

# SURVEY OF ARAB AFFAIRS

A periodic supplement to Jerusalem Letter/Viewpoints

SAA:2 8 Kislev 5746/ 21 November 1985

*In this issue:*

**\*\*\* THE ECONOMY OF THE TERRITORIES AND THE FUTURE OF THE ARAB PALESTINIANS**

**\*\*\* A NEW LAW FORBIDDING LAND OWNERSHIP TO PALESTINIANS IN EGYPT**

**\*\*\* THE JORDAN-PLO CONNECTION**

## THE ECONOMY OF THE TERRITORIES AND THE FUTURE OF THE ARAB PALESTINIANS

During a recent conference on the economies of Judea, Samaria, and Gaza held at the Hebrew University of Jerusalem, Hisham Awartani, a young West Bank economist and Palestinian nationalist, startled his Israeli academic audience by pleading, "Help us before it is too late!" Jewish settlement is proceeding briskly. Arab birthrates in Judea and Samaria are declining, and Arab emigration from the territories is five times greater than overall emigration from Israel proper. Moreover, local Palestinians must also contend with a faltering Arab economy. For Awartani, the situation has become so critical that he turned to the Israelis for help.

Palestinians present an impressive array of data attesting to their economic plight. First of all, West Bank agriculture is staggering

under tough competition from a number of rivals. Their agricultural exports are decreasing both to the Arab world and Europe. West Bank agriculture is no match for the highly subsidized Israeli agricultural sector, particularly in animal husbandry and poultry breeding. In Europe, truck farming crops from the West Bank are facing stiff competition from southern European producers. The Jordanians, previously a major market, are now reaping the rewards of the \$300 million East Ghor irrigation project. Bountiful harvests are quickly supplanting the West Bank output whose prices are dropping. Furthermore, the Jordanians are allowing less and less produce over the bridges.

The fate of the citrus, olive and fruit industries in the territories is also threatened.

For example, in Saudi Arabia, South African oranges and grapefruits are preferred, and in Jordan, Spanish olive oil is both cheaper and superior to the West Bank variety. The profitable Iranian market is a mere memory. "So much for Arab solidarity with the Palestinian cause," writes the Jerusalem Arab communist daily, *Al-Talia*.

Local industry offers no relief for hard pressed farmers. Even by standards applied to developing countries, industry in the territories is miniscule. The combined output of Judea, Samaria and Gaza industries totalling approximately \$150 million is equivalent to the production of a medium-size industrial firm in the United States. It takes over twenty thousand workers in 2,500 factories, most of them no more than workshops, to produce that amount. Only five firms—two food plants, a modern beverage plant, a plastics factory, and a firm that assembles and repairs televisions—employ over one hundred workers. Only one of these five was established since the inception of Israeli rule.

While Israeli industry since 1967 has made the transition from an import substitution sector producing primarily for the local market to a high technology export oriented operation that produces such items as medical scanners and Gabriel missiles; industry in the territories gave birth to a lackluster pharmaceutical industry consisting of nine small firms which employ an average of thirty workers each. Most of the remaining industry has not changed since the days of Jordanian rule. The closing of indigenous Arab Palestinian banks in the territories in 1967; the flight to Jordan of local capital which aided Jordanian industry, stock market, and banks; and the Jordanian refusal to allow in any factory goods manufactured with materials not imported from Jordan have all contributed to the curtailment of local industrial growth.

Given the situation, Palestinian nationalists are primarily concerned with the political implications of a declining indigenous production base, and are much less troubled by social and economic welfare. And rightly so. Nearly full employment continues to be the rule in the territories, thanks to continued Israeli demand for Arab labor. Instead they must contend with the possibility of abandonment of agricultural lands in the West Bank countryside, which, in their view, would increase the likelihood of Israeli

expropriations. As is it, tilled acreage in Judea and Samaria has declined by 10 percent in the past fifteen years.

The nationalists' gravest concern is the severely limited job opportunities for the educated inhabitants of the territories. With the aid of the Joint PLO-Jordanian Committee in Amman, the nationalists have invested heavily in time and money in the development of higher education in the territories. Enrollment in local institutions of higher learning has shot up from a few hundred before 1967 to 20,000 today. This is partly a result of Israeli induced affluence. Rural workers who flocked to Israeli construction work and industry are now in a financial position to send their children to college. These students are now graduating at a rate of two to three thousand annually. Most of them are finding work in menial and semi-skilled labor, a few of them are filling low-level management positions in the Israeli hotel industry, and next to none are finding the jobs they seek. The nationalists are concerned that disillusionment or accommodation will reduce political fervor among graduates.

This sad state of affairs could have been averted. In 1978, local Palestinians were offered autonomy in the Camp David peace process. The Egyptian version, which possibly could have prevailed, offered them a status just short of independent statehood. Had they accepted this offer they could have taken advantage of Israel's EEC agreements instead of suffering the adverse consequences in agriculture, or they could have participated in the free trade zone agreement currently in effect between Israel and the United States. Instead they strenuously fought autonomy.

The tragedy of being too late is a recurrent pattern in Palestinian Arab history. Would it not have been preferable that Hisham Awartani and other men like him sit at a conference table side by side with American and Israeli officials negotiating investment aid and tariff advantages for his people rather than pleading their case at an unreported and powerless university conference?

The economic problems local Palestinians face are not necessarily the machinations of Israelis or Jordanians, rather they are often the consequences of international economics and economic self-interest which only negotiations and compromise can solve.

## A NEW LAW FORBIDDING LAND OWNERSHIP TO PALESTINIANS IN EGYPT

Since 1982 there has been a visible change in emigration patterns from the territories. Even though emigration is high, fewer are leaving than before, and more are seeking permission to return. The reasons are painfully clear to most Palestinians; there has been a notable deterioration in the situation of most Palestinians in the Arab world. In Lebanon the battles waged between the Shiite Amal and the various factions of the PLO in the refugee camps in and around Beirut and Saideh have taken their toll in life and limb. In the Gulf States, many are being pressured to leave as the oil glut and the Iraq-Iran War continue to dampen the gulf economy.

Arab Palestinians have recently been dealt

another blow. Egypt has just enacted legislation which forbids Palestinians to own land. This replaced a law passed in 1962 when President Gamal Abdul Nasser was chief of state. It also stipulates that Palestinian land purchases made before 1948 revert back to the state within five years. The law is said to affect 25,000 Arab Palestinians, mainly Gazans, since Gaza was administered by Egypt between the years 1948 to 1967. Hana Siniora, editor of *Al-Fajr*, the Jerusalem daily and candidate for the joint Jordanian-Palestinian negotiating team noted sadly, "It is a blow to the Palestinians, and an Egyptian retreat on Arab nationalism."

\* \* \* \* \*

## THE JORDAN-PLO CONNECTION\*

The Jordanian security authorities have begun to feel first hand the results of renewed wide scale activities of the PLO in greater Amman. Arab sources revealed that recently a stormy mass demonstration, organized behind the scenes by PLO activists, was held in the main PLO camp at Al Wahdat in the Amman suburbs. The demonstrators shouted slogans condemning the Jordanian security services and accusing them of "the arrest of young Palestinians for interrogation and harassment." Police were stoned, and disapprobation was heard against the "Hashemite betrayal." Reinforced security units who rushed to the site used force to break up the demonstration and made arrests.

Despite the fact that the PLO leaders in the Jordanian capital have denied any responsibility for the demonstration and even harshly condemned it in closed discussions with Jordanian officials, the Amman security services know for certain that veteran PLO activists are engaging in systematic incitement in the Palestinian camps. The security services were not surprised by the demonstration. They expected such developments and passed on a warning to the royal palace. However, the response they received from the Court Chamberlain's Office stated that in the near future no change could be expected in the configuration of the Jordanian-PLO partnership, and that security services should take

"acceptable and regular" preventive measures which would permit "control of the situation" without harming representatives of the organization.

The orders reaffirmed the ongoing policy of the Jordanian government, according to which no attacks of any kind are to be permitted from within the kingdom. At the same time, the "Western sector" headquarters and "Security 17" force are not to be prevented from planning, organizing and transferring orders for attacks from Amman to the West Bank and the Gaza district, as well as to other locations outside Jordanian territory. These guidelines did not change even in the wake of public and secret declarations made by King Hussein in Washington and the recent incident in London. The actual cooperation between Jordan and the PLO is on a firm footing, despite the fact that in the verbal sphere the impression was created that the two sides are facing a crisis or rift.

It is no small affair that officially Jordan is blaming Arafat for what happened in London prior to the Achille Lauro affair. After all, Muhammad Milhem, a member of the Jordanian-Palestinian delegation invited for a discussion with British Foreign Secretary Geoffrey Howe, does not act independently. He, along with Bishop Khoury, was appointed by Arafat to represent the PLO in talks with Howe; and he also holds the high post of a

member of the organization's Supreme Executive Committee.

But there is a difference between accusations and reality. It is inconceivable that the PLO under Arafat gave its prior approval to a joint declaration to be published after the talks with Howe which included recognition of Israel's existence in secure and respected borders, even if that statement stresses the Palestinians' right to self-determination and more. King Hussein knows that the extent of PLO concessions is unclear and includes indirect recognition of the fact of Israel's existence, but in no way does it recognize Israel's right to exist. This is maintained together with the PLO not agreeing to stop the armed struggle nor to holding direct talks with Israel. This is Arafat's last ditch stand, unless the PLO ceases to exist in its current makeup, which is unlikely given the present conditions in the Arab world.

A PLO statement published in Tunisia and Amman clarifies this incident and stresses that the content of the joint statement Milhem and Khoury were asked to sign in London contradicts the Hussein-Arafat agreement of this past February. Hence, the cancellation of the meeting with Howe did not stem from a misunderstanding, as King Hussein told British television, but from a clever Jordanian-British ploy to attribute to the PLO stands which conflict with its identity, make-up and goals. Similarly, through the London incident, King Hussein sought to achieve the framework preferable to Jordan for continuing joint steps with the PLO.

Hussein laid the groundwork for the technical and substantive identity of a joint Jordanian-Palestinian delegation headed by a senior Jordanian figure. No independent representatives of the PLO would enjoy a standing equal with that of the Jordanian representatives under the official roof of a joint delegation. Moreover, the joint delegation will be based primarily on the stated Jordanian positions, with possible changes in formulation. It will continue its task even if at the last minute it does not appeal to all or some of the Palestinian representatives in the delegation, such as occurred in the London incident.

There is no doubt that this is what Jordan wishes and what it is striving for as long as it

continues to advance the diplomatic initiative. However, in the meantime, this remains only a desire because the PLO refuses to follow the Jordanian line and because King Hussein has no interest in a confrontation with the PLO. The Hashemite king is surely the world's greatest PLO expert. He knows who murdered his beloved Prime Minister Wasfi Al-Tal in Cairo in 1971, just as he is aware of all those in the PLO who have not changed their stand to this day. Hussein knows that every joint step by Jordan and the PLO is actually a step along a collision course. Only a small part of this credo was revealed by Hussein in his interview with British television, when he clearly differentiated between the PLO as an organization and the Palestinian people. He stated that one could expect the PLO to express the desires and hopes of the Palestinian people, but if it becomes clear that this is not the case, the organization would no longer have a *raison d'etre*.

Under current circumstances, Hussein believes that the PLO and Jordan still need each other. At this stage, Jordan is far from taking a separate road to peace without the PLO, as it still sees partnership with Arafat as a means of advancing its interests. Arafat takes a similar view of the situation that, despite the difficulties within the organization and in the international arena, the present gains for the PLO in continuing the partnership with Jordan are far greater than the doubtful benefit available in breaking it off, which would also damage the PLO's relations with Egypt.

Anyone following Jordanian media commentary can clearly conclude that Hussein's peace declarations find expression in Amman as well. In contrast to similar situations in the past, the impression has been created in recent times that the Jordanians are indeed laying the groundwork in public opinion for the possibility of diplomatic steps in the Middle East. But despite the importance of such statements, Jordan's sincerity will be put to the test in the realization of these steps regarding Israel—not in words, but in instructions to the security services to prevent the planning, organization and transfer of orders for attacks against Israel from PLO headquarters in Amman.

\*By Oded Zarai, Arab Affairs  
Correspondent, Ha'Aretz.