



Source: B'Tselem, The Israeli Information Center for Human Rights in the Occupied Territories, Jerusalem

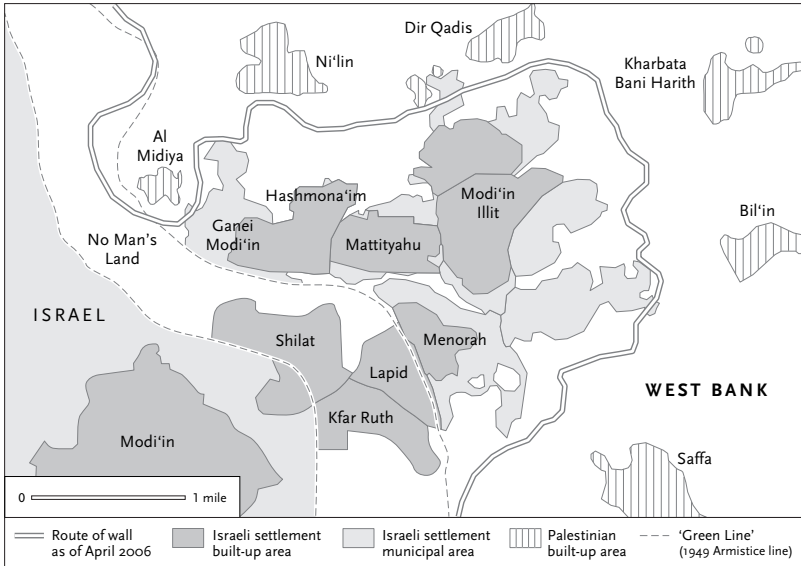
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## OFFSHORE ZIONISM

FACED WITH COMPETITION from low-paid computer programmers in India and elsewhere, many Western software companies have opted to ‘offshore’ their testing and development operations to the Subcontinent or East Asia. In Israel, however, the largest IT company, Matrix, has come up with a novel solution: introducing, as the Matrix website describes it, ‘the first Zionist local offshore outsourcing’, using low-paid ultra-orthodox women workers in state-subsidized settlements in the Occupied Territories. Matrix has opened a new development centre, named Talpiot—after the IDF’s elite combat unit—in the West Bank settlement of Modi‘in Illit. As Matrix CEO Mordechai Gutman explains, outsourcing to East Asia is not all perfect:

Long distances, cultural and language differences, different time zones, as well as rising wages and high turnaround rates, all combine to reduce the attractiveness of development in these countries. To tackle the problem, Matrix has set up a development centre in Israel, employing a highly qualified workforce at competitive rates . . . [At Talpiot], religious women gain employment in development centres close to their home, in a homogeneous environment that provides for their specific needs . . . Because the religious population competing for the jobs faces relatively low living costs, Matrix is able to provide its local offshore outsourcing services to customers at prices similar to those in Far East countries, but with the advantages of . . . geographic and cultural proximity.<sup>1</sup>

Glossed over in this ‘proximity’ is the fact that Matrix’s ‘offshore outsourcing’ operation in Modi‘in Illit takes place in the Occupied Territories, and that the ‘low cost of living’ is due to the substantial subsidies advanced by the state for the development of Israel’s colonial frontier.



Source: Bimkom, Planners for Planning Rights, Tel Aviv.

Three miles east of the Green Line, Modi'in Illit was founded in 1996. It is situated some 20 miles east of Tel Aviv and 8 miles west of Ramallah, on what were then the orchards, fields and pastures of five Palestinian villages: Ni'lin, Kharbata, Saffa, Bil'in and Dir Qadis. Modi'in Illit is among the fastest-growing settlements in the West Bank today, soon to be granted the status of a city, and with a population of over 30,000; the Housing Ministry projects 150,000 residents by the year 2020. Along with the huge ring of Israeli-only housing around Greater Jerusalem, the eastward sprawling conurbation of Ma'ale Adumim, and other rapidly expanding settler towns such as Ariel, Karnei Shomron, Betar Illit and others in the cluster of settlements at Gush Etzion, it is part of a rash of new building that has transformed the West Bank landscape over the past ten years.

Modi'in Illit is not the work of messianic settler-zealots but of a heterogeneous socio-political alliance that links real-estate developers, capitalists seeking the opportunity to profit from land confiscation and government subsidies, politicians driving forward the colonization project—and captive labour. Its development, like that of Nirit, Alfei Menashe and Tzufin, is part of a larger project, begun in the 1980s, that aimed both

<sup>1</sup> [www.matrix.co.il/Matrix/he-IL/Contents/Articles/OffShore.htm](http://www.matrix.co.il/Matrix/he-IL/Contents/Articles/OffShore.htm).

to establish enclaves in the Occupied Territories for wealthy, more 'mainstream' settlers, and to dissolve the Green Line (Israel's pre-1967 border) by creating 'facts on the ground'—linking the new settlements to communities inside the Line, while expanding the latter in the direction of the Territories. Its very name, 'Upper Modi'in', misleadingly suggests that it is part of the town of Modi'in, situated some miles away on the Israeli side of the pre-1967 border.

With the post-Oslo expansion of West Bank settlements in the mid 1990s, thousands of housing units were built in Modi'in Illit in violation of the law—and with the *ex post facto* approval of the local council.<sup>2</sup> In one area, the council whitewashed the illegal construction by making retroactive adjustments to the zoning plan. According to a 1998 investigation, the entire Brachfeld Estate—built on the lands of Bil'in—was thrown up without construction permits; though naturally, not one of these houses was demolished when this fact was revealed. The close cooperation between the Modi'in Illit Council and powerful private entrepreneurs, who were granted special benefits and no-bid contracts, is well documented in the state comptroller's report: again and again the council sought to justify its cosy relationship with the investors, arguing that the private contractor 'has already built housing units and other projects in the area', and that there is 'an urgent need to complete the project'. The state comptroller also determined that the Modi'in Illit Council collected only 10 per cent of the taxes that the developers owed on the lands and that the Council 'offset the debts it was owed' from the two main developers of the settlement 'by means of shady bookkeeping involving future building projects, even before receiving the required permits for their construction'.

While the settlement itself is kept spotlessly clean—winning the 'Beauty Star' award from the Council for a Beautiful Israel—much of its sewage flows into the Modi'in stream, polluting the area's water resources. All this is not a matter of mere corruption or mismanagement, but a structural feature of the colonial frontier: unregulated settlement activity creates possibilities for vast profits at the expense of the human and natural environment. In Israel's Wild East, the need to establish 'facts on the ground' gives developers a free hand; the political urgency of the colonization process works in tandem with investors' attempts to secure quick profits. Ethnically, too, Modi'in Illit practises the same policies of

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<sup>2</sup> See Israel's *State Comptroller's Report*, no. 51A (2000), pp. 201–18.

destructive exclusion: officials in one of its main neighbourhoods claimed that 'on principle and for the sake of security', they did not hire Arabs.<sup>3</sup>

The expansion of Modi'in Illit and similar settlements was given a further boost in the early 2000s by the construction of the 'separation wall', under shelter of Sharon's 'Disengagement Plan'. With the *de facto* annexation of the West Bank lands lying between the Wall and the pre-67 border, real-estate developers could now promise the luxury and security of gated communities to wealthy Israelis, as the local Palestinian inhabitants were barricaded out of sight. At the same time, generous government subsidies offered jobs, housing and social services unobtainable in Israel proper, a powerful magnet for those struggling to subsist. Precisely because they are not based solely on the messianic fervour of hard-line settlers but also offer answers to real social needs, these settlements are able to broaden the power base of the colonization movement, forging a powerful alliance of state, political and capitalist interests, well-off home-buyers and those suffering real hardship: large families looking for cheap housing or new immigrants dependent on government subsidies and seeking social acceptance. It is they who pay the price for the hostility that the Wall generates among those whose land it robs.

### *Bil'in*

The construction of the Wall around Modi'in Illit is swallowing up another 445 acres (about 2,000 dunums) of Bil'in farmers' lands, in addition to what had already been stolen. In Palestine, as throughout much of the Mediterranean basin, farmers have traditionally lived in small villages rather than isolated farmsteads, and go out each day to cultivate their family holdings in the surrounding area. To wall off the village is thus a brutally simple way of robbing these families of their ancestral lands. The inhabitants of Bil'in have fought the construction of the wall that separates them from their lands both by legal means and through popular, non-violent struggle. Since February 2005 they have demonstrated every Friday, hand in hand with Israeli peace activists and international volunteers, in front of the developers' bulldozers and the IDF troops accompanying them. They have joined a series of Palestinian villages—Jayyous, Biddu, Dir Ballut, Budrus and others—leading campaigns of non-violent resistance against the Wall. Often coordinated by the local Popular Committees against the Fence—though with scant

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<sup>3</sup> Tamar Rotem, 'The Price is Right', *Haaretz*, 23 September 2003.

support from the official Palestinian leadership—these campaigns have achieved some modest successes: impeding or slowing down the advance of the separation barrier, or deflecting its course so as to regain some of their lost vineyards and fields.

More than two hundred people have been injured in the violent dispersal of the joint Israeli–Palestinian demonstrations in Bil’in, and many have been arrested under various pretexts. Forces of the Israeli Army, the Border Guard, Israeli police and private security firms have been used against the protesters. Clubs, tear-gas, rubber bullets and live fire have taken a heavy toll. With late-night sweeps and arrests, Israeli forces have tried to deter the members of the Popular Committee of Bil’in who, even in these times of hatred and fear, steadfastly adhere to the principles of non-violent resistance and open cooperation with Israeli opponents of the occupation. The prison service even sent in its special Masada unit, police provocateurs disguised as Palestinians, who tried to whip up the crowd and incite demonstrators to use force against the soldiers.<sup>4</sup> Only the determination of the members of the Popular Committee of Bil’in prevented these provocations from causing an uncontrolled escalation that could have ended with the loss of life.

Meanwhile, construction had already started on some of the newly expropriated land even before the Bil’in villagers’ case had been heard. It was, indeed, the real-estate investors and developers who insisted on this particular route for the Wall, to encircle land they had already earmarked for future settler housing. The main entrepreneurs involved in the expansion of Modi’in Illit are Lev Leviev, one of Israel’s most powerful businessmen and an owner of Africa Israel Investments; Leviev’s business partner Shaya Boymelgreen, an American real-estate investor; Mordechai Yona, the former head of the Contractors Association; and Pinchas Salzman, an orthodox businessman. ‘Green Park’, one of the developments being built on the land robbed from the Bil’in peasants, is already under construction by Leviev and Boymelgreen’s Danya Cebus company, a subsidiary of Africa Israel.<sup>5</sup> It is a massive \$230 million project, with 5,800 apartments planned.

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<sup>4</sup> Meron Rapaport, ‘Bil’in Residents: Undercover Troops Provoked Stone-Throwing’, *Haaretz*, 14 October 2005.

<sup>5</sup> On their websites, Africa Israel Investments and Danya Cebus do not mention their construction projects in the Occupied Territories and speak only of building ‘throughout the State of Israel’.

Serious financial interests are thus involved in the struggle over Bil'in's farming land. They have received substantial assistance from two bodies with claims to legal ownership of much of it: the Custodian of Absentee Property and the Land Redemption Fund. The CAP is a governmental agency, officially entrusted with the management of 'absentee land'. It has played a key role in taking possession of Palestinian land, initially that belonging to refugees within Israel and, more recently, in the Occupied Territories as well. When Bil'in residents appealed to Israel's High Court of Justice to change the route of the separation wall, it was revealed that the CAP had served as a cover for the settlers. In a special report, two Israeli human rights organizations uncovered these 'revolving transactions': the settlers 'transfer the land they purchased to the Custodian, who declares it state land. This enables the planning process to start. The Custodian allocates the land to the purchaser in the framework of the planning-authorization agreement, and then for development, for no consideration.'<sup>6</sup> The Land Redemption Fund was established some twenty years ago by hard-line settlers (former Gush Emunim leader Zvi Slonim, Sharon aide Avraham Mintz, Brooklyn-born terrorist Era Rapaport) with the goal of coordinating the takeover of Palestinian land in areas targeted for settlement expansion. Arab straw men act as mediators in the land deals, posing as buyers, while the actual purchasers are Israeli investors. These methods were also used to take possession of Bil'in's lands.<sup>7</sup>

The project is thus inextricably political and economic: colonization and annexation yield enormous profits. Among the LRF's donors can be found the same capitalists who appear elsewhere as settlement builders and real-estate investors. They donate considerable sums to the radical settlers' Fund not out of political conviction alone, for there is a profit to be made. The same alliance can be encountered elsewhere in the West Bank. The LRF is also the investor behind the expansion of the Tzufin settlement on lands robbed from Jayyous—another Palestinian village set to lose most of its resources with the construction of the separation wall. Here, an elevenfold expansion of the settlement is under way, and the developer is once again a real-estate company controlled by Leviev.<sup>8</sup>

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<sup>6</sup> See Yehezkel Lein and Alon Cohen-Lifshitz, *Under the Guise of Security: Routing the Separation Barrier to Enable the Expansion of Israeli Settlements in the West Bank*, Bimkom/B'Tselem, December 2005, available at [www.btselem.org](http://www.btselem.org).

<sup>7</sup> Shosh Mula and Ofer Petersburg, 'The Settler National Fund', *Yediot Aharonot*, 27 January 2005; see also Akiva Eldar, 'Documents Reveal West Bank Settlement Modi'in Illit Built Illegally', *Haaretz*, 3 January 2006.

<sup>8</sup> Ada Ushpiz, 'Fenced Out', *Haaretz*, 16 September 2005.

In Modi'in Illit, the old economy of contractors and developers meets the new economy of high-tech development, epitomized in companies such as Matrix, Motorola Israel, Teva, Amdox, etc. Both economies are closely tied to the state. As its website explains, Matrix, through its wholly owned subsidiary Sibam, is one of the largest IT suppliers to the IDF and Israeli security forces, as well as government ministries, energy and transport sectors and the Knesset. It also leads the market in banking information systems, 'providing consulting services for most of Israel's commercial banks, mortgage banks, credit card companies and insurance companies'.<sup>9</sup> At a June 2004 meeting of IT firms with the Knesset's Science and Technology Committee, attended by Finance Minister Binyamin Netanyahu, a request by Matrix CEO Mordechai Gutman for state assistance to enable them to compete with cheap programmers in India was warmly received. As both Netanyahu and the Committee's chairman agreed, 'the range of interests you represent here, around the table, is also the interest of the state'.<sup>10</sup>

### *Docile labour*

The state indeed sustains Matrix's venture in Modi'in Illit: not only are the workers' wages subsidized by the government for at least five years, but the colonial project continues to put at the disposal of the developers, contractors and high-tech firms the cheap, stolen land of the local farmers, as well as the public resources, policemen and soldiers necessary to secure it—and a captive and disciplined workforce. A much-publicized feature of Matrix's 'offshoring at home' operation in Modi'in Illit is the company's use of ultra-orthodox women's labour. At the Talpiot software development centre there the rules of *Kashruth* are observed, and there are separate kitchens for women and men. There is also a 'pumping room' for women to nurse their babies—since, while working for Matrix, they are also breeding for Israel. 'Although many are mothers of six, they miss fewer days of work than a mother of two in Tel Aviv', an Imagestore project director in Modi'in Illit told a journalist. 'These women have no issues. They just work. No smoking or coffee breaks, chatting on the phone, or looking for vacation deals in Turkey. Breaks are only for eating, or pumping breast milk in a special room. Some women can pop home, breast-feed and come back.'<sup>11</sup>

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<sup>9</sup> See Company Profile at [www.matrix.co.il](http://www.matrix.co.il).

<sup>10</sup> Protocols of the Knesset's Commission on Science and Technology, 29 June 2004.

<sup>11</sup> Ruth Sinai, 'Modi'in Illit: The Zionist Response to Offshoring', *Haaretz*, 19 September 2005.



The Matrix development centre is strictly kosher, with two local rabbis to supervise the site. 'We painstakingly uphold every kosher rule,' say the company's directors, 'so as not to lose rabbinical approval.' In exchange for the rabbinical seal, the investors get obedient kosher girls. The rabbis play a crucial role in instilling capitalist work discipline. The ominous word *gezel*—a loaded moral term in Jewish religious tradition, meaning taking by force and robbery—is applied, not to the lands of Bil'in, but to 'stealing' the employer's time through idle talk. Visiting journalists are struck by the silence at the workplace:

Personal conversations in the work room of Matrix's development centre are forbidden, not only between men and women, but among the women. 'They pay you for eight hours of work,' says Esti [one of the workers], 'so they expect you to work. If someone is talking too much . . . someone else will tell her "Hey, that's *gezel*", as though we are taking from the company. Once we asked if we could take a break of five minutes for prayer, but the rabbi said that the ancient Sages didn't take a break but would call out the *Shma*' while working, and thus we can put off the prayer until after the working day.'<sup>12</sup>

The 'girls' are described as diligent, efficient and exceptionally productive workers—every human-resource manager's dream. The punctilious adherence to the rules is maintained even when the bosses are not present. Esti's group supervisor is usually in Petach Tikva. But even so, with the ecology of mutual pressure among the women, the rules are upheld. 'We are accustomed to rigour and obedience,' she says with half a smile, 'we have gotten used to not doing forbidden things even when no one is looking, because there is someone watching from above.'<sup>13</sup> The Matrix recipe is a new combination of reciprocal social control among workers, of surveillance and discipline, with rabbinical authority.

How much are they paid? During the first six months, which includes a comprehensive government-sponsored computer-programming course in Java and dot.net, the women earn \$435 per month, or 2,000 shekels. After that they receive the minimum wage, which stood at \$725 per month at the end of 2005. From their second year they get \$1,045 per month—compared to perhaps \$3,500 or \$4,000 per month for an experienced programmer in Israel, and over \$5,500 per month in the us. In addition, the state subsidizes Matrix's Talpiot centre by \$215 per month

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<sup>12</sup> Yoni Shadmi, 'Globalization Killed the High-Tech Star', *Ma'ariv*, 11 November 2005.

<sup>13</sup> Shadmi, 'Globalization'.

for every worker. There are no bonuses, and the women are tied to the company for at least two years; they have to pay a fine equivalent to two months' salary if they want to quit.<sup>14</sup> The company's PR department is careful to explain that the wage rates in Modi'in Illit have nothing to do with the exploitation of cheap labour. They do not reflect the relative productivity of the 'girls' or the price of their services in the international market, but rather, 'their low cost of living'. As one of their religious leaders explained to another Israeli reporter: 'The ultra-orthodox community is used to living on nothing, so making a little is a lot for them.'<sup>15</sup>

### *Cannon fodder?*

Israeli press reports of the workers at the Talpiot centre give the impression of an encounter with a remote and exotic tribe, whose women are given to strange rituals and high birth-rates. Despite their strange ways, the writers emphasize, these women can be trained for productive labour. They are content with very little and are disciplined and obedient, thanks to the priests of the tribe, who add their authority to the employers' commands. Great is the fortune of Israeli capitalists! Faced with the challenges of globalization, they have no need to search for cheap docile labour in faraway countries; they have found it in their own colonial backyard. But if these descriptions are reminiscent of Weber's invocation of pious female workers and the Protestant ethic, such idealized representations should not be taken for everyday reality. The ultra-orthodox women working for Matrix surely find their own ways to circumvent rabbinical injunctions and shop-floor control.

In addition, there are pressing material reasons for obedience to the prevailing labour discipline. Where else can these women work? One of the female managers of the project openly states: 'There is no work in Modi'in Illit, and women do not have cars to travel anywhere else. Most of them have no driver's licence, making it crucial that there is a place of employment close to home.'<sup>16</sup> The rate of car ownership in Modi'in Illit is among the lowest in the country—60 vehicles per thousand population, and there are no industrial areas. This is the law of the stick and the carrot—and the stick is the same stick, unemployment and poverty, that

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<sup>14</sup> Shadmi, 'Globalization'.

<sup>15</sup> Galit Yemini, 'Indian Labour? Matrix is Hiring Orthodox Women', *Haaretz*, 17 January 2005.

<sup>16</sup> Eli Shim'oni, 'Who Can Find an Orthodox Java Wife?', *YNet*, 23 September 2005.

also drives Palestinian workers, in Israel and the Occupied Territories, to participate as day labourers in building the settlements and the separation wall. They are victims of colonial capitalism, like many others who are being incorporated into the settlement process through the exploitation of their social distress. But what future awaits them and their children, as long as their existence is based on theft of land and serving as a human wall, a target for the hatred of the dispossessed Palestinians?

Most of the residents of Modi'in Illit are ultra-orthodox and have many children. Two years ago, speaking to a reporter from *Haaretz*, some emphasized that they did not think of themselves as settlers. It is the housing shortage that pushes large ultra-orthodox families into the settlements, where they find public housing and government assistance that do not exist within Israel. In the settlement of Betar Illit—likely to be the site of the next struggle around construction of the separation wall—and in Modi'in Illit, a two-bedroom apartment costs less than \$100,000. 'But even if they didn't come here for ideological reasons,' said the spokesman for the Settlers' Council with confidence, 'they won't give up their homes so easily.'<sup>17</sup> The mechanisms that incorporate people into the colonial process, making them settlers despite themselves, occasionally emerge into the open. In 2003, the mayor of Betar Illit, Yitzhak Pindrus, went so far as to tell the reporter that the ultra-orthodox were sent to the Occupied Territories against their will, to serve as 'cannon fodder'.

The colonization process is built not just on capitalist expansion but on social misery and poor people's pressing needs, just as the separation wall is built on fears, real and imagined, amplified by daily propaganda. It draws in young couples from the slums of Jerusalem and enrolls new immigrants from the Russian Federation, who may find themselves sent to settle Ariel, for example, in the heart of the West Bank; large ultra-orthodox families too, gain access to subsidized housing only by joining the settlement project. All these can find themselves defending the occupation in order to defend the fragile social existence they have built for themselves under the guidance of government authorities, the settler movement and private capital.

Matrix's profits rose by 61 per cent in the first quarter of 2005, and by 76 per cent in the third, compared to the previous year. Its valuation on the Tel Aviv Stock Exchange stands at around half a billion shekels (\$110m).

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<sup>17</sup> Rotem, 'Price is Right'.

Matrix IT is controlled by Formula Systems, of the Formula Group, with worldwide sales of \$500 million.<sup>18</sup> It is also quite vulnerable to public criticism and boycott. Matrix is, for instance, the primary distributor of one of the most popular commercial versions of the Linux operating system—Red Hat. What would happen if Linux users were to announce a boycott of Matrix until it withdraws its investments from the Occupied Territories, or put pressure on the public institutions that are among its clients? Among others, the Hebrew University, the Weizmann Institute of Science, Ben Gurion University, and my own Tel Aviv University have all purchased Red Hat licences from Matrix. What if users threaten to boycott the companies—such as Oracle—who use the services of the Talpiot development centre in the settlement of Modi‘in Illit? This does not apply to Israel alone: Matrix represents some of the most important international companies; all are vulnerable to public pressure from opponents of the settlements.<sup>19</sup> And what of Formula Systems, which owns Matrix? Formula Systems is very sensitive to its public image. It takes pains to present itself as a socially responsible company. Its customers too can demand that Formula stop supporting the building and expanding of settlements in the occupied West Bank.

It has sometimes been suggested that the dynamic of capitalist modernization would compel Israel to abandon its attachment to old-style colonialism. The case of Matrix in Bil‘in demonstrates that Israeli capitalism can be both colonial and digital, occupying both global markets and frontier settlements, campaigning both for unbridled privatization and for heavy government subsidies. Left to itself, it will neither extricate itself from colonial expansionism nor exert pressure on the state to do so—that is, unless Israeli colonialism becomes an overwhelming liability, and resistance by the colonized and their allies forces a change of course.

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<sup>18</sup> See [www.formulasystems.com](http://www.formulasystems.com).

<sup>19</sup> A partial list of clients on Matrix’s website includes PeopleSoft, BMC Software, Red Hat, Compuware, Business Objects, Verity, Vignette, IONA, WebMethods and BindView, among others.