

# World Bank warns Gaza faces economic collapse

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Gaza's economy is in "free fall," the World Bank has warned. It has contracted by 6 percent in the first quarter of 2018, with every indication that it would continue to deteriorate. The Bank warned of Gaza's "immediate collapse" without urgent intervention.

A report published September 25 stated, "The result is an alarming situation with every second person living in poverty and the unemployment rate for its overwhelmingly young population at over 70 percent."

The Bank blamed Israel's economic blockade of Gaza, imposed in 2007 and later joined by Egypt, along with cuts in funding from the United Nations Relief and Works Agency for Palestine Refugees (UNRWA) and the Palestinian Authority, for the disastrous situation facing its near-destitute population.

Since 2006, Palestinians in Gaza have been unable to export their manufactured goods, fruit and vegetables, work in Israel's construction and agricultural sectors or import crucial materials required for production and construction, leading to the de-industrialisation of the economy.

So tight is the blockade by air, sea and land that it is almost impossible to leave Gaza, even to seek life-saving medical treatment in Egypt, Jordan, Israel or the West Bank, rendering it an open-air prison.

In 2015, a United Nations Conference on Trade and Development (UNCTAD) report said Gaza would become "unliveable" in less than five years if the current economic and population trends continued.

What the World Bank report did not say was that Israel's draconian blockade was its response to Hamas' victory in internationally-monitored elections for the Palestinian Authority parliament in January 2006, and is an act of collective punishment prohibited under international law. In 2006, a senior adviser to then Prime Minister Ehud Olmert, Dov Weisglass,

explained the goal of the Gaza siege was to put the people of Gaza "on a diet, but not to make them die of hunger." The goal, according to Israel's Defence ministry, was to wage "economic warfare" that would generate a political crisis, leading to a popular uprising against Hamas.

The blockade, along with the destruction of infrastructure and tens of thousands of homes by the Israeli military in three major military assaults in 2008-9, 2012 and 2014, has devastated the territory and its 1.9 million inhabitants.

Successive US administrations, Democratic and Republican, have given unconditional support to the Israeli state as it has carried out its attacks on Gaza, including the recent massacre of unarmed protesters in Gaza where at least 170 have been gunned down by Israeli snipers and thousands more have been wounded.

Gaza's economy has become entirely dependent upon aid and remittances, almost the only sources of money flowing into the Strip. Earlier this month, the Trump administration announced that it was ending all further payments to UNRWA, including the \$290 million planned for this year—itsself a reduction on the \$364 million last year—as part of its plans to close down the agency altogether. The US contribution accounts for nearly 30 percent of UNRWA's total budget that provides health care, education and social services to Palestinians in the West Bank, Gaza Strip, Jordan, Syria and Lebanon. UNRWA warned that unless \$217 million was forthcoming from other donors, it would have to make cuts.

Starting in 2017, President Mahmoud Abbas' Palestinian Authority in the West Bank, which is responsible for the payment of Gaza's public sector workers, cut its funding and in 2018 stopped it altogether. The PA withheld payments to Israel for

Gaza's power supply—already limited—leading to further power cuts, water shortages and untreated sewage.

According to the World Bank, the PA and UNRWA were the main source of non-trade related funding, totalling more than \$2.3 billion in 2014, with some \$500 million of informal sources flowing to Hamas, providing nearly 100 percent of Gaza's GDP in 2014.

A few weeks ago, UNRWA announced it was laying off nearly 1,000 of its 13,000 staff in Gaza, transferring 580 to part-time contracts and cutting salaries of hundreds more. This sparked angry protests and caused UNRWA to "lose control" of its compound in Gaza for more than two weeks. In July, an UNRWA worker tried to set himself on fire after receiving his dismissal notice. On Monday, 13,000 UNRWA workers went on strike in Gaza.

The World Bank said that the net result was that Gaza's average growth over the last two decades has been lower than all other comparators, including the West Bank. It anticipates a further deterioration in Gaza's economic situation, noting that Egypt's attempts to broker a long-term ceasefire between Hamas, the bourgeois Islamist group that controls Gaza, and Israel, and some easing of the blockade, had failed, as had repeated attempts to negotiate a reconciliation between the rival Palestinian factions.

Israel, with Washington's backing, has absolutely no intention of lifting the siege and will wage further assaults on the defenceless Palestinians. With half of Gaza's population dependent upon food aid from UNRWA, which also runs more than 250 of Gaza's schools and 22 medical centres, and up to 80 percent of the population dependent upon international aid, the implications are devastating.

As it is, some 70 percent of UNRWA schools and over 63 percent of Ministry of Education schools operate on a double or triple shift system that has cut teaching time to about four hours a day, and limited the time available to reinforce learning, support slow learners, and offer remedial education and extracurricular activities.

The traumatic conditions of everyday life, constant wars, air strikes and assassinations carried out by Israel's military forces have taken a terrible psychological toll on Gaza's children. At least 300,000 children need treatment for psychosomatic disorders

such as nightmares, eating disorders, intense fear and bed wetting.

The world's media have been largely silent about the World Bank's report, which evoked no editorial statements by major media outlets. There has been a deafening silence from world leaders, denoting their complicity in Israel's crimes against the Palestinian people and exposing their humanitarian pretensions as nothing but a cover for neo-colonial wars for regime change and plunder.

Almost the entire Palestinian community in Gaza has been brought to such a calamitous state as part of a calculated plan, aimed at terrorising the entire population and breaking the 70-year history of Palestinian resistance to occupation.

The situation imposed by Israel on Gaza today is reminiscent of that imposed by the Nazis on the Warsaw Ghetto. That Israel has resorted to such barbarism testifies to the bankruptcy of the Zionist project, which justified the establishment of Israel as a safe-haven for the Jewish people who had suffered under Nazi oppression. It must constitute a warning of what is being prepared against the working class in every country. Sieges against entire populations, whether through closing the borders, as in Gaza's case, blockading Hodeida, Yemen, or imposing economic sanctions—along with secondary sanctions—to strangle Iran, are the shape of things to come.

Reaction, militarism and the drive to dictatorship are sweeping across all the major powers in response to the deepening of the world capitalist crisis and the growing signs of working-class resistance. No appeals to the "international community" to provide financial support for Gaza or put pressure on Israel to lift the blockade will have any effect. The international working class must come to the defence of the Palestinian masses and fight for the unity of all workers, across all religious and national lines, in the Middle East and internationally.



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