In Israeli-Palestinian Conflict, Could Commerce Foster Trust, Tolerance, and Peace?

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Each year, Israel celebrates its independence, followed a few days later by "Nakbah Day." Literally, "the catastrophe" in Arabic, Nakbah is the Palestinian commemoration of Israel's creation. During this year's Nakbah Day protests in Jerusalem, Israeli police shot and killed a 17-year-old Palestinian boy, and security forces arrested dozens of Arab protesters in the West Bank and elsewhere.

At the moment the young Palestinian was being shot, my family and I were wandering through the narrow streets and markets of the Old City of Jerusalem. Although the American consulate had warned of possible violence in the Old City, we saw nothing but the cacophony of peaceful commerce, with Arabs, Israelis and tourists jostling, shopping and haggling with one another.

We live in a world where religious and ethnic conflicts, such as that between Israelis and Palestinians, often seem intractable. We tend to look to political solutions for such problems. Democracy, national self-determination and the creation of legal protections for human rights are often offered as panaceas for chronic conflict.

The contrast between the peaceful bustle of the Old City and the violent response to protests on Nakbah Day, however, suggests another possibility. Writing in the 18th century, Adam Smith wrote of mankind's inherent tendency to "truck and barter," noting that trade tended to soften the hard edges of religious and ethnic identity.

We often think of markets merely in terms of the creation of wealth, but the process of exchange does much more than make us rich. While democratic politics is often offered as a way of mediating religious and ethnic differences, markets have generally served as much more effective arenas of peaceful cooperation. Exchange thrives on trust and tolerance, and the process of exchange tends to cultivate both qualities.

In 2000, frustrated by the breakdown in peace negotiations with the Israelis, Palestinians launched the second Intifada. The result was a series of terrorist attacks and Israeli reprisals that left roughly 1,000 Israelis and more than 6,000 Palestinians dead. In response, the Israeli government has built a concrete wall around the West Bank in order to control and limit Palestinian access to Israel.

One of the results of the separation barrier has been that more than 200,000 jobs in Israel, formerly held by Palestinians, are now performed by guest workers from Eastern Europe or the Philippines. The loss of commercial contact between Palestinians and Israelis has done more than simply further impoverish the Palestinians. It has deprived both sides of the peaceful solvent of commerce.

It is too much to hope that markets can provide an ultimate solution to national and religious conflict. In the years before 1914, as global trade increasingly tied the nations of the world together, it was popular to argue that national wars had become obsolete. The naiveté of that view was demonstrated when World War I began the 20th century's sorry history of catastrophic violence and national hatreds.

Still, trade offers hope. One of the ironies of history is that Jerusalem, the perennial site of so much
religious conflict, actually means "city of peace." It is a cliché to express the pious hope that in its many houses of worship the holy city might live up to its name. If one wishes to see the reality of peaceful cooperation, however, I would turn to the souks, markets and bazaars of the Old City. It is a bustle that those concerned with peace would do well to value and foster.

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