

July 17, 2025

Statement by the Forum of Economists for Democracy

On the Israeli Government's Plan to Concentrate the Population of Gaza in the Southern Strip

Key Points

We, economists who are university faculty members and economists who have held senior positions in the public sector, are issuing this statement to strongly oppose the government's plan to establish a "humanitarian city" in which hundreds of thousands of Gaza Strip residents would be concentrated. We firmly oppose this plan and everything it implies.

As human beings, we are horrified by this idea. It involves establishing a camp in which a civilian population would be forcibly concentrated, without the ability to enter or exit freely. In practice, this constitutes a blatantly inhumane and immoral detention facility. According to a [legal opinion](#), "Implementation of this plan, if realized, would constitute a series of war crimes and crimes against humanity, and under certain conditions, could fall under the crime of genocide."

As social science researchers, we warn of its destructive societal implications. Such concentration will lead to widespread refusal to serve and significantly increase polarization within Israel.

Beyond our moral stance, as economists we assess that the implementation of the plan would cause severe economic damage to Israel: European countries may impose economic sanctions on Israel, leading to a significant blow to trade with Europe, a central component of Israel's imports and exports. These European measures would result in further credit rating downgrades of the Israeli economy, an additional rise in Israel's risk premium, and in the interest rates it faces. Even partial disconnection from Europe would accelerate the emigration of the high-tech sector out of Israel. Direct Israeli control over Gaza and the provision of civilian services to its residents would increase the defense budget by an estimated 10–15 billion shekels—more than the budget of the Welfare Ministry or the entire budget allocated to local authorities.

An immediate clarification by the Prime Minister and/or a government resolution is required to publicly eliminate the possibility that the State of Israel will construct and operate camps for hundreds of thousands of civilians, even if labeled "humanitarian."

We, economists who are university faculty members in Israel, and economists who have held senior positions in the Israeli public sector, issue this statement to strongly oppose the government's plan to establish a "humanitarian city."

According to media reports, the government intends to establish this "city" on the ruins of Rafah and concentrate Gaza's population there. The plan is to initially transfer 600,000 Palestinians there after screening, primarily from the Al-Mawasi area, and not to allow those admitted to leave except for emigration (see [Israel Hayom, July 6, 2025](#); [Haaretz, July 7, 2025](#); [Channel 14, July 8, 2025](#)). In recent days, there have been reports of pressure by the Prime Minister on the military to begin preparing the area.

Camps concentrating "hostile" civilian populations are not a new invention. Such camps began to appear in the second half of the 19th century. Today, they are used by dictatorial regimes in East Asia, Africa, Russia, and South America. In the past, this policy was practiced by the Soviet regime, and of course, the Nazi regime. Attempts to whitewash these acts using "humanitarian" labels are also not new and do not diminish the cruelty of the proposal.

An in-depth investigation by the [Financial Times on July 4, 2025](#), discussed a new system introduced in late May for distributing aid in Gaza by the GHF. It links this idea to a plan intended to cause the departure of half a million Gaza Strip residents. So far, the food distribution method and the events surrounding it have led to the deaths of hundreds of civilians and worsened hunger. It is difficult to avoid the conclusion that the plan for a "humanitarian city," the implementation of aid distribution centers, and the renewal of Israeli bombings in mid-March indicate that the Israeli government does not intend to end the war, secure the release of hostages, or develop a viable governance arrangement for Gaza.

We firmly oppose the "humanitarian city" plan and all its implications, for the following reasons among others:

First, as human beings, we are deeply appalled by this plan. It effectively involves establishing a tent camp to house hundreds of thousands of residents, in extremely crowded, blatantly inhumane, and immoral conditions. According [to a legal opinion](#) by our law faculty colleagues: "Implementation of this plan, if realized, would constitute a series of war crimes and crimes against humanity, and under certain conditions, could fall under the crime of genocide." As noted in the legal scholars document, which we support, this action would render not only the Israeli government but also IDF commanders and soldiers—including our family members and friends—war criminals, with all the implications for generations to come.

Second, as social scientists, we understand the consequences of such an act and feel compelled to warn of the destructive short- and long-term implications for both Gazan and Israeli societies.

The expected impacts on Israeli society include:

1. Operating camps housing hundreds of thousands of civilians by Israeli soldiers will present regular and reserve service members with grave moral dilemmas and is likely to lead to widespread refusal to serve.
2. The moral and practical implications of operating such camps are expected to lead to voluntary emigration by large segments of Israel's most educated and productive populations—a process [that has already begun](#). This exodus would cause significant economic deterioration, potentially rendering Israel a backward and failed state.
3. The risk of aggravated political polarization in Israel will grow substantially.
4. This policy aligns with other actions such as abandoning the hostages, evacuating communities, undermining the judiciary, and additional measures that erode the trust between Israel's citizens and its government.

Third, beyond the moral considerations, as economists we emphasize that the implementation of the plan will inflict severe economic damage on Israel through the following mechanisms:

1. In addition to the economic harm caused by Israeli emigration, the plan will lead to heavy public pressure on governments across the European Union, the UK, and the Nordic countries to impose economic sanctions on Israel. It must be remembered that about 45% of Israel's imports originate in Europe—more than four times the volume from the U.S. Exports to Europe also exceed those to the U.S., comprising over 35% of Israeli exports. Significant damage to this trade should be expected, with all that implies for employment in Israel.
2. It is likely that European measures will result in further downgrades of Israel's credit rating, which has already experienced significant declines over the past two and a half years. These downgrades will further increase Israel's risk premium and the interest rates it faces, greatly burdening its ability to raise the debt needed to finance the continuation of the war in Gaza, as well as to fund reconstruction after the wars in Iran, Gaza, and along the northern border.

3. Downgrades and even partial economic disconnection from Europe will accelerate the emigration of the high-tech sector out of Israel. The damage from even partial high-tech emigration is immense. This sector is the growth engine of the economy, accounting for almost one-fifth of its GDP. It also generates about one-third of income tax revenues and is a critical source of resources for weaker social groups, including the ultra-Orthodox.
4. According to one estimate – <https://www.ynet.co.il/news/article/yokra14438623> – the direct cost of the plan is expected to be 10–15 billion shekels. This constitutes a direct burden of about 2% of the state budget—more than the Welfare Ministry's budget or the budget allocated to local authorities.

There is a straight line connecting the erosion of democracy, loss of trust in government, and the weakening of the rule of law, to the actions in Gaza, which are immoral, illegal, and pose a tremendous socio-economic danger to Israel.

An immediate clarification by the Prime Minister and/or a government decision is required to publicly eliminate the possibility that the State of Israel will build and manage camps for hundreds of thousands of civilians, even if labeled "humanitarian."
