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ECONOMIC COOPERATION DESPITE OF POLITICAL CONFLICT: THE ROLE OF SOCIAL EMBEDDEDNESS IN ISRAELI-PALESTINIAN FOOD TRADE

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**„Wie viel Markt und wie viel Regulierung
braucht eine nachhaltige Agrarentwicklung?“**

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Economic Cooperation Despite of Political Conflict: The Role of Social Embeddedness in Israeli-Palestinian Food Trade

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Research Question

Is there an effect of social embeddedness observable in Israeli-Palestinian trading relationships?

Data

Survey among Israeli wholesale traders for fruits and vegetables conducted in 2011, N=46 (population ca. 150)

Situation

West Bank Barrier etc. due to the long lasting political conflict:
 → Increasing alienation, trade decisively inhibited
 → High uncertainty of trade with Palestinians

Results

- Impact of the political conflict mostly not perceived
- 30 Israeli traders have Palestinian trading partners
- **Relational embeddedness:** Long lasting trading relationships (80%: >5 years) and high probability of continuity in the future
 - Neg. corr. of past continuity and problems (Rho=-0.40, p<0.1)
 - Pos. corr. of future continuity and satisfaction with partner (Rho=0.63, p<0.01)
- **Structural embeddedness:** 15 Palestinian partners per Israeli
- **Institutional embeddedness:** Communication mainly in Arabic
- **Logit model on trade with Palestinians** (1=trade, 0=no trade)

Independent variables	Coefficient	Robust SE
Constant	1.73	0.68
Any contacts	-0.30	1.09
Bad experiences	-2.65	1.38
High risk	-2.62	1.31
Dangerous	- 0.12	1.01

N=42; R²(McFadden)=0.341

} Social embeddedness
 } Attitudes

Note: All independent variables binary coded, 1= strongly/rather agree.

Conclusions

- **Extensive economic contacts** with Palestinians despite conflict
- **Evidence for all three aspects of social embeddedness**
- **Social embeddedness enforces trust and ensures sustainable economic relations**
- Israeli perspective: **pragmatism and continuity**

„With Palestinians it's very comfortable to work: They come, pay, take the product, and that's it.“ (wholesale trader in Tel Aviv, December 2011)

Theoretical Background

Theory of Social Embeddedness (Granovetter, 1985): Impact of concrete social relations on economic actions and outcomes

Three aspects:

- (1) **Relational** / temporal
- (2) **Structural** / network
- (3) **Institutional** / communication

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Soziologie Ländlicher Räume



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