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The Limits of Economic Rationality: Palestinian Quest for Significance and Hamas Violence

By Arie W. Kruglanski

SYNOPSIS

Hamas' attack on Israel on 7 October 2023 reflects the supreme commitment of the organisation to unmitigated violence as a means to mattering (of being valued) and significance (sense of social worth). The Palestinians' election of Hamas in 2006 to the Palestinian Legislative Council and repeated failures of various initiatives by Israel and others to appease the Palestinian people through economic development attest to the utmost importance of their need for honour and dignity that trumps material considerations, and that gravitates to aggression as a means to significance.

COMMENTARY

Eyal Waldman, Israeli high-tech tycoon, created R&D centres five years ago, first in the West Bank and then two years ago in Gaza, hiring hundreds of Palestinian developers.

He said, "I think it's very important for the two nations to come together. Positive thing is created when people begin to work together and see how tensions decrease and cooperation works. This is good for all sides".

And on 7 October 2023, Hamas killed his daughter Danielle less than a mile from where her father opened an innovative, high-tech factory in Gaza.

Why would Hamas savagely attack Israel on 7 October, knowing full well that a massive Israeli response would likely leave thousands of Gazans dead, and destroy the fragile fabric of the Gazan economy that Waldman and others were at pains to build?

Violence can be rational if the perpetrators believe it serves their ends. Violence is the [primordial means](#) to achieve mattering and significance. Indeed, our [decades-long research](#) shows that the quest for significance and dignity is the driving force behind most violent extremism around the world. Significance is a sense of social worth, and mattering, of being valued. The need to affirm the Palestinians' significance by inflicting utmost pain on Israel, its nemesis, was the underlying reason for Hamas' attack.

Divergent Paths to Significance

Significance can be lost through falling short of a social value and can be gained through measuring up to it. Different social values can deliver significance. For example, in most cultures, wealth garners respect while poverty is humiliating. Serving collectivistic values such as nationalism or religion begets significance and betraying them begets disdain.

Sometimes different significance-affording values can clash. One might be doing well economically while one's national or religious identity is stigmatised. Or one might be doing poorly economically while feeling proud of one's nation or religion. In such cases, identity concerns tend to trump material considerations.

[Research by the anthropologist Scott Atran and colleagues](#) shows how Palestinians are loathe to compromise on values that are "sacred" to their group and respond with even greater hostility to compromises over those sacred values when the compromises include economic incentives.

It's Not the Economy

Misunderstanding this dynamic has had tragic consequences throughout the history of the Israeli-Palestinian conflict. After the 1967 Six-Day War, Moshe Dayan, Israel's legendary defence minister, initiated the policy of "open bridges", allowing Palestinians from the West Bank to travel freely to both Israel and Jordan for business or work. The policy significantly improved the Palestinians' economic lot. At the same time, however, Israel's settler activities, arrests of Palestinians, and jingoistic pronouncements by Israeli nationalists humiliated Palestinians. This led to the First Intifada (1987-1993), a series of protests and riots by the Palestinians, which ended the "open bridges" policy and the economic benefits it bestowed.

Later, when Israel unilaterally withdrew from Gaza in 2005, former President of the World Bank, James Wolfensohn, acting as a special Envoy for Gaza Disengagement, planned to bring to Gaza and the West Bank US\$1.5 billion dollars in funding for economic development. By then, however, Palestinian feelings of humiliation were of such magnitude that the economic plan had no chance. In 2006, Hamas, an Islamist organisation bent on the destruction of Israel, won the Palestinian legislative elections, and in 2007 it took over the Gaza strip.

Attempts to pacify Palestinians through economic means have continued over the years and were continually rejected. The Trump (Jared Kushner) plan of 2019 offered huge investments by Arab, European and US investors, but Palestinians rejected it. As late as December 2022, Asaf Ashar, marine and transportation expert, presented

to the Palestinians a detailed plan for the development of the Gaza port. It, too, was rejected.

Despite the repeated failures of economic initiatives to reduce Palestinian militancy, the “wishful thinking” that it could work persisted. In fact, the related misguided belief that Hamas is currently focused on governance and economy, is [held to be largely responsible for the tragic failures](#) of Israeli preparedness on 7 October: The “conception” that economic considerations would keep Hamas militancy at bay, lull the Israelis into a false sense of security, and reduced their vigilance.

The Vicious Circle

With [unemployment in Gaza](#) at near 50 per cent (72 per cent among women), Palestinian youths have little hope for a dignified existence other than through militancy. Thus, the repeated rejections of economic incentives push Palestinians toward militancy and resistance. A vicious circle develops where significance through violence trumps economic considerations leaving violence as the only path to honour and meaning.

The Hope

Rather than trying to bring peace through economy, psychological research suggests that the only hope for peace is through recognising and addressing the Palestinians’ endeavour for significance. Otherwise, the spiral of violence will continue with each side to the conflict inflicting pain on the other, and in turns avenging their shame and humiliation. Economic development can help but not at the price of dishonour.

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