“Collapsing the Palestinian Economy in the West Bank”, Aviv Tatarsky, Ir Amim, 5.8.2025

Introduction

Hello everyone and thank you for joining us for the daily *Eyes on Gaza* meeting. Today we turn our attention to the West Bank — not to divert our eyes from Gaza, but to gain a broader picture of the campaign of destruction that Israel is waging against Palestinians. In the West Bank, the army employs tools and methods developed in Gaza, including aerial bombardments, aimed at dramatically intensifying repression: deadly settler violence backed by the army, demolitions of homes and infrastructure, restrictions on movement, and waves of displacement and dispossession.

Today we will hear from Aviv Tatarsky about the collapse of the West Bank economy — a new perspective we have not yet explored — and about Israel’s ambition to reshape Palestinian space in the West Bank by making life there impossible, unbearable. Tatarsky is a researcher at *Ir Amim* and an activist in the association *Engaged Dharma*. Thank you, Aviv, for joining us. We look forward to hearing from you.

Talk

Hello everyone and thank you Lior and the organizers. I have about eight minutes, so I’ll get straight to the point. I want to describe some of Israel’s economic measures and then comment on them. I imagine time will run out before I can speak about our role — about what we can do — but you are welcome to ask me. I don’t have good answers, yet this too must be discussed.

The basic fact, which is relatively well known, is that until October 8 — and even before October 7 — a significant portion of the West Bank population earned their living either in Israel or in the settlements. Roughly 150,000 residents worked there, most with permits, and about 30,000 without permits — meaning illegally. Since October 8, Israel decided to stop allowing them entry into the Green Line. In the genuine emergency and panic of that day, this decision might have been understandable, but the ban has remained in place to this day. It applies to work inside Israel. Tens of thousands also worked in the settlements, where no such ban exists. Each settlement decides for itself, some allowing workers, others not. As a result, today only about 25,000–30,000 Palestinians in the West Bank still work — mainly in settlements or Israeli industrial zones inside the West Bank. A few thousand, so-called “essential workers” are permitted into Israel. But the vast majority — over 100,000 people — lost their livelihoods nearly two years ago and remain barred from their jobs. The immediate effect is on them and their families. More than 100,000 families — half a million people — have been left without income. The West Bank has about three million Palestinians, so for one in six, their livelihood was cut off. Few have found alternatives.

From a broader perspective, 22 percent of West Bank workers earned their living in Israel. The 100,000 affected amount to around 18–19 percent of the workforce. Their monthly income was about 1.5 billion shekels that suddenly gone off from the Palestinian economy. The shockwaves are felt everywhere: by shopkeepers, businesses, and beyond. The Palestinian Authority, which collects taxes from workers’ wages, has also lost this revenue. With 1.5 billion shekels less income, tax receipts have plunged.

For those out of work for nearly two years, the hardship is crushing. Many families can no longer buy food, and rely on aid. According to the UN World Food Programme, the number of West Bank Palestinians in need of food assistance has doubled, now standing at 700,000 people — about a quarter of the population. Even those holding on, face impossible expenses: medical treatment, for example. Many in the West Bank lack health insurance, and those who have it find that it doesn’t cover what Israelis might take for granted. Another example: children finishing school and hoping to study at university — a major cost now beyond the reach of many families.

At the level of the Palestinian Authority, the situation is dire. 60 percent of its budget depends on taxes and customs. Under the Oslo Accords — specifically the Paris Protocol — Israel is responsible for collecting these revenues: the taxes of Palestinians working in Israel, customs on imports and exports, and VAT on Israeli products sold in the West Bank. Israel is supposed to transfer these funds to the Palestinian Authority, and for nearly 30 years that was how the system functioned. But in 2018, Israel's government decided to punish the Palestinian Authority for transferring stipends to Palestinian prisoners and the families of Palestinians killed — whether by Israel or during attacks on Israelis. From 2019, well before October 2023, Israel began deducting tens of millions of shekels each month from these funds, which are Palestinian Authority's money. This is done unilaterally.

Since October 2023, the deductions have soared. It is in the hands of Finance Minister Bezalel Smotrich, who ruled that salaries paid by the Palestinian Authority to its employees in Gaza amount to funding Hamas. From October 8 onward, Israel has punished the Palestinian Authority for these payments, as well as for stipends to Palestinians involved in violence against Israelis. Since 2019, Israel has deducted a total of 6–7 billion shekels, nearly half of it, more than 3 billion, since October 2023 alone. Current estimates suggest Israel is withholding 40 percent of these funds, which themselves constitute 60 percent of the Palestinian Authority's total revenues. The deficit is therefore massive.

The result: public sector employees — teachers, hospital staff, doctors, nurses, and others — have for years, at least two years, not received full salaries. This problem began before October 2023 and has only worsened since. In recent months, wages have reportedly dropped to 50 percent of their full amount. The situation is extremely grave, with far-reaching consequences.

To conclude, several points must be emphasized. First, even before October 2023 the Palestinian economy was fragile. These blows are therefore devastating. Second, the measures I described are easily framed as "security" operations. But behind Israeli security rhetoric lie profoundly harmful actions. Since Bezalel Smotrich is the one behind them, the aim becomes clear: the collapse of the Palestinian Authority. The objective is to push the economy to the brink, undermine stability, and bring about the Palestinian Authority downfall — what in Israeli discourse is sometimes called "setting the territory ablaze." Listening to Smotrich and his allies leaves little doubt: what Israel has done in Gaza, it now seeks to replicate in the West Bank. And to achieve that, destabilizing the economy is a central instrument.