

“Coin of Empire”

Too Costly for Israelis, Palestinians, and U.S. Taxpayers

By Conn Hallinan | July 9, 2003

“The coin of empire is always bought dear” was an expression that emerged from the great Irish Tithe War of the 1830s, when the British taxed the Catholic Irish to support the Church of England. After three years of opposition, bloodshed, and financial chaos, one colonial officer glumly pointed out that it was costing the Crown, “a shilling to collect tuppence.”

That is a lesson the government of Israel’s Prime Minister Ariel Sharon might heed as it continues to occupy the West Bank and Gaza at a cost that threatens to destroy the Israeli economy, impoverishing both occupiers and occupied. The moral of the story also might encourage U.S. President George W. Bush’s administration to influence Israel’s economic policies.

For the second year in a row, Israel’s GDP has contracted. Unemployment overall is 10.8%; it is more than double that rate in Israeli Arab towns. Over 300,000 Israelis are jobless. According to government reports, 1.2 million Israelis—one-fifth of the population—now live in poverty. The official poverty line income is \$934 a month for families with two children. The number of poor families has risen 30% in the past 14 years and the number of children in poverty 50%. Some 27% of Israel’s children are officially designated poor.

While poverty is growing among Israelis, it is definitive among the Palestinians. Over 50% of the West Bank and Gaza populations are jobless, and 75% of Gaza’s residents live on less than \$2 a day. The U.S. Agency for International Development found that 13.2% of Gaza’s children and 4.3% in the West Bank suffer from what it called “body wasting” or inadequate nutrition. Almost one in five children has moderate anemia.

The settlements are a massive drain on the Israeli budget. Aside from the cost of deploying the Israel Defense Forces (IDF) to guard the settlements, a vast network of special roads labeled for “settlers only” has been constructed, along with an enormous water and electrical power infrastructure. Tel Aviv also subsidi-

zies the 220,000 settlers (plus the 200,000 in East Jerusalem). Mortgage rates in the occupied territories are one quarter of those in Israel, education is subsidized, and settlers receive a 10% break on their income taxes plus a 7% discount on their social security.

According to Peace Now, the occupation costs the Israeli government about \$1.4 billion a year, a figure that will surely rise with the continued expansion of the settlements. According to the Associated Press, Sharon told his Cabinet ministers June 22 that despite the directives of the multilateral Road Map for Middle East Peace, construction would continue “quietly.”

The cost of occupation is partly borne by U.S. loan guarantees and outright grants. U.S. aid to Israel—the bulk of it military—amounts to some \$3 billion a year. Several months ago the Sharon government asked for more, figuring the White House owed it for Israel’s staunch support of the Bush administration’s war on Iraq. Washington agreed to pony up \$9 billion in loan guarantees and \$1 billion in military aid, but with a catch: Israel must cut taxes, welfare, and public service jobs. In short, it must adopt a U.S.-style economic system.

It was that demand that put 700,000 public sector workers into the streets in April and sparked a scathing editorial in the daily newspaper *Ha’aretz* accusing the Bush administration of trying to force “a neo-liberal order in Israel.” The Sharon government’s response has been to try to limit the trade unions’ right to strike. Shortly after a bitter exchange between Finance Minister Benjamin Netanyahu, and Israel’s labor organization, the Histadrut, Likud Party leader



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Ruhama Avraham introduced legislation restricting the right of public employees to strike.

The quid pro quo for U.S. aid has stirred up considerable debate in Israel, although the controversy has yet to show up in the mainstream of U.S. media.

The settlers, who make up only 5% of the Israeli population, have enormous clout with the Sharon government, but a recent *Maariv* poll found that 62% of Israelis support “ending the occupation of the territories,” with 32% “opposed” and 6% “undecided.”

While settlers claiming religious reasons for the occupation get the most press, a recent survey of the settler population by the Hopp Research Co. found that nearly 80% of the settlers were motivated solely by the subsidies, not by ideological or religious reasons. The same study also indicated that 68% of the settlers would return to Israel if ordered to.

According to Peace Now, transplanting the settlers back to Israel would cost \$700 million, half the yearly cost of supporting them now.

Besides the drain on lives and treasure—the coin of empire—the occupation stokes rage, just as it did in

Ireland. When the Tithe War broke out in 1831, the British responded by pouring thousands of troops and police into the countryside to crush resistance, which only deepened the anger of the Irish. The war came to a head in 1834 with the infamous “Rathcormack Massacre” near Cork. While attempting to collect a tithe of 40 shillings from a widow, British troops fired on a crowd of protesters, killing 17 and wounding 35. In the face of outrage over the incident, the British shelved the tithe.

The settlements in the occupied territories impoverish both Israelis and Palestinians, and the so-called security they create is an illusion. Instead, they foreshadow a time of reckoning: “All the injustices and evil perpetuated against the Palestinians will eventually blow up in our faces,” warns Gideon Levy, an aide to former Israeli Foreign Minister Shimon Peres. “A people that is abused in this way for years will explode one day in a terrible fury, even worse than what we see now.”

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Published by Foreign Policy In Focus (FPiF), a joint project of the Interhemispheric Resource Center (IRC, online at www.irc-online.org) and the Institute for Policy Studies (IPS, online at www.ips-dc.org). ©2003. All rights reserved.

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Recommended citation:

Conn Hallinan, “‘Coin of Empire’ Too Costly for Israelis, Palestinians, and U.S. Taxpayers,” (Silver City, NM & Washington, DC: Foreign Policy In Focus, July 9, 2003).

Web location:

<http://www.fpif.org/commentary/2003/0307coin.html>

Production Information:

Writer: Conn Hallinan
Editor: John Gershman, IRC
Layout: Tonya Cannariato, IRC

