

The effects of BDS on the Israeli Economy – Focus on 2014

Shir Hever, lecture in Bonn, Germany on 14th March 2015

The year 2014 was the year in which the global BDS movement (boycott, divestment, sanctions) has reached the mainstream media in Israel. A prime-time news show dedicated twenty minutes to BDS (in January 18th), and most of the ministers in the government responded to the movement. The new guidelines adopted by Europe came into effect in January 1st of 2014, and clarified to the Israeli public that the international pressure on Israel will continue to increase. Minister of Justice Tzipi Livni warned that Israel is headed towards the same situation as South Africa during the days of Apartheid: boycotted by the rest of the world.

very quick summary of major BDS events in 2014 include the decision of the PGGM Dutch pension fund to divest from five Israeli banks, Veolia lost a US\$ 4 billion contract in Boston, Scarlett Johansson had to quit her role as Oxfam Ambassador because of her participation in a SodaStream commercial, Denmark's largest bank blacklists Israel's Bank Hapoalim, the South African parliament adopted a resolution in support of BDS, two European firms dropped out of a tender to build ports in Ashdod, University of Kent student union cancelled a G4S contract, The FDC Luxemburg pension fund divested from 9 Israeli firms, the University of Galway Students Union endorsed BDS, the US Methodist Church called for a boycott of SodaStream, Buenos Aires cancelled a US\$ 170 million deal with the Israeli Mekorot water company (the Portuguese water company EPAL joined the boycott a week later), the BBC rejected a G4S contract, the UK National Union of Teachers endorsed boycott, the EU banned poultry exports from the colonies and later expanded the ban to dairy and animal products, rapper Talib Kweli cancelled a performance in Israel, University of Santa Cruz student government passes motion for divestment, Bill Gates sold his shares in G4S, G4S announced that it will end its contracts with Israeli prisons, Presbyterian Church votes to divest from Caterpillar, HP

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and Motorola, Dutch pension fund ABP divests from two Israeli arms companies, Sinéad O'Connor announced that she won't play in Israel, four Scottish councils adopt BDS, George Soros sells his Soda Stream stocks, Israeli cargo ship was blocked from unloading in Oakland for four days, and the SuperValu supermarket chain in Ireland stopped selling Israeli produce. This very long list is just partial. Obviously, it is not something that Israelis can ignore.

In 2005, when over 170 Palestinian civil society organization made the joint BDS call, strong arguments ensued in the Israeli left about the question. Some member of the left (such as Uri Avneri), argued that BDS will make Israelis feel cornered, that Israeli society will become more fortified and defensive, and will increase its aggressiveness against Palestinians. This warning has proven absolutely true, and the year 2014 was when it became absolutely clear. We come back to this warning in the end.

How easy it is to forget the first months of 2014, in light of what happened next. Mahmoud Abbas declared the unity government, three Israeli colonists were murdered, Netanyahu blamed Hamas and called for revenge. The Israeli army invaded the West Bank, in an assault that quickly escalated into an invasion and bombardment of Gaza which has never been seen before. Almost immediately after the cease-fire in Gaza came into effect, clashes erupted in Jerusalem. Massive police and military operations in East Jerusalem against Palestinians, and a series of attacks by Palestinians against civilian targets. These events are not disconnected from the international pressure on Israel.

The connection comes from the discussions in Israel about the standard of living, the deteriorating social conditions, the stagnant wages and even-increasing cost of living, the housing shortage. The social protests in Israel have been careful not to talk about it, but many Israelis realize that the resources which are needed to change the social situation in Israel are tied up in security and in the military. No developed coun-

try in the world spends such a high proportion of the government's budget on security like Israel does. The Swedish organization SIPRI estimates Israel's expenditure on its military as 6%-8% of GDP, but the Israeli right-wing organization INSS estimated even higher numbers. There is no country in the world more militarized in Israel, and whenever politicians try to cut the defense budget, the military brass threaten the public about terrorism, ISIS, Hamas, Syria and so on. After the elections of 2013 in Israel, the media has adopted an analysis of two competing narratives: the social or economic narrative vs. the security narrative. This is a crucial equation, and a clear message. If people are concerned more about their standard of living, the military might of Israel will suffer. If the security takes the first priority, no advances can be made for the wellbeing of the public.

The BDS movement is the great game-changer, because it brings this out in the open – the Israeli society must pay an economic price for the occupation, for colonialism and for apartheid. It's not just some economists who speculate on how the standard of living could increase if peace will be achieved. It is a global movement which calls for economic pressure on Israel to respect international law, and every Israeli is aware of its existence.

In 2014 Abbas has taken a great risk by forming the unity government and by signing the Rome Convention of the International Criminal Court in the Hague. And on March 5th of 2015 (a week ago), the PLO voted to suspend security cooperation with Israel. These moves are important. They can spell the end of the Palestinian Authority, but more importantly, they dispel the illusion that there is a peace process, and therefore they undermine the main strategy of the Israeli government to maintain the status quo – the pretense of a continued peace process.

The response by the Israeli government was extremely brutal, as you all know. The death, injury, suffering and poverty inflicted on Palestinians in 2014 cannot convince the Palestinians to end their struggle for freedom, but it can raise the flames of violence and make sure that inside Israel, the generals take the center stage and give interviews every day on the evening news. It is not a cheap thing for the Israeli government to do. The invasion of Gaza sparked strong resistance and caused tremendous damage to the Israeli economy. Without even counting the long-lasting da-

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mage to the Israeli tourism industry, the Adva Research Center estimates that the "Defensive Edge" assault on Gaza cost Israel NIS 10-12 billion (about 2.5 billion Euros). And this while there is a crisis in every social service in Israel.

The only hope of the Israeli right-wing government is to change the subject, to keep the population in a state of constant fear. They try to change the narrative so that people won't think "oh, my living conditions are bad because the world is boycotting us because of our policies," but "oh, my living conditions are bad because we have to buy more weapons to fight Hamas, who want to kill us." Netanyahu was asked on August 31st about the high defense budget planned for 2015 and his answer is an eye-opener, about the position of the Israeli government. He said "life comes before the quality of life." His political survival depends on conflict. And this is why his government lasted less than two years. He called for early elections because he needs the elections to take place under the shadow of the armed conflicts of 2014, when the memory of the fear is still fresh, in order to avoid a discussion about economic and social questions.

This is exactly what the critics of BDS warned about. They said that international pressure on Israel will push the Israeli society further right, that the government will become desperate and more violent. They were right, of course, but this is only part of the picture, as the Palestinian activists who made the BDS call have said from the beginning. The other side of the question, is what is the alternative? Do we believe that without international pressure will Israel give up its control of Palestinian territory and begin to respect international law? Of course not. And has there ever been a case in history, in which a colonial empire gave up its power and respected the rights of the native population of its own volition? Not even once. Only when the native population struggles a long and difficult struggle, can they force the colonial masters to end the repression.

Can we be sure, that after all of this violence and repression, the pressure will force the Israeli government to recognize the rights of Palestinians and to end the apartheid system? I don't think that we can be sure of that. There is a bloody struggle going on, and violence does not bring out the best in people. The Israeli government develops more sophisticated forms of repression while many Palestinians lose hope and decide to give up their own lives in order to cause some pain to their occupiers.

BDS, however, is a force for hope. Because it is a rights-based movement entrenched in international law, it gives a place for everyone. It reminds Israelis that their society is built on grave injustices, and that if they deny the existence of these injustices, they will be continuously isolated in the world. It reminds Palestinians that a strategy for liberation exists which doesn't pass through the barrel of the gun. This is why Netanyahu (and other Israeli leaders) are so threaten-

ned by BDS, and why since 2012 Netanyahu has kept repeating that BDS is anti-Semitic. No other statement of Netanyahu brought so many Jews from around the world to support BDS like this one.

Time is indeed running out, because Palestinians are losing their patience and because the Israeli public is gradually becoming resigned to living in a security state, with the state-of-the-art drones flying over their heads but with third-world conditions in the hospitals and the classrooms. But thanks to the persistent Palestinian struggle and the support which it receives from the international solidarity movement, there are also cracks in Israel's war machine. For example, there is a mass emigration of educated Israelis out of Israel, a message to those who remain in Israel that the Zionist ideology can no longer convince people to sacrifice their quality of life for the Zionist ideals. After all, in Berlin you can have both life, and a better standard of living.

But maybe you heard, that many Jews (especially from

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France) are coming to Israel, because of the so-called anti-Semitic wave in Europe. **In February 18th, Zvi Barel from Ha'aretz wrote: "...Jews who have suffered European anti-Semitism will trade it in for Israeli racism. They'll discover they've become citizens of an occupying country, the occupation that has contributed to that same anti-Semitism that made them pack their bags in the first place..."** It is important to understand that any European Jew can come to Israel and receive a passport, a free Hebrew course and some other benefits. After a few weeks or months, they can go back to their home in France. But the Israeli government wants to present this as "mass immigration" and even the ambassador to Germany Ya'akov Hadas joined the anti-Semites by calling European Jews to leave their homes and go to Israel. Don't worry, very few are convinced by this.

We cannot know in advance what would be the breaking point of the Israeli society and government. A don't know at what point will they realize that they have no choice but to respect the rights of Palestinians as human beings. But we do know that once they do, their political opinions will change too. In South Africa, shortly before the fall of Apartheid, the vast majority of the white population supported Apartheid. Shortly after its fall, they all said "we were always against it." There is no reason to think that the Apartheid in Palestine will end differently.



The Political Economy of Israel's Occupation Repression Beyond Exploitation

By Shir Hever
Pluto Press – plutobooks.com
ISBN: 9780745327945

Description on plutobooks.com

The Israeli occupation of the Palestinian territories since 1967 has many important economic aspects that are often overlooked. In this highly original book, Shir Hever shows that understanding the economic dimensions of the occupation is crucial to unravelling the Israeli-Palestinian conflict.

Hever rejects the premise that Israel keeps control over Palestinian territories for material gain, and also the premise that Israel is merely defending itself from Palestinian aggression. Instead, he argues that the occupation has reached an impasse, with the Palestinian resistance making exploitation of the Palestinians by Israeli business interests difficult, but the Israeli authorities reluctant to give up control.

With traditional economic analysis failing to explain this turn of events, this book will be invaluable for students, activists and journalists struggling to make sense of the complex issues surrounding Israel's occupation.

About the author:

Shir Hever is an economic researcher based at the Alternative Information Centre in Jerusalem.



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