing the West Bank to a standstill for several days this month. These strikes were joined by public sector workers, who protested against the PA's failure to pay its 160,000 workforce. Hundreds of government employees staged a two-hour work stoppage and demonstrated outside Prime Minister

Salam Fayyad's office.

Protesters closed the roads and burned tires. In Hebron, police clashed with demonstrators, leading to stone-throwing, to which the security forces responded with tear gas. More than 50 people were injured.

As the protests and strikes escalated, demonstrators turned their anger on the PA and Fayyad, accusing him of being at Israel's beck and call. Demonstrators demanded the abrogation of the 1993 Oslo Accords, the agreement with Israel that determines the economic relations between Tel Aviv and Ramallah. Israel has implemented the Paris Protocol, a key element of the accords and ostensibly a blueprint for a customs union between Israel and Palestine, selectively and in its own interests, wrecking the Palestinian manufacturing and agricultural sectors in the process.

There were widespread calls for Fayyad's resignation. In Hebron, demonstrators burned an effigy of the former IMF economist and Washington favourite. He is not a member of Palestinian president Mahmoud Abbas' ruling Fatah faction of the PLO, but was appointed by him in 2007 to replace the elected Hamas premier.

Abbas and Fatah have since made little attempt to support Fayyad, using him instead as a means to deflect popular anger against the PA. Abbas has said that the protesters' demands were "justified" and that a "Palestinian Spring has begun". He was out of the country on a visit to India.

On Sunday, as the crisis mounted, Fayyad and a group of ministers met with business and trade union leaders. The next day, he announced a series of measures including the cancellation of the planned hike in fuel prices, a cut in VAT to 15 percent and the part payment of public sector workers' August wages. This is to be paid for from further cuts to all government

budgets except health, education and social affairs as well as cuts in senior officials and ministers' salaries and expenses. He made a vague promise to stop traders from raising prices by imposing price controls on staple products.

Demonstrations continued after the announcement, with many saying that the measures were nowhere near enough, but the protests were smaller and calmer.

This is largely thanks to the trade unions, which are scrambling to keep the protests under control and limit strikers to purely economic demands. Ali Thawabteh, deputy head of the Beit Fajar workers' union, said, "We don't want to topple the government, but to lower prices".

He noted that in Israel, a worker gets NIS 300 to 400 (US\$100) per day compared with NIS 50 (US\$12.50) on the West Bank.

Following Fayyad's concessions, union officials said they would call off strikes following "constructive discussions" with the PA. Shahir Saad, head of the general federation of Palestinian trade unions, said that the public transport union had held "a constructive meeting with the PA Minister of Transport Ali Zeidan" and decided to halt protests.

According to the *Ma'an* news agency, Zeidan had agreed to form joint committees with the unions to address the crisis. They were due to meet yesterday and make recommendations to the PA cabinet. Nasser Younis, the transport union leader, told *Ma'an* that the union was optimistic a solution would be reached with the PA on several disputed issues.

Israel's prime minister Benjamin Netanyahu, after meeting Finance Minister Yuval Steinitz, also sought to shore up the beleaguered PA. He sent a personal message of support to Abbas and Fayyad via his envoy Yitzhak Molcho. He ordered an advance payment of US\$63 million tax money to the PA—50 percent of the monthly customs duties that Israel collects from Palestinians at checkpoints on behalf of the PA under the Oslo Accords. Tel Aviv has frequently delayed paying this and other taxes it collects as a means of imposing its diktats.

Netanyahu said Israel was "working on several fronts to help the Palestinian Authority with its economic problems.... I hope they will succeed in getting through this, which is in the mutual interest of both sides".

The PA had said it would try to amend the Paris Protocol, which was supposed to terminate in 1999. The measure sets local taxes and fuel prices. Tel Aviv rejected this, saying the Palestinians were "not serious" about changing the Accord and were only looking to shift the blame for their economic problems onto Israel.

The PA faces a desperate fiscal crisis. It is entirely subservient to Israel, which controls more than 60 percent of the West Bank, its roads, water resources and economy. This has led to a drastic reduction in both agriculture and manufacturing, compelling the majority of the Palestinians to rely on the PA for jobs and basic services. Almost entirely dependent on aid, this too has now dried up.

The PA's situation deteriorated sharply since September of last year when Abbas applied unilaterally, without approval from Washington and Tel Aviv, to the UN Security Council for membership of the UN as an independent state.

Washington imposed a de facto financial blockade on the PA, as punishment and in order to prevent Abbas applying for membership this year to the UN General Assembly, where he is assured of a sympathetic hearing from the majority of its members. Aid from both the US and the Gulf States, despite their pledges, has failed to materialise, bankrupting the PA. Last June, the PA said it had debts of US\$1.5 billion and a cash shortfall of US\$500 million.

In July, the World Bank reported that the much-vaunted economic growth of 7.7 percent in GDP in the last few years was entirely the product of the growth in public services funded by external donors, a real estate bubble and other non-tradable sectors, and was not sustainable. This is why Netanyahu offered some temporary relief, in a vain bid to stall the mass movement of Palestinian workers at the same time as social discontent in Israel itself is growing.



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