International Journal of Islamic Management and Business
ISSN 2413-2330(Online), ISSN 2520-4874(Print)
Volume-8(Eight), No-1, 2020

THE CHALLENGE FOR BUSINESS OWNERS IN THE GAZA STRIP: PROLONGED INSTABILITY

Ismail Abusaada*, **Rodrigue Fontaine****
*PhD student International Islamic University Malaysia
**Associate professor, department of business administration, International Islamic University Malaysia
Corresponding author: alquds24@gmail.com

Abstract
This study explores the challenges of business owners in the Gaza Strip. A detailed review of the history of the Gaza Strip allows the authors to examine the current economic, social, political, and security situation in the Gaza Strip. Although periods of instability are normal for most organizations, they are often followed by periods of stability. However, the situation in the Gaza Strip keeps moving from one type of instability to another type of instability. The conclusion is that it the Gaza Strip suffers from multiple problems that make the situation chronically unstable. It is argued that there is a gap in the academic literature and that a new term must be coined to adequately describe the situation in the Gaza Strip. The expression "prolonged instability" is proposed to describe the situation in the Gaza Strip.

Keywords: history; instability; Gaza Strip

Introduction

The authors are interested in the problem of business sustainability in the Gaza Strip. The current literature proposes a number of models. The common pattern for these models is that periods of instability are followed by periods of stability. In the case of the Gaza Strip, the unique political, social, and economic situation make such models inappropriate.

This study has two purposes. The first is to review the historical context in the Gaza Strip. It will be suggested that the term "prolonged instability" is more appropriate to describe the current situation. The second purpose is to describe the subsequent research that will be conducted to better understand how business owners in the Gaza Strip thrive in such harsh conditions.

For more than seventy years, people in the Gaza Strip face different situations and ruled by different authorities. The main theme in the Gaza Strip is the change in the political environment. These changes from time to another affect all aspects of life the strip and cause deep changes in the structure of the economy. Historically, the Gaza Strip ruled by British Mandate till 1948 and then followed to the Egyptian authorities till 1967. In 1967, Israel occupied and ruled the Gaza Strip until the establishment of Palestinian Authority (PA) in 1993. Under the rule of the PA the Gaza Strip faced political conflict between Palestinian factions caused a political separation and put the Gaza Strip under a new situation which make huge effects on the life in general and on the business sector in particular. These changes in political, economic and social aspects form a case of instability for long period of time and shape the pattern of life for people in the Gaza Strip. Yet, in such an environment, how can business owners still grow their businesses?

This paper will include a physical description of the Gaza Strip, a historical overview, a political and social overview, and a discussion on the policy of "De-Development" and its implications for business owners. To understand the term and policy of "de-development" this paper will depend on the works of the founder of this term (Roy, 1987; Roy 1999; Roy 2016) to explain the term.

PHYSICAL DESCRIPTION

Figure 1 shows the Gaza Strip and its six border crossings: 5 with Israel and one with Egypt. Three of them are closed permanently.

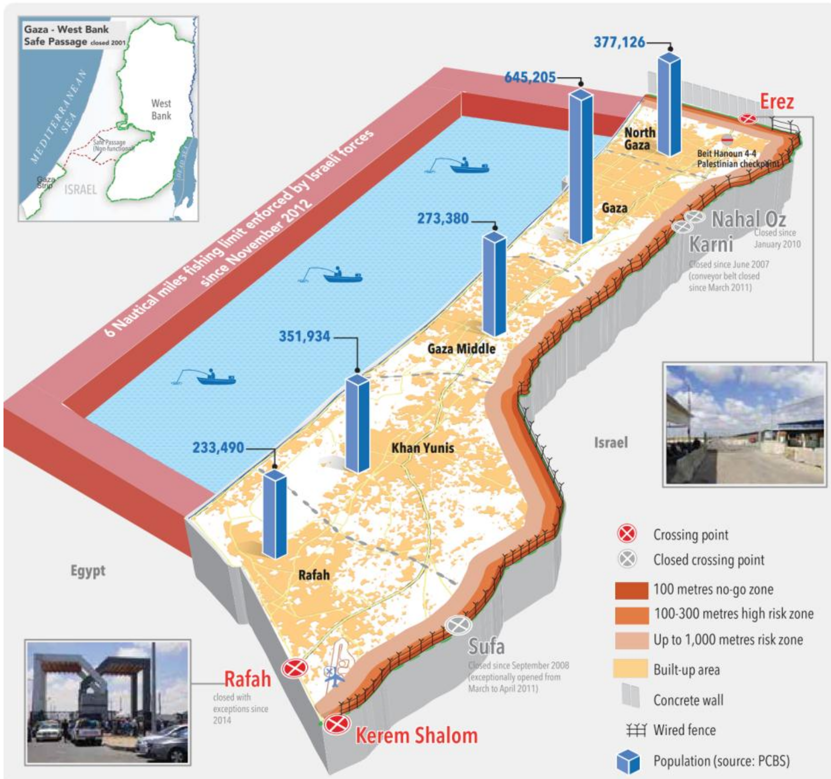

Figure 1 The situation in Gaza Strip under Israeli occupation blockade (UN, 2017)

The crossing at Erez is for people only and the crossing at Kerem Shalom is for goods only. The crossing with Egypt is mostly for people but it opens and closes unexpectedly.

The Gaza Strip borders the sea and fishermen can fish within six miles of the coast. The overall size of the strip is 365 km2. This is about one and half time bigger than Kuala Lumpur. The density of the population is about 5,500 people per square kilometer, although the density increases in the refugee camps. For example, the Jabalia camp has 119,000 refugees on 1.4 square kilometer (UN, 2017). The whole of the Gaza Strip is encircled by an electric fence.

There are three currencies that are commonly used. One is the Israeli shekel (1 USD = 3.75 shekel) and this is used for every day purchases. The other is the Jordanian dinar (1 Jordanian dinar = 1.4 USD) and the third is the US dollar. The last two currencies are used when purchasing cars, land, houses and so forth.

HISTORICAL OVERVIEW

The key dates in the history of Palestine and the Gaza Strip are:

- 1948: War with Israel. Creation of the Israeli state. Jordan became the protector of the West Bank and Egypt became the protector of the Gaza Strip.
- 1967: War with Israel. Size of the state of Israel increased. Start to control life in the Gaza Strip directly.

- 1987: 1st Intifada. This popular movement against the Israelis started in Gaza. People used stones mostly. At the end of the intifada, Gaza Strip was closed.
- 2000: 2nd Intifada. This started in Jerusalem. This movement had more weapons (guns, small bombs) compared to the first intifada. This encouraged the Israelis to restrict the importation of any material that could be used to make weapons (known as a "W materials").
- 2005: Israeli occupation withdraw Israeli military and Israeli settlements from Gaza Strip.
- 2006: Second elections for Palestinian Authority in the West Bank and the Gaza Strip. Fatah wants a political solution with Israel while Hamas rejects the political solution. Victory for Hamas. The results are not accepted by Fatah leaders.
- 2007: Internal political conflict between Hamas and Fatah gets worse. Hamas takes complete political control of the Gaza Strip.
- 2008: War with Israeli. Destruction of buildings and factories that have nothing to do with the resistance movement. More restrictions.
- 2012: Short war because of the political support of Egypt. Fishing limits temporarily extended to 12 miles. Some easing of restrictions for farmers entering their land. However, more restrictions on importing goods.
- 2014: Longest war. Massive destruction of building, factories and infrastructure. De-development policy becomes clearer.

THE POLITICAL CONFLICT IN PALESTINIAN COMMUNITY

According to the contradictions among the political and ideological programs for the Palestinian factions, a political conflict occurred and divided the Palestinian community. The two main Palestinian political factions are the Palestinian National Liberation Movement (known as "Fatah") and the Islamic Resistance Movement (known as "Hamas"). These two movements won 119 of 132 seats in the Palestinian Legislative Council (PLC) in the last election in 2006 (CEC, 2006). But, these two factions are absolutely different and contradict in their political program.

In general, Fatah wants a political solution and an end to all armed resistance. Hamas wants the liberation of Palestine and sees armed resistance as necessary. These opposing views leads to increasing conflict between Fatah and Hamas on how to rule the PA. This conflict led to armed violence between the two movements.

Both movements Fatah and Hamas created their own security forces and the fighting between them intensified. On the 14th of June 2007, the military wing of Hamas planned an operation in Gaza which allowed them to neutralize all Fatah security forces in Gaza. Fatah's security forces left Gaza and established themselves more strongly on the West Bank.

This event divided the Palestinians. President Mahmoud Abbas sacked the government headed by Ismail Hanyiah and asked Dr. Salam Fayyad to form a new government. The legitimacy of this move was questioned so the government of Mr. Ismail Hanyiah continued to rule Gaza and the government of Dr. Salam Fayyad started to rule the West bank.

The government in the Gaza Strip was isolated and does not have any formal political relations with other countries. The government of the West Bank works under legitimacy of the president and represents Palestinians with the occupation – according to peace agreements – and other countries. Thus, the government of the Gaza Strip rules the internal affairs of the people there and the government of the West Bank rules the external affairs of the people in the Gaza Strip.

This political chaos has numerous implications for business owners in Gaza. If business owners want to do business outside of Gaza, they need permits that can only be obtained from the government in the West Bank. This communication is done by post, although the West Bank government refuses to recognize documents from the Gaza government. Thus, for importing and exporting products, business owners need two documents, one from the West Bank government for importing goods from overseas, and a second from the Gaza Strip government.

With this complicated situation, business owners become victims of political conflict. They are affected by the contradictory policies applied by both governments. Taxes and custom duties are taken by both sides, which increases the costs and the risks for business owners.

DE-DEVELOPMENT

The previous section gave an outlines of the history and the politics of Palestine, in order to understand the situation of business owners in Gaza. This section focuses specifically on the policy of de-development.

The overwhelming majority of businesses are family businesses. These family businesses are passed from generation to generation (Sabri, 2008). Since 1948, there are five periods that shaped to economy of Gaza:

- The first period started from 1948 with the occupation of 78% of Palestine.
- The second period started in 1967 when Israel completed the occupation of Palestine by occupying the West Bank and the Gaza Strip. This period continued until the signing of the Oslo Accords in 1993 and establishment of the Palestinian Authority.
- The third period started in 1993 and continued until the start of the second *"Intifadah"* in September 2000.
- The fourth period went from 2000 until June 2007 when the Israeli put the Gaza Strip under siege, implemented very restrictive policies towards Gaza, and continued its policies in the West Bank.
- The fifth period started in June 2007 and continues until today. The Israeli occupation continues the same rules and policies with the Gaza Strip and the internal political separation in the Palestinian community influence the economy sharply.

Little research has been done in measuring the impact of the Israeli policies on the economy in the Gaza Strip (Arkadie, 1977; Roy, 1987; Dessus, 2014). It seems though that the main aim of the occupation is de-development. Roy (1987) defined de-development as "*a process which undermines or weakens the ability of an economy to grow and expand by preventing it from accessing and utilizing critical inputs needed to promote internal growth beyond a specific structural level*".

The implications of this policy for the business owners for each of the five periods will be presented. In a private conversation, Dr Fontaine concluded, "*for seventy years, the Israelis have gradually starved Gaza so that it can never present a political or security threat to Israel*."

FIVE PERIODS, ONE STRATEGY

In the first period after the occupation of Palestine in 1948 most of Palestinian land was under the control of the occupation. In 1948, Jewish armed groups overtook 78% of Palestine and declared the state of Israel (Masalha, 2008). A portion of Palestine, the West Bank (20.7% of Palestine), was under the control of the Jordanian Kingdom. The Gaza Strip (1.3% of Palestine) was under the control of the Republic of Egypt.

In this period, there was no direct links between the West Bank and the Gaza Strip. Hence, the economy of each part shaped and followed the rules of the local authority formed by the controlling country and followed its economy. During this time, business owners in the Gaza Strip relied on ties with Egyptian traders beside the local market. They established new business relations with businessmen from Eastern Europe to export goods and fruits from Gaza, using of good relation between Egypt and Eastern Europe at that time (Roy, 1987). The large number of refugees that came to the Gaza Strip after the 1948 war created a major challenge for business owners in Gaza.

The Second period started in 1967 after Israel occupied all land of Palestine. The Israeli occupation didn't consider the economies of the West Bank and the Gaza Strip as being part of its own economy. This when the policy of de-development really started. In general, the occupation made the economies of the West Bank and the Gaza Strip dependent on the Israeli economy (Arkadie, 1977). The occupation's policies leads to weaken and undermine the ability of the new economies to develop and grow (Roy, 1999; Arkadie 1977). Although the standard of living grew slightly, the economy in the Gaza Strip became more and more dependent (Arkadie, 1977; Strand, 2014; Dessus, 2014).

In 1968, after occupying the Gaza Strip for one year, the trade with Egypt was stopped while trade with the West Bank and other occupied Palestinian lands were reactivated. This change cost business-owners time and efforts to establish new relations in other parts of Palestine. In general, these new rules determined the shape and size of the trade between the Gaza Strip and other parts of occupied Palestine. The changes to the structure of the economy of the Gaza Strip are shown in table 1.

Sector	*1968*	*1984*
Services	66	23
Agriculture	28.4	13.4
Construction	3.1	22
Industry	2.5	11.6
Remittance from Palestinians from outside of Gaza	0	30
	100	100

Table 1: Changes in the structure of the economy in the Gaza Strip

The entire economy is highly dependent on remittances from Palestinian semi-skilled workers and non-skilled workers working in Israel (Roy 1987); while many of the skilled workers are working in Arab countries and non-Arab countries (Dessus, 2014). These remittances from Palestinians working outside of Gaza helped grow the economy in absolute numbers but it makes the entire economy extremely fragile (Roy 1987; Dessus, 2014).

In practice, the occupation used new rules to constrain the economy. For example, the area of cultivated land in the Gaza Strip decreased from 19,800 hectares in 1968 to 10,000 hectares in 1985 (Roy, 1987). Roy (1987) concludes that *"in the absence of economic growth, even as achieved through dependent development, the distinguishing features of Gaza's economy increasingly become the erosion of its own internal economic base and its resulting dependency on Israel, both of which are indicators of economic de-development".*

In general, semi-skilled and unskilled workers started working in Israel where the wages are higher, business owners found it difficult to find workers. So they started increasing wages, this reducing their profit margin. Furthermore, Palestinian producers are only allowed to export selected kinds and amounts of products to the Israeli market while there is no restrictions on importing Israeli products into the Gaza

Strip (Roy, 1987; Dessus 2000; Nassar, 2003). As a result of these policies, Israel became the largest trading partner with the Gaza Strip. It was receiving 82.2 percent of the Strip's exports in 1985 and supplied the Gaza Strip with 91.9 percent of its imports (Roy, 1989).

Roy (1999) divided the de-development policies in this period into three categories.

- The first category relates to expropriation. This is when the occupation dispossessed Palestinians of key economic resources they needed to build up their productive capacity.
- The second category contains the policies of integration and externalization so that the Gaza economy becomes completely dependent on the Israeli economy and foreign remittances.
- The third category relates to de-institutionalization. This the occupation authority's effort to restrict Palestinian institutions so that these institutions are unable to arrange and support any economic development in the Gaza Strip.

The third period started in 1993 after the signing the Oslo Accords between PLO and Israel. According to the Oslo Accords, the PLO recognized the state of Israel and Israel recognized the PLO as the representative of the Palestinian nation. The accords empowered the Palestinian Authority (PA) to rule the life of Palestinians in the West Bank and the Gaza Strip.

The occupation authorities signed the economic protocol of the Oslo Accords with the PLO, known later as the Paris protocol. This protocol establishes the legal framework to regulate Palestine's economic relations with Israel and the economic activities of the PA (Roy, 1999). In this protocol, the occupation kept the right of controlling imports and exports for security reasons (Dessus, 2000). The main three features of the Paris protocol are:

1. The retention of Israeli military law (and the economic restrictions therein) during the interim phase;
2. Israel's full control over key factors of production, such as land, water, labor, and capital;
3. Israel's complete control over external borders and the perimeters of Palestinian areas.

Consequently, the occupation controls the types, amounts and times of the import or export so that the Palestinian economy stays under the control of the occupation. The occupation collects all customs and taxes and transfer the balance for the PA. One of the results of the Oslo accords and its protocols is that all key resources, borders and real authorities remained with the Israelis (Roy, 1999). After the Oslo accords, the occupation accelerates the de-development of the Palestinian economy (Roy, 1999, p.68).

For Palestinian business owners, this new situation opened new opportunities and new challenges. The geographic distribution of the land between the occupation and the PA played a critical role in applying de-development policy by the occupation. The occupation used a separation policy between the territories in the West Bank and the Gaza Strip. Palestinian land is divided into three categories:

- Area A is fully controlled by the PA. This comprised about 18 percent of the West Bank
- Area B is partially controlled by the PA. Civil matters are controlled by the PA and security matters are under joint Israeli and PA control. This is about 22 percent of the West Bank
- Area C remains under full Israeli control for civil and security issues and comprises 61 percent of the land of the West Bank (World Bank, 2013).

Areas A and B are surrounded by area C. Accordingly, the occupation can easily restrict the movement of Palestinians and control the economic activities in areas A and B. This "closure policy" is a key component of the de-development policy. The closure policy is the sealing off of the West Bank and the Gaza Strip from Israel, external markets and from each other (Roy, 1999). Closure happens in three forms: general, total and internal. General closure refers to the comprehensive restrictions placed on all types of movement between the West Bank/Gaza Strip and Israel and between the West Bank and the Gaza Strip which cause delays in the movement of people and goods during cross the border. Total closure in this context refers to the complete close for the borders and the banning of all types of movements. This type of closure imposed in any anticipation of an attack in Israel or after the attack. Internal closure refers to the restrictions on the movement of people and goods within localities in the West Bank and the Gaza Strip (Roy, 1999).

	Rest of West Bank				Gaza Strip		
	1993	1994	1995	1996	1994	1995	1996
GNP (in $ millions at 1995 prices)	3,226.6	3,124.1	2,926.9	2,951.2	1,120.0	1,189.7	1,152.8
Closure days/year	17	58	84	132	76	102	138
% days under closure	0.047	0.159	0.230	0.362	0.208	0.279	0.378
Losses ($ millions at 1995 prices)							
Closure Policy Only*	40.6	119.1	141.5	198.7	60.6	79.8	84.8
Closure & Permit Policies**	137.4	337.8	434.1	500.9	351.8	412.9	456.1
Losses (% of GNP)							
Closure Policy Only*	1.3	3.8	4.8	7.2	5.4	6.7	7.6
Closure & Permit Policies**	4.3	10.8	14.8	18.2	31.4	34.7	39.6

* The cost of closure policy only is measured in relation to the declining flows of labor as a benchmark.
** The cost of closure and permit policies uses 1992 labor and trade flows as the benchmark.

Table2: Total Cost of Border Closure and Permit Policies (1993-96) (Diwan & Shaban, 1999)

In general, any closure effects the Palestinian economy badly. Due to repeated closures, many Palestinians lost their jobs. As Table 1 shows, the borders in the Gaza Strip were closed 40% of the time in 1996. This caused a massive rise in unemployment and a 40% drop in the local GNP (Roy, 1999).
Although the PA encouraged the private sector, the problem remains the closures of the borders. The unpredictability of the closures affected businesses in different ways. Importing and exporting stopped suddenly and sometimes the closure lasted for a long time.

Seven years after signing the Oslo accords and five years after establishing the PA, the Palestinian economy was weaker than before (Ajluni, 2003). The income decreased by ten percent compared to the pre-Oslo period, although donors gave the PA $3 billion between 1993 and 2000 (Ajluni, 2003).

The fourth period started with the second “Intifada” when Ariel Sharon entered Masjid Al-Aqsa with security guards in September 2000. This event caused angry reactions from Palestinians and clashes ensued. By 2005, an estimated 3,000 Palestinians and 1,000 Israelis were killed. Not surprisingly, these clashes increased the constraints on Palestinian business-owners and the closures of borders (Farsakh, 2008). These closures led to more unemployment (OCHA, 2005, Astrup & Dessus, 2005). This catastrophic situation meant that the economy moved from a depression into a complete paralysis (Ajluni, 2003). Comparing the situation between 1999 and 2006, the real GDP per capita fell by 40 percent. The unemployment rate increased to 38 percent and the poverty level reached 67 percent (Farsakh, 2008). Figure 2 shows the fluctuation in GDP depending on the security situation.

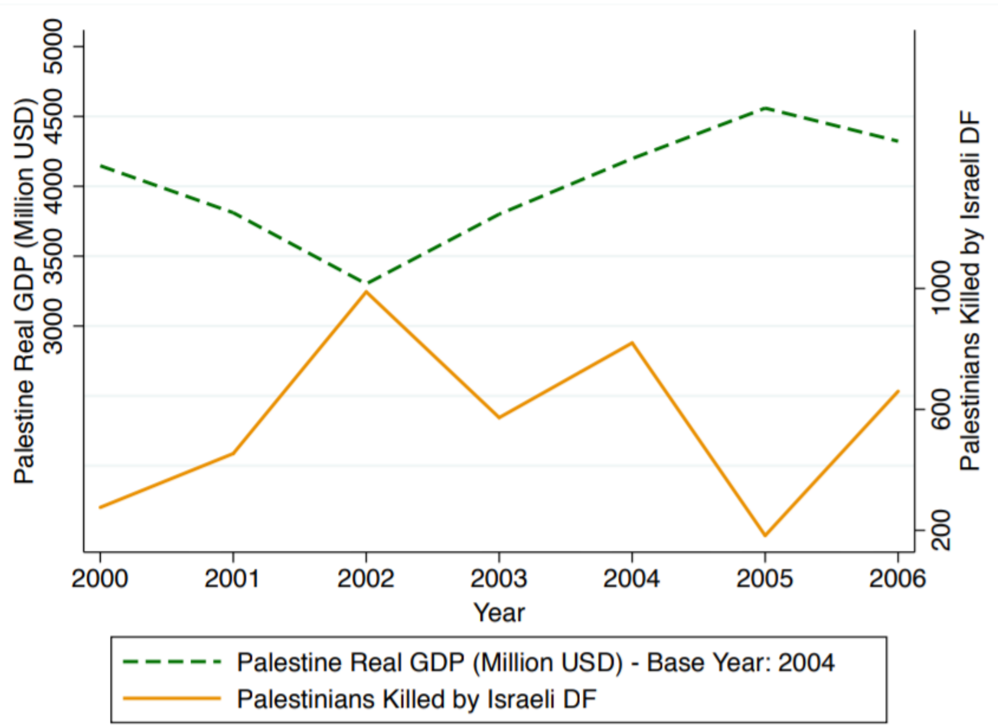

Figure 2: Real GDP with Number of Palestinian Martyrs (Source: Palestinian Central Bureau of Statistics)

However, after years of armed conflict, the occupation withdrew all Israelis from settlements and military sites in the Gaza Strip in 2005 (Samhouri, 2006). This disengagement didn't give the Gaza Strip the full independence as the occupation continued to control all sea and land borders of the strip except the southern border with Egypt. Palestinians in the Gaza Strip after the withdrawal could move freely again inside the strip without any difficulties. The withdrawal gave the Palestinians in the Gaza Strip the right again to use their lands and resources that had been occupied since 1967 (Samhouri, 2006).

As Samhouri (2006) shows, the Israeli disengagement complicated the situation in the Gaza Strip and made the conditions worse. The occupation lowered the number of business people and workers that could cross into Israel to around 33 percent of the number allowed before the disengagement. At the same time, the occupation didn't make enough improvement to the cross-borders to satisfy the increase of the goods movements into and out the Gaza Strip (OCHA, 2005).

In 2006, the situation became more complicated after the Hamas Movement won the legislative elections and formed the cabinet. Israel considers the Hamas Movement as a terrorist movement and refused to deal with new Palestinian cabinet. Israel froze the transfer of taxes to the PA (World Bank, 2006). This freeze increased the fiscal crisis in the PA and limited the new government's ability to provide basic services and pay salaries to its employees (Samhouri, 2006). Consequently, all economic activities declined in 2006. The real GDP declined by 8 percent in 2006 (IMF and World Bank, 2007). The occupation applied even more constraints and the Palestinians started to experience a siege. This obviously affected retailing, import and export, services, agriculture, and construction (IMF and World Bank, 2007). This situation continued until the middle of 2007 when things became worse.

The fifth period started in 2007 when the Hamas Movement took over the Gaza Strip and ousted the Fatah Movement (Berti, 2015, Erakat, 2012, Strand, 2014). The Israeli took aggressive measures against Hamas. In September 2007, the Gaza Strip was completely blocked (Strand, 2014) and declared "a hostile entity" (Erakat, 2012; Pelham, 2012). To increase the pressure on Hamas leaders, the occupation banned all types of fuel in January 2008, and allowed only seven categories of supplies as humanitarian needs (Pelham, 2012).

These decisions and restrictions increased the financial and humanitarian crisis in the strip (Berti, 2015). The Israeli strategy was to "push Palestinians in Gaza to get rid of Hamas" (Erakat, 2012; Berti, 2015). This accelerated the policy of de-development, fragmentation, isolation and institutionalized impoverishment (Strand, 2014). By the last quarter of 2008, 98 percent of businesses owner had been forced to close their businesses (Strand, 2014). Less than 200 factories out of 3,900 in the Gaza Strip continued to operate (Berti, 2015). At the end of 2008, the poverty rate reached 79 percent in the Gaza Strip. Two-thirds of people were living in deep poverty (World Bank, 2008).

After one year of siege, the Israeli attacked the Gaza Strip. This attack continued for 21 days (Strand, 2014). Estimates are that 1,440 Palestinians were killed, 5,380 injured, and more than 100,000 have been displaced (OCHA, 2009). The total cost of this aggression was estimated at more than $ 650 million (European Commission, 2009). Moreover, the European Commission (2009) reported that 4,036 housing units were totally destroyed, 11,512 were partially destroyed and around 46 percent of the agriculture land became inaccessible or damaged. In the business sector, more than 700 industrial, commercial and service businesses were partially damaged, and 268 businesses were totally damaged (PCHR, 2009). The industrial sector was the most affected by this aggression (European Commission, 2009).

After the Israeli aggression, the people in the Gaza Strip found new ways to get their basic needs and to overcome the siege. Some of people had experience in digging tunnels. A few tunnels were dug under the border of Egypt to bring in some basic needs (Winter, 2016). In 2009, a network of informal tunnels had been dug under the border with Egypt to import all needs of the Gaza Strip (UN, 2017). This network improved over the next three years to reach over 1,000 tunnels in 2012, and provide the strip with 80 percent of all its imports (Berti, 2015). A new class of businessmen created after the flourishing of this "tunnels trade" (Strand, 2014). The tunnel trade forces traders to take a lot of risks as this informal way of importing doesn't have procedures, and there is no guarantees by third-party between the business owner and the supplier (Pelham, 2012). Business owners import at their own risk with a high possibility of damage for the goods. Business owners can't meet the suppliers directly except if they can exit the Gaza Strip and enter Egypt illegally – by tunnels made for people crossing – and there he can negotiate the supplier, check the goods before importing and look for new opportunities (Pelham, 2012). Otherwise, business owners must deal with Palestinian agents. These agents know the suppliers in Egypt and can match between business owners and suppliers. The deal depends on the trust between the business owner and the agent.

This new class of businessmen enter the market with more experience in this new methods of importing through tunnels, adding more competitiveness in the weakened market (Strand, 2014). This new class has more access for goods and better relations with agents and Egyptian suppliers. This change had a positive effect on the government in the Gaza Strip in general, and on Rafah governorate in particular where the tunnel networks are found (Berti, 2015). Business owners found good opportunities to reactivate their business after the pause in their regular trading ties via Israel. Despite the high risks of this new pattern of trade, it opened new window for business owners (Pelham, 2012).

In 2010, the situation a little bit changed after the incident of "MV Mavi Marmara" in "the Gaza Freedom Flotilla" where 9 activists killed by Israeli Navy. Accordingly, Egypt opened the Rafah Cross-Border and Israel lifted some restrictions on importing goods, allowing many kinds of goods to enter Gaza after more

than two years of blockade (UN, 2017). This allowed many businessmen to return to their old trade ties (Pelham, 2012).
In 2013, after the political change occurred in Egypt (Strand, 2014), the new government started to close the tunnels in the Egyptian side and make a buffer zone beside the borders with the Gaza Strip (Pelham, 2012; UN, 2017). This closing of the tunnels deprived the strip from an important source of trade and income (Strand, 2014). This harmed all business owners who depended on the tunnels for importing the goods, and this increased the unemployment rate (Winter, 2016).

In 2014, Palestinian political parties made a compromise and formed a new government known as "government of national consensus" (Berti, 2015; UN, 2017). Although on paper Palestinian factions had reached a compromise, but in reality, business owners still faced multiple obstacles, which increased and decreased in severity according to the political situation (UN, 2017).

Less than four months after the forming of the unity government, the Israelis army attacked the Gaza Strip for 51 days. This was the most devastating attack on the Gaza Strip since 1948 (Bouris, 2015). An estimated 2,205 Palestinians were killed, half of them were women and children. More than 18,000 housing units were severely damaged or totally destroyed. Around 500,000 Palestinian were displaced (Bouris, 2015).

This aggression increased the suffering in the Gaza Strip, increased the unemployment rate, and depressed the economy further. Due to various political efforts, the situation in the Gaza Strip improved somewhat, the siege was eased, and the occupation allowed the first exports from Gaza in March 2015 (UN, 2017). The exports were still less than the pre-2007 levels, and all the exports in 2016 was less than 20 percent of the first half of 2007. The imports improved in 2015 however the situation remains very fluid. If any incident happens between resistance groups and Israeli soldiers, the borders are automatically closed (Martin, Barhoum, Dikomitis & Gorevan, 2018). In 2017, the United Nations published a report to shed the light on the situation in the Gaza Strip after 10 years of the siege (UN, 2017). This is shown in Table 3.

	2012	*2016*	*2020 (estimate)*
Gaza Population Size	1.6 million	2 million	2.2 million
Population density	4,383 persons /km^2	5,479 persons /km^2	6,179 persons /km^2
Real GDP per capita	$ 1,165	$ 1,038	$1,085
Unemployment rate	29%	42%	44%
Water - % of water safe for drinking	10%	3.80%	0%

Table 3: A summary of the UN (2017) report

The report of UN (2017) clearly shows that the situation is catastrophic. The Israeli policy of de-development that has been applied from the beginning of the occupation is bearing its fruits.

DISCUSSION

This study has presented the historical, political, and economic situation in a lot of detail. Some critics might argue that so much detail is unnecessary in an academic paper. However, the situation in the Gaza Strip is so unique and so poorly understood that it was felt that it was necessary to provide such detail.

The literature on instability already exists. Instability is defined as "*the absence of perceived stability in daily life combined with an increased inability to predict the upcoming course of events owing to changes in one or several areas of life*" (Schmid-Mohler, Schãfer-Keller, Frei, Fehr, & Spirig, 2014). The literature assumes that periods of instability are followed by periods of stability. Furthermore, the literature on instability never considers the unique case of one country with absolute military control trying to "de-develop" another country. Thus, the authors propose that a new term be coined, namely "prolonged instability". Such an expression might, in the future, by used to describe the dire political and economic situations in other countries, like Syria.

FUTURE RESEARCH

The context of the Gaza Strip includes number of subjects applied and ruled in much different way than other contexts. Around the world business owners for example face challenges and obstacles which make the situation uncertain and unstable for a period of time. In the Gaza Strip, business owners face more challenges but, in different and very unique context make sustaining business as a struggle.

In this light, one of the authors – a PhD candidate – is going to study the business issue in the context of the Gaza Strip. The main objective of the next study is to explore how business owners can sustain their business under this prolonged unstable environment. A sample of big business owners will be chosen according to their experience and size of business they have to assure that they faced variant extreme events and succeed to sustain business under unstable environment. At the end of this research, the PhD candidate will develop a model that will be useful to any condition of prolonged instability.

CONCLUSION

All Palestinians in the Gaza Strip live in unstable and unpredictable conditions. However, after long time with dealing with uncertainties, it can be concluded that business owners in the Gaza Strip run their business in consideration of the constant of "change". Yet, despite all difficulties, business owner can still sustain their businesses, and even make decent profit margins. In conclusion, business owners run their business under extreme unstable environment for long period of time with different types of extremities and instabilities. The expression of "prolonged instability" seems to be a new term that needs to be introduced in the literature.

REFERENCES

Ajluni, Salem. (2003). The Palestinian Economy and the Second Intifada. *Journal of Palestine Studies*. No. 3, 64-73.

Astrup, C., and Dessus, S. (2005) Exporting Goods or Exporting Labor?: Long-term Implications for the Palestinian Economy. *Review of Middle East Economics and Finance*. Vol. 3, No. 1.

Berti, B. (2015). Non-State Actors as Providers of Governance: The Hamas Government in Gaza between Effective Sovereignty, Centralized Authority, and Resistance. *Middle East Journal*, Vol. 69, No. 1, WINTER 2015

Bouris, D. (2015) The Vicious Cycle of Building and Destroying: the 2014 War on Gaza. *Mediterranean Politics*, 20:1, 111-117, DOI: 10.1080/13629395.2015.1007000

Diwan, I., and Shaban, R. A. (Eds.). (1999). *Development Under Adversity: the Palestinian economy in transition*. New York: The World Bank.

European Commission (2009). *Final Report Damage Assessment and Needs Identification in the Gaza Strip*. EuropeAid Co-operation Office: European Commission.

Farsakh, L. (2008). The Political Economy of Israeli Occupation: What is Colonial about It? *Electronic Journal of Middle Eastern Studies*, No. 8.

IMF and World Bank (2007) *West Bank and Gaza, Economic Development in 2006 – a First Assessment*.

Martin A., Barhoum L., Dikomitis E., and Gorevan D. (2018). Israel Tightens Gaza Blockade, Civilians Bear the Brunt. *Norwegian Refugee Council, Oxfam and Premiere Urgence Internationale*. Media briefing.

Masalha N. (2008). Remembering the Palestinian Nakba: Commemoration, Oral History and Narratives of Memory. *Holy Land Studies*, 7(2), 123–156. doi:10.3366/e147494750800019x

Nassar, I. (2003). Remapping Palestine and the Palestinians: Decolonizing and Research. *Comparative Studies of South Asia Africa and the Middle East*. Vol. 23, 149-151. 10.1215/1089201X-23-1-2-149.

OCHA (2005). Special Focus: The Gaza Strip after Disengagement, November-December 2005

PCHR. (2009). *23 Days of War, 928 Days of Closure*. Gaza. Retrieved from https://pchrgaza.org/en/?p=6494

Pelham N. (2012). Gaza's Tunnel Phenomenon: The Unintended Dynamics of Israel's Siege. *Journal of Palestine Studies*, Vol. 41, No. 4, 6-31.

Roy, S. (1987). The Gaza Strip: A Case of Economic De-Development. *Journal of Palestine Studies*, 17(1), 56–88. https://doi.org/10.1525/jps.1987.17.1.00p0144f

Roy, S. (1991). The Political Economy of Despair- Changing Political and Economic Realities in the Gaza Strip. *Journal of Palestine Studies*, 20(3), 58–69. https://doi.org/10.2307/2537546

Roy, S. (1999). De-development Revisited: Palestinian Economy and Society Since Oslo. *Journal of Palestine Studies*, 28(3), 64–82.

Roy, S. (2016). The Gaza Strip: The Political Economy of De-Development. *Institute for Palestine Studies*. Washington, D.C. USA.

Sabri, N. (2008), *The Palestinian Family Businesses*. Hyderabad: ICFAI University Press. Available at SSRN: https://ssrn.com/abstract=1097686

Samhouri M. (2006). Gaza Economic Predicament One Year After Disengagement: What Went Wrong? *Middle East Brief*, No. 12

Strand T. (2014). Tightening the Noose: The Institutionalized Impoverishment of Gaza, 2005–2010. *Journal of Palestine Studies* Vol. 43, No. 2, p. 6.

UN. (2017). *Gaza Ten Years Later*.

Winter, Y. (2016). The Siege of Gaza : Spatial Violence , Humanitarian Strategies , and the Biopolitics of Punishment. *Constellations*, *23*(2), 308–319.

World Bank (2006), The Impending Palestinian Financial Crisis: Potential Remedies (May).

World Bank (2008), “Palestinian Economic Prospects: Aid, Access and Reform,” World Bank, 22 September 2008.

World Bank, (2013). Area C and the Future of the Palestinian Economy. Report No. AUS2922. Poverty Reduction and Economic Management Department. October 2, 2013