

World Bank Distorting Truth, Blaming Palestinian Failures on Israel

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It's that time of the year again, when the World Bank's latest Economic Monitoring Report is being issued, and it includes a special segment on how things are in the Palestinian Authority.

The bank's press release says that this year's report stresses that "while the donor community's efforts are directed towards short-term relief for Palestinian fiscal stress, it is important to recognize that the prolonged system of closures and restrictions is causing lasting damage to the competitiveness of the Palestinian economy."

So, there's a narrative in place, which is: Palestinians are poor, wealthy countries are sending in the funds, but Israel is limiting movement within the Palestinian Authority so badly, what with checking if their cars are carrying weapons, bombs, or suicide bombers, and what with the security wall that physically bars terrorists from sneaking into Israel – those things are ruining the Palestinian economy.

The problem with press releases of this kind is that one occasionally gets the feeling that their authors haven't read their own text all the way through.

For instance, take a look at the following two paragraphs:

The economy is in danger of losing its capacity to compete in the global market, according to the report. It shows that the structure of the economy has deteriorated since the late 90's as the value-added of the tradable sectors has declined, illustrated by the productivity of the agriculture sector having roughly halved and the manufacturing sector having largely stagnated.

The share of exports in the Palestinian economy has also been in steady decline since 1994, dropping to 7 percent in 2011, one of the lowest in the world. Moreover, Palestinian exports are concentrated in low value-added goods and services, the majority of which is exported to Israel.

So, starting in 1994, Palestinian poverty has been increasing steadily, until it really started revving down, so to speak, in more recent years.

And what magical event started in 1994? You guessed, the Paris Economic Protocol happened, which followed the 1993 Oslo Peace Accords, creating the Palestinian Authority and handing over the keys to the terrorist organization PLO, and its leader, the late Yassir Arafat.

Let's consult Wikipedia for a somewhat different narrative than the one offered by the World Bank:

GDP per capita in the Palestinian territories rose by 7% per year from 1968-1980 (correlating with the "occupation"), but slowed during the 1980s. Between 1970 and 1991 life expectancy rose from 56 to 66 years, infant mortality per 1,000 fell from 95 to 42, the percentage of households with electricity rose from 30% to 85%, the percentage of households with safe water rose from 15% to 90%, the percentage of households with

a refrigerator rose from 11% to 85%, and the percentage of households with a washing machine rose from 23% in 1980 to 61% in 1991.

You're with me so far? After 19 years as a proud and free people under the loving rule of the Kingdom of Jordan, the Israeli takeover spelled a stunning prosperity for the occupation victims. But then the geniuses from Labor—Shimon Peres, Yossi Beilin, and Yitzhak Rabin—liberated the suffering Palestinian by imposing a gang of ruffians on them, complete with street executions and the exacting of protection money from every businessman and every productive person. The fruits of liberty ripened fast:

Economic conditions in the West Bank and Gaza, where economic activity was governed by the Paris Economic Protocol of April 1994 between Israel and the Palestinian Authority, deteriorated in the early 1990s. Real per capita GDP for the West Bank and Gaza Strip (WBGS) declined 36.1% between 1992 and 1996 owing to the combined effect of falling aggregate incomes and robust population growth. The downturn in economic activity was due to extensive corruption in the newly governing Palestinian Authority, and to Israeli closure policies in response to security incidents in Israel, which disrupted previously established labor and commodity market relationships.

This is years before the security wall, years before the complex system of checkpoints, this is in a mere four years of Palestinian self rule.

“Continued financial support by the donor community, and increased reform efforts by the Palestinian Authority to manage the current fiscal challenges must remain a high priority,” said Mariam Sherman, World Bank Country Director for the West Bank and Gaza. “However, much bolder efforts to create the basis for a viable economy need to be made to prevent the continued deterioration that will have lasting and costly implications for economic competitiveness and social cohesion.”

Not going to happen. You can't run a competitive economy with armed thugs at the helm. For real prosperity, you must first kill all the gangsters. I say "kill" because throughout history we haven't come up with a better, softer method of asking gangsters to leave.

Here's another bit from Wikipedia:

Since 2010, Israeli high-tech companies have begun to employ Palestinian engineers. To date, most of them are outsourced workers, but Mellanox, a computer hardware firm, plans to hire 15-20 Palestinian engineers as regular employees.

Starting in 2008, Cisco Systems began a concerted effort to jump-start the nascent Palestinian IT sector with a holistic ecosystem approach, encompassing venture capital, private equity, capacity building and direct outsourcing to Palestinian companies. The company invested \$15 million toward that end and drew in other major international investors and donors, including Microsoft, HP and Google. The Palestinian IT sector has since grown from .8% of GDP in 2008 to 5% in 2010.

Every penny that goes from "donor nations" into the hands of PLO and Hamas bosses will, by default, work against economic growth. That money will be used to support a patronage network of police, security and civil servant lackeys whose mission is to keep the boot of the two gangster governments on the necks of creative, productive Palestinians.

Only direct investments in Palestinian businesses have a chance in hell of boosting the economy there, on three levels:

1. With the growing wealth, a circle of plenty will be created around those businesses, providing consumer goods, services and labor.

2. Growing wealth in third world countries always spells declining birthrates, also a very good thing for a population that currently reproduces at a rate of more than 5 births per female.
3. Most importantly: as the population's wealth grows, its desires for honest, democratic government grows, and their demands of their oppressors become real.

Instead of blaming Israel for daring to protect itself against some of the most vicious murderers on the planet, the World Bank should help the Palestinians protect themselves from those very same vicious murderers.