

مازن العجلة

سنوات التنمية الضائعة في قطاع غزة (2018 - 2007)



مركز الأبحاث
منظمة التحرير الفلسطينية

MAZEN EJLAH, *Sanawāt al-Tanmiyya al-Dā'i'a fī Qiṭā' Ghazza (2007-2018)* [*Gaza: The Lost Years of Development (2007-2018)*] (Ramallah: Palestine Research Center, 2020), pp. 210.

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Mazen Ejlal's *Gaza: The Lost Years of Development (2007-2018)* explores the theme of development in the daily lives of Palestinians in Gaza. Development in the Gaza Strip has been undermined by the Fatah-Hamas divide, the Israeli siege of the Strip, and the international community's boycott of Hamas and its government. The impact of these factors on the loss or stagnation of development has not been thoroughly studied or analysed, often leading to superficial conclusions about the socioeconomic situation in the Gaza Strip.

The author addresses classical and modern theories of economic development extensively, with a specific focus on those that analyse development under crisis. Among the most prominent classical theories is Paul Rosenstein-Rodan's Big Push Model, which posits that incremental development will not overcome economic stagnation; Ragnar Nurkse's Balanced Growth Theory, which advocates for balanced growth across all sectors of the economy to break the vicious circle of poverty; and Albert Otto Hirschman's theory, which suggests that stimulating economic growth in developing countries requires implementing unbalanced growth by concentrating investments in key industries.

The book also addresses modern development theories, categorizing them into two main types: structural change models, which focus on the shift of underdeveloped economies from traditional agricultural production to more advanced industrial economies; and new neoclassical syntheses, which argue that economic underdevelopment results from the misallocation of resources due to misguided government policies.

The author explores Arab perspectives on development, with particular attention to Samir Amin's contributions to the Dependency and Unequal Exchange theory. Amin posits that economic development is only achieved when it is supported by political determination. The author also refers to the Egyptian economist Ismael Sabri Abdullah who argues that developmental theories attributing underdevelopment solely to economic reasons lack a historical explanation that substantiates their validity.

The Political Framework of the Lost Years of Development

The book discusses the evolution of the political framework from 2007-2018, the lost years of development, linking it to Hamas's forced control of the Gaza Strip, its establishment of a government within a context of total geographic and political division, and the absence of legislative and legal authority, all of which harmed public freedoms and human rights.¹ The Israeli siege of the Gaza Strip is examined as another main

¹ Mazen Ejlal, *Sanawāt al-Tanmiyya al-Dā'i'a fī Qiṭā' Ghazza (2007-2018)* (Ramallah: Palestine Research Center, 2020), p. 34.

factor stunting development.² Additionally, the author details the amounts and sources of funding, with a focus on public expenditure by the Palestinian National Authority in the Gaza Strip, net current transfers, expenditure of the Palestinian government in the Gaza Strip, and credit facilities.³

The author argues that institutional weakness in the Gaza Strip, coupled with a lack of a clear political and economic vision — overburdened with slogans of resilience against “conspiracies” rather than reflecting a developmental and national perception — have hindered the Palestinian institutions’ ability to develop. This weakness is further exacerbated by international isolation and a comprehensive Israeli siege.

Consequently, all these factors contributed to what the author terms a “geo-economic shock”, manifested in a deterioration in productive capacity, especially in sectors no longer able to import raw materials and export their products. In addition, thousands of workers were laid off and foreign trade volume declined. The banking sector also declined due to the regression of economic activities and the suspension of transactions with Palestinian banks by Israel. Additionally, the transportation of goods and commodities through tunnels between Egypt and the Gaza Strip, supervised by Hamas, dealt a severe blow that precluded any possibility of recovering the “geo-economic shock”.⁴ This situation weakened the impact of cash flows into Gaza provided by the Palestinian Authority and foreign aid on development. Moreover, it reinforced challenges for the private sector operating in a political and economic atmosphere lacking government support.⁵

Economic Developments in the Gaza Strip

The author argues that economic data indicates a significant decline across all economic activities since the Palestinian political rupture and Israeli siege. While average economic growth during 2007-2019 increased by approximately 2.1% annually, negative growth rates were observed during these years (particularly in 2007, 2008, 2014, 2017, and 2018). The economic growth sunk to its lowest point in 2018, at a rate of -7%.⁶

These rates have resulted in significant structural changes that reflect how severe the decline in economic activity is. The most notable changes include a decrease in average GDP per capita, a reduction in the contribution of Gaza’s GDP to the overall Palestinian GDP, a decline in the contribution of productive sectors to the GDP, an increase in the role of the service sector in the economy, and a rise in the number of very small-scale service establishments. The growing prominence of the service sector has bolstered the Palestinian economy in Gaza. This is particularly noteworthy as growth in this sector is often less dynamic than in agricultural and industrial sectors and is characterized by limited employment opportunities and weak investment spending.⁷

Among the structural changes affecting the Palestinian economy in the Gaza Strip is the growing trend of consumerism in contrast with weak production. Consumption has seen significant growth rates, surpassing local production. Furthermore, the role of foreign trade in economic activity has diminished, impacting both exports and imports. This decline naturally extends to the relative importance of Gaza’s imports in the overall value of Palestinian imports, as well as a decrease in its significance in relation to the imports of the West Bank.⁸ These combined effects manifested in the labour market, which experienced profound distortions, losing its capacity to accommodate the growing numbers of job seekers each year.

² Ibid., pp. 45-48.

³ Ibid., pp. 79-93.

⁴ Ibid., pp. 70-78.

⁵ Ibid., pp. 88-89.

⁶ Ibid., p. 97.

⁷ Ibid., pp. 98-101.

⁸ Ibid., pp. 107-111.

The reconstruction process in the Gaza Strip was also adversely affected. The reconstruction mechanism imposed by Israel, fraught with complexities and obscurities, resulted in the rebuilding of only 71.7% of destroyed houses four and a half years since the conference. Additionally, only 57.3% of partially destroyed houses have received compensation, while approximately 16% of economic establishments that suffered damages have been compensated.⁹ This is also due to the fact that, three years after the Cairo Conference in October 2014, donor countries had disbursed no more than 37% of the amount to which they committed.

Public Services, Poverty, and the Middle Class

The author highlights the diminishing capacity of infrastructure and public services in education, health, and public facilities such as water and electricity, to cope with escalating demand. The quality and reach of public services have deteriorated, leading to school shortages. This shortage became more pronounced with the growing number of students per classroom and the increasing prevalence of schools operating through morning and afternoon shifts.¹⁰ These challenges were further intensified by high population density, which has been increasing at a rate of up to 40.5% since 2007.

In the health sector, the number of functioning clinics has decreased, in addition to shortages in doctors, nurses, and beds.¹¹ Moreover, the Gaza Strip has been facing a critical water insecurity situation, compelling residents to purchase drinking water solely from desalination stations.¹² The Gaza Strip also grapples with an intense energy crisis, as many destroyed houses lack a sufficient and continuous electricity supply. For the past ten years, electricity has been provided for 4-hour periods, often followed by blackouts of 12 hours or longer. This crisis has taken a toll on citizens, the private sector, and all segments of society. Hamas often bears responsibility for this issue as the governing authority, given its inability to manage the sector transparently, particularly in engaging in political disputes with the Palestinian Authority over fuel costs. Furthermore, Hamas is the entity that receives the revenues from consumed electricity, while the Palestinian Authority covers the costs of electricity purchased from Israel and Egypt.¹³

The book also addresses the rising poverty rates and the expansion of the impoverished class both vertically and horizontally following the political division. It examines its impact on the size and role of the middle class. Indicators suggest that poverty rates throughout the years of siege and division never dipped below 38%, rising to 53% in 2017, and at times potentially sweeping 70% of the total population. Additionally, the percentage of the population vulnerable to poverty in the Gaza Strip was on the rise.¹⁴

The author points out that rising poverty rates have had an impact on the size and role of the middle class in the Gaza Strip. In terms of size, estimates suggest that the middle class in the Gaza Strip ranges between 20-25% of the population, indicating a decline from the pre-siege and pre-division years. Concerning its role and general characteristics, estimates indicate that the middle class has undergone fragmentation and sharp disintegration as a result of the division, resulting in the marginalization and exclusion of segments affiliated with the Palestinian Authority who left their positions based on the instructions of the Authority itself. This has deprived these employees of their ability to form an effective middle class.¹⁵

The book provides a solid interpretation of the developmental efforts in the Gaza Strip that have been lost or squandered, leading to a dire situation for Gazan Palestinians. It sheds light on the impact of the

⁹ Ibid., pp. 136-138.

¹⁰ Ibid., pp. 151-152.

¹¹ Ibid., pp. 153-154.

¹² Ibid., pp. 155-158.

¹³ Ibid., pp. 159-164.

¹⁴ Ibid., pp. 166-170.

¹⁵ Ibid., pp. 177-185.

Palestinian division and the Israeli siege on its political, economic, and social realities. These repercussions have not only affected the Strip but have also extended to Palestinian society in the West Bank. The division has weakened the national spirit, hindered collaborative institutional efforts between the West Bank and the Gaza Strip, and contributed to the stagnation.