



MAS Conference 2006

MAS held its 2006 annual conference at Bir Zeit University on November 13th 2006, under the title :

'Unemployment in the Palestinian Territory: Reality and Strategies to Alleviate it'

More than 200 specialists, policy-makers, researchers and experts in the field attended. The preparatory work of working papers and activities were financed by the Friedrich Ebert Stiftung, the International Labour Organisation (ILO) and the OPEC Fund.

The subject of the conference was determined in response to the priorities of the Palestinian situation, where unemployment has become a chronic problem that touches the income and lives of hundreds of thousands of Palestinian families. Like other economic problems that the Palestinian people face, unemployment is a by-product of the continuous Israeli aggression, ongoing since September 2000, which has clearly undermined the investment climate, obstructed economic activities, and closed the Israeli labour market to Palestinian workers.



The goal of the conference was to provide an opportunity for concerned parties to debate the issues and suggest possible solutions for the unique problems of Palestine. The Conference also aimed to diagnose the situation in the Palestinian labour market, to understand the main indicators and characteristics of said market, and the effects of the Israeli labour market closure on the Palestinian economy. The Conference also sought to examine ways of activating and developing the role of representative bodies (trade unions) in the areas of employment and labour in Palestine, as well as formulate a common all-inclusive vision regarding proposals and solutions that could contribute to the alleviation of the unemployment problem, or limit its negative effects.



The Conference held five sessions – the first devoted to opening speeches, including the welcoming address by MAS Board of Trustees Chairman Dr. Ismail al-Zabri, and Dr. Andrea Gerber, on behalf of Friedrich Ebert Stiftung. The next three sessions were devoted to the presentation of a collection of working papers and interventions dealing with three main topics. The Conference concluded its work in the fifth session with a round-table discussion in which a group of economic experts participated.

During the three main sessions of the Conference, 11 interventions by leading Palestinian experts from the public and private sectors as well as the academic field were presented. The first of the sessions addressed 'The Labour Market and the Problem of Unemployment'. The second dealt with the question of 'Safety Nets, Trade Unions and the Legal Framework of the Labour Market', while the third dealt with 'Policies for Combating Unemployment'.

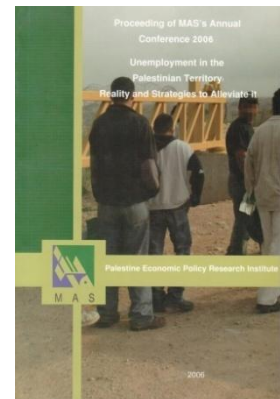
To read the full Proceedings of MAS's Annual Conference 2006, click on this link : '[Unemployment in the Palestinian Territory: Reality and Strategies to Alleviate it' – 11 Working Papers](#)'

Following are **synopses** of the papers presented during the three sessions:

General Characteristics of the Palestinian Labour Market

Prepared by: Mr. Saleh al-Kafri from the Palestinian Central Bureau of Statistics.

This paper reviewed the different stages through which the Palestinian economy has passed. Since the beginning of the 1990s the Palestinian economy has experienced a number of transformations and changes, as well as several economic crises, during which living standards declined and unemployment became widespread. The paper reviewed the changes in the Palestinian economic situation that have ushered in the present state of recession. It reviewed the current situation of the Palestinian labour market by studying and analysing a host of related subjects, such as the general framework of Palestinian labour force participation, which is considered a basic indicator of activity in the labour market and its effectiveness in providing jobs. The unemployment rate in the West Bank and Gaza Strip reached 19.1% and 36.3% respectively during the third quarter of 2006. In addition, the paper devoted sections concerning the workers themselves, their characteristics, wages, working hours, the effect and character of university graduates in the labour market and the rate of dependency.





Unemployment Indicators in the Palestinian Territories

Prepared by: Dr. Basim Makhoul, Research Coordinator at MAS

This paper revealed the magnitude of the unemployment problem in the Palestinian territories, looking also at characteristics of the unemployed and the options available for dealing with it. It achieved this by analysing the historical development of the unemployment problem, indicators of current unemployment and the resulting burden on the Palestinian economy. The aim was to determine the groups that shoulder the brunt of the unemployment burden according to varying educational levels possessed by members of the workforce, previous economic activity of the unemployed, community governance, age and marital status. The paper also highlighted the effects of unemployment, such as poverty, income distribution and the 'brain drain' resulting from increased emigration of young educated Palestinians. Furthermore, the study addressed available options with which to reduce the severity of unemployment through the creation of local jobs and the export of Palestinian labour to neighboring Arab countries and Israel.

Labour Market in Israel

Prepared by Dr. Abdul Fattah Abu Shukur, Lecturer at An-Najah University

The objective of the paper was to determine the most important impacts resulting from the closure of the Israeli labour market and the future prospect for employment in light of this policy, the ongoing construction of the colonial separation wall and the continued blockades and checkpoints established throughout the West Bank. The paper also aimed at refocusing Palestinian employment policies towards confronting the problems resulting from these obstacles. That was done by reviewing several points: the change in the size of the Palestinian labour force in the Israeli labour market, the reciprocal importance of the Palestinian labour force on both economies, the characteristics of the Palestinian workforce operating in Israel, the breakdown according to professions and economic activities of Palestinian workers in the Israeli labour market, the average wages of Palestinians working in Israel and the future possibilities for Palestinian labour over the border.

The paper reached the conclusion that in the near future, as well as in the long-run, no hopes for employment of Palestinian labour should be pinned on the Israeli labour market. It has become evident that despite importance of Palestinian labour for the Israeli economy, Israel does not attach the same weight to economic profits and benefits as it does to its security, expansionism and settlement policies.



Role of Palestinian Private Sector in Job Creation (1995 – 2005)

Prepared by: Dr. Mahmoud al-Ja'fari, Lecturer at Jerusalem University

After having reviewed the private sector's contribution to GDP, and its role as a local labour supplier, the paper dealt analytically with the prospects for the Palestinian private sector to create more jobs in the main economic sectors. It also analysed the growth in the number of enterprises and rates of employment in each sector during the period of 1995 – 2005 as basis for understanding the prospects for job creation through private initiative.

Reference was made to several mechanisms which have activated demand for labour in the private sector, in addition to identifying promising employment sectors, such as the agricultural sector, the industrial sector, the educational sector, the infrastructure development sector and the small and medium-size enterprises sector.

Methods of Activating Trade Union Participation in Formulating Public Policies

Prepared by: Samia al-Botmeh, MAS researcher

This research study sought to analyse the labour movement in Palestine in order to formulate recommendations as to how to activate and involve trade unions in national policy making. To achieve this, the study dealt with the most important workers' federations and trade unions and attempted to gain further insight into their role, structures, work, service mechanisms, methods by which to solidify workers' rights, relations within and between trade unions and the sector's connection to governmental authority. This analysis was done in order to evaluate the effectiveness of workers' federations and trade unions in their role as a crucial link between workers, employers and government. The aim was to also study the problems those federations and trade unions face in performing their tasks, the structural and logistical obstacles that limit their effectiveness, the extent of their independence in making decisions and the levels of transparency and commitment to the principles of accountability.

The study dealt with the role and development of trade unions as envisaged by economic theory and with a review of trade union performance in developed and developing countries providing us with some outlines with which to compare Palestinian trade unions and their role in formulation of public policy. In addition to reviewing the literature dealing with the Palestinian trade union movement, the study used interviews with trade union officials belonging to different workers' federations and unions in order to better understand their activities, problems, points of strength, weaknesses and prospects of expansion.



Social Safety Nets in the Palestinian Territory

Prepared by: Mr. Jamil Hilal, Independent Researcher

This paper distinguished between a number of social safety and social care concepts in order to reach a unified definition for social safety nets. The study indicated that the expression 'social safety net' is generally used in the context of anti-poverty strategies in accordance with three axes: generating economic growth that provides private sector jobs, developing human capital, and providing assistance to the poor and the unemployed victims of structural adjustment.

The paper diagnosed the effectiveness and sufficiency of social care programs (or social safety nets) in the territories of the Palestinian Authority. It did not disregard internal and external factors that affect Palestinian society, including the occupation and the performance of Palestinian institutions. An evaluation was possible through the study of economic and social indicators (such as rates of unemployment and poverty) which have clearly indicated that social care programs did not eradicate poverty, but only lessened its negative effects on the chronic poor.

The paper examined the effect of social care programs on different vulnerable groups, such as women, the elderly, and poor families. It also dealt with some mechanisms of the social care programs, such as health insurance and university education, as a means of escaping the cycle of poverty and empowering families and individuals in Palestine. It concluded that there is still need for a social policy that builds upon what has been achieved already in order to face conditions created by occupation, blockade, and encirclement.

The Palestinian Labour Market and the Cost of Conflict

Prepared by: Mr. Sami Mia'ari, economic advisor to the World Bank in Palestine

This paper focused on the effect of the Palestinian-Israeli conflict on scores of Palestinian workers in the Israeli labour market, and the impact of this conflict on the levels of income of Palestinians working in Israel. It showed that a Palestinian employed in Israel bears the biggest brunt of the cost of the on-going conflict and accompanying measures, such as closures, blockades, and substitution of Palestinian workers by imported foreign labour. The paper concluded that the effect of importing foreign labour to the Israeli market affects Palestinians much more than the recurrent Israeli closures. The closures, as a rule, have a short term effect, as they are generally temporary, while the effect of foreign imported labour that replaces Palestinian workers is a long term danger to Palestinian employment. The paper concluded that an increase of imported labour supply by 10% leads to a drop of 17.2% and 12.4% in the number



of Palestinian workers employed in Israel from the West Bank and Gaza respectively. An increase in supply of foreign labour by 10% also leads to a drop in the monthly wages of Palestinian workers from the West Bank by 10.6% and from Gaza Strip by 18.8%.

Legal Framework of Labour Relations in Occupied Palestinian Territories

Prepared by: Lawyer Azmi al-Shu'aibi

This study was confined to examining and analysing labour and social security laws. They are important legislation which affects workers, employers and the relationship between the two. Any faltering in this relationship endangers society's social peace and security, while cooperation maintains and increases the production process, thus fostering growth. Study and discussion of these laws is necessary and vital, and understanding the results of the application of the laws will play an important role in improving them in future.

The paper concluded that the factor of greatest importance to a worker is the availability of work and wages that ensure the stable satisfaction of his basic needs. The realisation of this goal is dependant on private sector success and its ability to create new jobs. The paper recommended a speedy creation of a social security system, amendment of some points in the Palestinian labour law and a need for total revision of all laws related to the question of labour and employment.

Short Term Anti-Unemployment Policies

This paper addressed policies that can be adopted and implemented on a short term basis in order to lessen the severity of unemployment in Palestine. The paper presented a historical review of unemployment in Palestine, as well as the changes it has undergone between 1995 and 2000, and compared them with expected levels based on a standard model prepared by MAS in 2004.

The study concluded that, due to the root causes of the crisis, it is difficult to envision a radical solution. It pointed out that despite the fact that unemployment is a prevailing inherent characteristic of economies similar to Palestine, the Palestinian economy remains unique with regard to possible solutions. However, the National Authority can play a role in fighting unemployment through the tax and trade policies it adopts. The limited effect of both policies on the chronic and complex problem of unemployment in the Palestinian territory, which is related to the political and security situation, should be taken into consideration. The problem requires, according to the paper, exerting more efforts in the areas of budgeting and planning in order to place unemployment at the head of priorities facing decision-makers in Palestine. In addition, there is a need to focus the attention of donors and international organisations on supporting private sector projects that can create jobs that contribute to the lessening, and possible ending, of unemployment.



Long Term Anti Unemployment Policies

Prepared by Dr. Fadle al-Naqib, lecturer at Waterloo University in Canada.

This paper dealt with both the short and long term causes of unemployment and sought to explore sustainable solutions to this problem. It indicated that the solution of the unemployment problem, which is caused by the Palestinian economy's failure to absorb those who were previously employed in Israel, is extremely difficult. The problem hinges upon the existence of more supply than there is demand. The solution requires following a comprehensive plan for development capable of continuously creating new jobs in the Palestinian economy. The paper also summarised the relation between the rates of unemployment and the rates of economic growth in order to understand the scale of development needed to solve the issue of unemployment on a long term basis. In its third part, the paper reviewed the determinants of economic growth in the present economic situation, while the fourth part dealt with some important elements of developmental strategy that motivate economic activity within the context of sustainable development.

The German Experience in Fighting Unemployment

Prepared by: Dr. Kristof Albrecht, researcher in social sciences and economics in Berlin,

Dr. Kristof Albrecht presented a review of the German experience in fighting unemployment. He presented a summary of the efforts and vast amount of money used by the German Government to confront unemployment after the destruction of the Berlin Wall and the unification of the two Germanys.



Closing Session

Intervention by Dr. George al-'Abed, Governor of the Palestinian Monetary Authority

The Conference's closing session involved interventions by a number of Palestinian economists. The first was Dr. George al-'Abed, whose presentation focused on the question of unemployment in the general context of the Arab world, and then particularly in Palestine. He divided his presentation into the following three parts:

1. Unemployment as an Arab and international problem
2. Factors causing increased unemployment on the macroeconomic level.
3. Remarks concerning structural causes for high unemployment rates.

He concluded his intervention with two major recommendations:

- ✧ Raising the present levels of growth from 3.5% to 8.5%. This can be done through the lifting of all external restrictions imposed on the Palestinian economy.
- ✧ Instituting structural reforms in the investment environment in order to maximise the rates of locally useful investment and to attract vital FDI.

Intervention of Dr. Ghassan al-Khatib, Acting Vice-president for Community Affairs, Bir Zeit University, and former Minister of Planning

Dr. Ghassan focused on the fact that the problem of unemployment is one of the most important priorities for both governmental and non-governmental circles. This importance is due to two aspects:

- ✧ Humanitarian: An unemployed person in Palestine is unprotected, and has no access to salary or social protection.
- ✧ Political: An increase in availability of jobs lessens the likelihood of emigration, which in turn affects economic sustainability and the possibilities of attaining national objectives.

Dr. Ghassan, with reference to both the regional and Palestinian experience, presented a set of recommendations in this regard.

Intervention of Mr. Maher al-Masri, Chairman of the Board of the Palestinian Capital Market Association, and former Minister of Economy

Mr. al-Masri focused his intervention on three points:



1. Contradictory statistics concerning unemployment do not mean the non-existence of a problem. Regardless of whether the rate is 25% or 30%, the problem exists and needs a solution.
2. A set of hypotheses were offered in most papers presented at the Conference. Those hypotheses do not necessarily have to be true or realistic; consequently they have to be carefully examined in order to reach real results to help decision-makers to draw suitable policies.
3. The size of the unemployment pool can greatly fluctuate within a short period of time between high unemployment and higher employment due to Israel and the closures it imposes. Because of the external nature of the obstacles faced, we must take into consideration the political circumstances when we prepare plans and strategies. GNP achieved a 9.5% growth rate in 1999 which proves the possibility for expansion and growth in spite of the occupation.

Intervention of Dr. Salah al-Zaro, Undersecretary of the Ministry of Justice

Dr. Salah emphasised that researchers' recommendations should be more realistic in order to bridge the gap between themselves and decision-makers. He also made two remarks regarding papers presented in the final session and the previous sessions in general. One of the remarks dealt with methodology and the other with content.