

A POLITICAL ECONOMY ESSAY ON ISRAEL IN THE SHADOW OF THE GAZA OCCUPATION

Gazze İşgali Gölgesinde İsrail Üzerine Bir Politik İktisat Denemesi

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Abstract: Following the Covid-19 pandemic, Israel launched its war economy by occupying Gaza for a long time, starting in October 2023. It is now in the governance of a fragile ceasefire conjuncture with Palestine and the guarantor states. The sources of Israel's effective and sustainable war economy are its high economic wealth and military power. Israel is often referred to as the couch grass of the Middle East region. This metaphor has been reinforced by the imperialist role given to Israel with the US-made Greater Middle East Project. Israel's Zionist goal and the sustainable intifada of Palestine, which is treated as a refugee in its own land, are in constant conflict, and this has turned the Middle East into an unfortunate and development-impaired geography. In terms of political economy, one side of Israel is industrialized according to Western norms, while the other side is Third World. This contradiction has become clear once again with the Palestinian issue and the occupation of Gaza, which Israel has securitized. The key to peace and stability in the Middle East is to end the occupation of Gaza and the Palestinian issue, and to establish a peace economy for this purpose. The peace economy swings in a pendulum with one side being realpolitik and the other side being political economy. The subject and purpose of this study, prepared with deductive thinking and descriptive research methods, is to reveal the strengths (W), weaknesses (Z), opportunistic (F) and threat (T) characteristics of Israel, which occupies Gaza, for its goal of peace with Palestine according to the SWOT technique and to open a political economy discussion. **Keywords:** Gaza Occupation, Israel, War-Peace Economy, Political Economy, SWOT Technique

Öz: İsrail, Covid-19 salgınının ardından Ekim 2023'ten itibaren Gazze'yi uzun süreli işgal ederek savaş ekonomisini başlattı. Şimdi Filistin ve garantör devletlerle kırılğan bir ateşkes konjonktürünün yönetişimi içindedir. İsrail'in etkili ve sürdürülebilir savaş ekonomisinin kaynakları yüksek ekonomik zenginliği ve askeri gücüdür. İsrail için genellikle Orta Doğu bölgesinin ayrı otu benzetmesi yapılır. Bu benzetme, ABD yapımı Büyük Orta Doğu Projesi ile İsrail'e verilen emperyalist rol pekiştirmiştir. İsrail'in Siyonizm hedefi ile kendi topraklarında adeta mülteci muamelesi gören Filistin'in sürdürülebilir intifadası sürekli çatışma halindedir ve bu durum Orta Doğu'yu bahtsız ve kalkınma özürsüz bir coğrafya haline getirmiştir. Politik iktisat açısından İsrail'in bir tarafı Batılı ölçülerde sanayileşmiş, diğer tarafı ise Üçüncü Dünyalıdır. Bu çelişki, İsrail'in güvenleştirdiği Filistin sorunu ve Gazze işgali ile bir kez daha netleşmiştir. Orta Doğu'da huzur ve istikrarın anahtarı Gazze işgalinin ve Filistin sorununun bitmesi olup bunun için de barış ekonomisinin kurulmasıdır. Barış ekonomisi, bir tarafı reel-politik, diğer tarafı politik iktisat olan bir sarkacın içinde sallanmaktadır. Tümdengelimci düşünce ve betimleyici araştırma yöntemleriyle hazırlanan bu çalışmanın konusu ve amacı, Gazze'yi işgal eden İsrail'in Filistin'le barış hedefi için GZFT tekniğine göre güçlü (G), zayıf (Z), fırsatçı (F) ve tehdit (T) özelliklerini ortaya koyup bir politik iktisat tartışmasını açmaktır. **Anahtar Kelimeler:** Gazze İşgali, İsrail, Savaş-Barış Ekonomisi, Politik İktisat, SWOT Tekniği

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INTRODUCTION

Western experts sometimes describe the Muslim countries of the Middle East as ‘unlucky’ and usually attribute this to either the kings who created all kinds of corruption and deterioration in their countries or the ancient ‘Israel-Palestine conflict’. Indeed, Israel, like the rest of the world, entered a new and long-lasting ‘war economy’ conjuncture by occupying Gaza again while it was slowly recovering from the bad economic effects of the ‘Covid-19 pandemic’ between 2021 and 2023. War economy policies may serve to keep the Israeli economy alive, but they have turned most countries in the Middle East into underdeveloped economies with development disabilities. It is obvious that all of these are enough to turn the entire region into a tangle of Israel-focused problems in terms of political economy.

Suppose the Middle East region is likened to a garden that is not homogeneous in terms of ethnicity, religion, language, culture, political structure and economic development. In that case Israel is considered a “couch grass” due to various anomalous characteristics of that garden. The fact that Israel is a strategic partner of both the US and Türkiye does not change this fact. Its historical-spiritual ties with Palestine and its instinct to protect or support it have led Türkiye to closely monitor Israel and to establish relations that are more than those that can be established with a neighbor, even though it is not a border country.

Not only was Israel founded in 1948, but it was also planted as a ‘couch grass’ in the Middle East by imperialist states. This grass grew with the Greater (North Africa and) Middle East Project (GMEP) and took on an untouchable armor in the ancient Middle East garden. The GMEP, based on the ideas of some ‘genius’ American policy makers in the early 1990s, is an improved version of the Greater Middle East Project (GMEP). If the US project GMEP is compared to a ball, the world geography is a football field, global and regional powers are the players on the field, the US is the attacker, and the United Nations (UN) is the referee. The US always plans to score and win. Physical strength, ‘conditioning’, the wind of globalization blowing in the direction of the attacker, etc. conditions have enabled the GMEP to be put into practice as “the project of making the 21st century the American century”, just like the 20th century. Although the name of the GMEP is focused on the Middle East, it should not be ignored that it is almost “borderless” and that the project’s borders, starting from Morocco, even include China. Some call the GMEP an expression of the US’s fear. (For details, see Kalaycı, 2008a: 346-347.) Although the name of the GMEP is not mentioned much at the moment, its ultimate and long-term goals are still in circulation, albeit implicitly.

Like almost all Middle Eastern countries, perhaps even more so, Israel has taken its current position in the region with the 'British finger'. In a fictional film about the Middle East 'directed' by England, Israel has sometimes taken the 'main character' role. Let's rewind the film a bit: "In 1948, the British ended the Palestine mandate and approved the UN partition plan and the birth of the state of Israel. Arab armies set out to fight Israel." Hodgson (1993: 182) wrote this real scene in the film. The 'co-producer' of the film can very well be considered the US as a global financial centre. Even if a company is established with a certain amount of equity capital, it is not easy to calculate how much financial capital a multi-purpose and very complex state like Israel was established with. Most of the people or nations of the Middle East, primarily the Arabs, who are dependent on the flow of quality Western capital and who have organic ties to its capitalist system, appear to have united around their opposition to Israel and therefore to the US, whether through war or not. It should not be forgotten that the same US-Israel opposition has – almost invariably for a long time – also served the function of dividing these peoples or nations.

Türkiye, as the only Afro-Eurasian country in the world, is a balancing element in the Middle East due to its high geostrategic and geoeconomic position. Therefore, it is taking some political economy steps to strengthen its spiritual ties with Palestine and to maintain its strategic interests with Israel, thus contributing to the solution of the ancient and new problems between Israel and Palestine or to the sustainable peace process.

The subject and purpose of this study is to examine Israel in terms of political economy under the shadow of the occupation of Gaza, which started in October 2023 and has maintained its relevance with a fragile ceasefire in its second year. For this purpose, three basic sections have been made, excluding the introduction and conclusion. After a brief literature summary on the subject is presented in the first section, Israel's political economy identities as Zionist, semi-peripheral and war economy are described in the second section, and in the third section, what needs to be done for Israel to transition to a peace economy together with Palestine is explained with the *SWOT technique*. Accordingly, Israel's strong (G), weak (Z), opportunistic (F), and threat (T) sides in the transition to a peace economy are schematized. As a result, final evaluations and various suggestions that also give a role to Türkiye are presented. It was chosen a *deductive method of reasoning* was chosen in this study because it focuses on the Gaza occupation, the latest circle in Israel's entire history of occupation. Furthermore, because it

was necessary to define Israel's political economy identities within the context of Zionist, emerging market, semi-peripheral, and war economy, and to disentangle them from their complexities, a *descriptive and abstractive research method* was applied.

I. SUMMARY OF LITERATURE

Many scientific studies examine the Israeli occupation of Gaza and its predecessors in terms of political economy. A brief compilation of these is summarized in Table 1. What distinguishes this study from others is that it offers various insights by incorporating a SWOT analysis into a new or innovative political economy axis that will evolve from the US-backed war economy strategy of Israel, an emerging market, towards a peace economy that is hoped to be co-regionalized with Palestine.

Table 1. A Brief Compilation of Literature on Israel and the Occupation of Gaza

<i>Author (and Year)</i>	<i>Subject and / or Nature of Study</i>	<i>Purpose and / or Method</i>	<i>Findings</i>
Nitzan ve Bichler (2002)	Review with four long chapters on the global political economy of Israel.	The armdollar-petrodollar coalition established in the Middle East; the history of Israel's power structure; transnational sovereign central capital; war profits and inflationary finance; 'military Keynesianism'; never-ending energy conflicts; oil revenues to arms imports; Zionist donors; technodollar high technology; Israel's Silicon Valley... To shed light on these little-known issues. (Theoretical and empirical approach.)	The global capital accumulation of Israel's political economy is based on a tripod of a rising bureaucratic class, the cross-fertilization of local central capitalists with Jewish investors in the diaspora, and integration with Western neoliberalism.

<p>Sharaby (2002)</p>	<p>In the case of Israel and the context of development theory generally, security is considered a precondition for economic growth.</p>	<p>To reveal the interaction between economic growth and security. (Theoretical and empirical.)</p>	<p>Israel's war-torn history has not prevented it from creating a strong, modern, and diversified economy that competes with European countries rather than its regional neighbors. Despite the violence, Israel is open to highly educated immigrants, politically motivated foreign capital flows, and the development of a strong local military industry.</p>
<p>Klein (2005)</p>	<p>A review of six English-language books on the Israeli economy, spanning the decades from 1950 to 2000.</p>	<p>In general, the chronology of economic views presented in these books corresponds to a growing recognition of the role of markets and a growing desire for open trading in goods and assets. (Thematic review.)</p>	<p>While each book covers the Israeli economy at a different stage of its development, five common themes emerge: (i) the relevant comparison group for addressing the Israeli economy, (ii) the challenges of immigration, integration, and inequality, (iii) the appropriate roles of government and markets, (iv) openness and dependency, and (v) inflation, crisis, and stability.</p>

Rougier (2005)	The defense of the Greater Middle East Initiative (GMEI) that emerged in the US in 2004 under the Bush administration, which promised democracy and saving Islamic countries from terrorism and autocracy.	Examining the GMEI from the perspective of both the US and its outpost in the Middle East, Israel. (Critical approach.)	The GMEI does not allow for real political democratization and the ruling elements to question the foundations of American hegemony in the region. While not addressing the Israeli-Palestinian issue, the instrumentalization of a democratic agenda by an external power weakens Arab democratic opposition movements within their own societies. This project is a version of the initiative adopted at the 2004 G-8 summit in the hope of creating an international consensus on the Iraq war.
Shehadeh (2006)	The legal status of the Gaza Strip and the West Bank; The review of peace initiatives and agreements; The changes Israel has made after the Camp David Accords; Jewish settlements in the occupied Palestinian territories... are explained.	The background of the Israeli-Palestinian wars, the annexation of East Jerusalem, and the search for a diplomatic solution are examined. (A historical analysis.)	The peace talks between Israel and the Palestinians will not end because it is not known whether Israel's occupation of the Gaza Strip will end. (This determination in 2006 was confirmed with the occupation of Gaza starting in 2023.)

<p>Ateş (2009)</p>	<p>Israel's attack on Gaza, which took place between December 2008 and January 2009 and was reduced to war status.</p>	<p>To investigate the pre-occupation of Gaza by Israel. (Abstraction - Conceptualization.)</p>	<p>Israel and Hamas, which controls the Gaza Strip, demonstrated self-defense and resistance against the occupation, and Israel declared war on Hamas, again in self-defense, by declaring them terrorists. Neither side used common legal concepts such as state, rules of conflict, and international obligations.</p>
<p>Jaber and Bantekas (2023)</p>	<p>The evolution of international occupation law and the description of the occupation of Gaza, especially in light of its complex military technological developments.</p>	<p>To present the political, historical, and geographical conditions of Gaza, and the reasons for Israel's effective remote control of it in 2023, against the background of the withdrawal of that state from Gaza in 2005 and the assumption of military and political authority by Hamas. (Comparative Law Review.)</p>	<p>Israel continues to effectively occupy the Gaza Strip because: (1) the relatively small size of Gaza, in relation to the technological superiority of the Israeli air force, is suitable for military occupation; (2) the authority and armed resistance of Hamas do not preclude the status of occupation; (3) the long-term prior occupation and the proximity (geography) between Israel and Gaza allow effective control to be exercised remotely; and (4) all imports, exports and human movements to and from Gaza are fully controlled and regulated by Israel.</p>

Chang (2023)	In light of developments in economics, management, and politics, it is narrated how Israel achieved its own economic development miracle.	To present a political economy approach to Israel's transition from statism to neoliberalism. (Theoretical and empirical analysis.)	The policies implemented by the Mapai and Likud parties, which have been in power or candidates for power in various periods in Israel's economic transition from the statism stage to the neoliberalism stage, and their effects on the country's economy are important. Since its foundation in 1948, Israel has experienced periods of heavy state intervention in the economy and, in later years, a shift to neoliberal policies and historical economic changes.
Ozili (2025)	The impact of the Israel-Hamas war that began in October 2023 on the regional and global economy. (Book chapter.)	Evaluating various economic indicators from October 2023 to February 2024 using trend analysis and Pearson correlation analysis. (Econometric analysis.)	Increased volatility in global financial markets indicates higher energy prices, decreased revenue from tourism and travel, disruptions in trade and global supply chains, increased insurance costs, recession risks, high inflation, increased costs for businesses, and delayed business decision-making. There is also evidence that inflation and GDP shocks during the war have spread to other countries.

<p>WB, EU, UN (Feb.2025)</p>	<p>The triple crisis of humanitarian, economic, and political nature that emerged in Palestine due to the Israeli occupation of Gaza, and the aid provided to the region by the Western world in response.</p>	<p>To classify the damages and losses resulting from the occupation of Gaza by sector, based on a combination of verified and triangulated estimates from the World Bank, the EU, and the UN. (Technical reporting.)</p>	<p>50,000 people were killed in the final conflict in Gaza (the unofficial figure is actually twice that), and the physical infrastructure damage and economic and social losses are around \$50 billion. There were huge losses in income for local businesses and agriculture, while unemployment in Israel rose to 35% due to sudden job losses. The humanitarian crisis was compounded by the economic crisis. When this Interim Rapid Damage and Needs Assessment (IRDNA), a fragile ceasefire and hostage deal had been reached in Gaza, was published, a fragile ceasefire and hostage agreement was put in place in Gaza</p>
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II. POLITICAL ECONOMY IDENTITIES OF ISRAEL

Israel has various characteristics or identities in terms of political economy. Three of them can be: Zionism, semi-industrialization, and war economy. There is no hierarchy among these concepts that can explain where Israel comes from and where it is going, but it can be assumed that there is a structural and conjunctural transition.

A. ZIONISM OR THE TOP TARGET

The Jewish diaspora and lobby are a force that has brought Israel from a small country to a powerful state level and they have ideologically established Zionism.¹ (For theoretical and historical studies, see Trabulsi, 1969; Burstein, 1971; Lichtman, 2008; el-Messirri, 2024.) Israel exists with “Zionism” and is being weakened with every Palestinian “intifada”. In these most problematic lands of the Mediterranean, the intifada with Zionist policies has created a vicious cycle, and the people living in this cycle have become alienated from each other; yet they need each other very much.

Zionism, one of the rare controversial concepts that the 21st century has inherited from the 20th century, changes according to the ideological perspective.²

¹ Jews are one of the oldest peoples in the world with a 4,000-year history. The collapse of the states they established in the Palestinian region and external pressures led to the formation of the Jewish diaspora. A large portion of the Jews exiled from Spain with the collapse of Andalusia in 1492 took refuge in the Ottoman Empire. Those who remained in Europe lived as Europe’s “other” for approximately 450 years, leading up to the Holocaust. The fact that Jewish history witnessed countless migrations and exiles gave rise to a longing for a national homeland among the Jews. This idea, called “Zionism,” was theorized by T. Herzl. Herzl aimed to gather the dispersed Jews under a single roof and establish a “national homeland.” Herzl’s ideas were transformed into an organized structure at the 1st Zionist Congress in 1897, which was attended by Jews from many parts of the world. First, they began to migrate to Palestine, which was under Ottoman rule, in small groups. World War I upset all balances. In 1917, with the “Balfour Declaration” published by the then British Foreign Secretary Lord Balfour, the British government officially declared that it supported the efforts of the Jews to establish a national homeland. Thus, Zionism came to life. With the post-war agreements, Palestine was given to the British mandate in 1920. The increasing immigration after the tensions between the two wars and the Holocaust in World War II (WWII) increased the Jewish population in Palestine even more. In 1937, the first armed conflicts between Arabs and Jews began. In order to escape the Palestinian quagmire it had fallen into, Britain transferred all its rights in Palestine to the UN after WWII (Bauer, 2009: 2016; Kramer, 2017).

² Zionism, which developed in response to the oppression targeting Jews and the anti-Semitic movement in Europe, is a movement that emerged in Eastern and Central Europe in the mid-19th century and aimed to establish a national Jewish state in Palestine. The origin of the word is based on Zion, one of the ancient hills of Jerusalem. Jews living inside and outside Israel have exhibited different Zionist approaches: i- “Refugee Zionism,” which advocates a Jewish state where Jews who face discrimination all over the world can go and live freely; ii- “Socialist Zionism,” which aims to create a just society in Israel, is based on the understanding of Jews of Russian origin who favor dialogue with the Palestinians and today support the Israeli Labor Party; iii- “Religious Zionists,” some of whom are against the Jewish state; iv- “Ethical Zionists,” who believe in Jews and Palestinians living under one roof; v- “Revisionist Zionists” who reject the support of colonial states

It has almost come to the point of *'define your own Zionism and I will tell you who you are' (!)*. For example, in Israel, Zionism is defined as 'a Jewish national movement advocating the rebirth and renewal of the Jewish nation in the land of Israel, the historical birthplace', which is met with dominant views in pro-Palestine countries, including Türkiye, such as 'imperialist terror', 'new Crusaders', and 'subcontractor of imperialism'. The world intellectual community, on the other hand, divides Zionism into two opposite poles, saying 'it is racism' and 'it is not racism', or it gives the impression of two edges of a knife. To the extent that Zionism becomes a tool of inequality and exploitation against Palestine in the hands of Israel, it interacts with capitalism and its higher stage, imperialism.

Israel today finds itself trapped between the victimization stemming from the dramatic history of the Holocaust and diaspora movements, and the arrogance stemming from the belief in the promised land and the idea of a Greater Israel. Consequently, it is in a constant state of crisis, and this crisis appears to be sustainable so far. (For details, see Çağlayan, 2004.) Perhaps this is why Zionists, dissidents, historians, political economists, activists, settlers, Israelis, and others all have their own different visions of "Israel's future" and "the Israel of the future."

B. EMERGING MARKET OR SEMI-PERIPHERAL COUNTRY

The most popular question that can be asked about Israel, which is considered an "emerging market" or "semi-peripheral economy" in terms of its level of development,³ is: Why is Israel superior to Arab countries, despite being a product of World War II, in other words, one of the newest states in the world? According to Amrabi (2007), there may be many reasons for Israel's superiority over Arabs. For example, i) Israel receives unwavering strategic support from

and advocate armed organization and represent the most racist group. The meaning of contemporary Zionism focuses on three points: There must be a Jewish state, this state must be permanent, independent, and secure, and all Jews under threat in the world must be able to come here. (Keskin, 2003: v. I: 201).

³ The distinction between underdeveloped Periphery and developed Core countries is based on the World Systems Theory invented by I. Wallerstein in the 1970s as an alternative to the World Bank's system of classifying countries according to their income levels. According to the compilation of the World Atlas (2025), the semi-periphery is the industrializing capitalist nations located between the core and periphery countries and represents the socio-economic and economic-political nexus of the periphery-core regions. This group of countries has passed the periphery level but is still a candidate for the core region. In addition, this group plays an important role in ensuring the stability of the hierarchical and interactive world systems. (See also WPR, 2025)

the world's superpower, the USA. ii) As a Jewish state, it was born strong and, unlike most Arab regimes, it chose democracy by excluding despotism. Some political economic reasons can be added to Amrabi's non-economic reasons. For example, i) Israel has been able to show its ability to transform the blessings of the free market economy into development, more concretely by using interest as the 'price of money' instead of banning it as Muslims do. Also, ii) Israel, instead of being trapped and lost among the Arab states, can use all factors of production most efficiently in order to sustain its existence.

On the other hand, Nitzan and Bichler (2002: 8) argue that Israel has transformed from an agricultural colony to a welfare-warfare state and a globally integrated market economy characterized by vast income inequalities over the past century, and that this transformation is driven by war profits and peace dividends that have reverted to conflict. According to these writers, Israel's dissimilarity to any other capitalist society, its being a party-state, its being a military-industrial complex, its indifference to class conflicts, its paradoxical creation of industrialized capital accumulation without a proletariat, its capture of a post-Zionist era, and its historical struggle for survival against foreign enemies and local actors all point to the slippery ground on which this country's political economy is situated.

In the Middle East region, perhaps Israel is the only country whose primary priority is security rather than the economy. (But the priorities of Iraq and Syria, which are evocative, are both.) With the money, synergy, and time spent on security in the former Palestinian territories, perhaps another Israel could have been established. This judgment, which can be considered an exaggeration mathematically, is intended to emphasize the importance of the problem.

While Israel wages every war it is a party to in the region with the high technology of the fully industrialized First World, it cannot concretize peace itself (and its negotiations) due to the deep contradictions of the relatively underdeveloped Third World, with which it is sometimes identified. In this respect, Israel is neither in the First World, the league of clearly/fully developed or core countries, nor in the Third World, the subset of underdeveloped countries. However, the same Israel is the homeland of the Jews, perhaps the most immigrant and pragmatic merchant society not only in the Middle East but also in the world. Their trade without prohibiting interest, unlike what Christian Europe did in history, has also opened the door for international capital movements. With the secularization

of church law, there were no red lines left between the Christian world and the Jewish one on commercial and economic grounds.

Israel, considered one of the world's most emerging markets, is a medium-sized economy with a real gross domestic product (GDP) of approximately $\frac{1}{2}$ trillion dollars in 2023. With a real GDP per capita of approximately 49 thousand dollars (\$), it is the 45th most prosperous economy in the world. In the same year, the Israeli economy is relatively developed and stable with low single-digit inflation and unemployment of 5%, and has a current account of over \$20 billion (when \$1 = 3.7 Shekels), and a gold and foreign exchange reserve surplus of over \$200 billion. In this economy, the share of R&D and military expenditures in GDP is around 5% each. Israel, the 13th country in the world with the highest military spending, also ranks 15th out of 145 countries in terms of the global fire power (GFP) index in 2025. Israel has a developed infrastructure, defense industry, and services sector, and has a serious oil production gap to offset its ambitious space program. (For statistics, see CIA, 2025; Global Firepower, 2025.)

Israel is the 16th richest economy in the world in terms of median and average wealth per adult, with approximately \$273,000 in 2021, leaving behind giant powers such as Germany and Japan (Credit Suisse Research Institute, 2022).⁴ In terms of average wealth per adult, according to 2023 data, it ranks 18th with approximately \$261,000, this time after Germany and ahead of Japan and Italy (UBS, 2024).⁵ Apart from all these, Israel is a global diamond producer and exporter, an agricultural seed banker, and an important stakeholder in the biotechnology pharmaceutical sector.

Israel's emerging market character and its desire to emerge from the semi-periphery and establish itself at the center are complemented by its recently claimed neo-developmental identity. Indeed, Maggor (2021), contributing to the growing debate on the political economy of innovation, emphasizes that

⁴ Median wealth divides the wealth distribution into two equal groups, with half of the adults having wealth above the median and the other half having wealth below the median. Median wealth is calculated by dividing the total wealth by the number of adults. Wealth is defined as the value of households' financial assets plus real assets (mainly housing), minus debt. Accordingly, the world's top three richest economies, in thousands of dollars and approximately, are Switzerland (697), the United States (579), and Hong Kong (553).

⁵ The top three, in thousands of dollars and approximately, are Switzerland (710), Luxembourg (608), and Hong Kong (565).

Israel is considered a neo-developmental state due to its innovative character in technology. He lists the following justifications for this recognition: i- The state-led development of the high-tech sector and institutional capacities in Israel. ii- The central role of conditionality and state discipline in the success of the evolving innovation economy. iii- The emergence of a political coalition formed by the leading development agency, including key members of industry, finance, and labor, as well as former military elites and leading entrepreneurial scientists and engineers. iv- Close monitoring of changes within this coalition due to the emergence of the country's venture capital sector.

C. FROM WAR ECONOMY TO PEACE ECONOMY

Israel's constant and high-cost arming of Palestine by first making it an enemy, transferring high budget resources to arms monopolies, fighting with heavy weapons, blockading and occupying its lands, constantly declaring mobilization, etc. is concrete evidence that it is implementing a war economy strategy as a whole. The clear war policies and practices of past and future Israeli governments against Palestine serve the following two ends: First, the satisfaction of Israel's attack and defense instincts. Second, Palestine's entry into a conjuncture of disintegration, that is, civil war instead of integration based on a nation-state or a single government. However, the micro-division of Palestine may not be in line with Israel's ultimate goal, since this time it may have to deal with two different states/governments on the same land; moreover - according to some - if these states are artificial, other imperial interests and conflicts of interest may arise in the Middle East.

The latest Gaza occupation, like the previous ones, suggests that it will be difficult, but not impossible, for Israel to abandon its war economy for Palestine and move to a peace economy. Peace economics or economy can be defined 'as the use of economics/economy to understand the causes and effects of violent conflict in the international system and the ways that conflict can be avoided, managed, or resolved' (Anderton and Carter, 2007: 1211). There are some objective preconditions for the transition to a peace economy for Israel and Palestine; for example, it is essential to establish a transparent peace table, to invite the parties to dialogue with courage and determination, to choose balanced guarantor states, to sincerely desire peace and to socialize it, to be ready to make mutual concessions to make peace just, and most importantly, to minimize military expenditures and bury all the battle-axes. How difficult would it be to negotiate rational, pragmatic,

and sustainable peaceful and humane solution proposals from various states, civil society organizations, universities, and the media and turn them into UN General Assembly resolutions?

Indeed, the Economist, one of the most prestigious and influential popular political economy magazines in the world, had already pointed out a way out assertively and insistently at the beginning of this century. According to the Economist (May 24, 2007), which called the occupation of Palestine continuing since 1967 a scandal, there is definitely a way out in terms of peace. In the editorial, in summary, first of all, it is stated who is guilty in the Israeli-Palestinian war (we should mean all the old and new wars!): “It is the fault of everyone involved, from the regional powers that use the Palestinian issue for their own interests to the great powers that continue their constant indifference.” This determination is also valid for the occupation of Gaza, which is the subject of Israel’s disproportionate war power today. Indeed, there are enough crimes and criminals for everyone: i- Britain’s promise of a country in Palestine to the Jews in 1917. ii- The Palestinians’ refusal to leave in 1947. iii- Israel turning the lands into colonies after 1967. iv- The US turning a blind eye to Israel doing whatever it wanted. v- Arab countries abandoning refugee camps to material and spiritual infections and wounds. vi- Palestinians being declared terrorists, Zionism being declared racist, and Israel’s enemies being declared anti-Semitic. viii- (The charismatic Palestinian leader of the time) Yasser Arafat not accepting Israel’s ‘generous offer’ at Camp David in 2000, but Israel’s offer was not considered very generous either.

The Economist’s call for peace and the peace solution are both extremely clear and, despite some possible reservations, seem to be in line with the conscientious demand of today’s oppressed nations – at least for now: “(...) *But making peace will take courage and it will take a lot of energy to be spent on making peace, not on blaming each other. (...) For peace to come (to the Middle East), Israel must give up the West Bank (and also now Gaza) and share Jerusalem, and the Palestinians must give up their dream of ‘return’ and make sure that Israel can live in security as a Jewish state. The rest is details...*”

As Nitzan and Bichler (1996: 61) put it, ‘since the late 1980s, Israel has been undergoing a profound transformation characterized by attempts at reconciliation and reintegration into the regional economy with its Arab neighbors, a shift from a militarized economy to open markets, and a decline in the collectivist ethos in favor of liberalism and free enterprise.’ The authors argue that ‘this transition is part of a shift from the depth to the breadth of worldwide accumulation and the parallel globalization of property.’ As they suggested decades ago and remain

relevant today, ‘to survive, large Israeli corporations must opt for openness over the old protectionism of a militarized economy and abandon local control in exchange for global alliances.’

III. DISCUSSION: A SWOT ANALYSIS FOR TRANSITION TO A PEACE ECONOMY

According to the 2024 Global Peace Index⁶ (IEP, 2004: 8-9, 25, 44), Israel ranked 155th out of 163 countries with a score of 3,115⁷ (a full 11-rank drop after the Gaza invasion) (Palestine ranked 145th, a 9-rank drop after the Hamas attack). (The negative ranking may change according to the next year’s data, as the loss of life and property and military expenditures become clear.) These indices provide a very serious objective idea of how peaceless or conflict-ridden states they are. Israel is followed by other states with poor peace records, such as Syria and Russia. According to 2023 data, the military expenditures and the economic cost of violence are respectively measured as 9.7% and 21.8% of GDP in Palestine. Israel is the 19th country (just behind the United States) in the world with the highest military expenditure with per capita, at \$2,352. These selected data indicate pessimistic scores for the peace economy report card of the Israeli-Palestinian region. Whether a bi-communal and two-state peace constitution will be prepared in the foreseeable future as a positive extension of the transition from a war economy to a peace economy in the shared territory of Israel and Palestine cannot be predicted at the moment, but if it is prepared, it will be a historical surprise for the future of the world and the region.

⁶ The Global Peace Index (GPI) ranks 163 independent states and territories on their level of peacefulness, covering 99.7% of the world’s population. Produced by the Institute for Economics and Peace (IEP), the GPI is the world’s leading measure of global peacefulness. It is the most comprehensive data-driven analysis to date of trends in peace, its economic value, and how to develop peaceful societies. The GPI uses 23 qualitative and quantitative indicators from highly respected sources and measures three domains: Level of Societal Security and Safety; Extent of Ongoing Domestic and International Conflict; and Degree of Militarization. The 2024 GPI report introduces a new measure of global military capability that incorporates military complexity, technology, and combat readiness into a single measure.

⁷ According to the GPI system, scores are directly proportional to peacefulness; both indicate a negative impact on the country in question. For example, according to the 2024 GPI, Iceland ranks first with a score of 1,112 (most peaceful), while Yemen ranks 163rd with a score of 3,397 (most warlike).

The recent Occupation of Gaza increased the fragility (or volatility) of the Israeli (+Palestinian) economy, but with the support of its Western partners, it has not yet turned into a classic deep macroeconomic crisis, and therefore, a stabilization program has not been needed. As a thesis of this study, the economic wealth and military power that constitute Israel’s war resources can also be used to establish a peace economy with Palestine. For this, it is necessary to implement a determined SWOT policy that will shift from realpolitik to political economy. Here, a need has arisen to conduct a SWOT analysis for Israel, which has historically been the occupier of Palestine and currently of Gaza, for its possible peace goal.

SWOT is an objective mirror that allows each sector or state, down to the micro and macroeconomic decision-making units, to see simultaneously and together their strengths (S) and weaknesses (W), their potential to turn into opportunities (O), and the internal and external elements that may threaten them (T), and shows how they can compete better with their competitors (Figure 1).

Figure 1. SWOT Analysis Describing Israel’s Transition to a Peace Economy



The infrastructure for the transition to a peace economy can be established if Israel and Palestine no longer see each other as a security problem or abandon securitization. The tools of violence and war economy, and dirty wars, paid for with great loss of life, will definitely be included in the intention, will, and practice of states to abandon. Otherwise, merely increasing mutual trust at the level of discourse and reducing military expenditures to a minimum level cannot strengthen this infrastructure. As Pathak and Baibourtian (2024) say, “*Peace is more than the absence of conflict; it is a catalyst for economic prosperity and provides the basis for societies to thrive for generations to come.*” It is also time to recall the words of M. Gandhi here, “*Peace is the most powerful weapon for humanity.*”

According to the SWOT technique, the peace economy that will be brought together by Israel, which is proud of the occupation of Gaza, and Palestine, which is victimized, has four components as follows:

- *Strong*: Internal positive (+) elements that provide self-confidence in reaching the peace goal... (For example; rich natural resources and high real gross national product (GNP) or gross domestic product (GDP), low inflation, strong sectoral brands in agriculture and industry, etc. These will facilitate the direct establishment of peace from within.)
- *Weakness*: Internal negative (-) elements that prevent/delay the achievement of the peace goal... (For example; welfare expenditures for the health and education sectors will decrease due to high military expenditures and potential conflicts. The “alternative costs”⁸ that arise in this case will make it difficult to achieve the peace goal.)
- *Opportunity*: External positive (+) elements that carry meaning and value in reaching the peace goal... (For example; foreign investors, just like local investors who know that peace will be achieved, will flock to this region and find the opportunities to realize their profitable agricultural, industrial, and biotechnological projects. In addition, cultural, historical, and religious tourism will be revived in this region that will enter a peaceful environment.)
- *Threat*: External negative (-) elements that create serious concerns in achieving the goal of peace... (For example; unless the war psychology and justifications for war that increase military and individual armament in

⁸ Alternative cost is the cost incurred if one goal is sacrificed to achieve another. For example, the alternative cost (i.e. the one sacrificed) of increasing military spending is to increase welfare spending, which will result in poverty.

the region, global weapons and war lobbies are eliminated or neutralized, and Israel's nuclear weapons investments are stopped, the transition to a peace economy will continue to be under threat - in a way that will trigger World War III.)

The Palestinian economy is sustained by financial aid programs from various governments and international organizations, as well as donations from the diaspora. While Israel's occupation erodes Palestine, its neighborly and commercial relations with Israel also provide positive externalities to the Palestinian economy. While the Israeli New Shekel is the main currency, the West Bank uses the Jordanian Dinar, and Gaza uses the Egyptian Pound. Palestine, a country suitable for agriculture and boasting a growing tourism potential, is also estimated to be home to several billion barrels of oil. The Palestinian Authority, which makes payments to Israel and has a complex taxation system, needs a peaceful economy more than ever before to achieve its welfare and development goals. Just imagine, if peace were established, Palestine, like other modern institutions, would even have an advanced central bank capable of issuing its own currency and an independent monetary policy. This could be followed by Israeli-Palestinian cooperation projects in all real and financial sectors.

Furthermore, especially if the peace agreement includes high reparations that Israel will pay to Palestine, this will create a take-off effect in Palestine's socioeconomic development. Indeed, just as the Jewish people, once subject to genocide, received reparations from Germany, so too must the State of Israel pay reparations to the Palestinian people against whom it implemented genocidal policies. While this may be difficult, if not impossible, the Arab economies, rich in petrodollars and the largest customers of Western industry, and all the states, such as Türkiye, that protect Palestine, must join forces and convince Israel and its chief ally, the United States, of the universal ethos of empathy.

Türkiye, due to its shared Ottoman history with Palestine and its economic and strategic ties to Israel, will be at one leg of the peace bridge desired by regional and global pacifists. Therefore, Türkiye's heart is in Palestine, but its eyes are also on Israel (Kalaycı, 2008b: 322). To strengthen its spiritual ties with Palestine and maintain its commercial and strategic interests with Israel, thus making a pragmatic contribution to the resolution of the ancient territorial dispute between Israel and Palestine or to the peace process, Türkiye, especially after 2000, established the "Palestine Economic and Social Cooperation Coordination Office" with the contributions of the Turkish Cooperation and Coordination Agency (TIKA) and

the Union of Chambers and Commodity Exchanges of Türkiye (TOBB), convened the Ankara Forum, developed the “Industry for Peace” project, and collaborated in numerous investment areas, from technology to tourism and culture.

CONCLUSION

Israel is considered the weed of the Middle East, of course, the most valid reason for this is its ancient and new dramatic conflicts with Palestine. These conflicts are unsustainable because they result in many human deaths and great material losses every time, and because they wound the conscience. Israel has disproportionate economic, political, and military power against Palestine, and this situation constantly leads to great defeat and losses for Palestine. Israel’s latest occupation of Gaza resulted in the deaths of more than 50 thousand Palestinians and left behind a ghost city. Israel, which has committed crimes against humanity and has been symbolically convicted in international criminal courts for this reason, must put an end to this bloody history of oppression and be persuaded to make peace. The Jewish state, which emerged from a genocide in World War II, is trying to commit genocide with its own hands against the oppressed Palestinian people with whom it shares the same geography is absolutely contrary to the ethics of empathy and the justice of sharing.

The path to peace is through Zionist Israel shedding its imperial and fascist identity. It is clear that this will not be easy. It is undeniable that Zionism, which is not a Middle Eastern but a European phenomenon, is a powerful tool supported by the US that has served the colonial and imperial purposes of all Israeli governments from the past to the future. Regional peace will be achieved to the extent that Zionism and extreme Arab nationalism allow. If peace is achieved, the political and economic history of the Israeli and the Middle Eastern will be rewritten.

Even though it is a weak possibility and even seems utopian, if Israel makes peace with Palestine, what will be expected from this, and what should be expected?⁹ First of all, the Israeli state should pay great material and moral

⁹ Based on the fact that peace is born from violence and war, answers to this question can be given from different perspectives: i- For insights into the economic impact of violence and the economic benefits arising from improving peace, see IEP, 2025. ii- For theories of war that emphasize the transformation of the never-ending phenomenon of war due to the constant change of actors in the international system and new wars, and that suggest that peace agreements may also undergo a similar transformation, see Büyükkakın-

compensation to the people of Gaza with the financial support of the US, from which it sees imperial privilege. Secondly, Israel should rebuild the city of Gaza, which it has burned and destroyed. Thirdly, a security corridor should be opened immediately for the Palestinian refugees scattered in Middle Eastern countries such as Jordan and Lebanon to return to their homeland. Fourthly, the city of Gaza should be opened to war tourism; Thus, the horrific face of war will be seen by local and foreign travelers, historical memory and anti-war consciousness will develop and will be passed on to future generations.

In the case of Gaza, it is difficult to even construct its political economy framework, just like peace itself. When Israel refuses to be used as a 'weapon' by the US and starts to establish its 'sister economy' with Palestine, peace will prevail in the Middle East. In lands where peace has not been established, realpolitik (power politics) covers political economy (distribution politics); the laws of whoever is powerful apply.

In connection with this, as far as can be observed, it is necessary to make persistent efforts to raise a new generation of Israelis who believe in peace and want peace to be achieved, and to establish a moral and just neighborhood law with the Palestinian people. And at the same time, there is an urgent need for the Western press, which is reticent to pave the way for peace and establishes sympathetic relations with the Jewish lobby while keeping its distance from the Palestinian people, but does not refrain from reporting pro-Israeli news, to be reformed in the context of universal journalism.

Finally, Türkiye's presence is important in the regional political and economic climate that has been covered in dark clouds by the occupation of Gaza. In the global chess game that is pregnant with very different scores, Türkiye's regional interests in areas such as trade, tourism, and technological cooperation with Israel should be emphasized, as well as its cultural and religious ties with Palestine. Türkiye, which wants to play a mediating role in the Israeli-Palestinian conflict, must establish a rational balance between these economic interests and its spiritual ties. However, Türkiye should act in accordance with the principles of "positive discrimination" towards the oppressed Palestinian people in the conflicts between Israel and Palestine.

cı, 2021. iii- For the theory, practice, and challenges of democratic peace, which argues that democratic countries are less likely to go to war with each other than non-democratic countries, based on the German philosopher I. Kant and the 19th-century American Monroe Doctrine, see Russett, et al. 1995; Manan, 2014.

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