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Decolonizing Palestinian Political Economy

Mandy Turner and
Omar Shweiki

De-development and Beyond



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Decolonizing Palestinian Political Economy

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Edited by

Mandy Turner

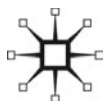
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Foreword

The income men derive from producing things of slight consequence is of great consequence.

John Kenneth Galbraith*

It was the summer of 1985 – exactly 28 years ago – that I made my first research trip to the West Bank and Gaza Strip. Although, as a Harvard graduate student, I thought I was well prepared to carry out the fieldwork for my doctoral dissertation on American economic assistance to the Palestinians, I encountered a reality for which I was largely unprepared and about which I knew too little. My knowledge deficits were jarring and upsetting and I was determined to address them; I did so by immersing myself in the micro and macro reality of Palestinian life at the time, a journey that continues. It was during that first summer in the West Bank and Gaza that I encountered Israel's occupation and the ways in which it delimited peoples' lives, determining not what they could do but what they could not. Possibility was defined by denial and the degree to which it was imposed. Many things shocked me – the institutionalization and normalization of discrimination and the gross inequities between Arab and Jew – but none so forcefully as the powerlessness of people over their own lives, their almost complete lack of defence or recourse against accusation or transgression, and the unrelenting ambiguities with which they were forced to live each and every day.

I was there to research the US assistance programme – then a small, NGO-led programme of just several million dollars annually – asking whether economic development was possible under conditions of military occupation. My analysis demanded, by way of context, a thorough understanding of how Israeli policies impacted the Palestinian economy and the relationship between those two economies. I spent a good deal of time with Israeli government officials all of whom made one point clear almost immediately (some more explicitly than others): there would be no economic development in the Palestinian territories. There were two reasons for this I was told: the first (and relatively less important) was the need to eliminate any source of competition with the Israeli economy. The second and far more crucial reason was to preclude the establishment, in any form, of a Palestinian state. I have never forgotten what one highly placed official in the Ministry of Defense told me almost

30 years ago (and here I am paraphrasing): 'Real economic development in the West Bank and Gaza could produce a viable economic infrastructure that in turn could provide the foundation for the establishment of a Palestinian state. This will never be allowed to happen.'

The policies imposed to thwart meaningful economic (and political) development (despite some periods of limited growth) compelled the concept of de-development, a process I defined as one that forestalls development by 'depriving or ridding the economy of its capacity and potential for rational structural transformation [that is natural patterns of growth and development] and preventing the emergence of any self-correcting measures.'¹ De-development, furthermore, occurs when normal economic relations are impaired or abandoned, preventing any logical or rational arrangement of the economy or its constituent parts, diminishing productive capacity and precluding sustainable growth. This reality is directly and deeply tied to the political context and is acutely characteristic of Gaza's economy at present, which has been disabled by years of closure and blockade. Over time, de-development represents nothing less than the denial of economic potential. This is fundamentally why, despite billions of dollars in aid since the beginning of the 1993 Oslo peace process, the Palestinian economy in both the West Bank and the Gaza Strip is failing.

There should be no doubt that Israel's policies of preclusion have continued with great success since my interview with the Ministry of Defense official nearly three decades ago whose words were tragically prescient. More alarmingly these policies have grown extremely damaging and destructive of Palestinian society and economy not only in the occupied territories but, as this book further argues, wherever Palestinians live, including in Israel and beyond. Indeed, although Israeli policy always prioritized the acquisition of land over the exploitation of the economic potential contained within it, that potential was substantively exploited. Today, however, that potential is being systematically shattered. In this regard, de-development has arguably reached its logical conclusion with the current, increasingly distorted reconfiguration of economic activity where foreign aid (including humanitarian assistance) – combined with smuggling in the case of Gaza – rather than production is a principal source of economic sustenance and growth. This aid-dependent growth is unsustainable and, inarguably, unviable.

Some analysts have argued that a new approach to preclusion has been articulated in recent years, one that attempts to substitute an economic peace for a political settlement (an approach favoured by Israeli Prime Minister Benjamin Netanyahu). A recent expression of this policy was

revealed at the World Economic Forum in Jordan in May 2013 with US Secretary of State John Kerry's economic plan calling for US\$4 billion in private investment in the West Bank economy over three years, which he termed 'a new model of development'.² Such investment, he argued, will create a climate conducive to restarting Israeli–Palestinian negotiations and 'provide the basis for sustainable peace'.³

Kerry's proposal, by design, does not address Palestinians' core concerns, among them freedom: ending the occupation and their subjugation, the reunification of the West Bank and Gaza Strip, and establishing some form of political and national sovereignty. Unsurprisingly, the US initiative does not confront the intransigence of the Netanyahu government, which is vehemently opposed to Palestinian statehood – or the disarray of the Palestinian Authority, which is incapable of advancing it. At its core, the US programme fails to return genuine control to Palestinians over their own lives and future; instead, this control remains with Israel. Hence, for this reason alone Kerry's programme, like the many that preceded it, will fail.

The policy of 'economic peace' is not really new as some observers have claimed but a repackaged formulation of those Israeli policies first articulated in the early years of occupation and implemented in different forms over the past, almost five decades. Those policies, like their current expressions, aimed to pacify and ultimately extinguish Palestinian political demands and aspirations through limited economic gains under a deepening occupation that continued to extract Palestinian resources (for example, land and water for widespread settlement expansion), denying Palestinians their political, economic, and human rights, and solidifying Israeli control. The first Palestinian uprising was a clear rejection of this approach. The subsequent Oslo agreements did nothing to expose or change this fundamental policy deception but, to the contrary, embraced it in a more sophisticated form. This is seen in projects such as industrial estates, infrastructural improvement, and institutional building – which promised and periodically delivered limited change and ephemeral periods of growth, but within a structural context that was decidedly unchanged and committed, as it always had been, to preventing meaningful economic development through increasingly oppressive Israeli control and restriction, as the chapters in this book make clear.

Hence, Kerry's claim that his economic programme is not meant to substitute for a political process is unpersuasive, to say the least, given a long history of economic policies that were designed to achieve just that, thereby concealing America's continued lack of resolve if not

outright obstruction, protecting Israel from any need to compromise politically or economically, and consigning Palestinians to more pernicious forms of dispossession and loss. In a recent statement, Netanyahu heightened the bar for Kerry by saying that achieving peace with the Palestinians would not 'eliminate the wild defamation of the state of the Jews', emphasizing that 'Israeli security was the critical piece of any potential agreement.'⁴ Israel's Deputy Defence Minister, Danny Danon, went even further, stating: 'Whether the US Secretary of State John Kerry has come up with a new peace initiative or not, there will never be an independent Palestinian state,'⁵ a sentiment echoed by Naftali Bennett, Israel's Economy Minister, when he said that the 'idea that a Palestinian state will be formed in the land of Israel has come to a dead end ... Never in the annals of Israel have so many people expended so much energy on something so futile'.⁶

Netanyahu's recent appointment of Ron Dermer as Israel's ambassador to the US is yet another indication of official attitudes toward a two-state solution. According to the Israeli newspaper, *Haaretz*, 'Dermer's positions on policy are far more extreme than Netanyahu's. European and American officials have expressed shock by his positions on the settlement issue, on peace talks with the Palestinians, and on the principle of an independent Palestinian state.'⁷ Dermer has stated that 'the principle of two states for two peoples is a childish solution to a complicated problem,' and, according to a US State Department diplomatic cable revealed by Wikileaks, Dermer is also convinced that Palestinian President Mahmoud Abbas is not a viable partner for peace.⁸

It also should not be forgotten that the entrenchment of the occupation and the denial of Palestinian self-determination has long been facilitated by a weak, compliant and increasingly mismanaged and corrupt Palestinian Authority, and has rarely been challenged (and often actively supported) by the US, the European Union and key Arab states – the accepted and legitimate default position in the continued absence of a political settlement.

The constraints now facing the Palestinian people are formidable, among them: a fragmented geography characterized by the separation and isolation of Gaza from the West Bank and Israel; an internally cantonized and discontinuous West Bank; the continued expansion of Israeli settlements and their infrastructure, which further splinter and truncate Palestinian localities; an isolated East Jerusalem, which remains inaccessible to the overwhelming majority of Palestinians both inside and outside the occupied territories; no control over territorial borders; the existence of two internally opposed governing authorities,

each incapable of ending the occupation; the continued loss of crucial economic resources, particularly land, water and a skilled labour force; the virtual destruction of normal – let alone free – trade, especially in Gaza; diminishing quality of, and access to, education and healthcare services; deepening restrictions on the movement of people; and an unresolved and worsening refugee issue, especially in light of the Syrian crisis.

In this environment it is difficult to conceive of any meaningful two-state reality despite many official yet hollow pronouncements to the contrary. At the G8 Summit in Northern Ireland in June 2013, for example, the leaders of the leading eight industrialized countries issued a communiqué reaffirming their commitment to a two-state solution but failed to indicate how it should be realized. Shamefully, Israel's 46-year-long occupation was not mentioned.⁹

However, on 16 July 2013, in a move that shocked the Israeli government, the EU issued a 'binding directive to all 28 member states forbidding any funding, cooperation, awarding of scholarships, research funds or prizes to anyone residing in the Jewish settlements in the West Bank and East Jerusalem'.¹⁰ This means that any contract signed between an EU member state and Israel must include a clause 'stating that the settlements are not part of the State of Israel and therefore are not part of the agreement'.¹¹ The significance of this new directive is largely political rather than practical since it does not affect Israel's lucrative trade relations with the EU, although there is a strengthening demand for labelling products originating in the settlements. Yet, with this directive the EU is enforcing, in a real and practical manner, its longstanding position on the illegality of Israeli settlements under international law and the fact that it does not recognize Israeli sovereignty over the West Bank (including East Jerusalem), the Gaza Strip, and Golan Heights, and 'does not consider them to be part of Israel's territory, irrespective of their legal status under domestic Israeli law'.¹²

While the EU mandate is a long overdue step in the right direction, the situation remains adverse and is likely to become more so, particularly as the Israeli government continues to press forward with settlement expansion in the West Bank.¹³ Given this state of affairs, what can be done? The answer lies in the continued delegitimization of Israeli occupation and colonization, which the EU has clearly affirmed, and the articulation of a different vision that would allow both peoples to live peaceably with each other in a political arrangement to which they both agree, a theme that underlies this important collection of works.

The late Palestinian economist, Yusif Sayigh, argued long ago that economic development is an inherent right of Palestinians but it can never be a solution to long-term occupation. The only solution to occupation is liberation and with liberation comes actual possibility.¹⁴

Sara Roy
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Notes

* J.K. Galbraith, *The Affluent Society*, New York, Houghton Miffler, 1998, p. 217.

1. S. Roy, *The Gaza Strip: The Political Economy of De-development*, 2nd edition, Washington, DC: Institute for Palestine Studies, 1995, 2001, 2004, p. 128.
2. World Economic Forum, 'Kerry Announces US\$4 Billion Economic Plan to Break Israeli-Palestinian Impasse,' News Release, 26 May 2013, <http://www.weforum.org/news/kerry-announces-us4-billion-economic-plan-break-israeli-palestinian-impasse>. The plan would 'increase Palestine's GDP by 50% and cut unemployment from 21% of the workforce to 8% in just three years'.
3. Ibid.
4. J. Rudoren, 'Palestinian Criticizes Israel over Construction,' *New York Times*, 28 June 2013.
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11. Ibid. The Golan Heights is also included.

12. European Union, *Commission Notice – Guidelines on the eligibility of Israeli entities and their activities in the territories occupied by Israel since June 1967 for grants, prizes and financial instruments funded by the EU from 2014 onwards*, July 2013; and Joshua Chaffin, 'EU to block funding of entities in Israeli settlements,' *Financial Times*, 16 July 2013, <http://www.ft.com/intl/cms/s/0/96304cdc-ee01-11e2-816e-00144feabdc0.html#axzz2ZQO3uKVX>.
13. For example, see 'John Kerry Meets With Palestinians as Israel Pushes New Settlements,' *The Jewish Daily Forward*, 17 July 2013, <http://forward.com/articles/180617/john-kerry-meets-with-palestinians-as-israel-pushes>.
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Acknowledgements

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Mandy Turner and Omar Shweiki

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Introduction: Decolonizing the Study of the Political Economy of the Palestinian People

Mandy Turner and Omar Shweiki

My argument is that history is made by men and women, just as it can also be unmade and rewritten, always with various silence and elisions, always with shapes imposed and disfigurements tolerated.

Edward W. Said*

In the 2008 documentary film, *Slingshot Hip Hop*, about rap bands in Palestinian communities in Israel, Gaza and the West Bank, the spatial divisions between them is starkly demonstrated. DAM (from Lyd in Israel) and PR (from Gaza) feel a strong bond with each other, but they cannot meet in person. PR, in particular, is isolated in the ghetto that Gaza has become due to the blockade which incarcerates its population, and is unable to join the other Palestinian rappers when they play to a huge audience in Ramallah due to border restrictions preventing them from crossing at Erez into Israel to journey to the West Bank. This is just one (rather innocuous) familiar illustration of the difficulties faced by Palestinians in overcoming the geographical dispersion and division between those living within the occupied territories of the West Bank and Gaza Strip (including annexed East Jerusalem), within Israel and within neighbouring Arab states. This radical fragmentation has arguably been the defining experience of the Palestinian people since the Nakba of 1948 and has involved divisions that have permeated all aspects of Palestinian life making economic and political interchange extremely difficult, splitting families apart and splintering a people.

This division reaches the academic realm, too. The dominant, conventional approach has often accepted and internalized the colonizer's discourse that has divided and fragmented the Palestinian body politic into separate and distinct groups (some thereafter renamed

as 'Arab-Israeli, 'Bedouin' and so on) and which has reduced 'the Palestinian people' to only those who reside within the occupied territory of the West Bank and Gaza Strip. This structural feature of the Oslo period, with the support of the international donor community, has entrenched geographic divisions politically.¹ And yet even further fragmentation is taking place *within* the occupied Palestinian territory (oPt). East Jerusalem, annexed after the Six-Day War in 1967 by Israel to be its 'eternal and indivisible capital', is being progressively cut off from the rest of the oPt, a process accelerated with the building of the Separation Barrier and the closure of the PLO's Jerusalem headquarters, Orient House, in 2002.² And the lack of geographical contiguity between the West Bank and Gaza Strip has, since June 2007, been coupled with a political division which appears set to continue, despite rhetoric to the contrary.

While these processes of fragmentation continue apace, there is an invisible colonial grammar that takes these divisions for granted and reifies them – creating a narrative that needs to be unpacked and critiqued. There are, to be sure, many analyses of the experiences of different *sections* of the Palestinian people, but rarely are Palestinians analysed as one people that has been fragmented but which has a history that binds it together. This is not the case for the academic disciplines of history, political theory or geography – all of which have contributed in important ways to decolonize the narrative and analyse the Palestinian people as a whole³ – but it is certainly true of the field of political economy.

This book thus aims to challenge and fill this gap in the political economy literature. While one cannot escape or challenge the harsh reality of the geographical, political and economic fragmentation of the Palestinian people by words alone, we posit that by analyzing the shared experience of dispossession and marginalization together in one volume, we can contribute to clarifying the wider picture of the political economy of the Palestinian people. And the wider picture is one of a people experiencing a colonial matrix of dispossession, disenfranchisement and destruction in a world-historical period regarded to be post-colonial. This experience and process has been variously labelled as constituting 'spatiocide' (Hanafi)⁴, 'politicide' (Kimmerling)⁵, and/or 'sociocide' (Abdel Jawad)⁶. This book, however, takes as its starting point the concept of 'de-development' in order to focus more specifically on the political economy dimension.

The concept of de-development, initially theorized by Sara Roy to explain the political economy of Gaza, has emerged as one of *the* key

concepts to explain the economic impact of Israel's occupation on the Palestinian people in the oPt. Roy defines it as 'the deliberate, systematic and progressive dismemberment of an indigenous economy by a dominant one, where economic – and by extension, societal – potential is not only distorted but denied'.⁷ But, as she acknowledges in the preface to this book, the concept could be equally applied to other parts of the Palestinian body politic – and that is what this book sets out to do.

Structure of the book

The book starts with a foreword by Sara Roy who reflects on how she came to formulate the term 'de-development' nearly 30 years ago, and how it has 'arguably reached its logical conclusion' through Israeli policies that are 'extremely damaging and destructive of Palestinian society and economy not only in the occupied territories, but...wherever Palestinians live, including in Israel and beyond'.⁸ Twenty years of a peace process has not altered this; in fact, all of the contributors agree that the Oslo framework has helped to mask these processes of dispossession and disenfranchisement, which have in reality accelerated. The picture portrayed is bleak: all of the chapters dissect the impacts of decades of practices of dispossession, disenfranchisement and disarticulation. However, they also suggest ways forward out of the malaise, thus adopting Foucault's assertion that 'where there is power, there is resistance'.⁹

The book is divided into three parts. The first part, 'de-development explored', applies the concept of de-development through analyses of four key aspects: Israel's economic policies towards the Palestinians, the political economy of Western donor aid, the politics of water distribution, and the gendered impacts of annexation in East Jerusalem. Chapter one, written by Sahar Taghdisi-Rad, analyses the impacts of over 40 years' of occupation on the economy of the oPt as well as periodising the different phases of Israel's economic policies. It highlights a strong continuity in the purpose of these policies, despite the different methods employed at various phases, concluding that the main aim of Israel's policies has been to integrate Palestinian resources, where beneficial, to its own economy, to limit and undermine the development of an independent Palestinian economy, and to discourage Palestinian demands for sovereignty and self-determination. Taghdisi-Rad further posits that the policy frameworks and institutional arrangements established after the 'Declaration of Principles' (otherwise known as the Oslo Accord), signed in 1993 between the Palestine Liberation Organisation (PLO) and the state of Israel, did not develop the economy of the oPt as they were

inadequate and inappropriate for an economy that has experienced prolonged occupation. She concludes with a call for a radical alteration of the neoliberal policy framework imposed by Western donors and adopted by the Palestinian Authority (PA), the interim administration set up as a form of self-rule in preparation for final status negotiations.

The political economy of Western donor aid since 1993 is the focus of chapter two, written by Mandy Turner. Through an interrogation of the 'Oslo peace paradigm', which includes both the structural framework created by the Oslo Accord and the ideational framework surrounding and guiding this aid, Turner critically reflects on western aid in the context of occupation and colonization. She argues that western aid has played a major role in the transformation of the political economy of the oPt in three main ways: firstly, through the impact of donor spending and involvement in the governance structures of the PA; secondly, by helping to fragment the oPt by working through the Oslo framework long past the five-year interim period; and thirdly, through the 'partners for peace' discursive framework which has been used to manipulate Palestinian elites. Turner further posits that while the concept of de-development offers some useful insights it no longer, on its own, adequately explains the political economy of the oPt which has been refashioned in crucial ways that compliment and neatly intersect with Israel's methods of control. The chapter concludes that donor conceptions of peace should therefore be cautiously scrutinized and highlights recent calls from Palestinian organizations to develop a common critical approach to what type of aid they should be willing to accept. This critical focus on western donor involvement in the oPt is a theme that is taken up and further explored in chapter three by Clemens Messerschmid with regard to water access in Israel–Palestine. Messerschmid charts the history and development of unequal access to water from Ottoman times through to the Oslo period and the current hydro-political divide between an occupying power and a disempowered population. Through the application of the concept of 'hydro-hegemony', he critiques the myth of water cooperation between Israel and the Palestinians arguing that the 'cooperation' framework established under Oslo made the donors an accomplice to long-standing malpractices. He further critiques the donors for largely accepting the two most powerful myths in the Israeli discourse – those of physical water scarcity and climate change – which he critically interrogates, concluding that, contrary to the dominant narrative, scarcity has been politically induced. The chapter finishes by calling for the construction of a counter-hegemonic resistance strategy for water justice.

The twin coercive processes of de-development and 'Israelization' and their impact on East Jerusalem is the focus of chapter four, written by Nadera Shalhoub-Kerkovian and Rachel Busbridge. Through an exploration of the daily obstacles experienced by three Palestinian women in East Jerusalem, they posit that the impact of spatial restrictions, house demolitions and Israeli-imposed legal regulations have a particular gendered impact which typically mean an exacerbation of already existing gender inequalities. They argue that studies which focus only on the structural elements of de-development and occupation miss the micro-dimensions of power – and thus how it asserts itself and how it is subverted and challenged through everyday activities. They conclude that in order to create alternative approaches to development, it is crucial to learn from the everyday resistance activities of Palestinians.

Section two, 'de-development applied', analyses the political economy of de-development as experienced by Palestinian refugees, Palestinians inside Israel, the Palestinian Bedouin-Arabs in the Naqab Desert, and Palestinians in East Jerusalem. These different sections of the Palestinian body politic have all been ignored by the Oslo peace paradigm which has thus helped to codify what is clearly a process of exclusion and disenfranchisement. Chapter five, by Ingrid Jaradat-Gassner, argues that the Palestinian refugees are a substantial component of the Palestinian people that have not only been excluded from the post-Oslo Palestinian body politic, but have also largely 'disappeared' from the horizon of international actors. She argues that their exclusion has distorted the history of the conflict with Israel and obscured its root causes, delegating the refugees to be regarded as a surplus population and as potential 'spoilers' whose rights and choices should be continually limited and manipulated in favour of a peace process which has disempowered key parts of the Palestinian people. Putting the case for a rights-based approach, Jaradat-Gassner insists that an effective development strategy must include the Palestinian refugees if peacemaking and development is to be just, principled and sustainable. The problems of poverty, unemployment and exclusion from the Palestinian body politic are themes also explored by Mtanes Shehadeh and Raja Khalidi in the chapter on the political economy of the Palestinian Arabs inside Israel. Charting the differential patterns of development between the Jewish and Palestinian communities they conclude that there are two divided, disconnected economies in Israel today: the globalized, modern and advanced Jewish-Israeli economy, and the localized and largely underdeveloped Palestinian-Arab economy. Furthermore, they insist that the political economy of de-development experienced by the Palestinian community

within Israel can only be understood through a holistic analysis of the political, economic and security agendas of Zionism, which, they argue, will ultimately have a powerful unifying effect among Palestinians *in all places*.

The experience of Palestinian Bedouin–Arabs in the Naqab Desert, who form the lowest socio-economic stratum of Israeli society, is analyzed in chapter seven. Ismael Abu-Saad shows how the Israeli government uses the guise of ‘development’, through the selective provision of education and health services, to dispossess the Bedouin of their traditional resources and livelihood, and increase their socio-economic dependence and vulnerability. He argues that Israel’s system of control over the Palestinians that remained in Israel after the Nakba was based upon the need to ensure their segmentation, cooptation and dependence. The Bedouin were thus designated as a separate group but were subjected to similar processes of land confiscation and a control-oriented educational system – processes, Abu-Saad concludes, that are an example of intentional de-development. Despite this, the Bedouin community has continued to resist dispossession as highlighted by the demonstrations and arrests in July 2013 against the Prawer–Begin Plan to evict tens of thousands of Bedouin to free up land for Israeli development.¹⁰

Urban planning is the theme of chapter eight, written by Rami Nasrallah, who shows how the policies implemented by all Israeli governments towards East Jerusalem since its annexation in 1967 have been designed to create ‘facts on the ground’ by establishing a strong Jewish physical presence through a massive programme of Jewish settlement while fragmenting Palestinian space and restricting their urban participation and rights to the city. Nasrallah’s analysis of the Jerusalem Master Plan 2020, which is the first statutory plan since 1949 dealing with the city as one urban unit, shows how Israel’s geopolitical vision and socio-economic goals of ensuring Jewish demographic superiority and Israeli territorial domination are translated into planning strategies and policies. He argues that the original insights of Roy’s de-development paradigm remain relevant for understanding the experience of East Jerusalem. The chapter concludes by calling for a comprehensive urban plan for Jerusalem that can build two capitals for two peoples.

Section three, ‘de-development resisted’, offers analyses of four very different routes taken or proposed to withstand and resist the impacts of colonization and occupation: the PA’s 2009 state-building programme, the Gaza tunnel economy, the socio-economic strategies of the PLO from 1965 until 1982, and an alternative development agenda based

on the UN concept of 'larger freedoms'. Sobhi Samour and Raja Khalidi critically assess the PA's 2009 state-building programme in chapter nine – a political strategy they label 'national liberation through neoliberalism'. They explore the PA's embrace of neoliberalism, international backing for this strategy and the intellectual climate that encouraged the Palestinian leadership to present this strategy as the only viable route of resistance. But attempting to build a state under occupation and thus liberate a fraction of historic Palestine through diplomacy is neither possible nor desirable, they argue, as it will not deliver sustainable and equitable economic growth and cannot substitute for the broader struggle to achieve national liberation. The authors conclude by appealing for alternative strategies for development to be thought through, debated and nourished. Chapter 10, by Nicolas Pelham, turns to Gaza and the role of the tunnel economy in re-developing an area devastated by years of blockade and military destruction. It details the emergence and development of this informal economy and how it kept the beleaguered enclave afloat for a few years by meeting the needs of Gaza's population and staving off starvation and possible social unrest. The chapter also charts how the tunnels, which ran under the border into Egypt, transformed the political economy of Gaza by empowering groups previously marginalized and spawning a new class of *nouveau riche* middlemen. Pelham thus concludes that while many of the symptoms of de-development analyzed by Roy have intensified, during this period Gaza acquired some of the tools of economic empowerment: control of its revenues, borders, economic decision-making and trade. While this helped to wean Gaza off of economic dependence on Israel – a major cause and consequence of de-development – it was inherently unsustainable as it was always in danger of actions by Egypt and Israel to destroy the tunnels.¹¹

Historical strategies for economic empowerment are revisited by Omar Shweiki in chapter 11 through an analysis of the socio-economic policies employed by the PLO, particularly the Fateh faction, from 1965 to its displacement from Lebanon in 1982. His chapter offers a reminder of a period of Palestinian history in which the national movement employed socio-economic strategies in order to directly challenge imposed divisions. Shweiki charts how the initial development of Fateh's development initiatives, which came under the descriptive term '*amal ijtimai*' (social work), emerged out of the needs of a political project that sought to build a liberation movement and enhance the capacity of the people for self-sufficiency by establishing factories in the refugee camps of Lebanon and Syria. He concludes the chapter by arguing

that efforts to revive and democratize the PLO are a hopeful development and represents an attempt to overcome division and develop a national strategy which, he argues, should include a socio-economic dimension. The importance of rebuilding the Palestinian body politic is echoed in chapter 12 by Mushtaq H. Khan, who argues that Palestine is in a state of 'indefinite transition' and thus supporting the rights and freedoms of Palestinians requires a drastic change of strategy. He proposes the use of the UN concept of 'larger freedoms' to construct an alternative development agenda for *all* Palestinians not just those in the oPt. Ensuring 'freedom from want' necessitates a focus on long-term Palestinian coping strategies; 'freedom from fear' requires a political process that provides hope for the future necessitating a Palestinian debate about credible strategies of liberation; while 'freedom to live in dignity' demands domestic and international mobilizations to protect Palestinian political and civil rights. Khan concludes that Palestinians need to regain their bargaining power against Israel by raising and advancing this agenda; and this, he argues, will require a unified collective struggle.

To return to the insights of the film, *Slingshot Hip Hop*, the rap artists communicate a message through their lyrics that the Palestinian community – fragmented and marginalized – must be reunited and speak out with one voice. But this type of history is made by men and women, collectively and actively. The less ambitious and limited aim of this book is to expose the ontological fragmentation created by dispossession through charting its various manifestations *and* to challenge the philosophical fragmentation created by uncritically accepting the colonizer's narrative through bringing together analyses of the political economy of the Palestinian people *as a whole*. By doing so, it is hoped that we can offer a small contribution to challenging the silences, elisions and disfigurement of history so powerfully identified by Edward Said in the epigraph.

Notes

* E.W. Said, 'In Memoriam: Edward Said, Orientalism Once More', *Development and Change* 35(5), 2004, p. 871.

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2. International Crisis Group, 'Extreme Makeover? (II): the Withering of Arab East Jerusalem', Middle East Report No. 135, 20 December 2012.

3. See, for example, R. Sayigh, *Palestinians: From Peasants to Revolutionaries*, London: Zed, 1979; R. Khalidi, *Palestinian Identity: the Construction of Modern National Consciousness*, New York: Colombia University Press, 1997; D. Matar, *What it Means to be Palestinian: Stories of Palestinian Peoplehood*, London I.B. Tauris, 2011; M. Qunsiyeh, *Popular Resistance in Palestine: A History of Hope and Empowerment*, London: Pluto, 2011; D. Gregory, *The Colonial Present*, Oxford: Blackwell, 2004.
4. S. Hanafi, 'Spatio-cide: colonial politics, invisibility and rezoning in Palestinian territory', *Contemporary Arab Affairs*, 2(1), 2009, pp. 106–121.
5. B. Kimmerling, *Politicide: Ariel Sharon's war against the Palestinian People*, London: Verso, 2003.
6. S. Abdel Jawad, 'A Palestinian Sociocide?', Evidence given at the Russell Tribunal on Palestine, New York session, 5–6 October 2012.
7. S. Roy, *Failing Peace: Gaza and the Palestinian-Israeli conflict*, London: Pluto Press, 2007, p. 33.
8. S. Roy, foreword to this book, p. xi.
9. M. Foucault, *The History of Sexuality, Volume 1: An Introduction*, Trans. R. Hurley, New York: Vintage books, 1990.
10. A.B. Solomon, 'Pro Beduin supporters fight Prawer-Begin Plan', *The Jerusalem Post*, 13 June 2013, available at: <http://www.jpost.com/National-News/Pro-Beduin-forces-struggle-versus-Prawer-Begin-plan-316354>.
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Part I

De-development Explored

1

The Economic Strategies of Occupation: Confining Development and Buying-off Peace

Sahar Taghdisi-Rad

If Hebron's electricity grid comes from our [Israeli] central grid and we are able to pull the plug and thus cut them off, this is clearly better than a thousand curfews and riot-dispersals.

Israeli Minister of Defence, Moshe Dayan, 1967*

Since its creation in 1948, the state of Israel's main goal has been to safeguard its security and survival at the expense of the economic and political rights of the people whose land it is occupying. It, therefore, sought to limit the development of the Palestinian economy inside Israel and, after 1967, inside the occupied territory of the West Bank and Gaza Strip (oPt). The Palestinian economies in these areas have been subjected to a range of Israeli strategies, such as forced integration, physical separation and asymmetric containment. Although seemingly contradictory at times, these strategies have all been aimed at denying the Palestinian collective the rights and resources vital for their empowerment inside Israel, and the establishment of an independent and viable Palestinian economy and sovereign state within the oPt.

This chapter analyses Israel's strategies towards the Palestinian economy in the oPt (for an analysis of the Palestinian economy inside Israel, see Chapter 6), highlighting a strong continuity in their purpose despite the different methods employed at various phases. It argues that the main aims of Israel's policies have been, firstly, to integrate Palestinian resources, where beneficial, to its own economy; secondly, to limit and undermine the development of an independent Palestinian economy (for example, by confiscating and/or denying control over key Palestinian economic resources); and thirdly, to discourage Palestinian demands for sovereignty and self-determination by creating mechanisms and 'rents' which would ensure compliance with Israel's security

priorities, as well as political and economic priorities, and buy-off resistance, or obstruct indigenous institution-building.

It will also be argued that the policy frameworks and institutional arrangements established after the Oslo Accords, far from helping to develop the oPt have in fact merely institutionalized Israel's strategies towards the Palestinian economy. In this vein, the development policy prescriptions of the Palestinian Authority (PA), to a large extent designed and reinforced by the international donor community, have been inadequate to face the challenges created by prolonged occupation.¹ For the PA's adoption of a neoliberal policy framework has ignored the necessity of creating a productive capacity base for the economy. Instead, it has focused on a process of continuous reform of Palestinian institutions, as well as on meeting the budgetary and 'security' requirements of both donors and of Israel (see Chapter 9 in this book). Hence, to prevent further de-development of the Palestinian economy, the PA's development framework needs to be radically altered. This radical shift must involve instituting and supporting processes of independent economic activity and employment generation, reinforcing cohesion in the oPt in the face of territorial fragmentation, and breaking away from Israel's control over Palestinian resources and policy space.

The chapter will follow a chronological structure. The first section will analyse the period up to the first intifada; the second section will focus on the period from the outbreak of the first intifada until the Gulf War of 1990–1991; while the third section will chart the period up until the peace process. The fourth and fifth sections will, in turn, critically interrogate the period between the peace process until the outbreak of the second intifada, and the period up to 2010. The chapter will conclude by arguing that the future development of the oPt is more bleak and challenging than ever before.

From 'economic union' to 'sharing the costs' of occupation

In the period of the British Mandate, despite the explicit desire of the Yishuv² to separate Jewish and Palestinian economic activities as a prerequisite for establishing an independent Jewish state, various forms of economic exchange existed between the two communities. Nevertheless, during this period, the Jewish economy emerged as the stronger party due to its links with the British and hence European economies (largely due to the political and economic favour afforded by the Mandate authorities), and the transfer of technology, capital and intellectual know-how as a result of large flows of immigrants. Compared to the flourishing Jewish economy, the Palestinian economy was largely

rural, with limited trade and financial links and limited infrastructure – setting the foundation for an imposed and unequal economic relationship. In fact, the 1930 Shaw Commission reported on the crisis of rural pauperization where 30 per cent of the Palestinian rural population had become landless, mainly due to the land purchase of settlers, thus helping to trigger the 1929 riots.³

After the Nakba and partition in 1948, traditional economic, political and geographical links between Palestinian communities in the whole of historic Palestine were severed, dividing economic activity between the West Bank and Gaza Strip and the Palestinian areas inside the newly created state of Israel. The Palestinian economy inside Israel became the poorest and weakest segment of the Israeli economy due to lack of access to, and unequal allocation of, resources. Per capita income of Palestinians inside Israel has remained well below that of Jewish-Israelis, with the former experiencing very low rates of access to higher education, and very high rates of unemployment. Lack of access to resources and the confiscation of large areas of Palestinian land in central and northern Israel have, over time, resulted in the contraction of the agricultural sector of the Palestinian economy inside Israel, producing high rates of unemployment given the sector's key traditional role as a major source of employment. Unemployed Palestinians in these areas were, thereafter, forced to find employment in the low-skilled sectors of the Jewish-Israeli economy, such as in manufacturing and construction.⁴ The marginalization of the Palestinian economy inside Israel, which continues to this date, thus reinforces the need for a Palestinian development strategy that includes the needs of this (often neglected) section of the Palestinian people. However, further analysis of this is beyond the scope of the current chapter, which concentrates on the Palestinian economy inside the oPt.

In the oPt after 1967 and prior to the Oslo Accords and the establishment of the PA, the Israeli Civil Administration (CA) had full authority over Palestinian economic, political and institutional affairs – including taxation, customs, banking, money and insurance, agriculture, industry and crafts, land and water, labour, and other resources. Israel wanted to maintain some order in the economic affairs of the oPt while not advancing the latter's economic interests, and ensuring that the regulation of economic activity corresponded to the general pattern of policy and legislation in Israel. This policy was summed up by the official stance that, 'there will be no development [in the oPt] initiated by the Israeli Government, and no permits will be given for expanding agriculture or industry, which may compete with the State of Israel'.⁵

Israel thus imposed high taxes (customs, income tax and VAT) and strict licensing requirements for Palestinian producers and traders from the oPt. It also took control over communication and electricity resources, and instituted high levels of protection for Israeli producers and exporters. This policy, often referred to as 'imposed, impure, economic integration', was aimed at imposing a cap on the activities and development of the oPt economy, while introducing elements that made resistance a very costly choice for Palestinians in the oPt – such as control over key infrastructure.⁶ This strategy deprived Palestinians in the oPt control over vital resources, and prevented independent development that could have potentially competed with Israeli industries, such as textiles and food. As a result, a large number of workshops and plants in the oPt notably in textiles and clothing, became subcontractors for Israeli industries.⁷ The regulatory restrictions on financial and commercial transactions aimed at protecting Israeli producers and exporters also made the oPt subservient and vulnerable to the Israeli economy and its political decisions. For example, the recession in the Israeli economy in 1986, together with the government's austerity programme aimed at increasing wage and price controls inside Israel, had direct dire consequences for the Palestinian labour market (by reducing wages and employment opportunities in Israel), private social expenditure and, ultimately, the living conditions of Palestinians.

Despite an 'open bridges' policy pursued by Israel after 1967 – seemingly aimed at allowing Palestinian exports to Arab and regional countries over the Jordan River bridges – the large number of obstacles related to customs, transportation and infrastructure prevented it from stimulating Palestinian trade with non-Israeli partners. This policy was largely utilized by Israel to stimulate Israeli exports, disguised as exports from oPt to Arab countries in order to bypass the latter's economic boycott. Israeli–Palestinian trade relations, hence, remained dominated by much higher levels of Israeli exports to the oPt undermining Palestinian agriculture and manufacturing which remained focused on low value-added, uncompetitive, labour-intensive production processes. The oPt's dependency on Israel as its main economic and trading partner is a destructive feature that has remained in place ever since, and was reinforced by Israeli firms' above-mentioned practice of subcontracting work to the labour-abundant Palestinian economy for re-export to Israel and beyond. The sectoral composition of this trade, which was focused on low-value, basic manufacturing activities, as well as the unstable flow of subcontracting activities, produced little sustainable employment, productivity and technological spill-overs for the economy in the oPt. By

offering Palestinians short-term individual benefits, such as temporary, low-paid employment, Israel's strategy throughout the 1980s was aimed at 'permitting personal prosperity but forcibly restraining communal development'.⁸

By the mid-1980s, due to the mounting economic costs of running the affairs of the oPt in the face of the ongoing economic crisis in Israel, the latter instituted a process of outsourcing or 'sharing' this responsibility with local Palestinian authorities through the help of regional actors, such as Jordan, and the international donor community. This process also contributed to undermining the power and standing of the Palestine Liberation Organization (PLO). This strategy of 'shared autonomy' was practiced in the areas of internal affairs, health, sanitation and social services, while key resources and policy areas remained under Israeli control. The illusion was thus created that Palestinian communities had a semblance of self-governance due to the introduction of measures such as a new system of land classification. This phase marked the beginning of an attempt to find a cost-free occupation strategy, which would ensure the continuation of Israel's control of the oPt and its resources, while reinforcing an arrangement of self-governance that would make calls for an independent Palestinian state less relevant. A key sector excluded from this system of 'shared autonomy' was the development of a Palestinian financial sector that could have supported the growth of local industries, agriculture and the private sector. Two crucial monetary factors – interest rates and prices – remained out of Palestinian control and were instead determined by economic trends inside Israel. An independent Palestinian financial sector, with a capacity for supporting productive investment activities, could have helped develop the economy of the oPt. Its non-existence, however, resulted in furthering Palestinian dependency on Israel's economy and imports. Due to the decline in local Palestinian economic activity and its employment generating potential, and given the higher wages offered in the Israeli economy, Palestinian labour thus continued a pattern of migration away from traditional sectors in the oPt (such as the agricultural sector that was undermined due to continued land dispossession, lack of adequate funding and competition from Israeli and regional agricultural sectors) to low-paid, labour-intensive sectors of the Israeli economy. Hence, in this context, Palestinians found it difficult to protect their rights and living conditions.

In addition to the above, the lack of economic and political rights for Palestinians in the post-1967 period was combined with widespread physical dispossession – in the form of the destruction of thousands

of houses and large sections of refugee camps (especially in Gaza), the expropriation of large amounts of land, and the expansion of Israel's control over Palestinian land and water resources. These policies reduced the cultivated area in the West Bank from 36 per cent of total land area in 1966, to 27 per cent in 1984 – and in the Gaza Strip from 55 per cent in 1966, to 28 per cent in 1985.⁹ Moreover, the expansion of Israeli settlements in this period, with most of them built on top of critical aquifers, further prevented any substantial expansion of Palestinian agriculture or water-dependent industries, already weakened by competition from the highly subsidized Israeli settlements (see Chapter 3 in this book). Israel's policies of attracting Israeli industry and labour to settlements in the oPt – regarded as the new 'frontier' – through the provision of subsidies, public investment, and concessional tax and credit facilities, were designed to boost their viability and expansion, while simultaneously obstructing Palestinian industrial activity. In 1987, income tax was raised for Palestinians in the oPt and the tax system was further 'militarised' through numerous military orders and proclamations. This 'militarization' of the Palestinian tax system was aimed at aligning it with the Israeli tax system, and ensuring maximum revenues for the Israeli government – with dire consequences for the Palestinian economy and Palestinian livelihoods in the oPt.¹⁰

In parallel to this, the establishment of various financial and regulatory mechanisms (such as taxes, tariffs and duties) by Israel ensured the leakage of Palestinian resources in the oPt to the Israeli economy. Between 1978 and 1984, the proportion of GNP from the oPt transferred to Israel through taxation rose from 6 per cent in 1978, to 12 per cent in 1984. The amount of tax transferred from the oPt to Israel in 1984 alone was equivalent to 46 per cent of gross factor income from employment in Israel, 16 per cent of GDP, and more than double of all private transfers (remittances and aid) received from abroad.¹¹ Blocking independent decision-making and free association in the oPt prevented Palestinian companies from developing into large economically viable groupings, and labour and professional groups from emerging¹² – both of which could have contributed to a process of indigenous capitalist transformation in the oPt.

The first intifada and Israel's policy of 'selective integration'

The first intifada broke out in 1988, driven by the desire for national self-determination. It also stimulated demands for economic independence in the form of various local Palestinian initiatives. These 'self-reliance' measures included voluntary absenteeism of Palestinian workers

from jobs in Israel and its settlements in the oPt; boycotting imported agricultural and manufactured goods from Israel and promoting the consumption of 'national' substitutes; encouraging a return to the land and the agricultural sector; and a tax strike. In other words, this period witnessed the formation of an indigenous economic development agenda in harmony with the political aspirations for national self-determination.¹³

In response, the Israeli authorities instituted an economic 'war of attrition', aided by their control over key strategic resources and services in the oPt, with the goal of raising the costs of resisting the occupation. These policies included preventing food convoys from entering areas under curfew; banning oil and petrol deliveries, interrupting electricity and water supplies to some towns and villages in the oPt; restricting the movement of people and goods between the West Bank and Gaza Strip and on exports from areas of unrest; and arresting Palestinian merchants for violating military orders to remain open at specified hours. In addition, ID cards were confiscated, and export licenses and travel permits required proof of payment of taxes, bills and fines.¹⁴ These measures had a severe impact on various sectors of the economy of the oPt, including the agricultural sector, and the internal Palestinian labour market. Restrictions on water access,¹⁵ land confiscation, and the strict control and regulation of cropping patterns, agricultural marketing and exports all intensified in response to the intifada. Combined with the continuous flooding of cheap, subsidized Israeli agricultural imports into the oPt, these measures led to further decline in the quantity and quality of Palestinian agricultural production.¹⁶ This further reduced the sector's export and employment potentials. In addition, curfews and bans on transport hampered the harvesting of the olive crop, the most important agricultural export of the oPt. Between 1967 and the early 1990s, agricultural products from Israel constituted around 86–88 per cent of total agricultural imports to the oPt, whereas Palestinian agricultural exports as a proportion of GDP fell from 31 per cent in 1981, to 10 per cent by 1990.¹⁷ The disruption in supplies of raw materials from or through Israel, with no alternative trade or finance options, also had dire consequences for the industrial sector.

Large-scale labour absenteeism initiated during the intifada meant that by the middle of 1988, 20–40 per cent of Palestinians working in Israel had withdrawn from their jobs.¹⁸ This caused major changes in the composition of the Israeli labour market, which had, until then, relied heavily on labour imports from the oPt. Given the costs associated with

this, the then Israeli minister of economics and finance, Gad Ya'acobi, declared that 'ending the uprising is one of the top priorities for the Israeli economy'.¹⁹ The high rates of inflation in Israel, and the subsequently higher wages in the Israeli labour market during these years, meant that unemployment amongst Palestinians in the oPt thus rose simultaneously with the economy's declining labour-absorptive capacity resulting from losses incurred during the uprising. Israel responded to the first intifada by strengthening its grip over the affairs of the oPt through the further militarization of the administrative and decision-making apparatus of the Civil Administration (covering areas such as the trade sector and industrial policy). This was the beginning of Israel's 'security-first' logic, which has subsequently become one of the dominant features of its policies towards the oPt.²⁰ In addition, the Israeli authorities continued its rigorous collection of heavy taxes, duties and fines – further squeezing the oPt of its economic resources, and inflicting major instabilities on its economy and labour market with the aim of preventing attempts to reduce dependence on Israel.

Israel continued to seek a selective and cost-free integration of Palestinian resources. The aim of this strategy was clarified by the then Defence Minister Yitzhak Rabin, as being to 'strike a balance between actions that could bring on terrible economic distress and a situation in which [the Palestinians] have nothing to lose, and measures which bind them to the Israeli administration and prevent civil disobedience'.²¹ Israel's policy of 'selective integration' was thus aimed at integrating more land into Israel, while physically containing the Palestinians of the oPt. Additionally, 'selective integration' forced Palestinians to comply with the Israeli occupation, hence minimizing its cost to the Israeli economy. A good example of this is illustrated by an aspect of Israel's 1989 development plan – aimed at building an industrial base in the oPt that could absorb Palestinian workers, and reduce the costs and uncertainties to Israel of employing Palestinians inside Israel while still benefiting from exporting to an industrial base in the oPt.

The Gulf War and Israel's institutional 'separationism'

The Gulf War of 1990–1991 added to the uncertainties and upheavals in the region. It also specifically resulted in further blows to the oPt economy, as a large number of Palestinian workers were expelled from the Gulf countries due to the PLO's support of Iraq's invasion of Kuwait. By August 1992, Kuwait alone had expelled more than 400,000 Palestinians, drastically reducing the flow of remittances and increasing unemployment levels in the oPt.

The political position of the PLO during the Gulf War, and the threat of returnee Palestinians flooding the Israeli labour market, resulted in the introduction of Israel's closure policies²² and increased restrictions on Palestinian labour flows to Israel – for example, through the introduction of a permit system for entry to Israel.²³ This further undermined economic activity inside the oPt. These policies signalled Israel's desire for an increasing level of separation from the oPt, where the 'costs' of integration were now regarded to be higher than its 'benefits'. This policy of 'disintegrationism' was described in the words of an Israeli official at the time as, 'the less of [Palestinians] that will work in Israel, the better ... now is the time to bring about substantial change through separation ... we must see to it that Palestinians do not swarm us'.²⁴ In order to facilitate this, measures such as tax relief, banking, and credit facilities were introduced in the oPt to create provisions for capital flows and industrial expansion. According to Israeli officials, '[t]here [w]as no change in policy but there is a new approach Instead of having the workers from the territories come to factories in Israel, we want those factories to go to the territories'.²⁵ This strategy was introduced under the pretext of improving 'the welfare and standard of living of the Palestinian population ... expanding employment opportunities and developing the local economy ...', as stated by the Permanent Representative of Israel to the United Nations in 1993.²⁶ However, it also helped to improve Israel's diplomatic profile, as well as reduce the political and economic 'burden' of a fragile oPt economy, and a large labour force that could increase economic instability inside Israel (i.e., through reducing access to employment and lowering wages for Israeli workers). This strategy also complimented Israel's desire to avoid political implications, such as demands by Palestinian workers for political integration or political and economic rights that may have resulted from further economic integration.

The remainder of Israel's policies in the oPt during this period – such as the expansion of settlements and the introduction of the closure regime, interlinked with the neglect of infrastructural development, and a poor productive capacity due to decades of occupation – undermined the potential for economic development in the oPt further. Granting business licenses without providing the financial and institutional infrastructure required for their operations therefore made regulatory relaxations redundant. Palestinian factories in the oPt that received permission to operate were forced to use Israeli products, such as machinery, further ensuring their long-term dependence on the Israeli economy. Furthermore, the regular closure of borders and the increasing restrictions on the quantity and range of goods that could pass through

the checkpoints increased the transaction costs of doing business while limiting Palestinian access to alternative sources of inputs or markets for their products. This had a major impact on Palestinian trade with Jordan – the oPt's main trade destination after Israel. Hence, at this juncture, the 'separation strategy' allowed Israel to continue its control over the oPt and its resources, and expand its settlements with minimal contact with, and responsibility towards, the Palestinian population of the oPt. The PA, therefore, came into being with a legacy of inadequate financing and poor infrastructure, a distorted labour market, eroded and underutilized Palestinian productive capacity, and no indigenous institutions for developing the economy of the oPt.

Oslo and the creation of dependent and contained Palestinian 'statehood'

Peace negotiations between Israel and the PLO resulted in the signing of the Declaration of Principles (otherwise known as the Oslo Accords) in 1993, and the much-celebrated Paris Protocol on Economic Relations (PER) on 29 April 1994. Although the PER granted the newly-created PA some control over institutional and economic affairs in the oPt, it did not entail the withdrawal of the Israeli Civil Administration from those areas,²⁷ and did not help to reverse the oPt's trade deficit with Israel that had accumulated since 1967. The PER, in fact, institutionalized the dependence of the oPt economy on Israeli policies, rules and regulations, largely because this form of symbolic quasi-sovereignty left Israel in control of the geographical, institutional, regulatory, fiscal and financial affairs of the oPt.

The trade policy component of the PER was of particular importance if the oPt's long-standing dependence on the Israeli economy was to be reduced. While Palestinian negotiators argued for a Free Trade Agreement (FTA) requiring customs borders between Israel and the oPt – Israel argued in favour of formalizing the customs union that had existed *de facto* since 1967, and for all matters linked to borders to be referred to permanent status negotiations. A customs union would allow Israel to continue to dominate the economy of the oPt but prevent *full* integration, as it did not entail access to a single market with Israel, and free movement of goods, services and factors of production. An FTA, on the other hand, would have granted the PA control over the oPt's external economic borders, and allowed the PA to set independent tariffs on the import of goods from other countries. Given Israel's stronger position in the negotiations, the PER (and thus customs union) was the model adopted.

Under the PER, Israel's VAT and tax collection system was imposed on the oPt, 'to prevent illegal trade flows motivated by tax avoidance'. Additionally, there was a partial relaxation of trade restrictions between the oPt and Jordan and Egypt, and thus, through them, to the rest of the world. Simultaneously, the introduction of more regulatory and quantitative restrictions on Palestinian exports to Israel, protected Israeli producers who were already benefiting from the state's extensive subsidy programme. Furthermore, Israel was given the authority to 'from time to time introduce changes in trade policy' – thus allowing it to ensure unequal trading relations between the two parties.²⁸ In terms of labour, Palestinians from the oPt could continue to work inside Israel, but without a guarantee of access. This was due to the fact that Israel was allowed to determine 'from time to time the extent and conditions of the labour movement into its area' according to its own economic, political and security considerations.²⁹ Increased transaction costs and closures acted as further barriers to Palestinian trade and diversification.

Under PER regulations, import taxes and levies on *all* goods bound for the oPt were to be transferred to the PA. However, 'imports' were defined in a very restrictive way – as goods only *directly* imported by Palestinian companies via Israel and not those first imported via an Israeli company for onward shipment to Palestinian traders. Since the latter category constituted the bulk of imports to the oPt, these regulations denied the PA a significant amount of potential import revenue. Furthermore, with all imports to the oPt going through Israel's customs system, the leakage of Palestinian financial resources to Israel was reinforced and institutionalized. In addition, and perhaps more importantly, by collecting and transferring Palestinian tax and customs clearance revenue to the PA, Israel was handed an extraordinary level of control over the PA – particularly because such revenue constitutes 60–70 per cent of the PA's budget.³⁰ The PA's fiscal position was thus highly dependent on Israel.

In the area of monetary policy and banking, although the PER placed banking regulations under the control of the Palestinian Monetary Authority (PMA), the creation of a Palestinian currency was postponed indefinitely, and the New Israeli Shekel (NIS) continued to be the main currency in circulation in the oPt. By entering a quasi-customs union with Israel and falling within the Israeli customs envelope and regulations, the oPt thus became more dependent on Israel's trade and economic institutions, which restricted development prospects and the creation of institutional structures essential for its long-term growth.³¹

Additionally, the horizontal expansion of the agricultural sector was limited by the decline in land and water availability, resulting from years of confiscation of Palestinian resources and the expansion of Israeli settlements and closure activities. In parallel to this, its vertical expansion was confined by lack of access to markets, inputs and financing, as well as competition from heavily-subsidized agricultural producers in Israel and its settlements. These – together with the high transaction costs associated with closure-induced disruptions to transportation, labour movement and access to inputs, as well as tougher regulatory requirements – hampered Palestinian industrial and private sector activities.

These developments caused a pattern of divergence between the economies of the oPt and Israel during the course of the 1990s, as illustrated by Figure 1.1. Although a level of convergence had taken place during the first two decades of the occupation, largely due to the income growth from Palestinian labour export to Israel rather than any productive economic activity, a clear pattern of divergence emerged after the formation of the customs union. Palestinian GDP per capita grew from 11 per cent of that of Israel in 1967 to 14 per cent until the end of the

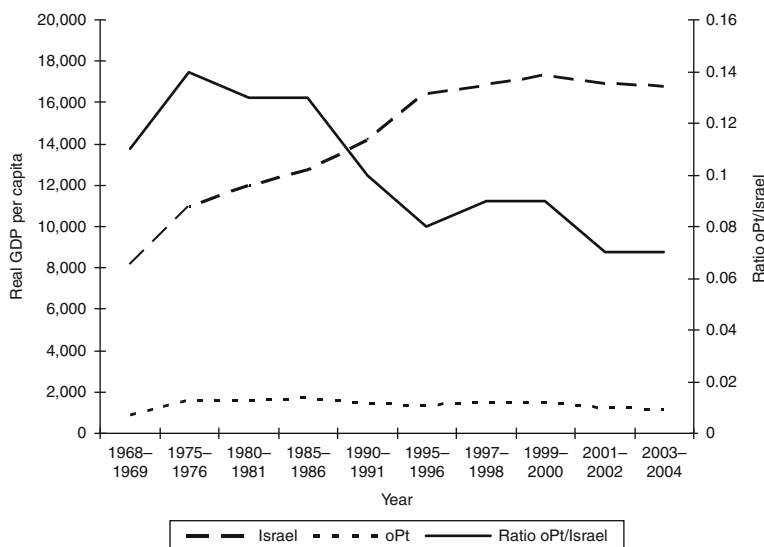


Figure 1.1 Pattern of convergence/divergence between Israeli and Palestinian real GDP per capita (1995 \$)

Source: UNCTAD (2006) *The Palestinian War-Torn Economy: Aid, Development and State Formation* (UNCTAD/GDS/APP/2006/1).

1970s. The ratio then declined almost continuously, except for a relative turnaround during the 1990s caused by the post-Oslo surge of donor assistance. At 9 per cent in 2000, it was still below its level prior to Oslo and since then it has plunged further to half its level of 30 years ago.³² Hence 'integration-without-convergence' was made possible by the PER's quasi-customs union and became the dominant Israeli policy towards the WBGs during the 1990s. Ultimately, the Oslo period encouraged a skewed integration of the oPt economy with Israel and its settlements in the oPt.

The inability of the peace process to create a coherent political framework meant that by the end of the 1990s the economy of the oPt was suffering from high levels of unemployment and poverty, and there was little policy space for the PA to effect change. Indeed, the majority of the PA's aid-funded budget was being used for humanitarian and budget deficit emergencies, with scant attention being paid to long-term development priorities and planning. By the end of the 1990s it was clear that the PA's economic policies needed to focus on the growth of industrial and agriculture production geared towards employment creation, expansion of exports and lowering imports. But the PA did not have the institutional or regulatory authority to institute such policies.

The second intifada and Israel's 'economic peace'

The outbreak of the second intifada in September 2000 posed an even bigger challenge to the already fragile oPt economy. Israel tightened its security measures and movement restrictions, which had major negative impacts on Palestinian agricultural and trade sectors, and disrupted Palestinian labour flows to Israel. The economy of the oPt thus went through a deep crisis between October 2000 and the end of 2002 – reflected in high unemployment rates and a sharp decline in the trade sector, although some recovery took place in 2003 and 2004, with real GDP growing from –13.3 per cent in 2002 to 12 per cent in 2004.³³ In fact, Palestinian economic activity after the second intifada has been largely concentrated in low value-added construction, manufacturing and agricultural activities – similar to the oPt economic structure during the period 1967–1993. Any 'joint ventures' between Palestinian and Israeli businesses have been in the form of sub-contractual activities in low value-added sectors, with limited technological or productive spill-over to the economy of the oPt.

The PER framework and many years of 'peacebuilding' and 'state-building', together with millions of dollars of donor funding, did not succeed in creating a viable Palestinian economy or state (see Chapter 2

in this book). Israel's control over PA revenues has been particularly problematic. For example, in 2002, in response to the second intifada, Israel withheld PA customs and VAT revenue clearance, resulting in a 66 per cent drop in Palestinian public revenues. With the resumption of transfers, total PA revenue jumped from US\$300 million in 2002 to US\$1.2 billion in 2005, but collapsed again to US\$358 million with the withholding of more than US\$800 million clearance revenue in 2006.³⁴ This strategy, which has been frequently utilized, has been a key tool of Israel's 'security-first' *modus operandi*, and has allowed it to try to control the PA and 'punish' it when it does not comply with Israel's security, political and economic priorities. This has compromised the PA's role as a self-governing entity creating the foundations for Palestinian independence. Moreover, the political and economic frameworks that regulated the relations between the PA and Israel did not address the economic and developmental challenges of prolonged occupation, nor did they enable and equip the Palestinians with the rights, power, and resources to move towards self-determination and sovereignty.³⁵

Another result of the second intifada was to further separate the oPt from the Palestinian economy inside Israel. For instance, the latter had been a major destination for exports of fresh agricultural products from Gaza, despite the fact that most of the products were exported via Israeli firms. This ended after the second intifada however, and this form of separation was consolidated after the 2005 Disengagement. The 2006 election of Hamas, and the subsequent international diplomatic and economic boycott of the PA, also resulted in making the task of designing a comprehensive development strategy for the oPt more difficult. This became particularly the case after the split in the PA in June 2007, which resulted in the further exclusion of Gaza from the PA's policy-making and planning.³⁶ An ironic yet predictable consequence of this has been that, following the second intifada, the economic characteristics of the oPt (equipped with state-like institutions and a promise of independence and sovereignty) have increasingly become more similar to that of the Palestinian economy *inside* Israel (a national minority economy inside a hostile state). Thus, today, the Palestinian economy as a whole (covering the West Bank, Gaza Strip and the Palestinian areas inside Israel) has common characteristics and problems: an eroded productive base, high levels of unemployment and poverty, limited control over external trade, and low levels of productive investment. Despite these realities, international donors and the PA focus their efforts on 'reforming' Palestinian institutions in line with 'good governance' and neoliberal economic criteria, rather

than rethinking the development agenda according to Palestinian needs (see Chapter 9 in this book).

In 2009, Israel proposed a strategy of 'economic peace' with the PA in the West Bank with the stated objective of 'improving economic relations' and 'weav[ing] an economic peace alongside a political process'.³⁷ Through the implementation of this strategy, Israel aimed to strengthen and co-opt what it regarded to be the 'moderate' elements of the Palestinian political elite by allowing some economic growth and, in doing so, ensuring compliance. Although supported and praised by international donors, this strategy of 'economic peace' is an example of an Israeli offer of limited economic gains to Palestinians (albeit this time only in the West Bank) while continuing to deny them their political rights of self-determination or citizenship. For buying-off and pacifying sections of the Palestinian political elite is a strategy that has often been used by Israel to undermine Palestinian resistance to occupation in the past – and the PA's adoption of a neoliberal economic policy framework, encouraged and funded by the international donor community, has been a major element of this phase of pacification. It has therefore prioritized temporary economic stability over long-term political resolution – undermining the significance of challenging the fundamental elements of the occupation, and of ensuring the rights and livelihoods of Palestinians.

The short-term growth and prosperity gains from the 'economic peace bubble' which emerged after 2009 – in the form of a construction boom, and the opening of trade shows, luxury malls and restaurants concentrated in the urban areas, and particularly in Ramallah – offered individual material prosperity to particular sections of Palestinian society at the expense of collective political and development objectives and priorities. As Khalidi and Samour have pointed out, in this period the PA, 'equate[d] free trade with freedom, house ownership with state building, and an independent central bank with political independence'.³⁸ However, the promise of 'economic peace' went hand-in-hand with Israel's intention of indefinitely delaying Palestinian self-determination and statehood. In the absence of the end of occupation and the elimination of external obstacles to economic development and sovereignty, the PA thus focused on tackling 'internal' obstacles to statehood – particularly underlining 'security' as an important prerequisite for development.³⁹ The fundamental requirements for economic development though – access to resources, control over geographical borders and infrastructure, and equal economic rights and policy space – were left untouched. Within this framework, the political and economic

rights of Palestinians in the oPt were relegated to a form of limited self-governance over a series of disconnected cantons.⁴⁰

In a different vein, and in the context of the global economic crisis after 2008 that highlighted the failures of neoliberal economic frameworks, neoliberal development strategies should also be subjected to scrutiny. Moreover, in the context of occupation and a PA stuck in a period of 'indefinite transition', Palestinians should debate and build an inclusive development strategy that reclaims Palestinian economic and political rights, and that treats the Palestinian people as a whole entity (see Chapter 12 in this book). A strategy of 'economic resistance' – through, for example, developing an independent economic and trade policy, and a policy of capital accumulation with the aim of increasing productive investment and employment opportunities – could thus go a long way in helping reduce the oPt's vulnerability and dependence on the Israeli economy.⁴¹

Conclusion

Following decades of forced integration, occupation and territorial disintegration, the economy of the oPt suffers from major structural, institutional and sectoral weaknesses. With diminished agricultural and industrial sectors, a fragmented transport infrastructure, declining human capital, and a fragmented labour market, the outlook for the future development of the oPt remains bleak and challenging. This is the result of prolonged occupation, and of Israel's strategies towards the oPt – strategies that have been reinforced by the provisions of the Oslo Accords.

Israel's overall strategy has aimed at restricting the development of the Palestinian economies of the oPt, and inside Israel – through the dispossession of key economic resources and rights, and the integration of Palestinian land and economic resources to Israel (where beneficial for the latter) to prevent independent economic development. This has been enhanced by, sharing and outsourcing the costs of the occupation to local Palestinian and international institutions and actors, and by attempting to pacify segments of the Palestinian political elite through offers of personal prosperity at the expense of collective development and viable statehood. As a result, 20 years after the signing of the Oslo Peace Accords, the economy of the oPt suffers from a weak and diminishing productive base incapable of generating adequate investment and employment. Hence, in the context of a quasi-state with limited policy space, the biggest challenge for Palestinians today revolves around the uncovering of ways to create a holistic Palestinian vision

for development that will end dependency on the Israeli economy and support their struggle for self-determination.

Notes

* J. Ron, *Frontiers and Ghettos: State Violence in Serbia and Israel*, London: University of California Press, 2003.

1. S. Taghdisi-Rad, 'The Political Economy of Aid in Palestine: Relief from Conflict or Development Delayed?', London: Routledge, 2011.
2. Yishuv was the name used for the Jewish community before the State of Israel was established.
3. Hope-Simpson Report, *Report on Immigration, Land Settlement and Development*, Cmd. 3686, October 1930.
4. Z. Sussman, 'The Determination of Wages for Unskilled Labor in the Advanced Sector of the Dual Economy of Mandatory Palestine', *Economic Development and Cultural Change*, 22(1), 1973, pp. 95–113.
5. G. Abed, (ed.) *The Palestinian Economy: Studies in Development under Prolonged Occupation*, London: Routledge, 1988.
6. A. Arnon, (ed.) *The Palestinian Economy: Between Imposed Integration and Voluntary Separation*, New York: Brill, 1997.
7. A. Samara, 'Globalization, the Palestinian economy, and the "Peace Process"', *Journal of Palestine Studies*, 29(2), 2000, pp. 20–34.
8. M. Shadid, 'Israeli policy towards economic development in the West Bank and Gaza', in G. Abed (ed.), *The Palestinian Economy: Studies in Development under Prolonged Occupation*, London: Routledge, 1988.
9. R. Khalidi and S. Taghdisi-Rad, *The Economic Dimensions of Prolonged Occupation: Continuity and Change in Israeli Policy towards the Palestinian Economy*, UNCTAD, Geneva, 2009.
10. Khalidi and Taghdisi-Rad, *The Economic Dimensions of Prolonged Occupation*.
11. Khalidi and Taghdisi-Rad, *The Economic Dimensions of Prolonged Occupation*.
12. The latter was further undermined by the transfer of Palestinian labour to Israel.
13. UNCTAD, 'Recent economic developments in the occupied Palestinian territories, with special reference to the external trade sector', (UNCTAD/TD/B/1183), 1988; UNCTAD, 'Recent economic developments in the occupied Palestinian territory', (UNCTAD/TD/B/1221), 1989.
14. UNCTAD, 'Recent economic developments in the occupied Palestinian territories', (UNCTAD/TD/B/1221), 1988.
15. Out of total annual supplies originating in the territory of 800m cubic meters, the Palestinian inhabitants were allowed the use of only 110 m cubic meters despite rapid growth of population.
16. High costs of fresh water forced many farmers to use brackish water mixed with fresh water from springs.
17. UNCTAD, 'Prospects for Sustained Development of the Palestinian Economy in the West Bank and Gaza Strip, 1990–2010: A Quantitative Framework', 1994.
18. UNCTAD, 'Recent Economic developments in the occupied Palestinian territory', (UNCTAD/TD/B/1221), 1989.

19. Ibid.
20. See M. H. Khan, G. Giacaman and I. Amundsen (eds.), *State Formation in Palestine: Viability and Governance during a Social Transformation*, London: Routledge, 2004. It is worth mentioning that according to some scholars the 'security first' logic was part of Zionist thinking ever since its creation – see for example, V. Jabotinsky, *The Iron Wall: We and the Arabs*, 1923, first published in Russian under the title *O Zheleznoi Stene in Rassvyet*, 4 November 1923, and later published in English in *Jewish Herald* (South Africa), 26 November 1937.
21. P. Lagerquist, 'Privatizing the occupation: the political economy of an Oslo development project', *Journal of Palestine Studies*, 32(2), 2003, pp. 5–20.
22. Closure policies refer to a system of Israeli-imposed movement restrictions on Palestinian labour and commodities within the oPt and between the oPt and the outside world. The closures which are implemented through various mechanisms such as the establishment of checkpoints, Israeli settlements and the Separation Barrier, can be 'external' (restricting movement between the Palestinian areas and Israel, Jordan and Egypt) or 'internal' (within and between regions of the West Bank and Gaza Strip).
23. The new permit system which was established by the IDF in 1991 required each resident to obtain a personal exit permit to enter Israel, contrary to general permits that applied to the population as a whole. Criteria for getting a permit were not published. Although initially most Palestinians could continue to enter Israel routinely using the long-term permits issued by Israel, over time this permit policy became more and more strict.
24. UNCTAD, 'Developments in the economy of the occupied Palestinian territory', (UNCTAD/TD/B/40(1)/8), 1993.
25. UNCTAD, 'Recent Economic developments in the occupied Palestinian territory', (UNCTAD/TD/B/1305), 1991.
26. UNRWA, 'Palestine refugees in the Palestinian territory occupied by Israel since 1967: Report of the Secretary General' (A/48/373), 1993.
27. Hence a strategy of 'selective withdrawal' which resulted in the creation of areas A, B and C.
28. Chapter VII of the PEP, 1994, see PER, *Protocol on Economic Relations between the Government of the State of Israel and the P.L.O., Representing the Palestinian People*, Al-Mashriq, 1994. Available at: (http://almashriq.hiof.no/general/300/320/327/gaza_and_jericho_04.html).
29. PER, *Protocol on Economic Relations*.
30. UNCTAD, 'Report on UNCTAD assistance to the Palestinian people: Developments in the Economy of the occupied Palestinian territory', Fifty-eighth session, Geneva, 2011.
31. Taghdisi-Rad, 'The Political Economy of Aid in Palestine'.
32. UNCTAD, 'The Palestinian War-Torn Economy: Aid, Development and State Formation', (UNCTAD/GDS/APP/2006/1), 2006.
33. UNCTAD, 'Report on UNCTAD assistance to the Palestinian people', 2011.
34. UNCTAD, 'Report on UNCTAD assistance to the Palestinian people', 2008.
35. Taghdisi-Rad, 'The Political Economy of Aid in Palestine'.
36. The split between the West Bank and Gaza Strip in June 2007 resulted in a western-sponsored PA in the West Bank under the leadership of President

- Mahmoud Abbas and Prime Minister Salam Fayyad, and an isolated pariah PA in Gaza under the leadership of Hamas.
37. R. Ahren, 'Netanyahu: Economics, not politics, is the key to peace', *Haaretz*, 21 November 2008. Available at: (<http://www.haaretz.com/hasen/spages/1038970.html>).
 38. R. Khalidi and S. Samour, 'Neoliberalism as Liberation: The Statehood Program and the Remaking of the Palestinian National Movement', *Journal of Palestine Studies*, 40(2), 2011, pp. 6–25.
 39. Khalidi and Samour, 'Neoliberalism as Liberation'.
 40. J. Federman, 'Palestinians Give Cool Reception to Netanyahu's 'Economic Peace' Plan', *CNS News*, 7 May 2009. Available at: (<http://www.cnsnews.com/public/Content/Article.aspx?rsrcid=47796>).
 41. Khalidi and Samour, 'Neoliberalism as Liberation'.

2

The Political Economy of Western Aid in the Occupied Palestinian Territory Since 1993

Mandy Turner

In the summer of 2012, a Palestinian theatre company toured the West Bank with its production, *Beit Yasmine* (House of Yasmine). Showed to packed theatre houses, the play narrates the story of the shooting and subsequent treatment of human rights activist, Yasmine. While she lies critically wounded, her family is required to write and submit a proposal for medicine which will only be accepted if they also supply a written assurance (the Anti-terrorism Certification¹) that none of it will go to 'terrorists'. When the medicine arrives, the family discuss whether it will be addictive or not; a debate ensues where they are assured by the 'medical expert' that in small doses it will be beneficial. However, simultaneously, other 'experts' arrive with more types of medicine, and it soon becomes clear it is best that Yasmine remains ill in order to continue receiving such care, and for those around her to profit from it. The rebellious son of Yasmine, who initially opposes the medicine, is plied with offers of paid study abroad or a comfortable salary in a good job for his silence and acquiescence – thus posing him with a severe moral dilemma.²

Clearly *Beit Yasmine* was articulating some of the frustrations being expressed by Palestinians towards western aid and donors in the occupied Palestinian territory (oPt). In particular, that aid has become a 'game' and a corrupting force – for both beneficiaries and benefactors – and that it is shrouded in a fundamental dishonesty. From a population that was, for a few years (until recently), one of the largest per capita beneficiaries of foreign aid in the world, this is a damning critique, and one that requires serious exploration.³

The context for aid and humanitarian assistance provided to the Palestinian people has gone through a number of phases. In the initial

period after the creation of the state of Israel and the Nakba in 1948, humanitarian assistance, distributed through the United Nations Relief and Works Agency (UNRWA), was provided for Palestinian refugees (see Chapter 5 in this book). After Israel's occupation of the West Bank and Gaza in 1967, a few Arab donors provided aid; and after the 1978 Camp David Accord between Israel and Egypt, USAID and UNDP began to operate in the oPt.⁴ However, it was after 1993 and the signing of the 'Declaration of Principles' (better known as the Oslo Accord) between the Palestine Liberation Organisation (PLO) and the state of Israel, that the volume of aid and number of western donors operating in the oPt ballooned; and thereafter they became deeply involved in its political economy. While the activities of UNRWA continued to be funded, and thus Palestinians outside of the oPt were not completely ignored, most donor attention and activity was thereafter focused on the occupied West Bank and Gaza Strip.

This chapter is therefore focused on critically unpacking the political economy of western donor aid since 1993; the context for which has been the 'Oslo peace paradigm' which includes both the structural framework created by the Oslo Accord and the ideational framework surrounding and guiding this aid. It does not analyse the agendas and impacts of non-western aid and donors, important though they are (particularly those from the Arab world⁵), because although they operate within a similar structural reality, their ideational framework is different (in addition, reliable data on their activities is sporadic and difficult to access).⁶ The chapter is divided into four sections. Section one describes the Oslo framework and the structural context for aid, while section two unpacks the ideational framework surrounding it. Section three critically reflects on western aid in the context of occupation and colonization, and argues that the concept of de-development no longer, on its own, adequately explains the political economy of the oPt. Section four concludes the chapter by arguing that western aid has played a major role in the political economy of the oPt in three ways. First, through the impact of donor-funded spending and involvement in the governance structures of the Palestinian Authority. Second, by helping to fragment the oPt geographically by working through the Oslo framework long past the five-year interim period. And, third, through the 'partners for peace' discursive framework which has been used to manipulate Palestinian elites. Because of this, the chapter argues, the type of peace being supported by western donors needs to be unpacked and subjected to critical scrutiny.

The 'Oslo framework' and the structural context for aid

The expansion of western aid and donor involvement took place through and within the Oslo framework created by the Oslo Accord and subsequent agreements which committed both parties to track-one bilateral negotiations towards a resolution of the conflict. The Oslo framework thus established an interim administration, the Palestinian Authority (PA), as a form of self-rule, and handed over small pockets of territory to its management. The PA was given limited autonomy over the civil affairs of the majority of the Palestinian people living in the West Bank and Gaza (but not over the land) as Israel's military forces formally withdrew from some high-density population areas while continuing to control access to and from them (and making frequent military incursions and arrest raids into them). Geographically, the oPt was divided into administrative parcels: in the West Bank (excluding East Jerusalem which had been annexed after the 1967 occupation) into Area A (under PA civilian and security control), Area B (under PA civilian control and Israeli security control) and Area C (under full Israeli control); in Hebron into H1 (akin to Area A) and H2 (akin to Area C); and in Gaza into Yellow and White Areas.⁷ This was structured as follows: 18 per cent of the West Bank was designated Area A holding 55 per cent of the Palestinian population, Area B was 20 per cent of territory with 41 per cent of the population, and Area C was 62 per cent of territory with 5.8 per cent of the population.⁸ This framework has remained in place despite the fact that it was only supposed to be for an interim period of five years, while final status negotiations on refugees, borders, Jerusalem, water rights and Israeli settlements took place. However, withdrawals and transfers of power were frozen in 2000, and there has been no significant redeployment of Israeli forces, apart from Gaza in 2005 (thereafter put under siege). Areas A and B (or a combination of both) are surrounded by Area C, meaning there is no geographical contiguity for areas under PA administration, which also makes movement and access difficult for Palestinians.

The Oslo framework continued Israel's already-existing control over external borders and key factors of production (including land, water and the movement of labour) and did not deter Israel's practices of land grabbing and settlement expansion. Israel also retained control over key Palestinian state-building resources including trade and fiscal revenue, the proceeds of which were to be given by Israel to the PA as 'revenue transfers' as enshrined in the Paris Economic Protocol (PEP) – the framework for economic relations between the PA and Israel.⁹ The PEP established a quasi-customs union which has been detrimental to the

economy of the oPt as it left the PA with no control over macroeconomic or exchange rate policy, it led to huge amounts of fiscal leakage (documented as being over US\$200 million by 2013) and it imposed a tariff structure appropriate to an advanced industrialized global economy not to an underdeveloped economy emerging out of military occupation.¹⁰

By the time of the signing of the Oslo Accord, 26 years of Israeli military occupation had taken its toll on the political economy of the West Bank and Gaza Strip. Palestinians had suffered from land expropriations, restrictions on the use of natural resources, low levels of public investment, an undeveloped economic infrastructure and industrial base, poor and fragmented social services, feeble local government, a weak financial sector and a loose legal and regulatory system.¹¹ This threw up huge challenges for developing the economy and creating governmental structures in the oPt in preparation for final status negotiations. Promoting development that could underpin statehood was further undermined by Israel's strategy of 'asymmetric containment' and the Oslo framework – both of which ensured the continuation of Israel's economic dominance and control over key Palestinian resources. (See Chapter 1 in this book.)

Into this context and framework, around 40 donor countries and 20 UN and other multilateral agencies have given aid for governance, development and humanitarian activities.¹² Western donors have committed significant resources as shown by the level of overseas development assistance (ODA) which rose from US\$39.24 million in 1993 to \$1.741 billion in 2009; it thereafter dipped so that by 2012 it was \$1.099 billion.¹³ (See Figure 2.1.) When ODA figures are given for all

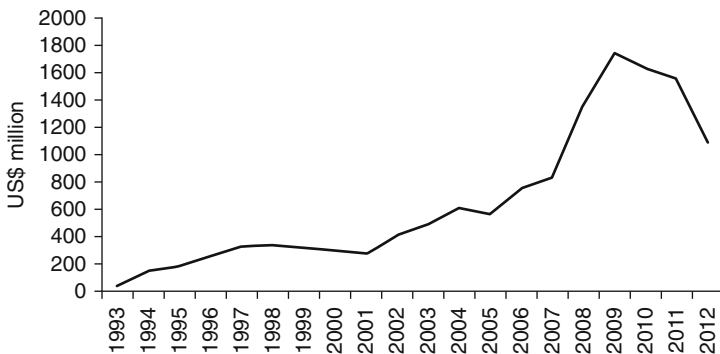


Figure 2.1 OECD DAC ODA official disbursements, 1993–2012

Source: OECD DAC database.

donors and multilateral agencies, this increases from US\$178.74 million in 1993 to \$2.011 billion in 2012.¹⁴ Budget support was provided to the PA and hundreds of international and local NGOs were established and competed to implement donor programmes.¹⁵ However, it should be noted that the mechanisms for reporting and documenting aid have improved significantly since the mid-1990s and so earlier figures do not adequately capture the level of ODA provided. In 2013, the IMF estimated that since its creation, the PA has received more than US\$15 billion in aid from bilateral and multilateral donors (which constitutes 15 per cent of GDP per year), with annual per capita aid averaging \$340.¹⁶

Regular pledging conferences and other donor meetings have played a key role in mobilizing assistance although it has often been difficult to distinguish between ‘new’ and ‘old’ pledges, and pledges have not always translated into disbursements.¹⁷ In fact, in 2012, donor countries pledged US\$1.3 billion but had only transferred \$800 million in funds, adding a \$500 million deficit to the PA’s 2013 budget, which by June 2013 had reached \$4.2 billion.¹⁸ The gap between budget assistance requested by the PA and that received from donors was US\$694 million in 2012 and \$438 million in 2011.¹⁹ (See Figure 2.2.) This has contributed to the PA’s fiscal crisis, which will be explored later in this chapter.

To coordinate aid, an elaborate layer of oversight committees was formed by the western donors with bodies at the national level and at the local level.²⁰ (See Figure 2.3.) This type of oversight arrangement reflects common donor practice in other war-torn societies – where they have either directly controlled the state-building process through the creation of a transitional administration (often, but not always, administered by

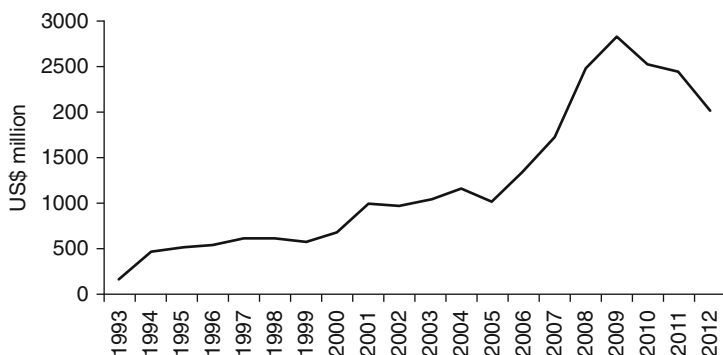


Figure 2.2 All donors and multilateral agencies ODA disbursement, 1993–2012

Source: OECD DAC database.

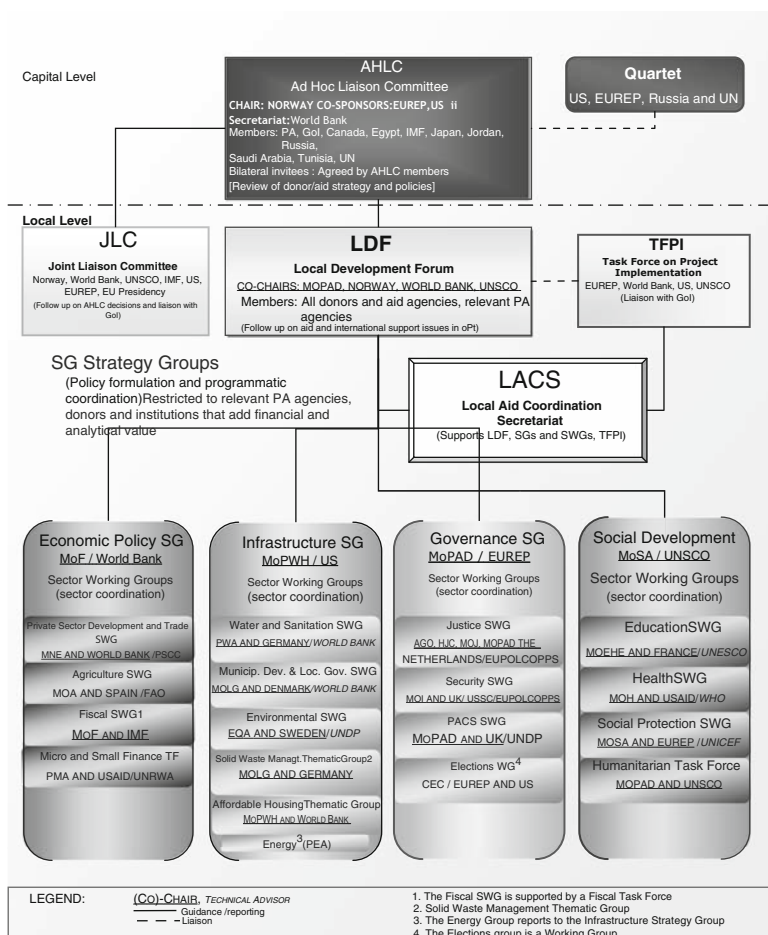


Figure 2.3 Aid management structure in the occupied Palestinian territory

Source: Local Aid Coordination Secretariat.

the UN) such as in Kosovo or East Timor,²¹ or have dominated the state-building process through governance assistance and involvement in key ministries such as in Sierra Leone or Liberia.²² However, the PA is unlike any other governance structure witnessed in either a colonial or conflict context (see Chapter 9 in this book). The only body which holds sovereignty over the land, resources and people of the oPt is the occupying power, Israel, despite the fact that the Oslo framework and the creation of the PA blurred this. Indeed, the necessity for large and continuing

amounts of aid is caused by the lack of control that Palestinians have over their resources (both natural and human).

Due to the huge numbers of donors and multilateral agencies involved in the oPt, there was an 'aid politburo' of the dominant players: the US, the EU, the World Bank and the UN.²³ The World Bank is the leading multilateral actor in donor coordination: it holds key positions in nearly every committee and is the administrator of the multi-donor trust funds.²⁴ The UN has multiple agencies operational in the oPt overseen by the UN Special Coordinator Office for the Middle East Peace Process (UNSCO). Through the European Commission and individual Member States, the EU has been the largest donor. However, the most important third-party actor is the US, which has been the dominant external and military power in the region since the 1970s and which has overseen the diplomatic process.²⁵ US support for Israel throughout this period has been unconditional, cemented by both generous aid (around US\$3 billion annually, almost all of it military aid, although in the past it included significant economic assistance) and in political/diplomatic terms (through strong support within the US Congress and within the UN).²⁶

While the US's role is unquestionably problematic, all other donors have tended not to overtly challenge US positions for self-interested foreign policy reasons, although tensions and friction have arisen on occasion. Donor relationships and roles in the oPt therefore reflect global structures of power as they operate in the Middle East. Le More characterizes donor relationships and roles in the oPt thus: 'the US decides, the World Bank leads, the EU pays, the UN feeds.'²⁷ Nothing much has altered to disrupt this general rule, not even the creation of the Quartet (which includes the EU, the US, the UN and Russia) in 2002.²⁸ Indeed, a senior French official stated: 'As [ex-Secretary of State] Colin Powell admitted to me, the reason why the Quartet was formed was to make sure that nobody else could do anything.'²⁹ This became clear to some involved, including Alvaro De Soto, the UN Secretary-General's Special Envoy for the Middle East Peace Process 2005–2007, who stated, in a leaked confidential 'End of Mission Report': 'Whatever the Quartet was at the inception, let us be frank with ourselves: today, as a practical matter, the Quartet is pretty much a group of friends of the US – and the US doesn't feel the need to consult closely with the Quartet except when it suits it.'³⁰ It is perhaps also worth making the (too obvious) point that none of these organizations are elected by people in the oPt, and there is thus no democratic oversight over what they do.³¹

Supporting Oslo and 'partners for peace': western donor ideology and practice

The genius of the Oslo Accord (and the resulting peace process) resides in its ambiguity: the creation of a sovereign Palestinian state was never explicitly agreed upon, but never ruled out.³² This meant that Palestinian expectations could continue, despite mounting evidence that Israel would not allow it (see Chapter 12 in this book). The PA was established as a non-sovereign entity whose existence is subject to continuous negotiations with its occupier, Israel, *and* with the donors. This meant that the PA became party to a complex process of co-optation while Israel continued its colonial practices.

While there are clearly differences between those in the 'aid politburo' (and amongst the donor community in general), an official ideology unites their activities and creates the ideational context for aid. The stated aim of international assistance after 1993 was to support the peace process. Announcing the intention to convene an international donors' conference, US Secretary of State, Warren Christopher, stated in 1993: 'The purpose of this conference will be to mobilize resources needed to make the agreement [i.e. Oslo] work.'³³ Similar justifications for support exist in many donor policy documents. For example, the stated aim of UK aid, disbursed through the Department for International Development (DFID), is 'direct support to the peace process; humanitarian assistance to improve the prospects for peace; and supporting the institutions of a Palestinian state which could participate in the peace process and govern the Palestinian Territories following a final peace settlement.'³⁴ This ideational framework guiding western donor activity has not altered in the past 20 years, even when the peace process has stagnated. In fact, it has been crucial in perpetuating the fiction of a peace process where none has existed and in propping up the PA during times of acute crisis. In 2002, for example, during Israel's military campaign, Operation Defensive Shield, a World Bank official stated: 'With the [second] *intifada*, the sense was that the Palestinian institutions and economy needed to be prevented from collapsing so there remains something of an economy and institutions when the political process resumes.'³⁵ And in the aftermath of the administrative and political division between the West Bank and Gaza in 2007 another World Bank official stated: 'We need to keep the patient [i.e. the PA] alive.'³⁶ The fact that there was a spike in donor assistance in these periods of crisis indicates commitment to the Oslo framework even when it has been placed under severe pressure.³⁷ Commitment to the continuation of the PA is clear. Indeed, after

2007, more than 80 per cent of aid has gone towards budget support of the PA, whereas prior to 2001, this constituted only one-third.³⁸

Using aid to prop up preferred 'peace partners' is common in peace processes and/or at the end of conflict.³⁹ Indeed, donor conferences often give a sense of momentum to a peace process – particularly in terms of symbolic capital – in affording international legitimacy to some actors and processes while withholding it from others.⁴⁰ While commitment to a two-state solution is replete in donor documents and proclamations, western support for Israel is deeply-embedded and thus the political objectives of western donors have taken precedence over the developmental needs of Palestinians.⁴¹ The Oslo peace paradigm – with its commitment to track-one bilateral negotiations and Israel's 'security first' perspective that insisted that the PA's primary task was to deliver security to Israel – codified the principle that any change in the status of the oPt, and thus any withdrawal of Israeli control, depended entirely on Israel's consent.

Western aid and donor practices in the oPt have thus come to complement and intersect with Israel's methods of control in crucial, but subtle, ways.⁴² The first has been through supporting certain Palestinian elites and marginalizing other elites; the second has been through training and controlling the PA's security services, and the third has been through the co-optation of individuals and groups into support or acquiescence of the Oslo peace paradigm. These policies, common throughout other examples of western peacebuilding practice, have been pursued utilizing the neutral and depoliticized donor language of 'state-building', 'security sector reform', 'democracy promotion' and 'good governance'. The implementation of these peacebuilding practices in this context, however, helped to create acquiescence in a context still structured by Israel's occupation and colonization practices – and has achieved some goals that had eluded Israel.

For example, and perhaps most importantly, Israel has long tried to manipulate Palestinian political elites; but with the additional involvement of the international peacebuilding industry after Oslo, a new interface of co-optation was created with the innocuous title of promoting 'partners for peace'. The phrase 'partners for peace' has been frequently used by all parties – Palestinian elites, Israeli elites and western donors – which indicates just how popular and apparently benign a discursive framework it has come to be. However, the ability to *act* on it has been fundamentally unequal thus revealing its more malignant implementation. In its application, this discursive framework has been used by Israel to justify cutting off revenue transfers to the PA, to arrest and detain

Palestinian politicians and political leaders, to implement targeted assassinations, and to use military violence. By the donors, it has been used to justify supporting one set of Palestinian political elites over another, to cut off aid and to support/take measures to institute regime change.⁴³ This subtle phrase, therefore, masks a coercive process that can be at odds with local sentiment. For example, in October 2009, UN Secretary-General Ban Ki-moon called PA President Mahmoud Abbas a 'credible partner for peace'.⁴⁴ The context of this comment was Abbas's decision that the PA would not campaign for the UN General Assembly to adopt the Goldstone Report that had accused Israel (and Hamas) of war crimes during its 2008–2009 war on Gaza. But while the UN (and the US) were praising Abbas, there were demonstrations throughout the oPt (and internationally) as well as resignations from PA ministers in protest at Abbas's decision – all of which shook the credibility and stability of the PA. Being a 'partner for peace', therefore, can make political elites unpopular with their own people, but popular with major global players. The flip-side seems also to be true: that political elites popular with their own people can be unpopular with western donors, as indicated by the economic and political sanctions imposed in response to the election of Hamas in January 2006 because it rejected the Oslo peace paradigm.⁴⁵ This is not to suggest, however, that Palestinians and their elites have no agency; but it must be recognized that they have been in no position to dictate the terms of the peace – all they have been able to do is reject or accept Israel's demands.

The 'partners for peace' ideational framework has, therefore, become an intricate part of the Oslo peace paradigm helping to guide western aid in the oPt. Western donor support to the PA in Ramallah, after the split between the West Bank and Gaza in June 2007, is the most glaring example of this to date. Some western donors, particularly the US, have been open and direct about which Palestinian elites they are willing to work with, and which they are not. Since 2002, USAID has included an Anti-terrorist Clause (ATC) in its contract arrangements with implementing partners in the oPt, as referred to in the play *Beit Yasmine* discussed at the beginning of this chapter. The ATC was part of the US response to the 11 September 2001 attacks on the World Trade Center by al-Qaida, which tied US aid to its 'global war on terror' (renamed by President Barack Obama as 'overseas counterinsurgency operations'). Adopting the apparently neutral language of supporting 'partners for peace' has been therefore, for some donors, a cynical manoeuvre to ally direct with Israel. For other donors, however, a more pragmatic and practical approach has underpinned its adoption: funding and working with

Palestinian political elites regarded by Israel as being 'partners for peace' would greatly assist them to implement their mission of 'supporting the peace process'. But in doing so they granted Israel the defining role in determining what constituted 'legitimate' and 'illegitimate' political practice for the PA (and Palestinians in general). Illegitimate political practice has been defined so wide as to include rockets fired into Israel from the Gaza Strip right through to the 2011–2012 'Palestine 194' campaign (labelled as such because Palestine would have been the 194th member of the UN if given member status). Indeed both forms of action have resulted in punishment by Israel and its key allies: the former has been met with military violence and blockade, while the latter was met with Israel cutting off clearance revenue and the US cutting off aid for budget support (but both of which were reinstated in March 2013).⁴⁶

The second method of control installed by western donors has been the training and coordination of Palestinian security services to secure the population and ensure the position of the preferred local elites. In the oPt, building up the security institutions of the PA has been a western peacebuilding priority since its creation in 1994, but, as many critics have pointed out, unlike other security institutions which are both out-facing (to protect their populations against external threats) and in-facing (to protect the state against insurgents), the PA's security forces have been structured to protect the PA and Israel against insurgents, not the Palestinian population against external threats.⁴⁷ The involvement of Palestinian security personnel in the second intifada does not deter from this main point; in fact it proves to show that the PA itself is in a contradictory position, and its elites (and the military forces that protect them and the Oslo paradigm) constantly have to make decisions to continue this process.⁴⁸ Israeli–PA security cooperation, overseen by the Office of the US Security Coordinator (USSC), has been a key part of the Oslo framework, and this deepened in the post-second intifada period. Indeed, the channelling of US security assistance to the Office of the President and Fateh to bypass the Hamas administration in the aftermath of the January 2006 elections has been documented.⁴⁹ A disproportionate amount of effort has thus been translated into policing the Palestinian population and building up the PA's security services, including the construction of a massive covert operations programme by the CIA.⁵⁰ In 2011, 25 per cent of the PA's budget expenditure was spent on 'public order and safety' – more than double that spent on 'social protection' and more than 11 times that spent on 'economic affairs'.⁵¹

Creating a monopoly over the means of force historically has been a crucial part of the state-building process, but for the PA this monopoly

has only been partially delegated and can be revoked or overridden by Israel at any point. At its most extreme and visible, this was witnessed in Israel's 2002 military action in the West Bank (Operation Defensive Shield) and the destruction of PA institutions and infrastructure. But it is also true on a more regular basis with Israel's arrest incursions into Area A – supposedly under PA security control. More importantly, the PA National Security Forces 3rd special battalion was dispersed throughout the West Bank during Israel's bombing campaign on Gaza in December 2008–January 2009. The US Security Coordinator at the time, Lt. General Keith Dayton, regarded this deployment as crucial in preventing the outbreak of a third intifada.⁵² Israel also praised this deployment. The PA in the West Bank understandably complained that these comments undermined its legitimacy and made it look like a collaborator regime.⁵³

The third method of control ensured by western aid has been the creation of active support or quiet acquiescence for the Oslo paradigm amongst an important segment of the Palestinian population. The creation of the PA and other institutions facilitated the rapid growth of the public sector. The Israeli-imposed Civil Administration, which had ruled over the oPt during the occupation, employed 20,000 Palestinians on the eve of Oslo. By 1999, the numbers employed by the PA was 120,000;⁵⁴ and by 2013 this constituted 160,000 in the West Bank and a further 42,000 in the Gaza Strip.⁵⁵ This, plus the expansion of the NGO sector, drove the growth of a middle class in the oPt, which became a solid foundation of support or acquiescence for the Oslo paradigm. Indeed, by 2013, 56 per cent of PA expenditure went towards paying public employee salaries, while 15 per cent went towards the payment of social benefits – meaning that more than 70 per cent of the PA's expenditure went towards upkeep of the population.⁵⁶ The PA is thus in essence a large social security net tying a huge section of the population into its stability and future existence.

The expansion of the NGO sector, dependent on donor aid, was a product of western donor and multilateral agency preference for working with NGOs under the stated objective of supporting civil society and democracy promotion.⁵⁷ In 2007, 1,495 NGOs were operating in the West Bank and Gaza Strip, a 61.5 per cent increase on the number in 2000; they were funded by a doubling in total income provided by foreign donors from US\$112 million in 1999 to \$223.6 million in 2006.⁵⁸ Hanafi and Tabar charge that access to donor money and their reporting requirements de-radicalized Palestinian civil society; 'moderate' voices, as defined by donors and other third party actors, were thereafter

regarded as those that undertook advocacy strategies and lobbying, not the promotion of mobilizations or resistance strategies.⁵⁹ Nabulsi has referred to this as a process of 'de-democratization'.⁶⁰ The irony is that many of the new NGO elite came from the leftist groups within the PLO (that is the PCP, the PFLP and the DFLP) who had a critique of Oslo, but who thereafter became heavily dependent on its channels of aid for their livelihoods and futures.⁶¹ The transformation of a radical representative civil society to a depoliticized professional one has been documented by several critics⁶² although many of these processes are insidious and difficult to detect as they involve a form of self-censorship created by the pursuit of donor mammon.

Western donor aid and de-development – unpacking the linkages

Israel's pursuit of Jewish sovereignty over the land and resources of historic Palestine has resulted, argues Roy, in de-development for the oPt, defined 'as the deliberate, systematic and progressive dismemberment of an indigenous economy by a dominant one, where economic – and by extension, societal – potential is not only distorted but denied.'⁶³ This, argues Roy, was not altered by Oslo, merely repackaged. Such a critique challenges western donors' official discourse by arguing that instead of developing a viable Palestinian state, aid has relieved Israel of its duties as an occupying power; and the Oslo framework provided a smokescreen for the continued colonization of Palestinian lands and resources. Wittingly or unwittingly, it is charged, donors have assisted in the geographic fragmentation of the oPt because of the peculiarity of the PA's developmental context created by the Oslo framework, particularly its parcelization into Areas A, B and C.⁶⁴ This context has meant that development projects have been concentrated in Area A, which has made these areas densely populated and the land highly priced, so transforming these small pockets of Palestinian residency beyond recognition. Area C, on the other hand, is largely limited (for Palestinians) to low-intensity agriculture because of the difficulty obtaining construction permits from the Israeli authorities. According to UNOCHA, Palestinian construction is allowed in only 1 per cent of Area C, which is problematic given that it is the natural place for large infrastructure projects (such as waste-water treatment plants, water pipelines and main roads) to be built.⁶⁵ While there are no statistics for aid going to Area C alone, few development efforts have gone towards it; for one donor (and this is fairly typical) 90 per cent of all its aid has

gone to Area A and Gaza, 6 per cent to East Jerusalem, and 4 per cent to the 'seam zone'.⁶⁶

By accepting these, and other, restrictions (what some internationals refer to as 'working around the occupation'), donors are accused (at best) of standing by or (at worst) of assisting Israel in fragmenting the oPt as it expands and consolidates its control over the West Bank and isolates Gaza. Given that there is often a peak in approvals for infrastructure work from COGAT (the Coordinator of Government Activities in the Territories, the unit within the Israeli Ministry of Defence that coordinates civilian activities between Israel, international organizations and the PA) around the time of the Ad Hoc Liaison Committee meetings, this shows that Israel is playing a very clever game.⁶⁷

By 2012 the number of Israeli settlers in the West Bank (including East Jerusalem) had increased to 550,000⁶⁸ and Jewish-only settlements command over 70 per cent of the land of Area C.⁶⁹ This growth has taken place with the provision of generous Israeli state subsidies, extensive military protection and a substantial infrastructural support system. Donors are accused of not doing enough to oppose settlement expansion – or the crippling blockade of Gaza which has transformed its economy into one dependent on humanitarian assistance and, until 2013, the smuggling tunnels under the border with Egypt (see Chapter 10 in this book). In this context, Roy regards it as 'both puzzling and tragic that donors including the World Bank are still pursuing the same kind of self-termed "apolitical" approach, seeking technical solutions that will mitigate economic damage rather than political solutions that will enable structural reform.'⁷⁰ For Roy, aid cannot prevent or reverse de-development as long as the Oslo peace paradigm remains in place.

There have, however, been important changes in the political economy of the oPt since Oslo that the concept of de-development overlooks. Within the operating framework of the Oslo peace paradigm, a section of the Palestinian political and business elite have been empowered – and they have a vested interest in seeing a continuation of the Oslo framework. The Palestinian business elite in the oPt operate in an economic context structured by the occupation, the PEP and the Oslo peace paradigm where the economic emphasis has been on developing a services- and export-oriented economy – sectors which are largely dependent on connections with Israel and Israeli businesses and are thus sensitive to closures.⁷¹ And so, with the oPt economy dependent on good relations with Israel, strong incentives prevent activities that might jeopardize Israeli approval. It is beyond the scope of this chapter to analyse the links between the PA and Palestinian capitalists (both diaspora and local), but

suffice it is to note here that these processes instituted a class of elites supportive of the continuation of the Oslo paradigm.⁷² The paradox, however, which is typical of such contexts, is that these elites are also forced to push for more autonomy as the impacts of colonization and occupation impede their ability to expand their interests. Just how far they are willing to push and what they are willing to potentially lose, however, is a big question.

Classic neoliberal policies of promoting the private sector, foreign direct investment and open markets have therefore fed into creating a form of dependent development in the oPt.⁷³ Programmes promoting trade which focus on capacity-building, institution-building and training will not reverse this. Indeed, in 2009, UNCTAD warned against 'the fallacy of the widely-held belief that a return to the relatively less volatile pre-2000 environment, combined with security reform, fiscal prudence and vigorous private sector revival, will alone provide sufficient conditions for sustainable development'.⁷⁴ And its predictions appear to have been entirely correct, given that by 2014, the oPt's economic climate was marked by weak GDP growth, high unemployment (particularly amongst the youth) and pressure on wages, and a struggling private sector.⁷⁵

The PA has had recurring shortfalls in donor aid, and indeed a drop in support since 2009 as shown by graph 2.1 (above).⁷⁶ Large and expanding arrears to private suppliers and Palestinian banks will ensure there is a huge economic knock-on effect of this fiscal crisis. Most foreign aid has been used for emergency purposes, including paying PA salaries, rather than for long-term development outcomes (although since 2012, the PA has rarely paid salaries on time or in full). Indeed, in 2011, development spending was only 4.2 per cent of GDP, which was well below that envisaged in the budget.⁷⁷ The Palestinian economy is therefore 'trapped on a path of low growth, economic dependence on Israel and reliance on foreign aid'.⁷⁸ And yet, despite recent drops in western aid, donors will not end it completely because western foreign policy objectives in the region demand its continuation.

Conclusion: what type of 'peace' and 'development'?

The political economy of the oPt has gone through a radical transformation since 1993. While the overall framework of colonization and the Oslo peace paradigm dominates and structures the macro level, the impacts at the micro-level have differed: some areas have become more middle class and prosperous (Ramallah), others have become poorer

(East Jerusalem and large parts of the West Bank particularly Area C), and others have become impoverished through the impact of a blockade (Gaza) – although within these areas variations exist. Western donors and aid have played a key role in the development of this political economy. First, because aid has operated through the Oslo framework that has fragmented the oPt. Second, because western aid and peacebuilding practices have been crucial in the creation and maintenance of the PA and a new layer of middle class Palestinians whose livelihoods and well-being is tied into the Oslo framework. And, third, because access to western aid has been subject to the ‘partners for peace’ ideational framework which has justified acquiescence in the blockade of Gaza, helped to split the PA, and restricted democratic control. It is unsurprising, therefore, that some critics have concluded that Palestinians should develop a common critical approach to the donors and to what type of aid they are willing to accept.⁷⁹

As this chapter documents, western aid and donor practices have become intricately intertwined and embedded within the processes of colonization and fragmentation taking place in the oPt, while at the same time purporting to reduce (or at least try to manage) its impacts. Donor commitment to some sort of ‘peace’ in the oPt is not in dispute – just what type of ‘peace’ this is, however, needs to be critically unpacked.

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3

Hydro-Apartheid and Water Access in Israel-Palestine: Challenging the Myths of Cooperation and Scarcity

Clemens Messerschmid

This chapter challenges the most enduring myths surrounding access to water in the Israel-Palestine context by tracing the main mechanisms and interests at work shaping water relations, and by contextualizing the conflict over control and access to water resources. It argues that when water is lifted from the purely technical sphere and analysed as a political issue, the stark asymmetry of power relations and discrimination in its supply is revealed. In fact, Palestinian society has had its water resources drained by Israel for decades – both bureaucratically and (when necessary) by force. This chapter is divided into six sections. Section one outlines the historical context and power relations that have shaped the hydro-political divide between Israel and the occupied Palestinian territory (oPt) into the present reality of an occupying power and a disempowered population. Section two explores Mark Zeitoun's concept of hydro-hegemony, utilizing it to critique the myth of water 'cooperation' between Israel and the Palestinians – a myth that is illustrated by the creation of the Joint Water Committee (JWC) in 1996 after the 1995 Oslo-II Interim Agreement. Sections three and four move on to interrogate the most powerful myths in the Israeli discourse in this context – those of (physical) water scarcity and climate change – while exposing the fact that scarcity has been politically-induced. Section five focuses on donor interventions, arguing that they have both participated in bolstering these Israeli-constructed myths and been misguided in their actions. The chapter concludes by making a case for the need for Palestinians to construct a counter-hegemonic strategy for water justice in order to challenge the inequitable and unsustainable distribution of water resources between Israel and the oPt.

From the Ottomans to Oslo – charting the origins of unequal access to water

Surprisingly, from today's perspective, late Ottoman/early Mandate Palestine was endowed with a surplus of water due to an abundance of malaria-infested swamps in the coastal plains and upper Jordan River areas. In fact, Zionists used the existence of this 'water surplus' in this historical period as an argument for increasing Jewish use.¹ However, it was not until the end of the Ottoman Empire that modern water resource management began, through the use of well-drilling for domestic and irrigation supply.² Under the British Mandate, Jewish-Palestinian competition over water supply sources gathered momentum, with an impressive increase in irrigated areas by 1400 per cent, almost ten times faster than the 144 per cent population growth from 752,048 in 1922 to 1,834,935 in 1945 (including Jewish immigration).³

Control over land was crucial for access to both ground and surface water. Due to the lack of roads and infrastructure, remote Jewish settlements needed local access to water to function and grow as agricultural production units. This, in turn, allowed them to control increasing swathes of land throughout the plains of inhabited Palestine. Access to water was thus also essential for control over land, which means irrigation allowed communities to sustain, develop and expand.⁴ Competition was fierce, though predominantly carried out by economic means until the Nakba. As a result of the much higher availability of investment capital, Jewish water use for irrigation developed at a faster pace than Palestinian use. This is illustrated by the fact that by 1946, the Jewish population stood at 32 per cent and owned 6.9 per cent of the land of historic Palestine, but it owned 46 per cent of the total irrigated land.⁵

Prior to the Nakba, water use was evenly divided between Jewish-Zionist settlers and Palestinians, with 350 million cubic metres (mcm) and 353 mcm respectively (dark and light columns in Figure 3.1).⁶ In the aftermath of the expulsion of 800,000 Palestinians in 1948, Figure 3.1 shows the Nakba's devastating impact on Palestinian control over land, and thus on their control over water – a severe blow from which they were never to recover. For, along with their land, Palestinian farmers lost all access to their water resources – both in the form of the use of traditional spring water as well as modern groundwater use through wells. The fact that the main areas Israel targeted for ethnic cleansing (the origin of close to two-thirds of the Palestinian refugees) coincided with the main areas of Palestinian water use (and, in particular, well-water use in the coastal plain districts and along the coast) reveals the

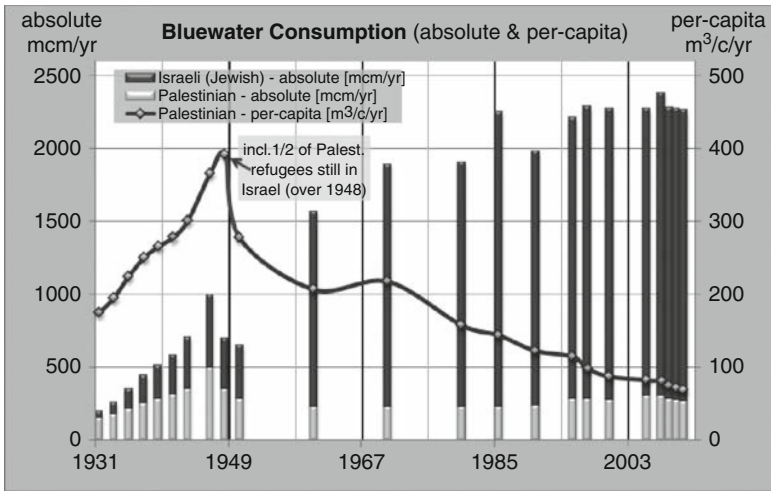


Figure 3.1 Per capita and absolute blue water consumption before and after the Nakba⁷

Note: Columns – absolute water consumption; line – Palestinian per-capita consumption.

depth of the land-water nexus.⁸ Thereafter, most of the former yearly Palestinian water use (especially the wells) became suddenly available for Jewish-Israeli water appropriation. This facilitated the steep rise in Israeli consumption after 1949 (as shown in Figure 3.1).

For the Palestinian refugees in the West Bank and Gaza Strip (WBGs), several years of desperate living conditions ensued. It was not until the early to mid-1960s that the Palestinian water sector slowly recovered and began to develop and grow again.⁹ This recovery, however, was cut short by Israel's occupation in 1967 when Military Order No. 92 (15 August 1967) appropriated all the water resources – putting them under the control of an Israeli Military Area Commander (replaced by the Military Civil Administration in 1982). This order was quickly followed by Military Order No. 158 (19 November 1967), introducing a permit system automatically banning and criminalizing any Palestinian water sector development (including wells, springs, pipes, reservoirs and even household cisterns) without an official permit from the occupation forces (later the Civil Administration).¹⁰ Thereafter, the bulk supplier established by Jordan – the West Bank Water Department (WBWD) – came under the direct control of the Israeli Military (later the Civil Administration). The WBWD acted as an Israeli-controlled

interface between Palestinian villages and the occupation – operating wells, pumping stations and water mains. At the municipal or village level, there were Palestinian institutions, such as the Jerusalem Water Undertaking (JWU) in Ramallah district.

Palestinians were subjected to Israeli law and water regulations, not as equal citizens, but as subjects with no rights under the discriminatory Military Orders – the most instrumental of which were orders No. 92, No. 158 and No. 291. This system was one of strict vertical hierarchy – illustrated by the fact that all decisions were taken by Israeli (mainly military) officials without the right of information or appellation. As in all other areas of Palestinian life, so in water: Palestinians are living under the authority of the state of Israel, but are subjected to different laws.

It was the creation of these powerful ‘facts on the ground’ that resulted in transforming the status quo into one that guarantees Israel exclusive control over all water resources in the WBGS (see Figure 3.2).¹¹ Although Israel has chosen not to physically control every well and spring in the West Bank, Military Orders No. 92 and 158 clearly refer to (and expand control over) all water – even rainwater harvested in house cisterns. In addition, Military Order No. 291 meant that Israel could declare ‘all prior water agreements null and void’ – subject to the will of the Military Commander only.

Israel’s insistence on maintaining control over all water is one of the principles underlying the occupation, and a key sticking point in final status negotiations. This is why Figure 3.1 shows a steady decline in Palestinian water availability per capita since 1967. Palestinians now stand at the rear-end position worldwide¹² with respect to ‘accessible’ fresh water resources¹³ with five and 36 cubic metres annually per person ($\text{m}^3/\text{c}/\text{yr}$) in Gaza¹⁴ and the West Bank,¹⁵ respectively.¹⁶ This, however, is not due to the lack of water itself, but to a lack of *access* to the precious resource that is naturally available right under Palestinian lands, towns and villages in the West Bank.

After the Oslo peace accords – the myth of ‘cooperation’

Mark Zeitoun describes Israel’s control over the water sector in the oPt as an example of ‘hydro-hegemony’. Zeitoun argues that hydro-hegemony is achieved through a combination of ‘coercive hard power’, ‘softer bargaining power’ and ‘ideational discursive power’.¹⁷ Coercive hard power is exercised by destroying water infrastructure, including water wells and water tanks; softer bargaining power is exercised through the structures created after the Oslo Peace Accords, particularly through the Joint Water Committee (JWC); while ideational discursive power is exercised through Israel’s success in getting donors to accept a series

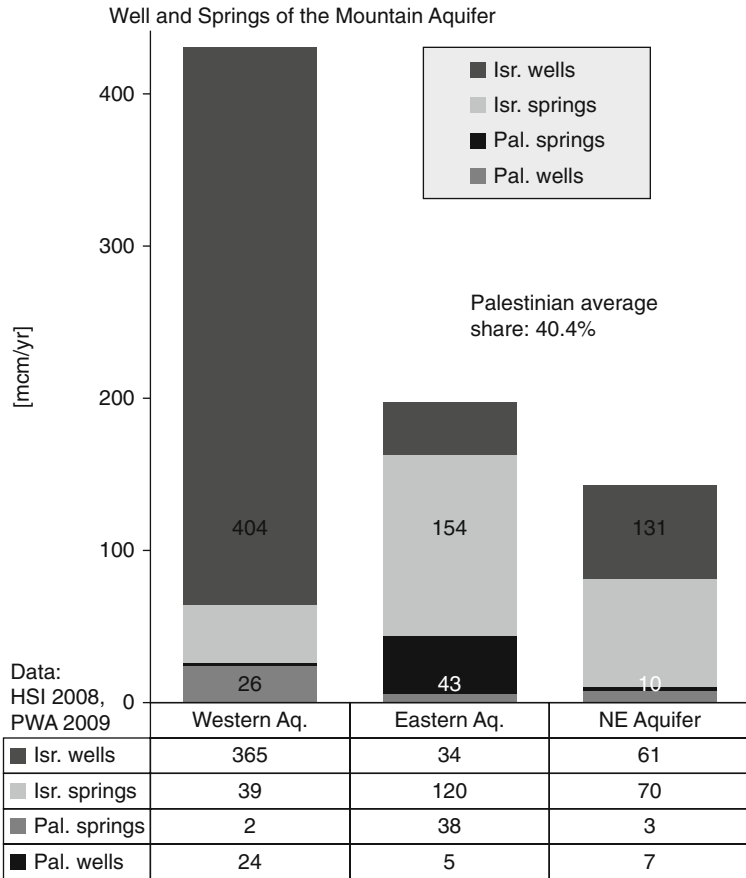


Figure 3.2 Water allocations from shared West Bank mountain aquifers (1994/1995–2006/2007)¹⁸

Source: HSI (2008) and PWA (2009).

of ‘water myths’ – and especially the idea that the real impasse in this context is that of a natural state of physical water scarcity.

Examples of Israel’s use of its coercive hard military power abound, including ‘Operation Defensive Shield’ in the West Bank in 2002, and ‘Operation Cast Lead’ in Gaza in 2008–2009.¹⁹ In addition to these types of campaigns, Israel also occasionally uses ‘water deprivation by force’ as a revenge tactic for Palestinian resistance.²⁰ However, these forms of domination involve the highly visible exercise of power and are thus easy to identify and criticize. Much more difficult to identify and counteract is the use of softer forms of bargaining power, exercised through

the invisible silk glove of the bureaucratic measures put in place behind the closed doors of the JWC. For, after the signing of the Oslo Peace Accord, the system of water control established under the occupation was not abolished, but was refined and camouflaged by the creation of the Palestinian Water Authority (PWA) in 1996. The PWA became responsible for supplying water to its population, but is not entitled to any resources, infrastructure or maintenance-related decisions on its projects. Hence, in practice, the Israeli military orders remain in force, and new ones are continuously being added. Thus, a new bureaucratic system of multiple layers of control was erected instead of the former system of direct project application to the Civil Administration (see Figure 3.3). The JWC itself is composed of an equal number of Palestinians (represented by the PWA) and Israelis (represented by the Israeli Water Authority and the military) – but effective veto power in most cases remains with Israel. In cases wherein Palestinians object to, for example, a generous expansion of settler water infrastructure, the Israelis often resort to simply leaving, ending the JWC meeting, with hundreds of Palestinian applications remaining on hold and un-discussed. Palestinians have no ‘coercive hard power’ and close to no ‘soft bargaining power’ in this context – a bargaining power that even the World Bank has recognized to have been seriously eroded over the Oslo period, and in particular through JWC ‘cooperation’.²¹

Despite the above, donors continue to portray ‘cooperation’ as antonymous to ‘conflict’, and thus as beneficial to both sides. Indeed, the United Nations Development Programme (UNDP) argues that, ‘It makes sense to promote and support cooperation of any sort, no matter how slight.’²² But, even as the World Bank recognizes, even-handed ‘cooperation’ was not the intention when designing the JWC and it certainly is not reflected in its day-to-day activities.²³ Kistin and Phillips have, therefore, argued that the term ‘effective cooperation’ in the context of the JWC should be critically qualified.²⁴ Moreover, Palestinian negotiators themselves are all too aware of their powerlessness. A 2008 PWA audit states, ‘...it is often impossible even to get them [the Israelis] to the negotiating table, let alone encourage them to “give up” any of the water they enjoy.’²⁵ Under this type of pressure, Palestinian negotiators often choose to resort to pragmatic ‘achievable solutions’ that promise an easy way out of this zero-sum dilemma,²⁶ as if this dilemma was not a hydrological condition but merely a matter of goodwill or perception.

Additionally to the above, Israel’s hydro-hegemony also impacts the ‘ideational discursive’ sphere, allowing Israel’s ‘water myths’ to dominate

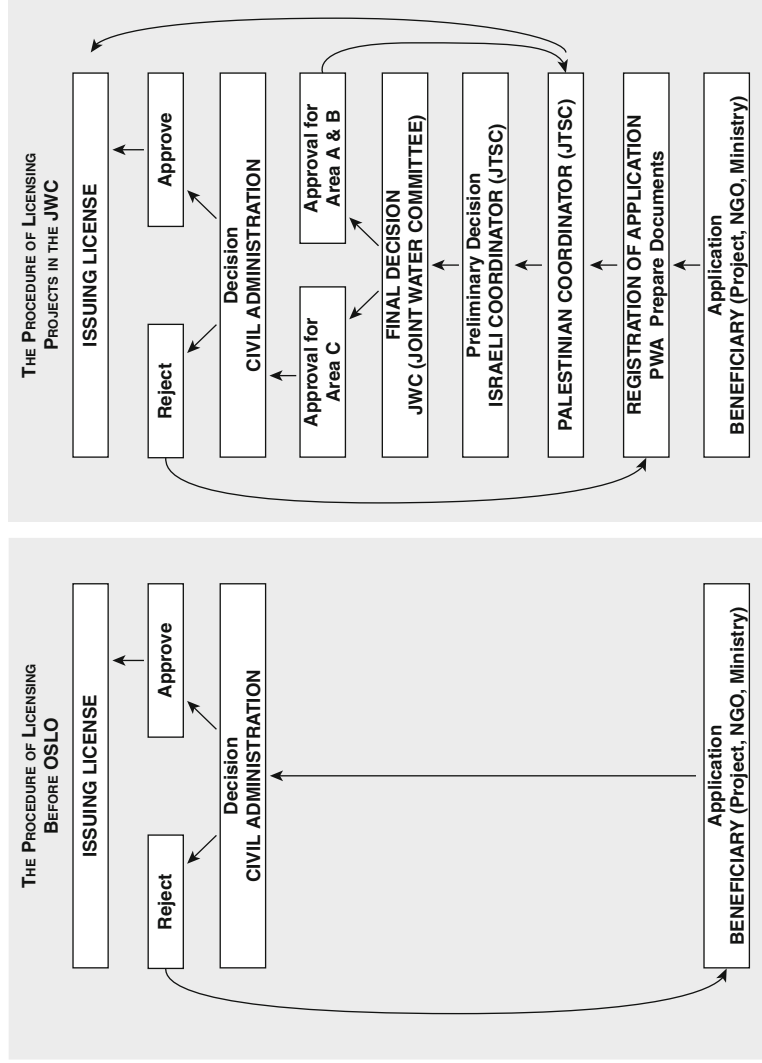


Figure 3.3 Licensing systems – before and after Oslo-II²⁷

in defining the conflict over water and the boundaries of its negotiation.²⁸ For instance, the myth of cooperation has damaged the development of a productive Palestinian counter-hegemonic strategy for water by depoliticizing water and portraying it as a technical problem. This myth, of course, remains integral to the hegemon's agenda. Hence, a Palestinian strategy focusing on the building of 'ideational discursive power' to garner international support, as well as build popular resistance, is needed to end Israeli occupation and ensure water justice – one that challenges the myth that Israel suffers from water scarcity,²⁹ and the all too willing acceptance of many donors of such an artificially constructed myth.

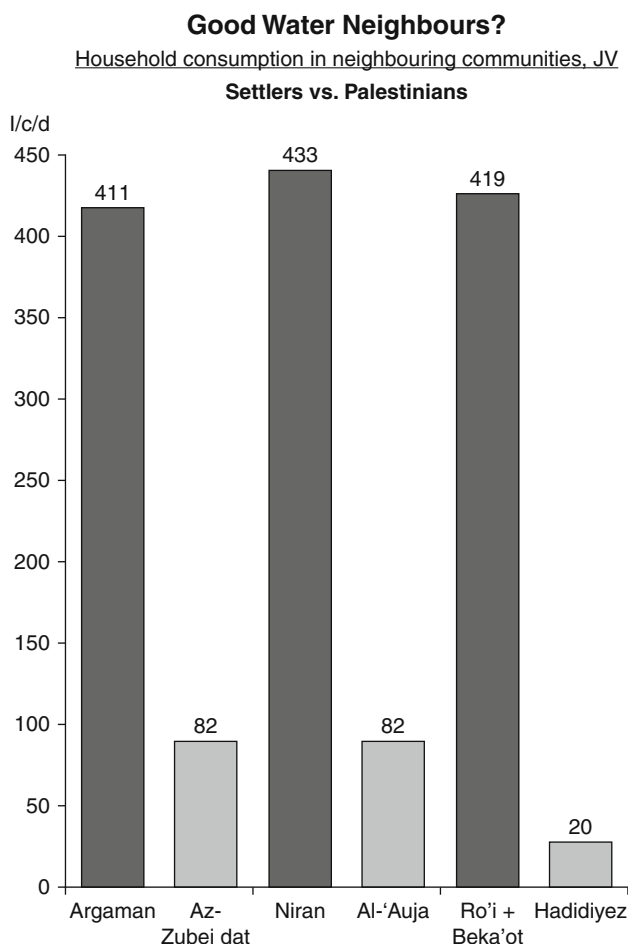


Figure 3.4 Domestic consumption figures for neighbouring Palestinian and Israeli settler communities in the Jordan Valley³⁰

Confronting the myth of water scarcity

One of the most basic and enduring myths surrounding water in Israel-Palestine is one that portrays the land as suffering from a natural scarcity of water (i.e., a nature-given state of physical scarcity). Though it is true that the Middle East is water scarce and that Palestine is not an exception, the idea that the main problem surrounding access to water for Palestinians is the result of a steady and recurring water crisis is false. Given the strength of this myth, however, it is important that it is explored and critiqued.

Figure 3.5 shows the rain records from Jerusalem since 1846, with an annual average of 599.8 mm, which is more than the 568 mm in Berlin.³¹ Ramallah and the populated mountain tops of the West Bank are even wetter (600–800 mm)³² with rain amounts surpassing Paris (649 mm).³³ With the West Bank mountain range acting as a natural rain catcher for Mediterranean winds, the Western slopes lie in a sub-humid, rather than semi-arid, climate zone (i.e. rain is more than 600 mm per year). They constitute the most humid areas in the Middle East (after the water-rich Lebanon Mountains) with a remarkably high groundwater recharge coefficient of 30–50 per cent (typical recharge rates in moderate climates lie well below 20 per cent; in the more arid climate of Jordan below 15 per cent).

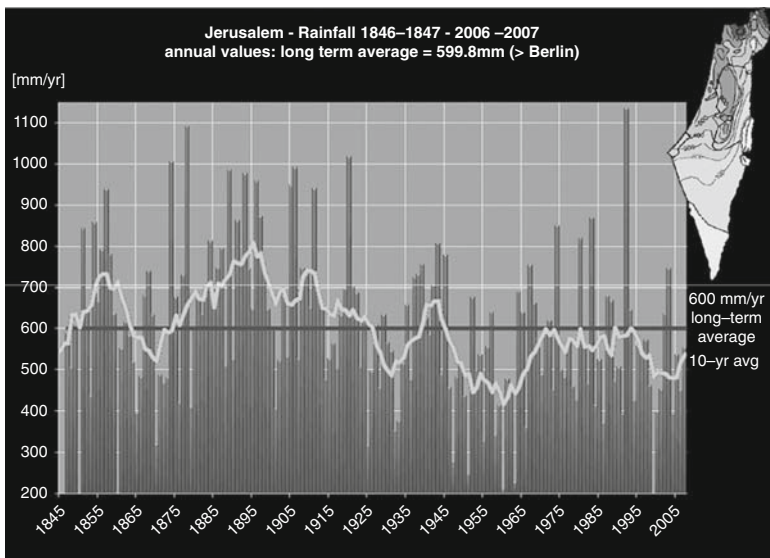


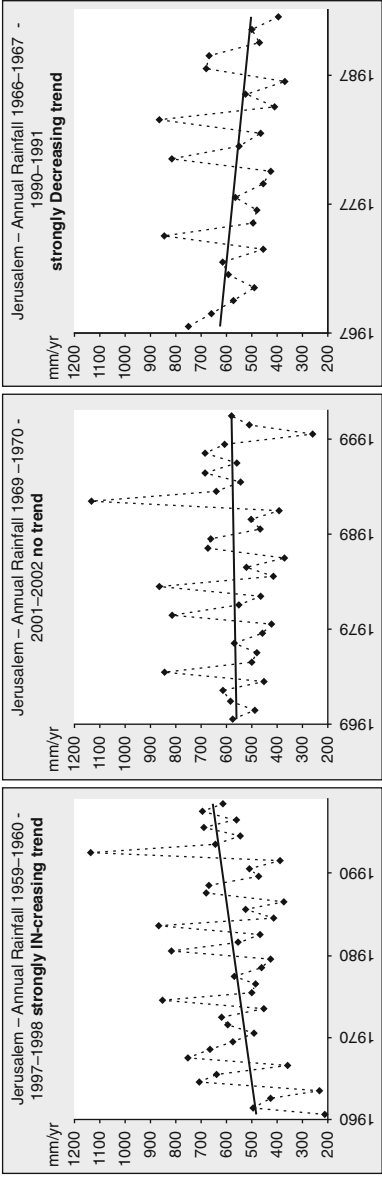
Figure 3.5 Long-term annual rainfall in Jerusalem 1846/1847–2006/2007³⁴

Yet despite these figures, Israel's water officials use the 'scarcity myth' to avoid responsibility for Palestinian water deprivation and present Israel as the victim of a cruel Mother Nature. There are numerous examples of the use of this myth in official IWA documents. In 2008, for instance, IWA spokesman, Uri Schor, argued that, 'Israel has scarce water resources. The demand for water in Israel exceeds the natural average output, and therefore we face a steadily increasing shortage.'³⁵ In 2009, the IWA posited that, 'Shortage of water...is felt most acutely in Israel, Jordan and the Palestinian Authority, and is worsening due to the decrease in useable water reserves as a result of pollution and climatic changes.'³⁶ By adopting this highly fashionable – and accepted – language of climate change, the myth of scarcity allows Israel to shift attention away from the discrimination Palestinians experience, and recasts Israel as a victim of external factors beyond its control.

However, the 'science' behind some of these claims can be easily critiqued. For instance, from an analysis of 12 rainfall stations in the period 1970–2002, Kafle and Bruins argue that, 'It is clear that the climate has become more arid in most parts of Israel, except for the coastal plain.'³⁷ But 11 of the 12 rainfall stations they selected for analysis lie in Israel's drier areas, which contribute little to recharge, whereas the West Bank Mountains were entirely absent from analysis. Furthermore, if one chooses a different observation period for just one rainfall station in Jerusalem, the 'increasing trend' shown in 1960–1998 becomes 'no trend' for the period 1969–2002, and a 'decreasing trend' for the period 1967–1991 (see Figure 3.6a, b, c). It is little surprise then that 'trends' depend on the rainfall station analyzed and the time period chosen.'³⁸

Climate change provides Israel with a useful and powerful excuse for decades of water mismanagement and over-use. Decreasing water levels in aquifers and Lake Tiberias, pumped empty by Israel, are blamed instead on 'a multiyear downward trend in rainfall... One of the [explanations] is climate change.'³⁹ The dominance of this perspective has meant that other more critical voices that have pointed to 'unsustainable water management' and 'unbalanced development and settlement policy' have been marginalized.⁴⁰ The myths of water scarcity and climate change are thus a central part of Israel's dominant 'ideational discursive power'.

This is not to deny the role that climate change will play in water supplies in Israel–Palestine, as elsewhere in the world. However, the argument here is that climate change is not the central reason behind the 'life-threatening water crisis'⁴¹ facing Palestinians. Rather, this crisis is caused by the occupation and Israel's policies of hydro-apartheid. This argument can be illustrated by comparing two scenarios: that of



A. 1960-1998: Increasing 'trend' **B.** 1969-2002: No 'trend' **C.** 1967-1991: Decreasing 'trend'

Figure 3.6 Three slightly different periods at the same rainfall station (Jerusalem)⁴²

A. 1960-1998: Increasing 'trend', B. 1969-2002: No 'trend', C. 1967-1991: Decreasing 'trend'.

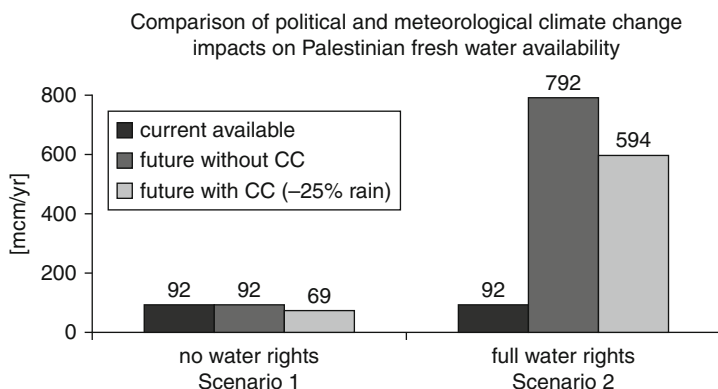
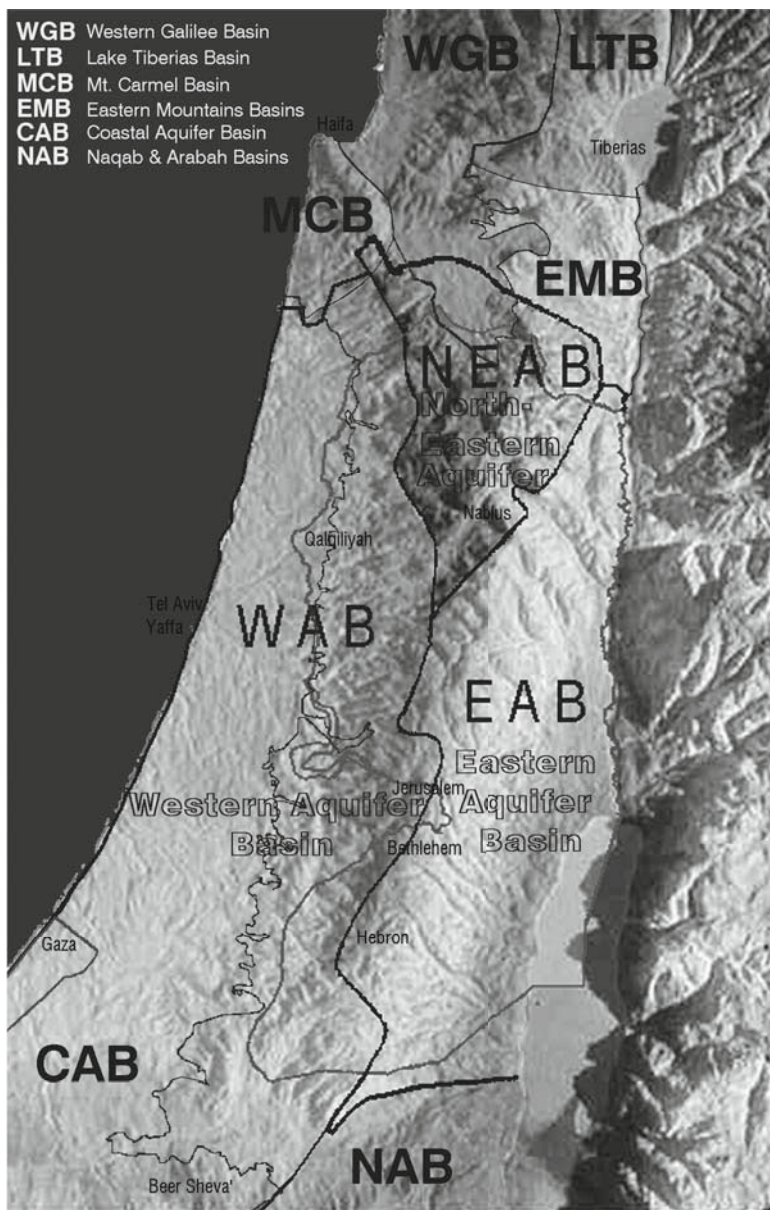


Figure 3.7 Climate change and water rights scenarios⁴³

continued occupation (that is the status quo), and that of a political solution that gives Palestinians access to an equitable share of water under international customary law (Figure 3.7). In both scenarios, the current state (dark) is compared to a future state without climate change (middle), and to one with climate change (light grey).⁴⁴ The minute role of climate change, in comparison with political change, is evident.

Politically-induced scarcity

From June 1967 until March 2011, not a single new Palestinian well was permitted throughout the entire Western Aquifer basin (see Map 3.1). This fact raises questions about the Israeli Water Authority's occasional attempts to repackage its neglect of water infrastructure as being due to Palestinian incapability.⁴⁵ In addition to the then estimated total stock of 118 mcm/yr from all wells and springs in the West Bank, the Oslo Accords promised 28.6 mcm additional water during the interim period (until 1999) for 'immediate needs' (the bulk of which was to be developed and paid for by Palestinians not by Israel), and another 70–80 mcm for 'future needs'. And yet despite this promise, the total amount of water developed through new wells from the signing of the Oslo Accords until 2010 was only 12.3 mcm/yr which, given population growth, represents another drop in per capita supplies.⁴⁶ In fact, overall Palestinian abstractions from wells and springs in the West Bank have even dropped in absolute amounts from the official figure of 118 mcm/yr (according to Oslo-II, 1995) to a mere 98.3 mcm/yr.⁴⁷ By 2010, Palestinian net consumption⁴⁸ had dropped to 72.6 l/c/d⁴⁹, already including the increasingly large quantities of water purchased



Map 3.1 Groundwater basins in historic Palestine⁵⁰

from Mekorot, Israel's national water company.⁵¹ Israeli 'needs', on the other hand, remain unspecified, which in effect has meant that they are unlimited. During this same period, Israel's domestic 'demand'⁵² grew from 100 to 120 m³/c/yr⁵³ or by 362 mcm.⁵⁴ These figures are a reflection of Israel's hydro-hegemony. Some of these figures are summarized in Table 3.1.

Any Palestinian water project in the West Bank (to construct, expand, monitor, repair or maintain) has to be approved by the Israeli side. Yet the Palestinian side has no right to veto or discuss Israeli unilateral actions in the shared transboundary aquifer areas – despite the fact that over 90 per cent of spring and well flows in the Western aquifer are controlled from within Israel. In addition to the various levels of Israeli veto power in and below the JWC, all projects in Area C require an additional permit by the 13 departments within the Civil Administration – just as during the period of overt occupation prior to Oslo. Jan Selby has thus called this system 'domination, dressed up as cooperation'.⁵⁵

The doubling of the Israeli settler population throughout the Oslo period would have been impossible had the Palestinian side not been successfully coerced into a cooperation arrangement that enabled a concurrent expansion of settler water supply. For instance, the district of Ramallah only has one medium-sized water well in the largest, most productive, hydrologically accessible and recharged groundwater basin – the Western Aquifer.⁵⁶ But five Palestinian villages have to share this well with three Israeli settlements – although the settlers have an

Table 3.1 Comparative supply, consumption and availability figures⁵⁷

Item	Area	Type	Year	Pop (mio)	mcm/yr	m ³ /c/yr	l/c/d
Palestinian domestic consumption	W.Bk	Net	2010	2.3	60.28	26.5	73
(incl. purchases from Mekorot)	W.Bk	Gross	2010	2.3	84.98	37.4	102
Israeli domestic supply	Isr	net	1995	5.6	588	105	287
	Isr	target	2010	7.3	876	120	329
	Isr	target	2050	–	1500	–	–
Pal. supply (all uses, incl Mek)	W.Bk	gross	2010	2.3	153.8	67.6	185
Pal. supply (own wells & springs)	W.Bk	gross	2010	2.3	98	43	118
Available fresh (all uses); excluding brackish water	Gaza	gross	2008	1.5	7.5	5	13.7
	W.Bk	gross	2008	2.3	82.8	36	98.6

additional supply line from Israel. In other parts of the oPt the situation is even worse.⁵⁸ In Area C (which constitutes 60 per cent of the West Bank and is under complete Israeli control due to the stipulations of the Oslo framework) infrastructure work, including that in the water sector, is forbidden. Moreover, the Israel Defense Forces routinely destroy Palestinian water infrastructure – such as pipes, networks, reservoirs, cisterns, pumping facilities, wells, spring catchments and irrigation basins – which they deem illegal.⁵⁹ These water-poor Palestinian communities live in close proximity to water-rich Israeli settlements (see Figure 3.4). For the dozens of fragmented Palestinian communities residing in the Jordan Valley, water is brought in by tankers – with the cost amounting to half of a family's monthly expenditures. In comparison, the average settler family spends 0.9 per cent of its monthly expenditures for water.⁶⁰

Meanwhile in Gaza, the poor groundwater quality in 90–95 per cent of supply wells forces the population to depend on water vendors supplied by private water desalination plants that sell their water for 50 NIS/m³. The poorest areas in Gaza, that is Khan Younis and Al-Mawasi, are exposed to the worst aquifer quality, and the population thus disproportionately suffers from water-borne diseases.⁶¹ In this vein, failing water and waste water – and thus water-borne diseases – have been identified as the number one public health hazard in Gaza by the World Health Organisation and international NGOs operating in the water sector.⁶²

In a 2009 report, the World Bank argued that, 'taken together, the operation of JWC, Civil Administration rules, the movement and access restrictions, the institutional weaknesses of the Palestinian Authority and the shortfalls in aid effectiveness have reduced the development of water resources and services for Palestinian people below levels expected at the time of Oslo.'⁶³ Furthermore, it concluded that, 'Integrated resource management is impossible under current conditions, and the development effort has dwindled to a series of stop gap coping strategies that preclude rational development of the resource'.⁶⁴ Yet despite these observations, donors largely accept the myth of water scarcity instead of viewing the situation as one of reallocation (that is Israel has to cede some of the water to the Palestinians).

Giving in to the status quo: misguided donor interventions

Many donor-driven studies acknowledge the fact that the occupation is 'the most significant... external political barrier' to equitable access to water for the Palestinians.⁶⁵ Yet the majority of donors continue to

focus exclusively on practical ‘adaptation strategies’ under the status quo. It is here that the scarcity and climate change myth plays an important legitimizing role, and where scientific ‘fact’ has been harnessed to maintain this myth into the future. Donor-driven water projects have largely given up on challenging the extreme power asymmetry between Israel and the Palestinians, while some have fully bought into the myth as exemplified by the German government – which also voiced its opposition to Palestinian aspirations for an equitable share in groundwater allocation. In 2010, the German Minister for Development and Economic Cooperation (BMZ), Dirk Niebel, stated, ‘As water reserves are generally scarce, German-Palestinian development cooperation...now focuses on reducing water losses...and improving the efficiency of water...use, rather than on abstracting additional raw water from scarce, overexploited and in some cases contaminated groundwater resources.’⁶⁶

After the German withdrawal from the field of groundwater development in 2001, no other Western donor country, apart from the US, has engaged in deep water supply well-drilling in the Mountain Aquifer.⁶⁷ USAID ended its drilling programme of the late 1990s during the Second Intifada (2002), only restarting it in 2010.⁶⁸ Other western donor countries in the water sector (including the largest donor, the European Commission) engage exclusively in resource-neutral projects, such as network extension, reservoir and pump station construction, rebuilding water infrastructure affected by the ‘Separation Barrier’, institution and capacity-building, water-saving awareness campaigns and waste-water projects. In addition, the many water, sanitation and hygiene (WaSH) projects by international NGOs, funded largely by the European Commission, dig household rainwater cisterns and provide water by truckloads to marginalized communities who lack access to water.

Given the context, adaptation strategies are doomed to fail, even when viewed from a technical level only. Thus, Figure 3.8 extracts some of the typical adaptation measures proposed by the International Panel on Climate Change (IPCC),⁶⁹ and reveals that almost every adaptation requires sovereignty over land and resources – something that the Palestinians do not have. All supply-side measures, especially groundwater extraction, remain hostage to Israeli permits; while most of the demand-side options (i.e. waste-water re-use, reduced irrigation, internal reallocation, and conservation through pricing) do not challenge the fact that scarcity for the Palestinians is a result of the occupation and Israel’s hydro-hegemony. In other words, unlike what the IPCC suggests, Palestinians are obliged by Israel to follow only demand-management,

Supply-side	Demand-side
Prospecting and extraction of groundwater	Improvement of water-use efficiency by recycling water
Increasing storage capacity by building reservoirs and dams	Reduction in water demand for irrigation by changing the cropping calendar, crop mix, irrigation method, and area planted
Desalination of sea water	Reduction in water demand for irrigation by importing agricultural products, i.e., virtual water
Expansion of rain-water storage	Promotion of indigenous practices for sustainable water use
Removal of invasive non-native vegetation from riparian areas	Expanded use of water markets to reallocate water to highly valued uses
Water transfer	Expanded use of economic incentives including metering and pricing to encourage water conservation
<i>forbidden by Israel...</i>	<i>‘permitted’</i>

Figure 3.8 Adaptation options in the water sector⁷⁰

while Israel follows both supply and demand management and so is able to adapt to climate change as it chooses.

By and large, transboundary water reallocation remains a zero-sum game, i.e. Israel's remarkable gains over the past 60 years have been made at the expense of both the Palestinians in the oPt, as well as other riparians such as Lebanon, Syria and Jordan. An equitable and reasonable reallocation for Palestinians in the oPt requires Israel to give up some of its 'established use'. However, the IWA's response indicates that the possibility of Israel accepting such a strategy is extremely unlikely: 'The proposition of solving the problem of Palestinian water shortage by exacerbating Israel's water scarcity is utterly unacceptable. Thus only realistic, fair and sustainable solutions must be sought.'⁷¹ However, it is Israel's domination that ensures the solutions proposed are always in its benefit.

Conclusion: constructing a counter-hegemonic strategy for water justice

There is little doubt that the Nakba represented the biggest blow to the Palestinian water sector – a blow that was further exacerbated by Israel's occupation of the WBGS in 1967, giving it control over the water-rich Mountain Aquifer in the West Bank. The Oslo Peace Accords' 'cooperation arrangements' thus only served to entrench and mask Israel's hydro-hegemony further – a form of hegemony that was kept in place through the use of a mixture of 'coercive hard power', 'softer bargaining power' and 'ideational discursive power'. The availability of abundant water resources on the Israeli side (as well as the fact that water is made abundantly available to its illegal settlements in the West Bank) must therefore be seen to be the direct cause of water 'scarcity' in the oPt in the case of the Palestinians alone. For it is only due to this artificially constructed myth of Palestinian water scarcity that Israelis and Israeli settlers can enjoy such an overabundant supply of water themselves. Thus, it is this existing system of oppression that underlies the fact that water resource management, use, as well as equal access and distribution to the Palestinians inside of the oPt remain unattainable goals today.

Water differs from other final status issues in the fact that Israel established its ultimate goal of control over all the water resources in Israel-Palestine long before the Oslo Accords were signed. Israel's interest in negotiating water thus only involves a desire to maintain the status quo.

Hence, challenging the structures of Israel's hydro-hegemony is a colossal task in this context, for the Palestinians lack any 'coercive hard power', and Israel's domination of the JWC ensures that Palestinian access to any 'soft bargaining power' remains extremely weak. Change therefore must come from outside the structures currently in place, and through the construction of a counter-hegemonic strategy that challenges Israel's 'ideational discursive power' and mobilizes ordinary Palestinians to campaign for water justice.

One of the few weapons left open to Palestinians is to engage in a battle over public opinion, both domestically and internationally, by critiquing the myths of 'scarcity' and 'cooperation', and exposing the reality of Israel's hydro-apartheid. The annual summer drought, for instance, should be reframed from being characterized as a 'technical' or 'scarcity' issue to being the outcome of dispossession and oppression, and a denial of basic rights. While Israel's hydro-apartheid has, up to now, gone largely unchallenged by donors and their project agendas, recent reports by the World Bank and Amnesty International have criticized the current structures and interlinked discursive frameworks around water provision to Palestinians inside the oPt.⁷² The Palestinians' greatest asset in this context is the power within their story; harnessing the critique and articulating Palestinian needs and demands for water – physically and as a political right – may thus help to mobilize a grass-roots movement for water justice.

Glossary of abbreviations

m ³	cubic metre (quantity)
mcm	million cubic metres (quantity)
m ³ /c/yr	cubic metres per capita per year (annual per capita supply rate)
mcm/yr	million cubic metres per year (annual flow or supply rate)
l/c/d	litres per capita per day (daily supply rate per person)
mm	millimetres (rain height)
mm/yr	millimetres per year (annual rain height)
NIS	New Israeli Shekel (currency; 1 NIS = 0.2 EURO)
WBGS	West Bank and Gaza Strip ('occupied territories' or 'Palestinian territories'); see also oPt occupied Palestinian territories (political entity)
PWA	Palestinian Water Authority (established after Oslo-II, 1995)
JWC	Joint Water Committee (established 1996, under Oslo-II)
IWA	Israeli Water Authority (formerly the Israeli Water Commission)

Notes

1. J. Seidener, 'Der Wasserreichtum des Jidrobodens', *Palästina – Monatsschrift für den Aufbau Palästinas*, Berlin: Wien, 1929, p. 22; A. Ruppin, *Die landwirtschaftliche Kolonisation der zionistischen Organisation in Palästina*, Berlin: Aufbau, 1925, p. 63.
2. Before 1911, only hand-shafted wells less than 50 m deep existed. By 1915, the first wells were drilled with a US rig in Latrun to a depth of 190 m, See, C. Messerschmid, 'The "Prior Use" Argument: Establishing Benchmarks and Implications of Historic Water Use, 1920–1948', Confidential Report for NSU, Ramallah, 5 September 2008, p. 5.
3. C. Messerschmid, 'The "Prior Use" Argument, Annex VIII'; Jewish Agency, 'The Jewish Plan for Palestine: Memorandum & Statements', UN Special Committee on Palestine, Jerusalem, 1947, p. 254.
4. Most Zionist land purchase efforts concentrated on readily irrigable land. Jewish immigrants, unlike Palestinians, showed little interest in rain-fed agriculture.
5. Jewish Agency, 'The Jewish Plan for Palestine', p. 254.
6. C. Messerschmid, 'The "Prior Use" Argument', p. 25. Given the demographic distribution with a small Jewish minority, Zionist settlers already had a higher per capita and per area consumption, especially where Palestinians depended on rain-fed agriculture.
7. 'Bluewater', as opposed to 'greenwater', is the classically accounted-for water resource, such as surface water in lakes and rivers, and groundwater tapped by wells and springs, including brackish water. As Figure 3.1 indicates, the 1980s were a relatively dry decade. Hence in around 1990–1991 and prior to the extraordinarily rainy winter of 1991–1992 (the rainiest year in the 20th century), Israel for the first time initiated some modest measures of demand management, cutting back allocations and pumping rates. See, M. Zeitoun, C. Messerschmid, and S. Attili, 'Asymmetric Abstraction and Allocation: The Israeli-Palestinian Water Pumping Record – Case Study', *Groundwater*, 47(1), 2008, pp. 150–151; M. Zeitoun and J. Warner, 'Introduction and Updates to the Framework of Hydro-Hegemony', *Water Policy*, 8(5), 2006, pp. 311–314.
8. Acre, Haifa, Tulkarem, Jaffa, Ramleh and Gaza districts comprised of two-thirds of 'recorded flows', See, G.S.I. Headquarters Palestine, 'Water Resources of Palestine: UK National Archives', WO 252(1378), 1943.
9. For example, JWU, Ramallah's water undertaking was founded in 1963. Its only well field, Ein Samia, developed in stages, with well No. 1 in 1964, well No. 2 in 1965 etc. According to Mark Zeitoun, Palestinian production grew from 218 mcm in 1952 to 230 mcm in 1966, most of which was added in the few years before 1967 (especially in the Western aquifer), M. Zeitoun, *Power and Water in the Middle East – The Hidden Politics of the Palestinian-Israeli Water Conflict*, London: Taurus, 2008.
10. Jerusalem Media & Communication Centre, *Israeli Military Orders in the Occupied Palestinians West Bank 1967–1992*, Jerusalem, 1995; 14ff.
11. Direct Israeli control inside Gaza stopped after the withdrawal in 2005.
12. Even with a large gap to the driest countries in the Middle East. The data for freshwater resources 2005 (from World Resources Institute, 'Per capita freshwater withdrawals in the Middle East and North Africa', WRI, Washington DC,

- 2009, p. 1) quotes around 200 m³/c/yr for Kuwait, Jordan and Algeria, respectively and 338 m³/c/yr for Israel. Data for the occupied Palestinian territories are added according to PWA open files, quoted as a mere 24 m³/c/yr of fresh-water control by Palestinians in both the West Bank and Gaza.
13. Only fresh bluewater withdrawals as defined by World Resources Institute, '*Per capita freshwater withdrawals*', but for all purposes, including domestic, agricultural and industrial water (as opposed to Figure 3.1, which shows all, including brackish and saline bluewater).
 14. Of the 167 mcm/yr of gross pumpage from the coastal aquifer in Gaza, only 5 per cent (or slightly above 8 mcm/yr) is fresh water of drinking quality; hence, 8 mcm/yr for over 1.5 million Gazans result in 'freshwater withdrawals' of mere 5 cubic-metres annually per capita, a negative world record.
 15. Referring to the average gross freshwater withdrawals from wells and springs in the West Bank since Oslo-II, 1995 (see Figure 3.2). Spring water production especially oscillates annually.
 16. According to the World Bank, Palestinian average consumption in the West Bank is 50 l/c/d, in some communities 10–15 l/c/d, below the international humanitarian disaster threshold, World Bank, 'Assessment of the Restrictions on Palestinian Water Sector Development', World Bank, Report No. 47657-GZ, Washington D.C., 2009.
 17. Zeitoun, *Power and Water in the Middle East*, p. 45.
 18. Note that while for Palestinians in the West Bank this is the only source of water, Israel disposes of other large groundwater basins and surface flows outside of the oPt. Palestinian Water Authority, 'West Bank water tables for 2009, Databank: Open Files 2009; Hydrological Service of Israel, 'Development of utilization and status of water resources in Israel until Autumn 2007', *Hydrological Service Annual Report*, Jerusalem, State of Israel Water Commission, 2008.
 19. The Goldstone Report describes the 'widespread destruction of... water wells and water tanks unlawfully and wantonly', United Nations General Assembly, 'Human Rights in Palestine and other occupied Arab territories. Report of the United Nations Fact-Finding Mission on the Gaza Conflict', Human Rights Council, 25 September 2009. (Otherwise known as the Goldstone Report), paragraph 1929, pp. 415–416.
 20. Zeitoun, *Power and Water in the Middle East*, p. 19.
 21. World Bank, 'Assessment of Restrictions'.
 22. United Nations Development Programme, 'Beyond Scarcity: Power, Poverty and the Global Water Crisis', Human Development Report (UNDP, HDR), New York, 2006, p. 228; at: <<http://hdr.undp.org>>.
 23. World Bank, 'Assessment of Restrictions', p. 47.
 24. E. Kistin, and D. Phillips, 'A Critique of Existing Agreements on Trans-boundary Waters, and Proposals for Creating Effective Cooperation between Co-riparians', working paper for Third International Workshop on Hydro-Hegemony, London School of Economics, London, 12–13 May 2007.
 25. D. Phillips, 'An Audit of the Operations and Projects in the Water Sector in Palestine', Annex 3: The Positive-Sum Outcome, 2008, p. 142.
 26. Phillips, 'An Audit', p. 88; Palestinian Water Authority, 'Water for a Viable Palestinian State: An Independent Palestinian State in 2 Years', Ramallah, 2010, p. 142.

27. C. Messerschmid, 'What price cooperation? – Hydro-hegemony in shared Israeli/Palestinian groundwater resources', in Aliawi, A. et al., *Proceedings of the 1st International Conference on Sustainable Development and Water in Palestine*, Amman, 26–30 August 2007, pp. 347–364.
28. Zeitoun, *Power and Water in the Middle East*, p. 129.
29. If not mentioned otherwise, this always implies 'physical water scarcity', or the illusion thereof.
30. B'Tselem, *Dispossession and Exploitation – Israel's policy in the Jordan Valley and the northern Dead Sea*, Jerusalem, May 2011, p. 39.
31. Long-term average precipitation at 97 rain gauges in and around Berlin, SenStadtUm [Senate Administration for Urban development] (1994): 'Umweltatlas Berlin', Map 04.08.1–3, Long-term distribution of precipitation. Senatsverwaltung für Stadtentwicklung und Umweltschutz Berlin, 1994, p. 2.
32. N. Kliot, *Water Resources and Conflict in the Middle East*, London: Routledge, 1994, p. 246.
33. Average 649.8 mm; long-term average in Paris-Montsouris lies at 613.1 mm in 1873–2007. See Météo France, 'Normales des précipitations annuelles en Ile de France', Stations de Paris: Paris-Montsouris, Paris, 2011; and Decker, F., 'Hauteurs des précipitations mensuelles à Paris-Montsouris', *Climatologie*, Paris-Montsouris, Paris, 2008.
34. Data – until 1945: D. Ashbel, *100 years of Rainfall Observations 1844/5–1944/5*, Jerusalem: Hebrew-University, 1945, 85ff; until 1998: EXACT, *Overview of Middle East Water Resources*, US Geological Survey, Multilateral Working Group on Water Resources, Middle East Peace Process, 1998; from 1998: Hydrological Service of Israel, 'Development of utilization and status of water resources in Israel until Autumn 2007', p. 221.
35. A. Hass, 'Water, water, everywhere', *Haaretz*, 7 March, 2008.
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4

(En)gendering De-development in East Jerusalem: Thinking Through the 'Everyday'

Nadera Shalhoub-Kerkovian and Rachel Busbridge

We met Manal¹ following the death of her 52-year-old husband, while conducting our study on death and birth in Jerusalem. Manal is an articulate 47-year-old woman, the mother of five girls and a son, an educator who worked for years as a school teacher. Only four years ago, she lost her job due to financial hardships in her workplace. Here is her story:

I got married 27 years ago. I am originally from Gaza, but came here to study, met my husband, and we got married while studying. I finished my degree in Chemistry, and he worked in an Israeli company, lost his job due the political situation, was unemployed for two years, then started working as a cleaner in the Hebrew University... The fact that I am from Gaza turned our life and economic situation into hell... and caused so much anger and fights in the family... It was hard... we needed to pay so much money to lawyers to get me a permit to stay in Jerusalem... I really did everything to ease the burden from my family, and get me an ID... but... knowing the law means nothing when one is under occupation... We Palestinians try in every way possible to live... and they work 24 hours a day to build new policies, walls, rules, checkpoints... and come up with so many ways to bother us... to steal our happiness.

When I had my children, we had a hard time getting them an Israeli ID, and now I have the five girls with Israeli ID, but my son does not have one. We paid so much money to amend this situation... to no avail. My son is always upset at me, that I caused him so much suffering... He takes his anger against his sisters, hitting

them, screaming, spending money on clothes, bad friends and cigarettes, when we are barely breathing... He prevented his sisters from studying, because he can't move freely... so... why should she move, travel to the university, or study? ... When I sit and think, I feel so helpless... but also so stubborn... wanting to challenge them... search for ways to solve our problems, look for jobs, share news with my children... but, it is hard... you wake up everyday wondering what can you do, how, who should you consult with... It is everyday ...

Two months ago, my husband died, and we all lost our ability to think, support each other, or comprehend what goes on. I lost my partner, and my source of support... and it means that I have no right to stay in Jerusalem... and must go back to Gaza. You see, I just learned that I will soon be deported, mainly since according to the new [2010] Military Order 1650, [the Israelis] could now separate me from my family... actually all I know – for I left Gaza when I was 16 years old. My life, children, husband's grave, friends and family, are here. I went and asked the lawyer to help... and this cost money... when I have nothing... no work possibilities, and no permit to move to another place... The fact that my husband is dead – from a legal perspective I can't stay in Jerusalem... and I have no right to even go to court... for as the lawyer said, it is beyond the [court's] jurisdiction. They blocked us from all directions... made it impossible. And yesterday... my son said that the only way they could keep me here is by marrying a man from Jerusalem... Me marrying! I just buried my husband... and who will marry a woman with six children... from Gaza? Then people wonder why I cry all the time... well... maybe the Israelis will impose new laws against crying? Maybe they want us to disappear?

Introduction

Manal's voice powerfully uncovers the depth and spiral effect of the Israeli occupation on Palestinians in general and Palestinian women in particular. Her story reveals the pervasiveness and sophistication of the Israeli occupation enterprise, showing how it stretches from the public domain to the most personal and private elements of life. It helps us understand the way in which the occupation spans several locations (the psychological, familial, marital, financial, educational and more), encompassing multiple apparatuses as well as various spatio-political systems of control. Only by hearing Manal's story, can one begin to understand the workings of the military enterprise, with

its machinery that works constantly to promote the dominance of the occupier, as well as place the occupied in increasingly controlled and confined spaces – to make them ‘disappear’, as she puts it. Manal’s voice shows us one example of everyday life in East Jerusalem, where the occupation has trapped – indeed suffocated – any genuine personal, economic, social and political development, and has resulted in the restriction of life opportunities of Palestinian Jerusalemites. Her narrative reveals the ways in which the occupation enterprise is sustained through various political-economic policies, laws, bureaucracies and administrative procedures. The hardships she faces, and her continual refusal to surrender, are affected by a purposeful colonial logic, which exacerbates already existing inequalities and reproduces new patriarchal modes of control/protection – such as the suggestion made by her son that Manal ought to marry someone so as to remain in Jerusalem.

In this chapter, we argue that the controlled borders and boundaries of East Jerusalem are constitutive of a strong connectivity between the raced and gendered ramifications of such a colonial enterprise and logic. By basing our exploration on the voices of three Jerusalemite women, Manal, Rawan and Salma, we offer a critical feminist analysis that maps and re-maps the workings of power, and explores the ways in which its interlocking effect results in de-development. We use East Jerusalem as a case study of the wider historical, cultural and socio-economic dynamics at play in the occupation to demonstrate how the colonial regime promotes a gendered de-development, producing trapped spaces and bodies.² Our central concern is to analyse Israel’s colonial policies, juxtaposed with the politics of everyday life, to illuminate the gendered de-developing effect of the former.

Our chapter also aims to show that resistance is not necessarily organized or collective, but that it equally occurs in mundane ways in everyday life. We therefore take as our focus the daily obstacles facing Manal, Rawan and Salma in occupied East Jerusalem – obstacles that include denial of the right to education, to a safe home, to secure employment, access to quality healthcare and the increasing militarization of space, time and bodies. Their voices expose not only the pervasiveness of occupation, but also the ways in which these women challenge the everydayness of Israel’s colonial regime. Our objective in this chapter is thus twofold: to bring women’s voices and daily ordeals to the forefront of our analysis in order to both uncover the gendered impacts of de-development in East Jerusalem,

and simultaneously highlight the multiple realities and struggles of Palestinian women.

Theorizing the nexus between de-development, power and the everyday

De-development and colonial occupation arguably go hand-in-hand in Palestine, with the former simultaneously an element and outcome of the latter. While analyses of this relationship have been largely structural to date, focusing on the structures of domination and subordination,³ our aim in this chapter is to comprehend de-development and colonial occupation from an alternative analytical perspective – namely, one which explores the more hidden, mundane aspects of power. Following Foucault,⁴ we argue that power is not a ‘thing’, but a plural and ubiquitous relation which permeates, impinges upon, and produces all aspects of social life – from the macro-relations of governance to the micro-dimension of everyday life. Our rationale is that to focus only on the structural elements of de-development and occupation is thus to potentially miss some of their deeper, more insidious manifestations; that is, how they impact upon and configure the daily lives of Palestinians. It is the micro-dimensions of power, we suggest, that may offer us deeper insight into what it means to live in the de-developing context of occupation, and help elucidate its internal logics and strategies.

Further, a purely structural focus may eclipse the diverse ways in which Palestinians resist, struggling within and against the prevailing context. Like Foucault asserts, ‘where there is power, there is resistance... these points of resistance are present everywhere in the power network’.⁵ Like power, then, resistance is present at *all* levels of social life and is not simply embedded in the top-down relations of domination/subordination. In other words, resistance is not only organized, collective and public, but also omnipresent in all activities – including the most private, mundane and hidden. Moreover, as Foucault also reiterates, resistance is not merely a reversal or public contestation of prevailing power regimes, but also consists in a subject traversing the field of power in new and creative ways – many of which occur spontaneously through everyday action.⁶ It is thus in the micro-domain of the everyday that we may uncover the uncertainty, uniqueness and unpredictability of human life as well as the creativities of resistance.⁷

In terms of thinking about de-development in Palestine, a theoretical approach focusing on the everyday is significant in that it enables us to comprehend the wealth of knowledge and experience people already

possess. While these everyday knowledges and experiences may not be collective in orientation, their importance lies in the fact that their lessons may be *transferred* to collective actions, offering unique and creative ways to challenge, distort and transform socio-political codes and create new alternatives.⁸ In terms of women's experiences, which is our focus here, this type of approach is especially critical. Women are traditionally relegated to the private realm of daily activities, and while there is no doubt that women have been instrumental in public collective resistance in Palestine,⁹ it is nevertheless the case that much of Palestinian women's resistance has been tied to spaces of everyday functioning. The overarching focus on politics and collective action in public spaces, as Emejulu and Bronstein argue, thus often marginalizes women's particular struggles and precludes gender-sensitive approaches to development.¹⁰

De-development in East Jerusalem

We begin our exploration with Rawan, a 39-year-old woman who shared her story with us.

I had my first children – they are twins – in 1991. At that time, I used to work as a nurse in Maqased Hospital... My husband was working in the same place, and we were working hard to sustain our economic situation... We used to leave together, come home together, work hard, but we were happy... Now, that our house is under the threat of being demolished... everything in our lives... every decision we make... has changed.

The twins are very bright, but we do not have money to enrol both of them in university, and the roads are not safe for girls... As much as I feel guilty of depriving my daughter from going to university – for this what happened to me too – we had no other choice, but to send one, and deprive the other. Now, she is engaged, and maybe her husband will help send her to university... But, you see... I lost my job, and my daughter her right to study... and we might be soon in the streets if the house is demolished... As you can see, we are still running after lawyers, talking to people in the [Palestinian Authority], paying fines, and looking for a way to prevent the demolition.

Rawan's story illuminates the impacts of the process of de-development on individuals, families and communities in the context of living under occupation. Her voice reveals the ways in which economic, spatial, legal

and social control invades the everyday acts of Palestinians, and impacts on their life decisions. As Rawan's story testifies, occupation and colonization traps Palestinians in ever-shrinking spaces, denying them the right to a home, education, a dignified life and a space to build their lives, and shows the gendered ramifications of such a trapping. This denial of the 'right to development'¹¹ for Rawan, her daughter, and many Palestinians in Jerusalem is a multi-faceted enterprise, designed to promote daily insecurity, uncertainty and the trauma that derives from living a precarious existence in one's own home-space.

Palestinian society in general has experienced the de-developing effects of long-term military occupation, a process that has intensified in the nearly 20 years since the Oslo Accords.¹² Explorations of de-development have largely focused on the Gaza Strip and the West Bank,¹³ while the process of de-development in occupied East Jerusalem remains under-examined and under-theorized. This is understandable considering the complicated status of East Jerusalem. Like the West Bank and Gaza, East Jerusalem is occupied territory as understood by international law and the international community; however, its illegal annexation in 1980, combined with the Israeli state's declaration of Jerusalem as the 'eternal, undivided' capital, has rendered the situation exceedingly complex.

According to mainstream discourse, there are 'two' Jerusalems – the Israeli 'West' and the Palestinian 'East'. However, the reality is that these two Jerusalems are more enmeshed than is commonly imagined. Indeed, before 1948 the Palestinian community in what was to become West Jerusalem numbered about 28,000 and owned 33.69 per cent of the land: land and homes that still figure in the consciousness of those exiled and displaced.¹⁴ Moreover, with around 200,000 of approximately 500,000 Jewish settlers in the oPt residing in East Jerusalem, an estimated 80 per cent living within a 25-mile radius of Jerusalem,¹⁵ we are not only witnessing a blurring of the lines between West and East, but also deepening division in the latter. On the one hand, there are the settlement neighbourhoods of French Hill, Pisgat Ze'ev and Gilo that are well-maintained and serviced, and which are flourishing and expanding. On the other hand, there are the Palestinian neighbourhoods, such as Silwan and Issawiya, which are being compressed into increasingly smaller spaces, under-serviced and poorly-maintained.¹⁶ Palestinian areas are accorded lower municipal budgets, suffer from the inadequate provision and operation of sewerage systems, and are profoundly lacking in maintained sidewalks and roads, public gardens, sporting facilities, libraries, and social and cultural centres – some of

the latter have even been targeted for closure.¹⁷ With the continuing encroachment of Jewish settlers and settlements into East Jerusalem, Palestinian Jerusalemites experience the burden of the twin coercive processes of de-development and 'Israelization' – that is to say, the deleting of Palestinian presence from the geo-social space of Jerusalem and its political economy.

Palestinian Jerusalemites suffer at the hands of an increasingly right-wing Israeli state and municipality in an occupation apparatus which Jeff Halper (2009) has described as a 'matrix of control', but that we would deem to be a *colonial* matrix of control. This matrix refers to a maze of laws, bureaucracy, administrative procedures, planning laws, settlements and infrastructure that, in Jerusalem, is geared towards enacting Israeli sovereignty and ensuring the 70:30 Jews to Arabs demographic ratio aimed for as 'ideal' by the Municipality of Jerusalem (see Chapter 8 in this book). The colonial matrix of control is accompanied by, enhances and promotes a 'matrix of de-development' for Palestinians living in Jerusalem. Simply to *be* a Palestinian Jerusalemite is precarious existence enough in the current context of colonial occupation and the fragmentation of the Palestinian presence within the borders of the Municipality of Jerusalem as a result of the Israeli-imposed regime of allocating legal 'permanent resident' status and ID cards. In contrast to Israeli and Jewish residents of Jerusalem, who live under an entirely separate identification regime, permanent resident status is easily lost for Jerusalemite Palestinians – as Manal's story testifies and is shown by the fact that at least 14,000 Palestinian Jerusalemites lost their residency rights between 1967 and mid-2014, with over 4,500 (including 99 minors) having their residency revoked in 2008 alone – the peak year of revocations (the rate has since declined, with only 116 revoked in 2012).¹⁸ While, formally, once residency rights have been revoked it is possible to re-apply for the relevant permissions, in practice it is almost impossible for Palestinians to return to the city, even to see family and friends, attend educational institutions, or visit doctors, hospitals, clinics and other medical centres as such permits are rarely given.¹⁹ This cruel forced displacement and disruption of daily life is a denial of the basic right to reside in one's homeland, hometown and home-space.

De-developing women through attacks on the home/land

Rawan continues her story:

We bought a small two-room house in Ras el-Amood, and used to work, save money, and bit by bit, we managed to fit the tiles, windows,

doors, we bought beds for the kids. Now, the two rooms we live in are under the threat of being demolished – all of a sudden, they decided that no one is allowed to build in this area, and we are paying a huge amount of fines, to protect our house from being demolished ... Now, my husband is working alone, because the roads are not safe, and the area is constantly attacked by Israeli military, and when I was pregnant there were so many roadblocks and so much harassment, I ended up quitting my job, stopped my studies. The occupation killed all my dreams ... I can't even control my own kids, my 16 year old quit school, and is working as a cleaner on the Israeli side.

Rawan's story is not unusual in the context of East Jerusalem. Spatial restrictions, house demolitions, and other Israeli-imposed legal regulations play a critical and actualizing role in the occupation and de-development that Palestinian Jerusalemites experience. Since 1967, the vast majority of Palestinian-owned land has been confiscated, re-zoned or placed off limits to Palestinian construction, creating a situation in which families live in overcrowded, inadequate housing. With 35 per cent of Palestinian land appropriated for Israeli settlements, roads and other facilities; 22 per cent deemed 'open green space' reserved for 'public purposes'; and 30 per cent awaiting 'planning', only 13 per cent of East Jerusalem is available for Palestinian housing and communal needs.²⁰ Palestinians suffer from a severe shortage of housing and basic services in East Jerusalem.²¹ But restrictions on planning have created a situation where Palestinians have been forced to either procure building permits from the municipality (a costly, lengthy and largely unguaranteed process) or build illegally wherein they then risk the demolition of their homes. Indeed, since Jerusalem's annexation Israel has demolished over 2,000 houses, with an estimated 32 per cent of all Palestinian homes in East Jerusalem built in violation of zoning requirements and therefore at risk of being declared 'illegal' and slated for demolition orders.²²

As one can glean from Rawan's story, the threat or actual demolition of homes has acute psychological and socio-economic impacts on families. The psychological trauma that results from house demolition is profound, and it has particularly devastating consequences for women.²³ As a traditionally feminine domain, the home represents the core of most Palestinian women's identity as wives and mothers: its destruction therefore typically means that women lose a defining component of their selves. Furthermore, the humiliation experienced by men that often accompanies the loss of their home engenders frustration, anger and aggression which, in turn, contributes to increased violence against

women.²⁴ In this context, patriarchal systems of control are empowered to reassert themselves, rendering women particularly vulnerable and limiting their life options.

In terms of socio-economic consequences, not only do families who lose their homes lose investments and household items, and have to locate and pay for alternative accommodation, but they also must pay 'illegal construction' fines and fees to the municipality to cover the costs of the demolition of their own houses. These fines and fees generate a large income for the Jerusalem municipality: between 2001 and 2006, for instance, an average of 25.5 million shekels (\$7.23 million) was collected per year through fines extracted from Palestinians for 'illegal construction'.²⁵ Moreover, for families who suffer demolition, internal displacement is accompanied by long periods of instability, with 71 per cent reporting that they moved twice following the demolition of their home, and over half took at least two years to find an alternative place of residence.²⁶ It is no surprise, then, that 67 per cent of internally displaced families suffer from poverty. As Rawan's story demonstrates, the extra economic stress placed on families whose homes have been demolished often has disastrous consequences for family relationships, and women in particular are more likely to deprive themselves of basic necessities to cover these additional expenses.²⁷

In recent years, the construction of the Israeli Separation Wall and its 'associated regime' – condemned as illegal by the International Court of Justice in 2004 – has had profound effects on development in East Jerusalem.²⁸ Of the planned 790-kilometre wall, 167.3 kilometres are to be built in and around Jerusalem, in a stretch known as the 'Jerusalem envelope'. Once the Wall is complete, some 230,000 Palestinian residents of Jerusalem will be isolated and detached from the rest of the West Bank and over two million Palestinians living on the 'eastern' side of the Wall will be separated from East Jerusalem.²⁹ Because of this, many Palestinians live in legal limbo: some with Jerusalem ID cards are denied access to Jerusalem and some without Jerusalem IDs live within municipal boundaries. The Palestinian human rights organization, Badil, reports that the Wall and its associated regime of checkpoints and roadblocks is an obstacle to the lives of 94.7 per cent of households living in and around Jerusalem, restricting their movement, access and mobility.³⁰ East Jerusalem was once the commercial centre of the West Bank, so its closure and separation has debilitated the Palestinian economy. While the official Palestinian unemployment rate was 13.2 per cent in 2010, many Palestinians suffer from chronic under-employment and the East Jerusalem economy is fragmented, and

neither fully integrated into the Israeli or the West Bank economies, despite being structurally dependent on both, leaving it in a 'development limbo'.³¹ As employment depends on mobility, the construction of the Wall has meant a dearth of work opportunities for Palestinians in both Jerusalem and the West Bank, and many find themselves limited to unskilled positions in cleaning, commerce, restaurants and hotels, construction (especially of Jewish-only settlements), mining, manufacturing and transportation.³²

The Israeli Separation Wall has also had huge consequences for the social development of Palestinian Jerusalemites. Not only has its construction meant the demolition of homes and the destruction of many olive groves, but it has also impacted significantly upon educational opportunities – thus exacerbating the already poor provision of education for Palestinians in Jerusalem.³³ In a 2006 study looking at the impacts of restrictions on mobility created by the Wall, BADIL report that only 43.9 per cent of Palestinian children over five attended school regularly, 24.7 per cent attended but dropped out, 24.6 per cent attended and graduated, and 6.8 per cent never attended school at all.³⁴ In addition, the vast majority of university and school students have been forced to take alternative routes to reach their educational institutions, and have reported being absent from school due to lack of access.³⁵ The figures are generally higher for young women and girls, who often experience sexual harassment and gender-related humiliation at checkpoints and so either choose to not attend school, or are prevented from attending by their families.³⁶

The Wall thus helps promote a vicious downward spiral for Palestinian Jerusalemites. That is, restrictions on mobility limit work opportunities, increase unemployment, and hinder access to and attendance at schools and universities. These, in turn, lead to low educational levels, and thus declining living standards and deteriorating economic conditions, which even further restricts access to education.³⁷ Many Palestinian women like Rawan have had to forfeit their dreams of higher education, and for many young women like her daughter and Manal's daughters, their only hope for education lies in having a husband who will help send them to study.

Gendered de-development and everydayness

Salma is a 29-year-old woman who explains how her identity as an East Jerusalemite Palestinian affected her life firstly as a pregnant woman, and then as a mother.

During the last three months of my pregnancy, I had a virus and needed to get an injection every week, so as to prevent any harm to the foetus. The fact that Issawiyeh [her village] suffers from political violence, hardships and checkpoints, made me refrain from leaving the village...but, I still needed to take the injection. Would you believe it that I learned how to give myself the injection, just to make sure I won't face political hardships, or end up being affected by tear gas? I needed to weigh every step...and make sure my daughters are safe...I even did not send them to school, fearing they will be injured or attacked...Now, I just had my first son after four daughters, and I should feel happy...but, I feel very sad. I wish my family could visit me, but, they can't because they live in Hebron...I wish my mother could come help me with the baby and the girls, but she can't. Last time she sneaked in, jumped from the [separation] Wall, and ended up breaking her leg... We will have a gathering, celebrating [the arrival of] our son...and my family can't come...when they are so close to us.

While figures and statistics give an overall insight into the impact of militarized occupation on Palestinians in Jerusalem, Salma, Manal and Rawan's voices tell us what it means to live in an occupied space, and indeed what it means to live as a *woman* under such circumstances. Exploring how the occupation, its colonial logic and the matrix of control in East Jerusalem manifest in the daily life of Palestinian women is crucial if we are to understand the everyday experience of de-development. Listening carefully to Salma's voice allows us to reveal the ways in which military occupation, and its regulatory spatial and legal apparatus, affect Palestinian social and economic networks, and trap their bodies into ever-shrinking spaces. Salma's story unveils the ways in which the occupation and impact of de-development weighs heavily upon the daily functioning, activities and experiences of Palestinian Jerusalemites. This is the 'everydayness of occupation': the ways in which the occupation pervades every corner of Palestinian being, its presence forever tangible to those who seek to escape it, its politics inherent in even the simplest action (such as procuring an injection in a safe manner) or the simplest desire (such as getting the help of a mother following childbirth).

The notion of 'everydayness' is exemplified in the work of theorists such as Michel de Certeau and Henri Lefebvre. For both, everyday life is profoundly related to all social relations and activities, it is their 'meeting place, their bond and their common ground',³⁸ it is the 'connective tissue' of the social world.³⁹ As Lefebvre suggests, everydayness can be

seen as a set of functions which connect systems that might appear to be distinct; the everyday is not a system in itself, but rather a denominator common to all existing systems.⁴⁰ While the everyday has traditionally been associated with mundane, routine activities and thus accorded little social or political import, its re-theorization as a 'meta-field'⁴¹ makes it fertile ground from which to understand the interlocking power of colonial occupation and de-development: how both intertwine and trap Palestinians' lived realities.

More importantly, a focus on the everyday allows a means whereby to comprehend the ways in which power asserts itself, but also how that power is challenged, subverted and resisted by those who are the object of its gaze.⁴² It is the space where structure and agency meet: where the everyday speaks to the structures and institutions of power as well as the people inscribed by and within them, enabling an understanding of how they interact as well as the human capacity for agency, engagement and interpretation.⁴³ The work of de Certeau is particularly useful here, as he explores the creative and unpredictable ways in which people manipulate, evade and negotiate their own environments.⁴⁴ Making a distinction between *strategies* (which are the practices of the dominating order) and *tactics* (which are the practices of 'common' people), he explores how people use tactics to forge spaces for themselves in environments otherwise defined by strategies. These small, 'unofficial' practices flourish in the interstices of the strategies of power,⁴⁵ and while they are often small enough to escape notice, they are nevertheless illustrative of the ways in which the everyday becomes a site of contestation and difference. They are, as de Certeau asserts, the 'tactics of the weak', but it is their potential capacity to subvert that turns weakness into strength.⁴⁶

Re-thinking the occupation and de-development of East Jerusalem through the prism of 'everydayness' is especially useful when it comes to comprehending its gendered elements. From a feminist perspective, the notion of the everyday is critical because this is the realm in which women are most visible.⁴⁷ Palestinian women's roles are traditionally tied to the home and daily functioning – cooking, cleaning, taking children to school, maintaining relationships, caring for children and other family members. While, of course, not all women engage to the same extent in this realm, and indeed a number of Palestinian women are key players in the public domain, the fact remains that the everyday is discursively constructed as feminine – which has its attendant political and social consequences. By showing how the everyday is a space of resistance and creativity as well as domination, we can understand the intermingling of the public and private spheres as well as resisting

entrenched dichotomies of domination/subordination that typically place women in the subordinate position. Everydayness research thus allows us to uncover women's acts of resistance that may otherwise be hidden from public view, and it does so in a way that conceives of others as partners in dialogue, rather than objects to be analysed.⁴⁸ In this regard, it is far more affirming of women's lifeworlds; for Palestinian Jerusalemite women living under an often dehumanizing occupation, the significance of this theoretical and methodological stance cannot be underestimated.

Everyday survival as resistance: challenging de-development

While Palestinian Jerusalemite women are rendered particularly vulnerable by the gendered consequences of occupation, which typically means an exacerbation of already existing gender inequalities, it is important to acknowledge and make visible their everyday acts of survival. Rawan, for instance, took an important organizational role in challenging and preparing for the possible demolition of her home:

When I was at the municipality, I met a lawyer, and he explained to me that if we go to court, we could win some time to prevent the demolition, and meanwhile we could look for more ways to prevent the demolition...and we did go to court...and will have some time... But, meanwhile, I moved all my belonging to my parents' house, left only the stuff that we use, such as the beds and the living room...I do not have a washing machine, or a fridge here...The house doesn't look the same, but...at least I am doing my best to take care of what I can. I also got myself a sewing machine, and I am working at home for an underwear company, and making some money to help my family. It is little money...but, it is at home, where I could take care of the kids, and help my husband in case we lose this house.

Salma, too, speaks of an instance where women around her organized to overcome the restrictions that meant her mother could come to see her newborn son.

When I was telling the women around me that my mother won't be able to come...to celebrate the birth of my son, and my husband will end up losing more working days to stay with me and the girls,...an older lady...that was visiting her daughter – and that looked like my own mother...suggested that she could give us her own ID, and my mother could use it, take the bus, and cross the

checkpoint to Jerusalem. She actually gave us her ID, and my mother will come...She will arrive to Jerusalem...she won't be able to come visit me here...you know, we are worried that she will be caught by the soldiers...but, she will be with the girls...and will wait for me in the house when I arrive...Wish us good luck.

Rawan and Salma's stories are indicative of the ways Palestinian women create new sites of opposition and agency, and challenge the conditions to which they are subjected. Whether using the ID of another woman, or finding a part-time job in a soon-to-be demolished house, both refused to give in to the hardships imposed by the military occupation, to lose the support and love of a mother, or give up on the home as a site of belonging and stability. Despite the fears of losing her own home, Rawan continued looking for ways to challenge the demolition order and promoted her own development by finding a job that suited her particular circumstances. This is not an unusual case. Palestinian women in general have refused to accept incapacitation and uncertainty as something that cannot be fought against, resisted or challenged, something which is demonstrated in studies on the effect of housing demolitions and the militarization of education on women.⁴⁹ For instance, despite disempowering and often humiliating encounters with Israeli officials and lawyers as well as soldiers at checkpoints, Palestinian women employ a variety of tactics, to use de Certeau's terminology, that resist and subvert the strategies of the occupation. These quotidian tactics are often miniscule – such as removing appliances from a house about to be demolished – but they are acts of resistance and also of empowerment. They show that de-development is not a process that goes unchallenged, and that women are constantly seeking means to promote their own versions of development in highly restrictive circumstances.

Conclusion: rethinking de-development

The voices in this chapter helped us to uncover the mundane and gendered nature of de-development and its colonial logic. The re-engineering of Palestinians' lives and the political-economic surveillance over their bodies is a threat to individual well-being, to democratic values, and raises serious ethical and moral questions. Throughout this chapter, we have argued that researching the consequences of occupation and de-development on Palestinian women's everyday experiences has the potential to accord us a more subtle insight into their manifestations, while simultaneously affirming and empowering women's agency

in negotiating and struggling both with and against systems that would otherwise seek to entrap their bodies and lives. As Manal, Rawan and Salma's voices testify, while the impact of de-development on women forged through the Israeli occupation often means an exacerbation of already-existing gender vulnerabilities, and a re-emergence and reconstruction of patriarchal systems of control, women nevertheless forge their own tactics of coping, resistance and development.

We therefore emphasize the need to engage with the small, everyday tactics of resistance employed by women like Manal, Rawan and Salma – tactics they use to negotiate and improve upon their circumstances. The all-encompassing nature of the Israeli occupation means that these small, mundane actions of subversion are important spaces for Palestinian Jerusalemites to contest the context of de-development which envelopes them, to exercise their capacity for agency, and to empower themselves. In thinking about alternative approaches to development in occupied East Jerusalem it is critical that we learn from the ways in which Palestinians negotiate and resist in their everyday lives, beginning from their ability to develop space-forging tactics in otherwise confined places.

Notes

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Part II

De-development Applied

5

Palestinian Refugees: From 'Spoilers' to Agents of Development

Ingrid Jaradat Gassner

Palestinians are the world's largest and longest-standing refugee population.¹ Yet peacemaking under the terms of the Oslo Accords has upheld that a Palestinian compromise of the refugees' right to return is required as a *quid pro quo* for peace with Israel and that solutions in line with international legal standards and best practice are 'not realistic' for Palestinian refugees. Moreover, internationally-sponsored efforts for Palestinian development, which have accompanied peacemaking, have excluded Palestinian refugees living outside the occupied West Bank and Gaza Strip, although they represent almost half of the Palestinian nation.

This chapter approaches development as a human right and as a process of social, political and economic transformation that can empower the excluded and exploited.² It argues that the exclusion of Palestinian refugees from the 'Oslo paradigm' of peacemaking and development – shaped as it is by the powerful members of the international community – could not have been maintained without the process of Palestinian disempowerment that preceded and accompanied it. This process has deprived the refugees of their role as both constituents and political actors in the collective Palestinian body politic. It has not only denied refugees their fundamental human rights, but also weakened Palestinians' democratic institutions and their political bargaining power. Moreover, the exclusion of the refugees has distorted the history of the conflict with Israel, and obscured its root causes. This has resulted in confusion about the means and mechanisms necessary to resolve it, and in flawed strategies for Palestinian development. The chapter concludes that a paradigm seeking to create the process of social and political transformation required for Palestinian development and peacemaking must address the causes of Palestinian forced displacement. It must place the Palestinian

refugees centre stage; they must be recognized as the legitimate holders of political rights, including the right to participate in the affairs of their people and country, and to return.

International law, development and refugees

The United Nations (UN) has affirmed that 'development is a prerogative both of nations and of individuals who make up nations'³, and it has defined development as 'an inalienable human right by virtue of which every human person and all peoples are entitled to participate in, contribute to, and enjoy economic, social, cultural and political development, in which all human rights and fundamental freedoms can be fully realized'.⁴ Despite this aspirational language, equating the development rights of refugees with those held by all other persons does not create enforceable principles. In practice, refugees, as persons forced to leave their country, find themselves excluded from the very states that are the primary guarantors of the rights and well-being of their citizens, including the right to development. The refugees' own country, likely to be the one that created the refugee situation in the first place, may be unable or unwilling to ensure that the displaced can return and participate in public affairs as equal citizens. Host countries and international agencies may provide international protection and humanitarian assistance under specific treaties, such as the 1951 Refugee Convention⁵, but such treaties accord a legal status, rights and livelihoods which are inferior to those of citizens. A similar situation of exclusion and deprivation is experienced by stateless persons, who are not considered nationals by any state under its law, and who may seek international protection and humanitarian assistance under the two conventions on statelessness.⁶

In light of the above, refugee-hood must end for development to become a right that can be fully enjoyed or effectively claimed. In other words, a rights-based approach⁷ to development must involve social, political and economic transformation that empowers the refugees and facilitates their political inclusion as citizens. International legal standards and best practices for resolving refugee situations are, in fact, consistent with such a rights-based development approach. The Office of the High Commissioner for Refugees (UNHCR), the primary UN agency assisting states with international protection and humanitarian assistance to refugees, for example, is also mandated to work for permanent solutions. UNHCR promotes three types of 'durable solutions', which restore to refugees the status of citizens: voluntary repatriation based on the right to return to one's country⁸ is considered the preferred

solution; the other two are voluntary host country integration and voluntary resettlement in a third country which are at the discretion of states. Restitution of housing and property, and the principle that solutions must be voluntary (that is based on the choice of the individual refugee), are considered important elements of durable solutions because they are remedies for forcible displacement and associated human rights abuses and/or material losses.⁹ Finally, it is increasingly recognized that refugees, as victims of persecution, are excluded from the structures of political power in their country of origin, and that the search for durable solutions for refugees is, in part, a struggle of the politically excluded for political inclusion. In practice, the international community has so far responded to this challenge mainly by facilitating refugee participation in post-conflict elections on an *ad hoc* basis. International organizations such as the UNHCR have remained reluctant to protect the right of refugees to political participation in the affairs of their home countries before and during implementation of durable solutions. The concern, of course, has been that such intervention would compromise the humanitarian and non-political mandate of international agencies.¹⁰

Palestinian refugees: an overview

Although the same international law standards apply to Palestinian refugees, these have not been utilized to address their situation. Palestinians have thus become the world's largest and longest-standing refugee population. Protracted, repeated and ongoing forced displacement since the failure of the UN partition plan for Palestine in 1947¹¹ has resulted in a situation where two-thirds of the entire Palestinian people are displaced persons whose land and other property has been appropriated by Israel.¹² Most displaced Palestinians (approximately 6.7 million) are refugees, i.e., persons who fled across an international border. The largest group (5.7 million) is composed of '1948 refugees' who were displaced during Israel's establishment, and whose homes and properties are located in Israel. The second major group (955,000) is that of the '1967 refugees' who originate from the West Bank, including East Jerusalem or the Gaza Strip, and who were displaced in the context of the 1967 war and Israel's occupation of that area. A third category comprises an unknown number of Palestinians from Israel or the 1967 occupied Palestinian territory (oPt) who became refugees at other periods of time.

Approximately 30 per cent of the refugees live in the oPt where they compose more than 40 per cent of the Palestinian population. Approximately 70 per cent of the refugees live in the *shatat*, which means

dispersed outside the borders of pre-1948 Palestine. Palestinian refugees in the *shatat* represent almost half of the entire Palestinian people.¹³ The large majority of the refugees continue to live in the Middle East, mainly in the oPt, Jordan, Lebanon, Syria, Egypt and Iraq, where they initially found shelter and/or have access to the assistance of the UN Relief and Works Agency (UNRWA). Many have moved on to Arab countries with attractive labour markets, particularly Saudi Arabia and other Arab Gulf countries. Others have migrated further – to Europe, North and South America and elsewhere. Palestinian refugees live mainly in urban areas. Less than 20 per cent live in one of the 58 UNRWA serviced camps. No systematic and reliable information is available about the living conditions and needs of the Palestinian refugee population. Partial demographic and socio-economic indicators are available only for the '1948 refugees' registered with UNRWA in Arab host countries and in the oPt.¹⁴

The Oslo peace process: exclusion of the refugees as a *quid pro quo* for peace

Contemporary Israeli-Palestinian peacemaking, spearheaded by the United States, gives primacy to a strong Israel, and accepts the structural exclusion of the Palestinian refugees as a *quid pro quo* for peace.¹⁵ The Oslo peace process was designed as a top-down process of 'elite pact-making' whereby the people concerned and international law are seen as 'not helpful'.¹⁶ The legal framework for the negotiations is provided by UN Security Council Resolutions 242 (1967), 338 (1973), 1397 (2002) and 1515 (2003), which either ignore the human rights of the Palestinian people, in particular the rights to return and self-determination, or treat them as a subject of negotiations with Israel. This is a framework that holds the rights of the Palestinian people hostage to Israel's consent and gives primacy to Israel's self-defined needs for security, territorial integrity and sovereignty. Based on this framework, international peace diplomacy has been guided by the assumption that Israel will make room for some (sovereign or non-sovereign) Palestinian state in the oPt, if the Palestinian negotiators 'deliver' the compromises demanded by Israel. In light of Israel's objection to the return of Palestinian refugees, the Palestinian negotiators are thus expected to relinquish this right on the behalf of millions of refugees. The assumption is that an 'agreed, just, fair and realistic solution of the Palestinian refugee question'¹⁷ means that the majority of the refugees will permanently integrate in Arab

host countries, be absorbed in the new Palestinian state or resettled elsewhere, while a symbolic number will be accepted by Israel on humanitarian grounds. And in exchange for relinquishing their right of return, the refugees will receive some measure of financial compensation.¹⁸

This paradigm has been developed and shaped by the conventional wisdom about Israeli-Palestinian peacemaking that has resulted from 20 years of collective endeavour by western governments, through the work of academics, policymakers and think-tank projects, including many Israelis and Palestinians.¹⁹ This conventional wisdom holds that 'Israel will never accept a Palestinian right of return', that 'the solution is known', and that for peace to become possible 'a way must be found to implement this solution'. It has prevailed despite repeated failure to implement a two-state solution, and despite the wisdom of better informed stakeholders and observers.²⁰ The rights and aspirations of the refugees to return to their homes and properties now located in Israel, and durable solutions in line with international law standards, are considered 'unrealistic' and obstacles to peace. Palestinian refugees have been treated as a surplus population and as potential spoilers, whose rights and choices are to be limited and manipulated for the peace process to succeed.

Palestinian development: state-building without freedom or nation

The main objective of international development aid since 1993 has been to fund the Oslo peace process and to create the conditions for its success – and the logic of Palestinian development has been defined by these terms (see Chapter 2 in this book). Guided by the paradigm of a 'negotiated two-state solution', Palestinian state-building and economic growth have been pursued through the development of the Palestinian Authority (PA) in the oPt as a system of governance with limited jurisdiction that leaves effective control over the territory and the people in the hands of the occupying power, Israel. This peculiar approach to Palestinian development has been justified by the need to keep Israel engaged in the peace process.

In the scenarios explored by academics, think tanks and policy groups in the early period of the Oslo peace process, Palestinian refugees feature as potential immigrants to the Palestinian state-to-be. Ideas and studies considering their future absorption dismiss the rights of the refugees and international legal standards for durable solutions, making no distinction

between return, repatriation, resettlement, immigration and absorption.²¹ From the perspective of policy technicians, a hands-on approach suggested that development was both practical and imminent:

[The] working assumption was that the Palestinians would return in great numbers immediately after the Palestinian State is established.... For planning purposes, it was assumed that by the year 2010 about 450,000 Palestinian immigrants would settle in the West Bank and about 260,000 would settle in the Gaza Strip. Their migration, it was assumed, would begin in 2005, at a rate of about 100,000 per year.²²

In the face of the multitude of policy proposals, the refugees have remained in exile. Since 1994, the refugees in the *shatat* have had no role or say in the Palestinian development strategy designed and implemented by the international community in conjunction with the PA.²³ The select few who had a role or say include academics and owners of large private business corporations in exile recruited to and benefitting from the state-building enterprise.

By 2002, humanitarian aid and PA reform had become prominent in the international agenda in the oPt, in addition to development aid. Segments of the academic and policy community, who have been critical of this agenda, have drawn attention to the fact that it undermines the declared objectives of international development aid and self-determination of the Palestinian people, and that international funds for assistance are best described as 'guilt money' paid as compensation for the injustice inflicted upon Palestinians by the Oslo peacemaking agenda.²⁴ Critics have also called for greater Palestinian ownership of the development process, more effective responses to Israel's persistent violations of international law, better protection of the rights of the Palestinian people and more accountability of duty bearers.²⁵ None of this, however, has substantially engaged the PA, donors or aid agencies on the rights and needs of the Palestinian refugees in the *shatat*, including their right to participate in shaping the contours of their national development. Responsibility for refugee rights and needs continues to be relegated to the Palestine Liberation Organisation (PLO) (which is largely inactive), the peace negotiations, and UNRWA.

Faced with a situation where the Oslo paradigm of peacemaking and Palestinian development is failing, international donors and aid agencies have stepped up assistance to 'good governance', democracy and empowerment of Palestinian individuals and institutions in the

oPt, according to the view that this would strengthen the role of the Palestinian people in the quest for self-determination and an independent state.²⁶ International donors and aid agencies also borrow concepts and methods of the Palestinian liberation movement, such as *sumud* (steadfastness), and promote them as a means for strengthening human security and resilience of Palestinian communities, and for advancing development in the oPt.²⁷ The PA, which continues to maintain that freedom is imminent, holds out the promise that development through consolidation of its quasi-state institutions, empowerment, and human security represents the collective will of the Palestinian people, and will bring about national liberation.²⁸ (See Chapter 9 in this book.) Such policies and promises border on cynicism, ignoring the structural flaws and constraints of the Oslo paradigm, including the fact that the Palestinian refugees in the *shatat* are completely excluded from the process, although they comprise almost half of the nation.

Disempowerment and exclusion revisited

The contemporary paradigm of peacemaking and development, shaped as it is by the policy objectives of powerful members of the international community, and based on flawed assumptions and failed strategies, could not have been adopted and maintained for 20 years without Palestinian disempowerment – a process which has both preceded and accompanied it. Failed peacemaking and Palestinian de-development are the direct outcomes of a process of disempowerment that has stripped the refugees of their essential roles as constituents and political actors in the Palestinian national body politic.

Following the mass forced displacement of 1948, the overwhelming majority of the Palestinian people became refugees. It was largely the Palestinian refugees themselves who formulated the initial indigenous strategy to reverse the ethnic cleansing and recover their country, build the national liberation movement, and achieve international status as a people entitled to return and self-determination. In the period between 1964 and 1982, the PLO and its parliament, the Palestinian National Council (PNC), were able to capture and represent the prevailing popular will and the aspirations of the entire people, including those in exile, those under Israeli occupation since 1967, and those remaining in the part of the homeland which had become Israel. Building on popular support, participation and *sumud*, the PLO contributed to protection, assistance, ‘human security’ and ‘empowerment’ of the Palestinian population, in particular in the refugee camps

in Lebanon. PLO diplomatic interventions and agreements with Arab governments, the Arab League and UNRWA, enhanced the legal status of Palestinian refugees in Arab host countries and improved access to work and social services, while PLO institutions provided complementary health, education and cultural services for them. The PLO also operated economic enterprises and research centres that provided employment (see Chapter 11 in this book). Through these economic enterprises, and tax revenues collected from Palestinian workers in Arab Gulf countries, the PLO was able to generate independent financial resources for the national liberation movement.

In 1982, the PLO leadership relocated from Lebanon to Tunis, leaving behind institutions and refugee camps that had been shattered in the war with Israel. This marked the first of a series of ruptures that separated the PLO from its refugee constituencies and undercut its organically-developed democratic mechanisms. The gradual separation and exclusion of these constituencies not only deprived the refugees of their fundamental human rights, it also weakened the PLO and its political bargaining power, with the result that the indigenous national liberation strategy was gradually abandoned. The final and most serious rupture occurred in 1993, when the PLO accepted the international peacemaking and development paradigm that it had previously rejected. Pursuant to the Oslo Accords, the PLO executive moved from Tunis to the oPt and established the PA as a short-term, administrative entity charged with the limited governance of those areas placed under Palestinian responsibility. Elections have since been held for the PA's Legislative Council (PLC). However, the refugees in the *shatat* cannot participate in or be represented by the PA's system of governance, because of its limited legislative and executive competence, limited territorial jurisdiction, and lack of personal jurisdiction over Palestinians not present in the oPt. With elections of the PLO parliament (PNC) suspended, this has resulted in the exclusion of almost half of the entire Palestinian people, that is the refugees in the *shatat*, from the collective Palestinian body politic.

Palestinian refugees responded by campaigning for their right to return and have gained increasing support from the public in the oPt, especially since the second intifada. Refugees in the *shatat* have played an important role in the civic campaign for boycotts, divestment and sanctions against Israel until it complies with international law, and have demanded direct elections to the PNC, the only parliament that can represent them.

Refugees: at the core of the conflict and its root causes

The exclusion of the refugees from the concerns of the PLO/PA and the Oslo peacemaking and development process has done more than deny them their fundamental human rights and weaken the collective Palestinian body politic. It has also 'effectively de-historicized the conflict with Israel, which no longer has an origin, and thus obscured the means and mechanisms necessary to resolve it'.²⁹ A brief review of the causes and particular features of the Palestinian refugee situation can show why effective efforts for Palestinian development and peace-making must place the refugees centre stage.

One particular feature of Palestinian refugees is that they were citizens of pre-1948 Palestine (now Israel and the oPt) under the British Mandate administration.³⁰ They were part of the country's indigenous, predominantly Arab population, but their legal bond of citizenship with their country was severed by Israel through legislation and military orders. On this basis, Israel in its role as sovereign (since 1948) and occupying power (since 1967) has persistently treated Palestinian refugees as aliens who have no legal rights and claims to their country of origin. Israel has thereby effectively barred domestic legal claims and political struggle by the refugees for return and inclusion. Consequently, most Palestinian refugees are also stateless persons. In fact, the majority of all Palestinians, including non-refugees, are stateless because Israeli law and military orders also treat those living in the oPt as 'resident aliens', particularly in East Jerusalem, and there is no Palestinian state that can grant effective citizenship.³¹

Such systematic 'denationalization' of Palestinians is a consequence of the policy of forced population transfer (ethnic cleansing) that Israel has implemented since the Nakba of 1948, with the intention and effect of permanently removing *en masse* the indigenous Palestinians for Jewish colonization and the development of a 'Jewish state'.³² Population transfer is defined as the 'systematic, coercive and deliberate...movement of population into or out of an area...with the effect or purpose of altering the demographic composition of a territory, particularly when that ideology or policy asserts the dominance of a certain group over another'.³³ Israel has institutionalized this policy by means of discriminatory laws,³⁴ military orders, institutions and administrative mechanisms that prevent return of the refugees, oppress the Palestinian population, induce forced displacement, and expropriate Palestinian land and resources for permanent Jewish ownership and use. Palestinian refugees and internally displaced persons, therefore, are not

an unintended outcome of armed conflict, but rather victims of systematic racial discrimination akin to apartheid in South Africa or ethnic cleansing in the former Yugoslavia.³⁵

Possibly the most distinct feature of the Palestinian refugee situation stems from the scale of their forced displacement and legal-political exclusion by Israel: approximately three-quarters of the entire indigenous Palestinian population were displaced during the Nakba of 1948 alone, with the result that the Palestinian refugees were, in fact, 'the people' who no longer had its country and lived in dispersal (*shatat*) and exile. The right of the Palestinian refugees to return to their homes and properties has been affirmed by the UN since 1948.³⁶ However, unlike many other refugee situations, the international community has not put pressure on Israel to ensure that the Palestinian refugees can return and regain citizenship, recover their property and participate in the public affairs of their country.³⁷ In response to pressure from the Palestinian liberation movement, the UN has affirmed that Palestinians, including the refugees, constitute a people entitled to resist foreign domination and to exercise its right to self-determination.³⁸ This right is commonly defined as the right of 'all peoples ... freely to determine, without external interference, their political status and to pursue their economic, social and cultural development'³⁹ and is a component of the human right to development.⁴⁰ The right to self-determination is unequivocally recognized for Palestinians,⁴¹ but no effective measures have been taken by the international community to protect this right and ensure its respect by Israel.

These particular features of the Palestinian refugee situation illustrate why a rights-based development paradigm seeking to end the systematic exclusion of refugees is crucial for peacemaking and development of the Palestinian people as a whole. For example, Israel's policy of population transfer has not only caused the protracted Palestinian refugee situation, but it also constitutes a root cause of the larger conflict between the state of Israel and the Palestinian people, and of Palestinian de-development.

Another equally important conclusion is that while Palestinians no longer have their country and Palestinian refugees cannot return to their country of origin because of Israel's systematic policy of exclusion, all Palestinians, including the refugees, are entitled (by virtue of their right to self-determination) to participate in their collective body politic. Palestinian refugees should be enabled to meaningfully engage with the political process that deliberates the contours and outcome of this right, and with the organization that leads the struggle for its realization. This

is even more important in an environment where self-determination remains denied: active political participation of the refugees in the *shatat*, comprising almost half of the people, is essential for Palestinians to preserve and defend their existence and identity as a nation.

Humanitarian aid to Palestinian refugees: prolonging exile

As states and the UN remain unwilling to ensure that Palestinian refugees can return, the latter continue to receive international protection and humanitarian assistance from host countries and international organizations, mainly UNRWA and UNHCR. For Palestinian refugees, such international protection and assistance has resulted in legal status, rights and livelihoods that are inferior not only to those of citizens but also to the protection standards they are entitled to as refugees.⁴² This applies, in particular, to protection of refugees' political rights and identity, including their right to political participation in the public affairs of the Palestinian people as a whole and the right to return to their country of origin. These rights are directly relevant to the social and political transformation required for ending the systematic exclusion of Palestinian refugees and creating a situation where they can implement the durable solution of their choice. Inadequate protection of these rights contributes to disempowerment and prolongs exclusion.

For more than 60 years, Arab host states have raised the political demand for the return of Palestinian refugees, but have treated Palestinians in their territories as national security risks, or as a means to advance regional political interests. No Arab government has accorded Palestinian refugees the protection they are entitled to under the 1951 Refugee Convention or the regional instruments of the Arab League, in particular with regard to *non-refoulement*, residency, travel documents, freedom of movement, expression and association, and the rights to work, education, health and property.⁴³ Discrimination is widespread in Lebanon, Egypt and Arab Gulf countries where Palestinian refugees are treated as if they were foreign nationals. Consequently, Palestinian refugees suffer renewed forced displacement and expulsion to places where their lives are at risk, or become stranded between borders as Arab states refuse to admit them when they flee persecution elsewhere.

Outside the Middle East, in Europe, North America and elsewhere, the origin and identity of the Palestinian refugees 'disappear', as national authorities register Palestinian asylum seekers in broad categories reserved for all persons who are 'stateless' or of 'unclear nationality', or

by place of birth or country of last residence. Most Palestinian refugees, moreover, do not benefit from the protection accorded to Convention refugees, because the 1951 Refugee Convention is not properly applied to them.⁴⁴ National authorities then often attempt to deport them, but fail for lack of a state that will grant them admission. Consequently, many Palestinian refugees are caught in legal limbo, and are forced to live for years in countries where they do not enjoy basic human rights. In some countries, including the United States, they may be kept in detention until removal becomes possible.

Unequal treatment accorded to Palestinian refugees by international agencies also contributes to gaps in their protection. Unlike other refugees who receive assistance and protection from one agency, that is the UNHCR, Palestinian refugees receive different treatment from two agencies, depending on their geographic location and period of displacement. UNHCR protection, including resettlement of emergency cases and humanitarian assistance, is available for a small proportion of the Palestinian refugees outside of the area where UNRWA operates.⁴⁵ The UNHCR, moreover, misrepresents the country of origin of all Palestinian refugees as being the oPt. UNRWA provides humanitarian assistance, and thereby basic protection of some social and economic rights, for most Palestinian refugees in the oPt, Jordan, Lebanon and Syria.⁴⁶ UNRWA was initially established in 1949 to carry out, with local governments, a programme of emergency relief and public works to facilitate economic reintegration of the Palestinian refugees displaced in 1948. The agency's operations have evolved in the course of six decades into a core programme of essential health, education and social services aimed at equipping refugees to lead productive lives in the absence of a solution to the conflict.

The UNHCR and UNRWA have not developed a systematic policy or practice for protecting the political rights of refugees prior to peace agreements and peacebuilding. Both agencies emphasize human development through self-reliance and community development among their stated objectives. In practice, Palestinian refugees are encouraged to participate as stakeholders, mainly in order to contribute to the success of UNRWA projects and programmes. UNRWA schools teach the curriculum of the respective host country, and the agency excludes the right of return and Palestinian political history and identity from its own extra-curricular educational programmes. The agency presents its primary role as mitigating the harms of protracted displacement and dispossession, and as creating 'at least some opportunities' for the exiled refugees 'to enjoy human rights to the extent possible.'⁴⁷ Operating in consolidated, educated, organized and politicized Palestinian camp

communities, such exclusion of political rights and identity, as well as the absence of accountability of the agency to its refugee population, frequently generates protest against UNRWA policies.⁴⁸

There is now broad and sustained critique of the lack of respect and engagement of refugees, or other excluded or marginalized groups, as actors with a political identity and rights in participatory development programmes. The criticism attributes these failures to organizational culture, and to development models that aim to preserve existing power relations.⁴⁹ Commentators also point out that international organizations are very concerned about their own involvement in refugee activities that might compromise their humanitarian and non-political mandate.⁵⁰ International humanitarian organizations working with Palestinians claim, moreover, that they do not have a mandate to engage until a situation of peacebuilding is achieved, and that, for the time being, 'political actors – and they alone – can and must solve the refugee question in a principled manner'.⁵¹

Conclusion

An effective development strategy must create conditions for the social and political transformation that will end the systematic exclusion of the indigenous Palestinian people from its country. Such a strategy must reverse the measures that have prevented the return of the refugees to their homes and properties and the self-determination of the Palestinian people. It must be rights-based and guided by a new development paradigm in which the root causes of ongoing exclusion are recognized and addressed; Palestinian refugees are put centre stage as rights holders and political actors; and refugees can participate and contribute to the collective effort of the Palestinian people in pursuit of social and political transformation.

All states and intergovernmental organizations have a legal obligation to respond to apartheid, forced population transfer and the colonization of occupied territory – factors that are the root cause of Palestinian exclusion and the ongoing conflict. These are internationally wrongful acts from which certain obligations flow.⁵² States are required to abstain from recognizing or rendering aid or assistance to such acts, cooperate in order to end them, ensure that victims have access to effective remedies and reparations,⁵³ and guarantee that those responsible are brought to justice. All sectors of civil society, including the academic, humanitarian and human rights communities, can assist governmental policymakers, donors and agencies in reversing the wrongs. Such actions, for example,

are well within civil society's reach: providing information, policy advice and advocacy; ensuring that organizations and programmes respect legal and ethical standards; and supporting initiatives and campaigns that unite the Palestinian people, mobilize resistance and strengthen accountability to international law.

Palestinians themselves, in particular the refugees, bear the bulk of effort to strengthen their political identity as a people, and to reclaim and rebuild their collective body politic. Some 63 years after the Nakba, young generations of Palestinian refugees in Lebanon, Jordan and Syria have pushed across militarized borders with peaceful mass marches, in order to return home. Moreover, mobilizing and organizing is ongoing in many places of the Palestinian *shatat* for a broad civic campaign that will build towards the reality of direct elections to the Palestinian National Council. Palestinian refugees thereby share the will and determination of the people of the Arab Spring; their transformative work can create political processes that embody and represent in a democratic manner the rights, aspirations and struggle of the disenfranchised Palestinian people.

States and UN agencies, in particular UNRWA and UNHCR, as well as NGOs and civil society, should and can support and protect Palestinians in this transformative effort. As illustrated by the recent events in Syria, a robust and rights-based international protection regime for Palestinian refugees remains a matter of urgency,⁵⁴ in particular for vulnerable Palestinian refugee communities who suffer persecution by Arab host governments. Meanwhile, in the context of the ongoing conflict with Israel, where peacemaking has failed, international agencies can support the transformative process through actions that are also compatible with humanitarian principles. Such actions could include:⁵⁵ public affirmation and advocacy for respect of the human rights of Palestinian refugees to political participation and return to their country of origin; creating space for these rights and the political identity of Palestinians in education and community development programmes; and supporting the needs of refugee communities in the *shatat* for political participation.

Notes

1. Valuable advice and comments on this chapter were provided by Terry Rempel, Leila Hilal, Susan Akram and Karma Nabulsi.
2. See, for example: S. Hickey and G. Mohan, 'Relocating Participation within a Radical Politics of Development', *Development and Change* 36, 2005, pp. 237–262; G. Williams, 'Evaluating Participatory Development: Tyranny, Power and (Re)politicization', *Third World Quarterly*, 25(3), 2004, pp. 557–578.

3. UN General Assembly Resolution A/RES/41/128, 'Declaration on the Right to Development', Preamble, 4 December 1986.
4. UNGA Resolution, 'Declaration on the Right to Development', Chapter 1(1).
5. 1951 Convention Relating to the Status of Refugees and its 1967 Protocol.
6. 1954 Convention Relating to the Status of Stateless Persons; 1961 Convention on the Reduction of Statelessness.
7. OHCHR, 'Frequently Asked Questions on a Human Rights-based Approach to Development Cooperation, United Nations', New York and Geneva, 2006.
8. Universal Declaration of Human Rights, Chapter 13(2).
9. See (www.unhcr.org), in particular: UNHCR, 'Handbook on Voluntary Repatriation: International Protection', 1996. Also: S. Leckie, *Housing and Property Restitution Rights of Refugees and Displaced Persons: Laws, Cases, and Materials*, Cambridge University Press, 2007.
10. K. Long, 'Voting With Their Feet: A Review of Refugee Participation and the Role of UNHCR in Country of Origin Elections and Other Political Processes', *UNHCR (PDES)*, September 2010.
11. UNGA Resolution 181, 29 November 1947.
12. In 2008, 7.1 million of the 10.6 million Palestinians were estimated to be refugees or internally displaced persons (IDP). Population estimates cited from: Badil, 'Survey of Palestinian Refugees and Internationally Displaced Persons 2008–2009': Badil Resource Center for Palestinian Residency and Refugee Rights, 2010 (hereafter: Badil Survey 2008), Chapter 2.
13. Badil Survey 2008.
14. Badil Survey 2008. See also: www.unrwa.org.
15. For an overview of peacemaking since 1948, see 'Chapter 5', Badil Survey. Also: T. Rempel (ed.), Introduction, *Rights in Principle – Rights in Practice. Revisiting the Role of International Law in Crafting Durable Solutions for Palestinian Refugees*, Badil, 2009, pp. 1–16.
16. See: C. McKeon, 'Public Participation in Peace Processes: Comparative Experience and Relevant Principles', in Badil, *Rights in Principle – Rights in Practice*, pp. 339–351.
17. The Middle East Quartet (US, EU, Russia and the UN), 'Performance-based Road Map to a Permanent Two-State Solution to the Israeli-Palestinian Conflict', 2002.
18. For official documents from the Madrid-Oslo peace process, including the refugee question, see: McGill University, Palestinian Refugee ResearchNet (PRRN), available at: (<http://prrn.mcgill.ca/>). See also: *Palestine Papers*, available at: (<http://english.aljazeera.net>).
19. See, for example: Palestinian Center for Policy and Survey Research (CPSR), refugee opinion polls, 2003, at: (<http://www.pcpsr.org/survey/polls/2003/refugeesjune03.html>); also: Geneva Initiative, 'Geneva Accord', Chapter 7 – Refugees.
20. See, for example: A. de Soto, UN Special Coordinator for the Middle East Peace Process, 'End of Mission Report', May 2007; Also: 'EU Heads of Mission Report on East Jerusalem', December 2010.
21. R. Brynen and R. El-Rifai (eds.), *Palestinian Refugees, Challenges of Repatriation and Development*, London, New York: I.B. Tauris and the International Development Research Center, 2007, pp. 1–2.

22. Brynen and El-Rifai, *Palestinian Refugees*; K. Nijem, *Planning in Support of Negotiations – The Refugee Issue*, p. 121. Note: The Palestinian Bureau of Statistics (PCBS) has meanwhile adopted a hypothetical zero-balance of in- and out-migration due to the lack of access to accurate data, whereas some international organizations continue to assume an in-migration of 20,000–50,000 annually.
23. For PA national plans and reports, see the website of the Palestinian Authority Ministry of Planning and Development (MOPAD).
24. A. Le More, *International Assistance to the Palestinians After Oslo: Political Guilt, Wasted Money*, London: Routledge, 2008.
25. Dalia Association, 'An Appeal by Palestinian Civil Society to the International Community to Respect our Right to Self-determination in the Aid System', Dalia Association: Ramallah, 19 April 2011; K. Nabulsi, 'The Statebuilding Project: What Went Wrong?', in M. Keating, A. Le More and R. Lowe, (eds), *Aid, Diplomacy and Facts on the Ground: The Case of Palestine*, London: Royal Institute of International Affairs, 2005, pp. 117–128; K. Nakhleh, *The Myth of Palestinian Development: Political Aid and Sustainable Deceit*, Jerusalem: PASSIA, 2004.
26. See, for example, UNDP, 'Executive Summary', *Palestine Human Development Report*, 2004, oPt: UNDP.
27. UNDP, *Human Development Report-OPT*, 2009/10, oPt: UNDP.
28. Palestinian National Authority, *Homestretch to Freedom, Palestine – Ending the Occupation, Establishing the State*, 13th Government Program 2010–2011, Ramallah, PNA, August 2010. See also: MOPAD, 'Millennium Development Goals Progress Report', August 2010.
29. I. Pappe, cited in K. Nabulsi, 'Popular Sovereignty, Collective Rights, Participation and Crafting Durable Solutions for Palestinian Refugees' in Badil, *Rights in Principle – Rights in Practice*, pp. 71–90, p. 82.
30. See: M. Qafshieh, 'Genesis of Citizenship in Palestine and Israel: Palestinian Nationality during the Period 1917–1925', *Journal of the History of International Law*, 11, 2009, pp. 1–36.
31. Israel continues to control the population register of Palestinians in the oPt and does not allow free choice of residence; residency can even be revoked under certain conditions (see, for example, the policy of 'Jerusalem ID confiscation'). No ID cards can be issued by the PA without Israeli approval, and PA-issued ID cards provide no protection outside the areas for which it has been accorded jurisdiction. Palestinians who are not stateless are those citizens of Israel, most refugees in Jordan and a small number holding citizenship of other states.
32. The *Nakba* (Arabic: catastrophe) designates the expulsion of 750,000–900,000 indigenous Palestinians and the destruction of the country of Palestine for the establishment of Israel in 1948. For findings on population transfer, See: G. Beckerman, 'Top Genocide Scholars Battle Over How to Characterize Israel's Actions', *Forward: The Jewish Daily*, 25 February 2012. Available at: (<http://forward.com/issues/2011-02-25/>); I. Pappe, *The Ethnic Cleansing of Palestine*, Oxford: One World, 2006; N. Masalha, *Expulsion of the Palestinians: The Concept of 'Transfer' in Zionist Political Thought, 1882–1948*, Washington DC: Institute for Palestine Studies, 1992.

33. A.S. Al-Khawasneh and R. Hatano, 'The Human Rights Dimensions of Population Transfer including the Implantation of Settlers', Preliminary Report, *Commission on Human Rights Sub-Commission on Prevention of Discrimination and Protection of Minorities*, Forty-fifth Session, 2–27 August 1993, E/CN.4/Sub.2/1993/17 of 6 July 1993, para. 15 and 17.
34. For example, Law of Return (1950), Absentee Property Law (1950), State Property Law (1950), Citizenship Law (1952), World Zionist Organization-Jewish Agency "Status" Law (1952), Basic Law: Israel Lands (1960).
35. On this conclusion, see the reports of UN Special Rapporteurs on human rights in the OPT, in particular: A/HRC/4/17, 29 January 2007 and A/HRC/16/72, 10 January 2011. For in-depth analysis, see: U. Davis, *Apartheid Israel, Possibilities for the Struggle Within*, London: Zed Books, 2003; Human Sciences Research Council of South Africa, *Occupation, Colonialism, Apartheid? A Re-Assessment of Israel's Practices in the Occupied Palestinian Territories under International Law*, Capetown, May 2009.
36. UNGAR 194, 1948; UNSCR 237, 1967; Re-affirmed in dozens of subsequent UN resolutions.
37. See ICCPR General Comment No. 27, para. 20 (U.N. DOC. CCPR/ C/21/Rev.1/Add.9, 2/11/199): 'The scope of 'his own country'...is not limited to nationality in a formal sense, that is, nationality acquired at birth or by conferral; it embraces, at the very least, an individual who, because of his or her special ties to or claims in relation to a given country, cannot be considered to be a mere alien. This would be the case, for example, of nationals of a country who have there been stripped of their nationality in violation of international law, and of individuals whose country of nationality has been incorporated in or transferred to another national entity, whose nationality is being denied them'.
38. See, for example, UNGA resolutions 2535 (10 December 1969); 2649 (30 November 1970); 3236 (22 November 1974); 43/177 (15 December 1988); and 48/94 (20 December 1993).
39. UN General Assembly Resolution 2625 (XXV), 'Declaration of Principles of International Law Concerning Friendly Relations and Co-operation Among States in Accordance with the Charter of the United Nations', 24 October 1970.
40. 'Declaration on the Right to Development', Chapter 1(2), 1986; A/RES/41/128, 4 December 1986.
41. International Court of Justice, 'Advisory Opinion on the Legal Consequences of the Construction of a Wall on Occupied Palestinian Territory', 9 July 2004, para. 149.
42. See, for example, B. Goddard, 'UNHCR and the International Protection of Palestinian Refugees', in *UNHCR Refugee Survey Quarterly*, 'UNRWA and the Palestinian Refugees 60 Years Later', 28(2–3), Oxford University Press, 2009, pp. 475–510.
43. Although most Arab host states are not a party to the 1951 Refugee Convention, they are still bound by the customary law provisions of the Convention, including *non-refoulement*, i.e., the obligation not to expel refugees to places where their lives are at risk. For more detail and sources, see: M. K. Al-Az'ar, 'Arab Protection of Palestinian Refugees, Investigation and Basis

- for Development' in Badil, *Rights in Principle – Rights in Practice*, pp. 211–240. Also: *Badil Survey*, Chapter Three: 'Protection', pp. 107–115.
44. Chapter 1D of the Convention, which regulates the status of Palestinian refugees, is either not applied or misinterpreted in most countries. For detail and sources, see: Badil, 'Closing Protection Gaps', *Handbook on Protection of Palestinian Refugees in States Signatories of the 1951 Refugee Convention*, 2005.
 45. UNHCR – Statistics: statistical online population, available at: (<http://www.unhcr.org/pages/49e486826.html>). As of January 2010, UNHCR had registered fewer than 100,000 Palestinians.
 46. UNRWA website as of March 2011: the total number of 1948 refugees registered with UNRWA for assistance is 4,820,229. UNRWA provides assistance also to unregistered 1967 refugees and subsequently displaced Palestinians on an emergency basis. For a collection of research papers discussing UNRWA operations past and present, including primary sources, see: UNHCR Refugee Survey Quarterly, 'UNRWA and the Palestinian Refugees'.
 47. 'Challenges and Opportunities for Palestinian Refugees: A Critical Perspective', Commissioner-General Keynote Speech, Inauguration of the European Centre for Palestine Studies, University of Exeter, 3 December 2010; Also: UNRWA Medium Term Strategy 2010–2015, available at: (www.unrwa.org).
 48. For a detailed discussion of participation in past and present UNRWA operations, see: T. Rempel, 'UNRWA and the Palestinian Refugees: a Genealogy of 'Participatory' Development', in, *UNHCR Refugee Survey Quarterly*, 'UNRWA and the Palestinian Refugees'.
 49. See, for example, S. Hickey and G. Mohan, 'Relocating Participation'; G. Williams, 'Evaluating participatory development'.
 50. K. Long, 'Voting With Their Feet'.
 51. Filippo Grandi, UNRWA Commissioner General, 'Statement to the Special Political and Decolonisation Committee of the General Assembly', New York, 1 November 2010. See also: 'The United Nations and Palestinian Refugees', UNRWA & UNHCR, January 2007, available at: (www.unrwa.org).
 52. Geneva Conventions, Common Chapter 1, 1949. Also: International Law Commission, 'Chapters on the Responsibility of States for Internationally Wrongful Acts', UNGA Resolution 56/83, 12 December 2001. Population transfer and apartheid are crimes under international treaties, including the Geneva Convention IV (1949) and the Rome Statute of the ICC (2002).
 53. Reparations include restitution (return, property restitution), compensation, rehabilitation, satisfaction, guarantees of non-repetition. See: *Basic Principles and Guidelines on the Right to a Remedy and Reparation for Victims of Gross Violations of International Human Rights Law and Serious Violations of International Humanitarian Law*; UNGA Resolution A/Res/60/147, 21 March 2006.
 54. See S. M. Akram and T. Rempel, 'Temporary Protection as an Instrument for Implementing the Right of Return for Palestinian Refugees', *Boston University International Law Journal*, 22162(1), 2004.
 55. These recommendations are derived from K. Long, 'Voting With Their Feet'.

6

Impeded Development: The Political Economy of the Palestinian Arabs inside Israel

Mtanes Shehadeh and Raja Khalidi

From the Galilee to Gaza: back to the future

Since the establishment of the first Jewish colonies in Palestine over a century ago, Zionism has grappled with the uncomfortable reality of the presence of an indigenous Palestinian Arab population in the midst of its national project. Hence, due to both Israel's national/religious identity and its interlinked perception of this indigenous minority as a threat to its survival as a Jewish state, successive Israeli governments have dealt with the fragment of the Palestinian people who remained within the 1949 Armistice lines as an inconvenient reality at best, and as an existential challenge at worst. In the context of the Zionist project of the Jewish settlement of Arab Palestine prior to 1948, this contradiction could only be resolved by the expulsion of the majority of the Arab population from the land of the future Jewish state. Since then, the Israeli paradox of a professed equality for its non-Jewish subjects, who have nonetheless remained discriminated against as second-class citizens in reality, has yet to be resolved.

Continuing in the traditional footsteps of the historical practice of settler colonialism from the Americas to Africa, some Israeli politicians still advocate ethnic cleansing as the best solution to this alleged inherent enmity of around one-fifth of the population to the Jewish state. For example, in the southern Naqab, Israel continues to practice a highly sophisticated, legally-sanctioned policy of transfer of Arab Bedouin population into state-designated zones (see Chapter 7 in this book). While continuing to advocate for the 'Judaization' of the majority Arab Galilee, mainstream Zionism on the whole has simultaneously pursued

the 'Israelization' of the Arab minority – as a result of both its pragmatism and its liberal pretensions. This has proven to be the most effective method of pacifying Palestinian Arab nationalism in Israel, while enlisting their political allegiances and exploiting their indigenous resources. Zionist accommodation with the Arab national minority has thus entailed the encouragement of Palestinian participation in the Israeli parliamentary and local authority systems, at rates of around 55 per cent and 95 per cent of the population, respectively.¹ However, participation has neither meant, nor required, integration. Half a century down the road of 'Israelization', Palestinian society, culture and identity in Israel remains significantly more Arab than Israeli, as a short visit to the smallest Arab village will quickly confirm. Hence, the permanent status of some 1.5 million Palestinian citizens of Israel remains as uncertain as the rest of the unresolved wounds of the Nakba and the legacy of the 1948 conflict.

The fact that Palestinian participation in the Israeli economy may have increased since 1948 should not be misread to indicate that what underlies this shift is a story of integration, inclusion or benevolence. Rather, it is the segregation, marginalization and neglect of the Arabs that has been instrumental in colonizing Palestine for Jewish settlement and state building. Hence, within this framework of a consistent exploitation of Arab natural resources and capital, as well as little public and state attention to human resources, most Palestinian Arabs in Israel are classified as poor today, and most of Israel's poor are in fact Arab. If the strategy of 'de-developing' and impoverishing Palestinians, amidst the flourishing development of Israeli Jewish society, reflects the clash between indigenous and settler economies accurately – then the Palestinian experience in Israel since 1948 can be seen as one of its early 'trial runs'. The model case study in this context, at least as far as a certain stage in its recent economic history goes, is Gaza. However, there are also echoes of the pathway of Arab-Israeli economic 'development' in Israel's strategy of 'hollowing out' the occupied Palestinian territories' (oPt) productive capacity and land, while rendering the populations (labour, consumers) mainly dependent on the Jewish economy.²

The array of institutional and legal policies and mechanisms fine-tuned to 'manage' the remaining challenges posed by what was once an obstacle to the achievement of Zionist goals, have reduced the question of 'Arab sector development' to a well-contained, though still risky, corner within the broader Israeli system of domination. Today, Israel's 'matrix of control' in the oPt echoes the mechanisms of cooptation and subordination that Israel designed and employed to deal with its Arab

minority, especially after the end of military rule in 1966. Moreover, it should be underlined that Palestinian Arab society and spaces in Israel today represent all that remains of a colonized people and a colonized land in the aftermath of a prolonged and powerful process of sustained dispossession. Thus, the parallels and similarities of the processes of colonial control that both the Palestinians in the oPt and those inside of Israel have been subjected to (their different legal statuses notwithstanding), may foreshadow the fact that the socio-economic fate of the West Bank and Gaza Palestinians in 20 years will mirror that of the Palestinians inside Israel after 65 years of living in a colonial state, were Israeli occupation and colonization to endure, and which resemble a sort of 'highest stage of de-development'.

After enduring years of prolonged settler colonialism in its various forms, and surviving them to be able to narrate their history to the younger generations, Palestinian–Israelis re-emerge today as an inseparable part of the Palestinian national collective, but they face new challenges to their identity and welfare in an advanced, post–de-development framework and paradigm. This chapter therefore explores: (a) the changes that have taken place in Israel's economic policy and ideology in light of its transition into a liberal economy since the mid-1990s – a transition that has negatively affected the economic situation of Palestinians; (b) the way in which the economic situation of Palestinian–Israelis has begun to be regarded as a barrier to further Israeli economic development (especially since 2000) and has the potential to harm strategic Israeli economic interests; and (c) how Israeli government policies that are ostensibly aimed at tackling Palestinian economic adversity mainly serve to maintain the domination of the exclusively Jewish capitalist economy of Israel.

Understanding the Arab economy in Israel

Since the establishment of the state of Israel, the Arab economy in Israel has been analysed from within a wide spectrum of methodological and conceptual frameworks. Too numerous to review here, these analyses reflect dominant and persistent ideological assumptions and frameworks while taking the changing empirical landscape into account. However, it was in the aftermath of the end of military rule in the late 1960s – when Arab social and economic conditions became a policy concern for Israel – that Israeli anthropologists, sociologists, political scientists and orientalist produced a vast literature on the subject. This literature simultaneously perceived and validated the idea of Zionism

as a social and economic liberation movement – even for dispossessed Arabs whom, it was argued, Zionism granted the opportunity to ‘modernize’.

Hence, Zionist political economy describes the economic development of the Palestinian minority, following its exposure to the Israeli economy, as a process of natural evolution from a traditional ‘fellah’ society that was transformed through its enlightening encounter with a more developed and civilised western society and economy.³ These views, of course, pre-date the Israeli state and are rooted in the fact that Mandate Palestine was made up of an advanced, industrializing Jewish economy interacting with a more agrarian, less capitalized, Arab economy. Within this framework, the Arab sector was argued to be emerging from centuries of Ottoman obscurantism, and was perceived to be the weaker side within this so-called ‘dual economy’. Moreover, the advocates of modernization theories continue to argue that the existence of a liberal, capitalist economy and democratic political system is enough to guarantee the integration of the Arab minority into the Israeli national economy.⁴ Arabs would thus enjoy full prosperity once they became fully ‘modernized’, and once they threw off the remaining cultural shackles preventing women from fully participating within the labour force.

Despite its persistence within Zionist academia, this approach is rooted in an essentially orientalist and colonial social science time warp, and has manifestly failed to explain the depth of the development gap between Arabs and Jews in Israel. For it remains hostage to both failed sociological and historical theories that have since been abandoned in other contexts, and is tainted by its inherent political bias of being based upon a need to affirm the scientific validity of the Zionist narrative of its encounter with ‘the other’, rather than being concerned with presenting an honest reading of the reality that exists. Among Israeli historians of the conflict, ‘revisionists’ emerged to correct the intentional self-censoring of early Israeli academic accounts of the Nakba. The circles of Zionist political economy, though, remain immune to any similar episodes of critical self-reflection and engagement, and Israeli government policy continues to be inspired by ideologically engineered theories of integration and convergence that should no longer have any place in today’s world.

In a different vein, and influenced by Marxist theory, a parallel generation of researchers began to describe the process of transformation of the Palestinian–Israeli minority as one that can be understood as that of the creation of a proletariat to serve Jewish/Zionist capitalism. Despite some

ground-breaking contributions from these scholars,⁵ these early anti-establishment analyses remained incomplete, largely due to their disregarding of identity and nationalism, and their neglect of the fact that a broader Arab economy did exist – one whose features distinguished and separated it from that of the central Jewish economy. ‘Working-class’ consciousness of Palestinians in Israel has remained limited, if not overwhelmed, by a rise in Palestinian national identity since the 1970s, while discriminatory state policy only served to confirm the existence of an Arab economy (with its own class relations).

More recent analyses, mainly elaborated by Palestinian and Israeli researchers from within a heterodox economics perspective, have instead exposed the Zionist project for what it is – a form of settler colonialism. Consequently, the social conditions and the status of the Arab minority are analysed in the context of the exploitation of the Arab peripheries by the Jewish centre due to the ethnic segregation of the two economies and labour markets. The prevailing socio-economic structure is seen to constitute imperial relations between a highly advanced Jewish capitalist economy and a traditional Arab income-based economy that are colonial in origin and enduring nature.⁶

Despite the significant contribution of such critical theories to better understanding the realities of the Arab minority, they do not provide an analytical framework that captures the ‘national’ identity of the Arab economy alone. They also do not account for changing class relations and the impoverishing impact of the processes of economic liberalization and finance-led globalization – processes in which the Israeli economy has excelled and from whose benefits the Arab population has largely been excluded. Another analysis of these realities from within a political science perspective thus focuses on the systems of control and domination employed by the Israeli state in order to continuously oppress the Arab minority in Israel.⁷ When viewed from within an economic perspective as well though, these systems also involve the regulation of segregation between the two societies, as well as the fostering of *dependence* and the promotion of *co-optation*.

Other analyses focus on segregated labour markets, which is a different take on economic dualism than the traditional ‘developmental’ nature of the concept in theory.⁸ More recent approaches have introduced the concept of ‘ethnocracy’, which analyses the Israeli political system as one ‘that enables a continuous process of expansion, *ethnicization* and the dominance of one national-ethnic group on disputed territories and rule mechanisms’.⁹ Critical ripostes to that concept have further enriched the vibrant debate on the experience of how Palestinian Arabs in Israel

survived the onslaught of settler colonialism and Zionism, while still finding channels to renew their national identity and political, social and cultural cohesion.¹⁰

When viewed through the lens of the above-mentioned approaches, the basic lines of Zionist economic policy towards the Arab minority entails the perpetuation of a separate Arab economy linked to the Jewish economy primarily through segmented labour markets, while simultaneously maintaining state control and institutions that enforce Arab dependence on the Jewish majority. The underlying colonial relations between the two national groups are thus reflected in the creation of a dynamic capitalist economy within Jewish society, juxtaposed with a backward and impoverished economic base within Palestinian society.

The analytical framework adopted in this chapter takes as its starting point for understanding Israel's economic policy towards the Arab minority several elements of the above mentioned alternative analyses. This approach stresses the existence of two distinct economies, the (national) Jewish economy and the (regional) Arab economy, mirroring the skewed dualism of the pre-state relation between the settler and indigenous economies today.¹¹ In the wider context of the Israeli economy's supremacy over the Palestinian 'regional' economies inside Israel and in the oPt, such a regional economic framework entails a Jewish–Arab economic 'bipolarity' manifested in various dimensions. These include uneven performance, a lopsided structure and skewed resource distribution.

The idea that the national economy is, in fact, the Jewish economy has roots in the ideological foundations of Zionist political thought. The early Jewish immigrants to Palestine prioritized controlling the land and changing the demographic balance within it. Zionism also recognized the importance of the 'Judaization' of economic development and labour as necessary conditions for its success.¹² The scarcity of economic resources risked limiting Zionist control over the land before the establishment of the Jewish state, and the failure to create jobs threatened efforts to change the demographic balance. This prompted pre-state Zionist institutions to address economic constraints through various methods, most notably by promoting Jewish-only employment.¹³ Following the establishment of the state, these institutions continued to follow the same target of serving the Jewish citizens at the expense of the Arab minority, even while leaving behind the blatant concept of 'Jewish labour' as the need for cheap Arab labour became more evident. This was especially the case until Russian immigration began in the 1990s.¹⁴

Due to its structural nature, it has been suggested that Israel's economic policy towards its Arab minority is a form of Zionist mercantilism – whereby Israeli economic nationalism systematically favours Jewish production, trade and finance over Arab economic power by maintaining an unequal playing field.¹⁵ The relevance of this model of 'internal mercantilism' may be explained *inter alia* by the special nature of the Israeli state as an ethnically exclusionary settler-colonial project, at the expense of the rights and resources of the indigenous people, widely perceived as a 'fifth column' and an abiding threat to the Jewish state. While there has been some socio-economic progress among the Palestinian minority in Israel (in absolute terms), all forms of economic development planning, programming and economic initiatives linked to the Palestinian-Israeli community remain in the complete control of the Israeli state. The few programmes that have dedicated public resources in favour of the Arab minority in the past two decades have been mounted in the context of maintaining the relative advantages of the majority, and in order to forestall the de-facto emergence of an alternate Arab economy.

The implementation of Zionist economic policy towards the Arab minority was subject to a socialist-market economic model until the 1980s, and subsequently to neo-liberal capitalism with the acceleration of deep transformation and the withdrawal of the state from many social and economic areas after the 1990s.¹⁶ Policymakers have come to regard the economic inferiority of the Arab population as a barrier to Israel's economic development and as an obstacle towards its full integration in the global economy. However, this conventional policy wisdom has been re-examined in light of the liberalization of the Israeli economy.¹⁷ Parallel with Israel's growing integration into the global economy, official views towards the Arab economy have increasingly fallen sway to economic cost-benefit considerations – which are always within the context of maintaining the viability and growth of the Jewish state. This shift has contributed to forcing some changes in economic policy towards the Arab population, but this is not likely to alter the dependence of the regional-Arab economy on the national-Israeli economy, or its continued impeded development.

Salient indicators of the socio-economic status of Palestinians in Israel

The economy of the Palestinian Arabs in Israel is characterized by a relative surplus of human capital, interlinked with a relative deficit of

financial, scientific and technological capital. In contrast, the Jewish economy enjoys technologically intensive capital, interlinked with a constrained supply of human resources. In a liberal economy, market forces and free trade are theoretically supposed to push the two economic markets to balance supply and demand. Hence, the Arab economy should provide the Jewish economy with cheap products and services, while importing technology and financial capital, leading to positive socio-economic structural changes in both sectors of the national economy. This so-called 'dual economy' model, based on the interaction of two complementary sectors, represented the way in which the Arab-Jewish economic dynamic was widely perceived during the British Mandate period, and remained a dominant characterization of the interaction of these two economies within the post-1948 state. It also reinforced the narrative that Israel is a democratic state with equal rights and opportunities for all its citizens, and a state that will ultimately deliver development and integration to its disadvantaged sectors and social groups.

However, exchange between these two economies and populations has not followed such a developmental path and instead has led to divergent growth paths. For the exclusionary settler-colonial nature of the Jewish state-building project inherently perceived the interests of the indigenous Arab population as secondary to its own, while it simultaneously sought to maximize its extraction of resources from their economy. Hence, the state has systematically impeded Arab economic growth through limiting autonomous Arab productive capacity and controlling Arab access to capital and knowledge.¹⁸ In this way, Israeli economic practices towards the Arab minority are actually opposed to the very principles of a liberal economic system.

Thus there remains two divided, disconnected economies in Israel today: the globalized, modern and advanced Jewish-Israeli economy, and the localized and largely underdeveloped Arab economy. Distinct geo-economic patterns persist in the structure of income of Arab households in Israel, which is almost equally divided between local economic sources, the Israeli-Jewish economy and transfer payments from the government. Hence, 32 per cent of Arab households in Israel derive their principal income from the local private economy – mainly consisting of agriculture, crafts, local services and other family businesses. Thirty-five per cent of Arab households are income-dependent on jobs emanating from within the Israeli-Jewish economy – 13 per cent of which are public sector jobs (almost exclusively within Arab areas) and 22 per cent of which are Israeli private sector jobs in neighbouring Jewish towns and cities. A further 32 per cent of Arab households are dependent on

government benefits and welfare that is linked to the state but effectively residing within the Arab region. Old-age pensions, retirement benefits and disability insurance account for two-thirds of these, with some 10 per cent of all Arab households dependent on unemployment and income benefits.¹⁹

Enduring problems such as poverty, unemployment and low participation in the labour force of Palestinians in Israel derive directly from the political reality created by Zionism, and cannot be seen in isolation from state policy towards them. The following facts about selected areas of this adverse relationship illustrate this negative dynamic.

Poverty and employment

In 2008, (using the last available reliable data) 60 years after the founding of the state of Israel, Arab households in Israel numbered 281,000, and constituted 14 per cent of Israeli households (and a slightly larger proportion of the total population). Only 16.5 per cent of these households were supported by more than one breadwinner, whereas the majority (61 per cent) were supported by only one working member – a fact that placed Arab households in the lowest class in society.²⁰ In the same year, the average monthly income for a Jewish-Israeli household was approximately 13,000 NIS (US\$3,500), with a net income of 10,702 NIS. According to National Insurance Institute data, the average income of an Arab household was just over half that of an average Jewish household (8,000 NIS compared to approximately 14,000 NIS).²¹ The poverty rate amongst the Arab minority is therefore significantly higher than amongst the Jewish population, whether measured by gross or net income. Moreover, research has shown that 75 per cent of the reasons why Arab families live below the poverty line are not linked to demography, but due to other factors – such as a lack of educational opportunities, fewer breadwinners, discrimination in the labour market and limited employment opportunities.²²

In 2009, the number of households living below the poverty line in Israel reached 435,000, 156,000 of which were Arab. In one year, from 2008 to 2009, the number of poor households in Israel increased by 15,000, and of these households 14,200 (or 94 per cent) were Arab.²³ Similarly, poverty levels rose by 3.6 per cent in Israel in 2009, and by 15 per cent in Arab households. These figures provide striking evidence that poverty in Israel has recently mainly affected Arab households (approximately 36 per cent of poor households). Nevertheless, their status is still often compared to that of Orthodox Jewish households (who constitute

13 per cent of poor households) by Israeli policymakers – as if to emphasize that this is not a specifically *Arab* problem.²⁴ It should also be added that hardship and poverty strikes Arab families of all sizes, hence putting to rest the Zionist urban myth that cultural (that is demographic) preferences are at the heart of Palestinian Arab ‘late development’ in Israel.

In 2001, there was a shift in the trend of poverty among Arab households. On the one hand, poverty rates began to rise dramatically, while on the other there was a significant decline in the insurance and tax benefits that could have provided these families with a lifeline and kept them above the poverty line. Prior to 2001, 27 per cent of the Arab community received benefits, but that figure steadily fell to 13 per cent after 2004, and resulted in deeper poverty. In 2009, while the rate of poverty among Jewish households declined dramatically (from 28.9 per cent to 15.2 per cent), especially owing to the income relief provided by government transfer payments, by contrast, the percentage of Arab households living under the poverty line in 2009 declined by a mere 11.4 per cent (from 60.3 per cent to 53.5 per cent).²⁵ This structural discrepancy encapsulates the dilemma of Palestinian Arab development in Israel well, whereby an adverse relationship between poverty among the Arab minority and economic growth in the national economy emerges – as was the case between 1990–1996 and 2003–2007 when the Israeli economy grew rapidly and Jewish poverty was largely relieved, while Arab poverty only deepened.

Today, high levels of Arab poverty in Israel persist interlinked with low participation rates in the labour market (around 40 per cent compared to around 60 per cent for the Jewish population). These rates are especially low for Palestinian women, further limiting the scope for increasing gross household income. The prevailing social structure and culture means that most employment opportunities for women must be found in the limited local economy and the personal service professions, with even fewer opportunities in the Israeli public and private sector. Some research emphasizes that ‘cultural preferences’ underlying the lack of participation of Palestinian women in the labour market are reinforced by discriminatory policies affecting all citizens.²⁶

Another reflection of the structural impediments to Arab economic advancement is the consistently higher unemployment rates amongst Palestinians (between 1.5 to 4 percentage points higher than amongst Jews since 2001). This is caused by the challenges that Palestinians face when integrating into modern labour markets, as well as the scarcity of employment opportunities in the Arab local economy. Moreover, state institutions do not deal with the barriers to development that

the Arab economy faces at both the micro and macro levels – such as the need to improve the education system, infrastructure, industrial zones and agriculture. In addition, there is a surplus of Arab labour in sectors relying mainly on relatively lower skills, particularly in agriculture, construction and industry, as demand has steadily declined due to the integration of new immigrants into the Israeli labour force, as well as the increased import of cheaper (Asian) labour. Thus, Arab employment in these sectors witnessed a large decline between 1990 and 2008 – from 47 per cent to 37 per cent of the Arab labour force. Arabs continue to account for a large share of employment in the construction sector however, well above their overall share in the labour market. Arab industrial sector employment also suffered a 30 per cent decline between 1990 and 2008, reflecting the structural transformation of the Israeli economy, with new (hi-tech) and old (low-tech) industries in the Jewish sector becoming increasingly capital-intensive. The data also shows an additional trend: the relocation of Arab employment towards retail trade occupations, financial services and personal services, as well as an increase in public administration employment (education, health and local authorities) within the Arab community and in private professional services. However, 12 per cent of Arab workers in Israel remain unskilled compared to 6.3 per cent of the Jewish labour force.²⁷

As job opportunities that would help integrate Arabs into the main Israeli economy are scarce, and the development of the local Arab economy is slow, both have a negative impact on local development in Arab towns, the economic power of Arab authorities and the livelihoods of the Arab population. As reviewed in the following sections, the Arab minority also lags behind the Jewish majority in educational attainment, infrastructural provision and agricultural production.

Educational attainment

The operational labour shift that has been taking place since the 1990s, becoming more pronounced since the beginning of the new millennium, has not provided many opportunities for a poorly-educated Arab population. In 2008, the percentage of those who had completed at least 13 years of education reached 30 per cent, while this ratio was only 14 per cent of the labour force in 1990. Nevertheless, by 2009, the bulk of the Arab labour force had completed only nine to 12 years of education.²⁸ Despite this overall improvement and the positive correlation between levels of education and levels of participation in the labour force, data

indicates that the participation rate has declined in all occupational categories between 1990 and 2008 – resulting in long-term damage to all segments of Arab society, not only the poorly educated ones. The narrowing of the gap between the achievements of Arab students and Jewish students in matriculation exams has neither been followed by an increase in the number of Arab students in universities, nor improved positions in the job market.²⁹

The educational achievements of the Arab minority is neither compatible with the structural changes that have occurred in the Israeli labour market, nor responsive to the requirements of the new economy. Post-primary education is mainly in the literary and humanities fields and does not provide a diverse range of disciplinary specialization. Despite the higher number of people receiving secondary matriculation certificates, the percentage of Arab university students is still relatively small. Moreover, those who do go to university rarely choose to study technology, because they believe that the labour market in this area is not open to accommodating them.³⁰

Israel's history of domination of the Palestinian people is full of declarations of good intentions about the urgent need to raise the levels of education amongst the Arab minority, but most of these declarations have remained ink on paper. Educational discrimination is analysed in detail in the Sikkuy Association reports from 1995 until 2008. These reports systematically show the absence of any Israeli state policy geared towards solving the problems of Arab education, and the absence of any intent to develop a serious methodology to improve the quality of education, support teachers and principals, and end political interference and security in the management of Arab schools. The data in the 2003–2004 report attests to a 20-year gap between Jewish and Arab levels of educational achievement, which means that Arab students graduate 20 years behind the needs and demands of today's market.³¹

The average educational level of a Jewish secondary student in 2008 was 12.9 years of education, compared with 11.3 years for an Arab student – which has an impact on matriculation rates, university admissions and higher education levels. The percentage of matriculation certificates holders that met the university admissions conditions in 2008 was 50 per cent of Jewish students, compared to 31.7 per cent of Arab students. The percentage of Arab students graduating with bachelor degrees constituted 9.8 per cent of all Israeli graduates, while 5 per cent of them went on to obtain masters degrees, and 3.2 per cent enrolled within a doctoral programme.³²

Local infrastructure and agriculture

The lack of infrastructure for industry and economic activities is one of the key elements that hampers the development of the Arab minority, and maintains low levels of employment. This leads to the centralization of industry in Jewish areas, and a decline in salaries in Arab areas. In the 1990s, infrastructure budgets and allocations were under the responsibility of the Ministry of Energy and Infrastructure (MEI). In 1994, the MEI allocated 64 million NIS for the development of infrastructure in the Arab sector, equivalent to 13 per cent of its budget. According to Sikkuy's monitoring for that year, however, the MEI lacked both data about the needs of the Arab sector and lacked plans or policies to deal with these needs.³³ By 1998, the MEI no longer reported any special allocation to meet the requirements of the Arab minority.³⁴

The prevailing narrative among Israeli officials is that Arab citizens benefit from the basic infrastructure of the state – for they travel on regional road networks, they benefit from power lines, installations and sewage, as well as the national water network.³⁵ However, while infrastructure at the national level has been evolving since 1948, it has largely evolved around and despite Arab citizens, not for them. For example, a tiny, unproductive and politically insignificant Jewish locality such as Mitzpe Aviv (population 800) on a Galilee hilltop is wholly linked to regional infrastructure, and indeed served by it. The nearby Arab 'village-city' of Tamra (population 30,000) is bursting at the seams of the limited land area allocated to its urbanizing development. And yet Tamra remains deprived from opening a badly-needed third access road from the 'regional network' unless the Jewish 'communal settlement' established on confiscated Tamra land, allows for such a road to pass through its 'municipal zone'. Indeed, in November 2009, Mitzpe Aviv imposed a requirement of adherence to 'Jewish and Zionist' values as a condition of residence, presumably to avert any eventual attempt by young Tamra couples to move in with their Jewish neighbours. By 2012, Mitzpe Aviv was the third town in Israel to impose such rules. This microcosm of the relationship between the settler colonial outposts amidst a still-Arab rural hinterland aptly portrays the deep structural impediments, indeed physical limits, to Arab development in Israel.

An essential constraint to the socio-economic status and prospects of the core regions where the majority of the Arab population reside (and in the Northern District of Israel, Arabs are a majority of the population) is the debilitated state of agriculture, one of the most important links of a largely agrarian society to the land which their ancestors tilled for

many generations. Agriculture was one of the most important sources of income for the Arab minority before and after the establishment of the state of Israel, at least until the lifting of military rule. Indeed, until the 1980s it was still a viable sector for Arab self-employment and occupied a distinct place within Israeli agriculture as a whole.³⁶ However, Arab agriculture has been seriously marginalized in recent decades, partly in line with the decreasing significance of agriculture in the industrialized, hi-tech oriented Israeli economy. Six decades of the systematic state-engineered control of land through confiscation and schemes that limit land use, distribution of water quotas and marketing monopolies have taken their toll. Jewish (collective and kibbutz settlement) highly-capitalized agriculture and marketing networks have dwarfed Arab agriculture and its ability to either respond to local (community) demand or provide the Jewish market with cheaper agricultural products in times of national shortfalls.³⁷

The Ministry of Agriculture (MoA) is formally responsible for the development of agriculture and the modernization of production technologies and irrigation – processes which are intertwined with the goals of Jewish settlement and nation-building. At the core of the historic mission of the Zionist project was the development of a unique form of settlement aimed at a cooperative style ownership, marketing and collective communities.³⁸ The issue of land is central to this ideal as it is impossible to continue a settlement project and to integrate Jewish citizens into agriculture without establishing control over land.³⁹ Hence, even in the 21st century, Judaization continues to demand de-Arabization – a fact most vividly illustrated in the Palestinian peasantry's inability to access their land.

While recent studies and data on the status of Arab agriculture are scarce, one of the few reports available was prepared by the Israeli Ministry of Agriculture (MoA) in 2001. This report showed that, in terms of land use, self-employed Arab farmers represented 37 per cent of all self-employed farmers, but farmed only 19 per cent of agricultural land; 30 per cent of Arab-owned land remained barren compared to 13 per cent of Jewish-controlled land; and only 9 per cent of Arab land is farmed using advanced irrigation techniques compared to 64 per cent of Jewish land. In 2000, Arab farmers were able to access only 2 per cent of the total water allocated for agriculture.⁴⁰ In its 1999–2000 report, Sikkuy stated that the budget of the MoA, which amounted to 1.13 billion NIS, allocated no more than 2.2 million NIS for the technological advancement of Arab land, which constituted only 2 per cent of the budget.

The significant decrease in the number of Arabs in agricultural employment stems not only from the decline in agriculture and its mechanization, but also from Israel's importation of cheap foreign labour. The labour cost of a foreign worker is 40 per cent of that of an Israeli, since foreign workers do not receive any social or economic rights.⁴¹ Though these workers are employed in a small number of economic sectors (51 per cent in the construction industry; 27 per cent in agriculture; 7 per cent in health and patient care; 5 per cent in hotels and restaurants; 10 per cent in industry and other branches) – these are the sectors in which Arabs also happen to be heavily represented.

Israeli economic liberalization and the fate of the Palestinian Arabs in Israel

From the mid-1990s, liberal economic policies were pursued by successive governments and Israel enjoyed sustained, indeed flourishing, economic growth – the so-called 'start-up nation'.⁴² This process locked-in the inferior economic status of Arab communities and their subordination to the needs of the expanding Jewish economy, as the transformations that occurred in the Israeli economy largely bypassed them. The yawning gaps in socio-economic status between Jews and Arabs may have also been exacerbated by the rapid liberalization and financialization of the Israeli economy into the 2000s – but at the core of such disparities remains the absence of any state remedial action.

An Israeli version of a 'human development index' for 2000 covers 197 Israeli local councils and municipalities, accounting for just under 6 million people.⁴³ Of the total 197 localities covered, 70 are Arab, representing some 838,000 persons, or about 80 per cent of the Arab citizens of Israel. The ICBS data paint a dismal picture of the results of decades of failed integration in Israel. Of the 197 Arab, Jewish, and mixed localities, 102 show composite socioeconomic indices below the median. Of these sub-average localities, two-thirds (66) are Arab. Only four small Arab villages are above the median. Seven of the 10 localities at the bottom of the index are Arab; 52 of the 70 least advantaged localities are Arab. Clearly globalization has yet to make the world flat for most Palestinian Arab communities and, not surprisingly, the power of the Zionist settler colonial nation is such as to effectively isolate a fifth of the Israeli population from its proclaimed trickle-down effects.

From the 1960s onwards, the Israeli state acknowledged that there is a division between the two economies and labour markets within it, as

manifested in recurrent plans, conferences, declarations and initiatives to develop the so-called 'minorities sector'.⁴⁴ In the past decade there has been a retreat in the sense of responsibility of the public sector for Arab development in the same manner that the state has withdrawn from different economic and social sectors under neoliberal globalization. The idea gained traction in Israel (as elsewhere) that instead of the state engaging public resources to bridge socio-economic gaps, market forces should be relied upon to address deep-seated 'market distortions'. While economic relations between the Jewish and Arab economies have not followed the liberal rules of the market economy owing to the ideological barriers to such a transformation of economic policy in Israel, neither can these relations be entirely divorced from the markets. Emerging state policy indeed aims at harnessing both the power of markets and the potentials of an untapped Arab consumer market while devolving its public responsibilities, as much as possible, to private actors.

In 2007, the 'Authority for the Economic Development of the Arab, Druze and Circassian sector' was established, representing the latest state apparatus responsible for policy implementation in the Arab sector in Israel. The declared purpose of this authority was to increase the level of participation among Arabs, especially Arab women, in the labour market to meet the requirements of the Organization for Economic Cooperation and Development (OECD) membership criteria regarding poverty alleviation, while maintaining state control over the economic development of the Arab population and linking it with the broader development needs of the country. It is widely assumed in liberal Israeli thinking (including among many Palestinians citizens of Israel) that this state policy is really motivated by a desire to 'integrate' the Arab population, or is at least capable of being as influenced by neo-liberalism and capitalism as it is Zionist.

This shift is largely attributed to Israel's aspiration to fully integrate itself into the advanced global economy. At the beginning of 2010, the OECD published a special report about social and economic conditions in Israel, in which it accused the Israeli state of economic neglect towards some segments of its society, and primarily its Palestinian citizens. The report documented the existence of significant economic differences between Jewish society and Arab society, and recommended that the Israeli state make a huge effort to bridge these gaps.⁴⁵ Thus, in joining the OECD, Israel needed to commit to raising the annual rate of GDP per capita, increase participation in the labour market, and reduce unemployment and poverty. In order for the government to achieve

these conditions and improve its economic indicators though, it needed to demonstrate efforts to drastically improve the economic situation of the Arab minority. This policy, begun under the Olmert government, was tasked with 'encouraging economic and productive activity of the business community among the Arab citizens, integrating them into the national economy, providing financial mechanisms to allow them to gradually revive and enjoy economic prosperity and ensuring equality between all citizens'.⁴⁶

This was followed by a second Prime Ministerial Conference for the Arab Sector in 2008, following a study by an Israeli think tank commissioned to prepare for the conference. It focused on three axes: economic development, Arab local authorities and education.⁴⁷ The authority was headed by an Arab director who declared that:

Israel's current uniqueness lies in the fact that it has two separate economic systems that are superficially related. The Arab population in Israel constitutes 20% of the total population but their contribution to the gross national product does not exceed 8%. The reasons behind this reality are numerous, including obstacles related to the absence of equal opportunities, the lack of proper infrastructures, and others limiting capital flows.⁴⁸

By 2011, when the Third Prime Ministerial Conference was held, prime minister, Benjamin Netanyahu, had developed a new 'vision', largely keeping in line with his market fundamentalist economic thinking. His narrative focused on greater partnership with Arab businessmen and entrepreneurs, alongside an explicit recognition of the strategic importance that the new frontier of the Arab region represented for raising future Israeli economic growth.⁴⁹ To this effect, he stated:

We know that there are two population strata, the minorities sector and the Ultra-Orthodox Jews, who have immense potentials to achieve growth. I am speaking of development of the economy in a way that benefits all Israeli citizens but that first requires the integration of the members of these two strata and investing their potentials and hidden capacities... We should have been much richer and there is no doubt as to the importance to our success in bringing the religious Jews and the Arab, Druze and Circassian sector into this circle. If we are able to make this a reality within the next decade, then Israel will become one of the most prosperous and successful states in the world.

This opportunistic motive for greater attention to the Arab economy was made even more blatant in the statement of the former accountant general of Israel Yaron Zelekha. He noted:

...the average annual GDP per capita in Israel is \$28,000, compared to approximately \$8,000 for the Arab population. The Israeli governments have reached the conviction that the average GDP per capita could not increase to \$33,000–34,000 – to become close to the industrialized countries' rates – unless production increases among the Palestinian population in Israel...The Israeli economy had already absorbed the full potential of Jewish society in regard to productivity and levels of education and employment...The Israeli economy is losing billions of shekels due to the poor economic conditions of the Palestinians in Israel.⁵⁰

If Palestinians in Israel were largely absent from the 'Tel Aviv Spring' of social and economic protests in 2011, it was not only because they did not share the grievances of the Israeli middle class. In fact, the promised fruits of economic liberalism espoused by Likud and Labour governments since the 1990s were never intended for them. After two generations at the receiving end of discriminatory treatment, Palestinian in Israel expect very little from the state or the Israeli economy. And just as neoliberal economic policy has proved to be no solution for the poorest in any country in which it has been applied, so is there little reason to expect that the most recent Israeli attempt to extract the remaining human resources of an exhausted Arab economy and people will yield any benefits for them. This is the lesson of self-reliance that has ultimately secured continued social cohesion despite economic decline.

Conclusions

We have argued that the problems of poverty, unemployment, lack of participation in the workforce, and low levels of income that face Palestinians inside Israel, and the lack of physical infrastructural and human development in the local Arab economy, directly derive from the political context and the realities of a continued clash between the interests of the settler colonial project and those of an indigenous (and sizeable) national minority. Hence, this particular political context and reality leads us to several conclusions. Firstly, that there is a separate economic policy being practiced towards the Arab minority that opposes the core tenets of a liberal economy. Moreover, this policy is

primarily fostered to ensure the interests of the Jewish majority in the state, and the simultaneous economic (and hence political) dependency of the Arab minority on Israel. Secondly, that these policies towards the Palestinian population aim to promote and protect the interests of the Jewish economy through making it practically impossible for an alternative Arab economy and market to be built, much less to compete locally, regionally or globally. And, thirdly, that the Israeli state thus only accepts the advancement of its 'minority sector' to the extent that it meets the needs of its own economy and interests, and contributes to achieving its national goals. This particularly applies to its desire to live up to its new status as an OECD member, which necessitates an improvement in basic economic indicators.

Hence, recent pragmatic statements by Israeli governments may indeed indicate a possible relaxation of economic policy towards the Palestinian-Israeli minority, and a desire to de-politicize this policy for the sake of the greater good of the (Jewish) national project. This, however, remains conditional on Arab development serving the needs of the Israeli economy, as well as on preserving the imbalance in Arab-Jewish political power and containing Palestinian economic demands and political aspirations in Israel. Furthermore, current state-sponsored efforts to develop the Arab economy target individuals, businessmen and companies, rather than any engagement with leaders or institutions of the Palestinians in Israel, while regional development planning is no longer considered desirable or feasible.

In the absence of a crystal ball that might show us if the next decade will deliver the development and integration that has escaped Palestinian-Israelis for so long, it remains doubtful that market forces can transform the entrenched interests and structures of a settler-colonial nationalism that shows no sign of abating. Indeed, it would be remarkable if Israel's desire to live up to OECD standards and the ideals of capitalist democracies led it to raise Arab living standards and develop that same human capital whose growing demographic weight it perceives to represent a threat to the existence of an exclusionary Jewish state. Such a bold move would constitute a triumph of capital over ideology. Such transformations are perhaps better known in post-colonial contexts in the 'periphery' where the social ideals of the national liberation movement were often left behind in the rush to emulate the economic model of the 'metropolis', ending with the embrace of neo-liberalism in many developing countries by the end of the 20th century.

However, with the benefit of hindsight, and in the absence of a broader resolution of the Palestinian 'national question', it is difficult

to see how Israel could provide equal opportunities and treatment to its Arab minority population without risking empowering their nationalist consciousness alongside rising household incomes. While the state may be obliged to move beyond the 'de-development' logic that has dominated its policy towards the Arab minority in order to comply with OECD standards, ultimately it does not view the fate of the Palestinians in Israel in isolation to that of the Palestinians in the oPt who are also living under Israeli sovereignty. Indeed, it may be argued that in relieving itself of any obligation to rule Palestinians in Gaza, the future burden of the Arab minority in Israel (who number almost as many as the Palestinians in Gaza) preoccupies Israeli strategists' perspectives of the demographic 'threats' to the Jewish state, as highlighted by Daniel Levy:

Yet despite all of Israel's problems with managing the Gaza Strip, the territory continues to maintain an important function: to help the Zionist project rebalance its demographic books. Between the river and the sea is a regime that calls itself the state of the Jewish people, but half of those living under its writ are not Jews. The Gaza Strip includes one out of every four members of this 'troublesome' population, packed into a tiny corner of the whole country.⁵¹

Hence, it is likely that the recurrent failure of the Israeli state to integrate Palestinian Arabs as equal citizens, not to mention its unabated colonization of the land, could ultimately prove to have a powerful unifying effect among Palestinians in all places – under occupation, as denizen citizens of the Israeli state, or stateless in exile.

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7

State-Directed 'Development' as a Tool for Dispossessing the Indigenous Palestinian Bedouin-Arabs in the Naqab

Ismael Abu-Saad

The state of Israel discriminates against me negatively, it deprives and neglects me, consigns me to the economic, social and political margins... The state doesn't show an interest in what I think or feel, or in what I am willing or able to contribute... To my great regret, the Israeli Jews still have not internalized the significance of the far-reaching consequences of the brutal fact that the Palestinian Arabs within the borders of the state, and beyond, are the indigenous inhabitants of this land, and as such, their rights in this place are not subject to denial or appeal. The indigenous Palestinians of this land were not engaged as the temporary custodians of the land for hundreds of years until the Jews would return to it and push them aside.¹

Introduction

The Naqab Bedouin are among the indigenous Palestinian Arabs who remained in Israel in the aftermath of the war of 1948. Today, they are a minority that is systematically being underdeveloped, within the context of a high-income, developed state. Traditionally, they inhabited the Naqab Desert, were organized into tribes, and derived their livelihood from animal husbandry and seasonal agriculture. Presently, they have the lowest education levels and incomes, the highest infant mortality and the highest unemployment rates in the country. The provision of poor-quality educational services, which are selectively

distributed in a manner that disproportionately disadvantages Bedouin girls and women, ensures that the Bedouin continue to lag behind as Israel leaps forward and develops scientifically and technologically. This chapter explores the central issues and motivations underlying the Israeli state's use of selective 'development' in order to further dispossess and subordinate the Bedouin, including the conflict over land, practices of forced urbanization, and the settler-colonial ideology underpinning the need to maintain the underdevelopment of the indigenous Palestinian Bedouin in Israel.

Prior to 1948, estimates of the Bedouin Arab population in the Naqab ranged from 65,000 to 90,000.² During the course and aftermath of the 1948 war, the vast majority of the Naqab Bedouin were expelled, becoming refugees in surrounding Arab countries/territories (i.e., the Gaza Strip, the West Bank, Jordan, Egypt, etc.). Thus, by 1952, only around 11,000 Bedouins remained in the Naqab.³ From the time of its establishment, the Israeli state developed an extensive system for controlling the development of the Palestinian Arab minority, to which the widely dispersed and semi-nomadic Naqab Bedouin population created a special challenge.⁴

Historical context of Israel's development policies

Up until the late 1940s, the overwhelming majority of the population of Mandatory Palestine was Palestinian Arab. This represented a major obstacle to the plans for creating a Jewish state in Palestine – plans to which the originally European Zionist movement had committed itself to, along with the British government and the United Nations. During the course and aftermath of the establishment of Israel in 1948, 700,000 Palestinians, including about two-thirds of the Bedouin population, fled or were expelled into neighbouring Arab countries/territories.⁵ Those who managed to remain in Israel were never recognized by the Israeli authorities as Palestinian, including the Naqab Bedouin.

The system thus created by the Israeli government to control the development of the Palestinian Arabs that had remained within its borders was based upon the need to ensure their segmentation, cooptation, and dependence.⁶ Hence, instead of recognizing them as a national minority and providing them with equal resources, the government divided Palestinian Arabs in Israel into several smaller 'minorities' based upon religion and/or lifestyle. Within this system of control, the authorities thus designated the Bedouin as a separate group, and worked to institutionalize this segmentation through administrative structures and

conditions – such as allowing the Bedouin to volunteer for Israeli military service, while denying this option to other parts of the Palestinian minority. Significant resources were dedicated to co-opting the local internal leadership of each segmented community as another tactic of inhibiting Palestinian independent development and strengthening Israel's hegemonic control.⁷

Independent Palestinian development was further undermined, and dependence on the Jewish majority consolidated, primarily through two mechanisms: (1) large-scale land confiscations, and (2) a control-oriented educational system.

'De-development' through control of the land

The Israeli government's policy of land confiscation succeeded in effectively dismantling the traditional Palestinian economy, and was an integral part of Zionism's ideological goal and practice of 'Judaizing' the land of Palestine.⁸ The 'Judaization' of the land of Palestine is rooted in pre-1948 Zionist settlement methods – methods that revolved around the creation of contiguous chains of segregated Jewish communities, and particularly targeted areas with a Palestinian majority, such as the Galilee and the Naqab.

After the establishment of the state of Israel, a number of mechanisms were employed to confiscate the land of the indigenous Palestinian minority. First, a military administration was established to govern the Palestinian minority in Israel until 1966. It was empowered to regulate their place of residence and all matters linked to their movement, which it utilized to prevent many from returning to, and cultivating, their lands. Of the 19 Bedouin tribes remaining in the Naqab, 12 were displaced from their lands, and the whole population was confined to a specially designated Restricted Area in the northeastern Naqab – representing only 10 per cent of the land they controlled before 1948. During this time a law was also established allowing the state to confiscate any land with absentee owners. Thus, the majority of the Bedouin – whose absence was being forcibly imposed and enforced by the military administration – were dispossessed of their land.⁹

Most of the confiscated land was classified as state land and co-administered by quasi-governmental NGOs, such as the Jewish Agency. As a result, the Palestinian Arab citizens of Israel were gradually excluded from any rights to purchase, use or lease 80 per cent of the land.¹⁰ This dispossession has had a particularly severe effect upon the Bedouin, whom the Israeli authorities portrayed as aimless wanderers, with no attachment to,

or ownership of, the land, despite the semi-nomadic lifestyle of most that was characterized by permanent home bases and seasonal migration.¹¹ Prior to 1948, most Bedouin land was held according to traditional land-ownership systems, which were clearly demarcated and accompanied by contracts – either oral or documentary, and agreed upon by neighbouring tribes and communities. However, the Israeli authorities and courts refused to recognize these traditional systems of ownership, and the Israeli state virtually confiscated all of the Bedouin land.

The urbanization programme

The next mechanism used by the government to consolidate its control over the land and the development of the Naqab Bedouin population was an urbanization programme initiated in the 1960s. This mechanism involved resettling the Bedouin Arab population into seven urban-style towns on one-quarter acre (or smaller) lots, making them completely dependent upon integration into the larger Israeli economy for their livelihoods. The government claimed that the purpose of this urbanization programme was to ‘develop the Bedouin’ by providing them with modern services (e.g., running water, electricity, telephones, local schools and health clinics, etc.). As of the end of 2012, these towns ranged in size from 8,200 to 56,900 inhabitants (see Table 7.1). While the towns provided the most basic services, with the exception of the largest town (Rabat), they lacked key components critical to the community’s development. These include internal public transportation and external transportation networks connecting the towns to each other, active industrial and commercial centres, fully functional sewage systems, libraries, sports and cultural centres, banks and other basic urban amenities – all of which are found in neighbouring Jewish towns of comparable size. In the mid- to late-2000s, the government began the process of recognizing additional Bedouin towns, under the umbrella administration of the Abu-Basma Regional Council – with plans to develop them according to the same high-density, urban model, around a limited public services centre.¹²

The systematic underdevelopment of the government-planned Bedouin towns is evident from the official government document ranking local authorities in Israel according to a socio-economic index, which places the Bedouin towns at the bottom of the list (see Table 7.1). They have the highest unemployment and school dropout rates, and the lowest educational levels in the country. Their integration into Israeli society is thus marginal, and approximately 65–75 per cent of the Bedouin population lives under the poverty line.¹³

Table 7.1 Population and socio-economic ranking of Bedouin government-planned towns and the Regional Council of Abu Basma in the Naqab

Town	Population as of December 2012*	Rank
Tel Sheva	17,000	1
Kseiffa	17,500	2
Arara BaNaqab	14,200	3
Segev Shalom	8,200	4
Rahat	56,900	5
Hura	17,500	8
Laqyia	10,200	9
Regional Council –Abu Basma	13,300**	1

* CBS (2014).

** CBS (2010).

Note: 1 denotes the *lowest* ranking among the 197 local authorities and the 53 regional councils (CBS, 2009, Tables 3 and 4) in Israel.

Unrecognized villages

Due to the socio-cultural inappropriateness of the urbanization ‘development’ plan, and the complete economic dependency it created among the towns’ inhabitants, resettlement into the towns has been resisted by those Bedouin who are in a position to be able to do so. Thus, over four decades after the initiation of the urbanization programme, only half of the Bedouin had relocated into the government-planned towns. The remainder continue to live in unrecognized villages. These villages are denied the provision of basic services – such as paved roads, public transportation, electricity, running water, garbage disposal, telephone services and community health facilities – and their development is actively opposed by the government. All forms of housing within them are also considered illegal, and are subject to heavy fines and demolition proceedings. These punitive measures are implemented by a paramilitary unit known as the Green Patrol,¹⁴ whose actions include the tight control of herd sizes and grazing areas, the confiscation of flocks found in violation of the restrictions, and the destruction of Bedouin dwellings (including mosques), crops and trees. Recently, government house demolition activities have escalated and, in a new development, entire villages have been destroyed. For example, on 25 June 2007, all dwellings in the village of Um Al-Hiron were demolished, leaving 150 people without homes.¹⁵ In addition, all of their possessions were confiscated, including medicines, children’s books and school materials, and food. Another village, Twail Abu Jarwal, which had around 100 residents, was demolished for the first time in 2006. The residents responded by

rebuilding their homes, and government forces have since destroyed their village over 48 times from 2006–2010.¹⁶ In addition, the village of Al-Araqib, which has 300 inhabitants, was destroyed 68 times as of June 2014.¹⁷

Yet another government method for preventing the development of unrecognized villages has been to deny them the right to form official representative local authorities. The majority of residents of the unrecognized villages live in areas devoid of a municipal authority that is ordinarily responsible for local community development. Even the villages that lie within an area with a municipal authority, such as those villages within the jurisdiction of Jewish regional councils, are neither provided with basic services or development plans/budgets from these bodies, nor are their residents allowed to vote in the election of these authorities. Numerous government plans have been developed over the years to eliminate the unrecognized villages, and concentrate the Negev Bedouin Arabs in high-density urban localities. In September 2011, the Israeli government approved the Prawer Plan, which was drawn up by the former Deputy Chair of the National Security Council, Ehud Prawer. It contains a blueprint for the destruction of 35 unrecognized villages and the forced displacement of up to 70,000 Bedouin Arab citizens. This plan was created without consulting the local community, and is a gross violation of their basic rights to property, dignity, equality, adequate housing, and freedom to choose their own residence.

‘De-development’ through control of the educational system

The government-controlled ‘Arab educational system’ in Israel is another mechanism through which the goal of preventing the independent development of the Naqab Bedouin community has been furthered. In Israel, the education system is subdivided into a Jewish system (which is also divided into a number of subsystems, e.g. secular, religious, etc.), and an Arab system. These school systems are physically and organizationally separate, and differ in their language of instruction, curriculum (particularly in the humanities and social sciences) and budget allocations. While the subdivisions in the education system make it appear to be based upon the accommodation of cultural differences and educational pluralism – they actually exist in order to serve the interests of the Jewish majority, while maintaining control over the development of the Palestinian Arab minority as a whole.¹⁸ This section of the chapter will focus upon the specific characteristics and impact of the government-sponsored education system within the Naqab Bedouin community.

Physical and human resources

The fact that Bedouin schools have inadequate physical and human resources is one that has been used as a tool by the Israeli state to further its own governmental policy objectives – objectives that are not linked to education itself. With regard to physical resources in the Naqab Bedouin school system, facilities and equipment are insufficient and, in some cases, altogether lacking. This is especially the case in schools in the unrecognized villages, and in specialized areas, such as pre-schools, special schools and technical education.¹⁹ The schools located in the government-planned towns, which include elementary and middle schools and all of the secondary schools, are classified as permanent. Most, though not all, of these schools are housed in modern buildings and have basic amenities – such as electricity and indoor plumbing. However, they are not equipped with enough laboratories, libraries, sports facilities or teaching materials. In addition, the schools are overcrowded due to the fact that the Ministry of Education planners have not kept the development up to pace with natural population growth and increasing enrolment.

Sixteen elementary schools are located in unrecognized settlements, the vast majority of which were established before the government built the first seven planned towns. Since government development policy later called for concentrating the whole Naqab Bedouin population into these towns, the Ministry of Education classified the schools dispersed throughout the areas of unauthorized settlement as 'temporary'.²⁰ As such, these schools were not expanded, developed, or maintained.²¹ They lack indoor plumbing, and were supplied with generator-powered electricity only in 1998 (despite the fact that many of the schools are near power lines) after a long struggle by the Bedouin community, which culminated in an Israeli High Court decision ordering the Ministry of Education to supply these schools with electricity.²²

This situation is part of Israel's official policy of preventing development in unrecognized Bedouin villages in order to encourage the Naqab Bedouin to move into the government-planned settlements.²³ An education official stated that:

The government is reluctant to develop schools for temporary settlements because they want the Bedouin to move to permanent areas. The Bedouin tend to move when the schools are relocated. If they don't then the children simply don't go to school.²⁴

Thus, while according to the law, the government is responsible for providing Bedouin children with education, in practice it has subordinated this responsibility to its goal of concentrating the Bedouin Arab population into designated settlements. Hence, the educational system's infrastructure continues to be used for this purpose. For instance, thousands of Bedouin elementary and middle school students, and *all* high school students from unrecognized settlements are required to travel great distances (up to even 100 km one way) daily on overcrowded buses to attend school.²⁵ A nine-year-old boy, who gets up at 5 am, walks 2 km to the bus stop, and then rides on the bus for an hour and a half (one way), described some of the difficulties of his daily commute to school:

The most difficult time is the winter because our mother wakes us up when it is still dark outside. When it's very cold and raining, we rush as fast as we can to the bus stop, but if we're even a little bit late, the bus doesn't wait for us.²⁶

Additionally, these measures disproportionately disadvantage the development of Bedouin girls and young women. Traditionally, Bedouin girls and women played a vital role in the household economy, which rarely required them to venture beyond the social and spatial boundaries of the extended family alone. Furthermore, as in other tribal societies, prior to the establishment of state governing and policing apparatuses, the extended family was key to ensuring the protection and security of women – through practices such as not leaving them unaccompanied when they travelled outside the family's territory. Thus, the need today to travel great distances to obtain education comes into direct conflict with these long-established traditions. This has taken a great toll on the school retention and completion rates of girls living in unrecognized villages, especially within the context of all of the other pressures residents of these villages must cope with. One young Bedouin woman described the situation as follows:

[I have a friend from an] unrecognized village, and in her extended family, none of the girls were allowed to stay in school past the 7th grade... They have no local school at all, so children have to go to the town for all of their schooling... They mix with a lot of other families, and this is especially hard at the high school level. In addition, her community was removed from its own lands many years ago. They were put in another small, very densely populated location, and now the government wants to force them to move from there too.

They are living in very tense and unstable conditions, and when you have to live resisting so many pressures all of the time, it's hard to develop.²⁷

The relatively limited number of girls from unrecognized villages who do complete high school face many additional barriers to obtaining higher education. A student who did succeed in making it to university described the situation:

[There is less community openness to women getting higher education in the unrecognized villages] and the main reason is the conditions and the lack of accessible, reliable transportation. When I go out to the main highway, I have no idea how long I will have to wait there – sometimes one minute, sometimes half an hour, sometimes 10 minutes; I simply have no idea. Sometimes I feel like it's a miracle that I get to the university at all, especially in the winter. Just making it through the half hour walk to the main highway in ankle-deep mud makes me feel that I've been through a major ordeal!²⁸

The sub-standard educational provision to the Naqab Bedouin community, resulting from inadequate physical infrastructure and access barriers, is further compounded by budgetary inequities. Based upon a study conducted while Daphna Golan-Agnon was the chair of the Committee for Closing the Gap in the Education Ministry's Pedagogical Secretariat, she reported on Israeli educational budget allocations at the local school level (excluding teachers' salaries), and found that the annual expenditure per capita averaged approximately \$1097 for Jewish students, and \$191 for minority Arab students in general. However, in Naqab Bedouin Arab schools, the annual expenditure per student averaged only \$60.²⁹

The staffing of the Arab education system, like the infrastructure, also continues to be determined, first and foremost, by considerations of maintaining control over the development of the minority. The hiring of teachers, principals and supervisory staff ultimately lies in the hands of the central Ministry of Education office in Jerusalem. Though the military administration ended 40 years ago, Palestinian Arab citizens in Israel must still undergo a security check to get the secret stamp of Shin Bet's (General Security Services-GSS) approval in order to get a teaching job. For positions in the public sector, such as senior teaching, supervisory or management posts, Jewish candidates only need to present their educational qualifications and experience. Palestinian Arab candidates,

however, must also obtain the approval of the GSS representative, who is chairman of the appointments committee for the Arab educational system, in a process from which they are completely excluded and have no means to appeal.³⁰ On the eve of the 2004–2005 school year, the Education Ministry Director-General, Ronit Tirosh, publicly justified the necessity of the GSS security check in the hiring process of staff in the Palestinian Arab schools.³¹ This security check continues to be utilized to exclude Palestinian Arab educators who openly express views that are not in line with those officially sanctioned by the school system. This selective staffing is another means through which the state maintains tight control over educated Palestinians.

The Bedouin Education Authority for the unrecognized villages as a mechanism for preventing development

As stated above, the unrecognized villages lack the municipal bodies that would normally provide and develop education services. Instead, these services are provided through the Bedouin Education Authority (BEA), which was established by the Ministry of Education in 1981. The BEA is responsible for the building, maintenance and renovation of schools and kindergartens outside of the government-planned towns for the Palestinian Bedouin. It is also responsible for bussing 12,000 schoolchildren to these temporary elementary schools and kindergartens, as well as to the high schools in the planned towns.³² Rather than developing the educational services within the unrecognized villages though, the BEA primarily works to control the community – awarding services on a discretionary basis as part of the politics of patronage. Hence, these services are not provided as a right, but as a ‘favour’ that is dispensed to those who are loyal to the BEA’s objectives, and withheld from those who are not. This patronage overrides even the planning regulations and results in the provision of services in a manner that is ineffective, irrational, and unjust.³³

Since its inception, the BEA was run by Jewish directors who worked for the benefit of a close network of clients, and acted in the interests of controlling the Bedouin community through the provision of education facilities. The control-oriented approach of the former BEA Director, Moshe Shochat, is well documented. When questioned in an interview given to *The Jewish Week* in July 2001 about the deficiencies in education services within the unrecognized villages, he characterized the community members who were organizing to improve their

school services as ‘blood-thirsty Bedouins who commit polygamy, have 30 children and continue to expand their illegal settlements, taking over state land’. When questioned about providing indoor plumbing in Naqab Bedouin schools, he responded, ‘in their culture they take care of their needs outdoors. They don’t even know how to flush a toilet’.³⁴ In response to a public Naqab Bedouin Arab outcry and lawsuit brought against the Ministry of Education and the BEA director, the Ministry of Education’s initial response was to state that it appreciated the BEA director’s work with the community and did not have the authority to dismiss him. On the basis of an internal investigation, the Ministry of Education later announced that it planned to dismiss the BEA director – not because of his racist statements, but rather due to financial irregularities in his administration.³⁵ Thus, it is clear that the primary role of the BEA is to serve as another means to control and limit the Bedouin community’s development, rather than to provide educational services in a manner that is respectful of, and responsive to, the needs of the community. The BEA was moved out of the Ministry of Education, and the responsibility for educational services in the unrecognized villages was then transferred to the Abu Basma Regional Council (ABRC), established in December 2003 by the Interior Ministry and headed by an appointed Jewish mayor. The ABRC kept the same Jewish director who was running the BEA at the time of its transfer, and has maintained the same control-oriented approach to educational service provision. The ABRC functioned as one unit until November 2012, when it split into two regional councils – al-Kasom and Neve Midbar. But there appears to be no functional difference, with senior positions still being held by Jews.

Curriculum

The policy and content of the state-controlled educational system for Palestinian Arabs aims to ‘re-educate’ the students into accepting the loss of their history and identity. Coupled with the discriminatory resource allocation highlighted above, it cripples students’ development and prepares them – ideologically and practically – to accept the superior status of the Jewish people, and the consequent subordination of their needs and identity to that of the national Zionist project.³⁶

Most of the curricular material written about Palestinian Arabs and their history are therefore re-shaped to mirror, and buttress Zionist mythology. For example, a textbook for Jewish middle school and high school students commissioned by the Ministry of Education, *The*

Cultural Heritage of the Bedouin in the Negev,³⁷ described Bedouin Arabs in a manner that was consistent with the Zionist narrative of history – justifying the state’s policy of land confiscation, and its definition of Naqab Bedouin Arabs as invaders and illegal inhabitants of their own lands. Moreover, in the first page of the chapter on the origin and history of the Bedouin, which covered the period from Abraham to the present day, the term ‘the land of Israel’ was mentioned over ten times.³⁸ Needless to say, the word ‘Palestine’ did not appear at all. In this way, the Bedouin Arabs were made invisible, and their land was given no history or identity beyond that of ‘the land of Israel’. Thus, the book began by erasing the history of the Naqab Bedouin as an integral part of the Palestinian people who inhabited the area for over five centuries. Instead of ancient inhabitants, indigenous to the land prior to the establishment of the state of Israel in 1948, the Naqab Bedouin were painted as rootless ‘settlers’ and as ‘immigrants’ to ‘the land of Israel’.

Ironically though, the state education system’s efforts to indoctrinate Palestinian students to forget their history and identity, coupled with its discriminatory practices, may instead have ended up reinforcing their Palestinian identity and their awareness of the ongoing conflict with the Jewish majority. Thus, rather than erasing Palestinian collective memory, it has provided them with a highly alienating educational experience – one which has served to highlight and deepen the separation between Israel’s Jewish and Palestinian Arab citizens by fostering bitterness and enmity. As one Naqab Bedouin Arab student stated:

I went to a very poorly developed and very poorly resourced high school that provided us with such limited, second-class opportunities for the future. Every day for 3 years we were bussed past a wealthy Jewish suburb – built on our land – and we watched the construction of a beautiful, modern, state-of-the-art high school for that community. In ways like this, the state has planted bitterness in our hearts. We weren’t born with this feeling; it is the harvest of the discrimination we’ve experienced.³⁹

Outcomes of control-oriented education

The Israeli educational system has effectively functioned to systematically inhibit the independent development of its Palestinian Arab citizens, including the Naqab Bedouin. It has done so by maintaining their cultural, socio-economic and political subordination to the Jewish majority through the imposition of aims, goals, staffing and curriculum

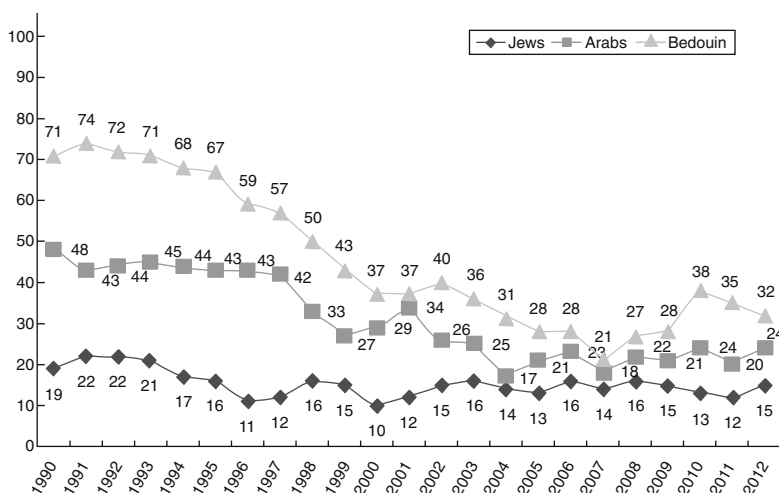


Figure 7.1 Rates of drop-out in age cohort among Jews, Arabs and Naqab Bedouin, 1990–2012

to which the students cannot relate. The substandard and discriminatory provision of educational resources, programmes and services only serves to exacerbate the situation, resulting in markedly poorer levels of educational achievement and rates of students qualifying to enter higher education. As with every other aspect of the education system in Israel, these unequal outcomes are not a matter of chance, but rather a matter of policy. To date, none of the reforms launched to address the inequalities between the Jewish and Arab educational systems have had a notable impact.⁴⁰

As Figure 7.1 indicates, while the percentage of Naqab Bedouin Arab children who drop out before graduating from high school has been decreasing, they still have the highest dropout rates in the country. In 2012, 32 per cent dropped out, as compared to 24 per cent and 15 per cent in the broader minority Palestinian Arab sector and the Jewish sector, respectively.⁴¹

To add to the problem of high dropout rates in Naqab Bedouin Arab schools, the success rates of the children who do stay in school and complete the twelfth grade are very low, even when compared with other Arab students in Israel, as Figure 7.2 demonstrates.

In the 2011–2012 academic year, only 29 per cent of Naqab Bedouin Arab high-school students passed their matriculation exams (a basic

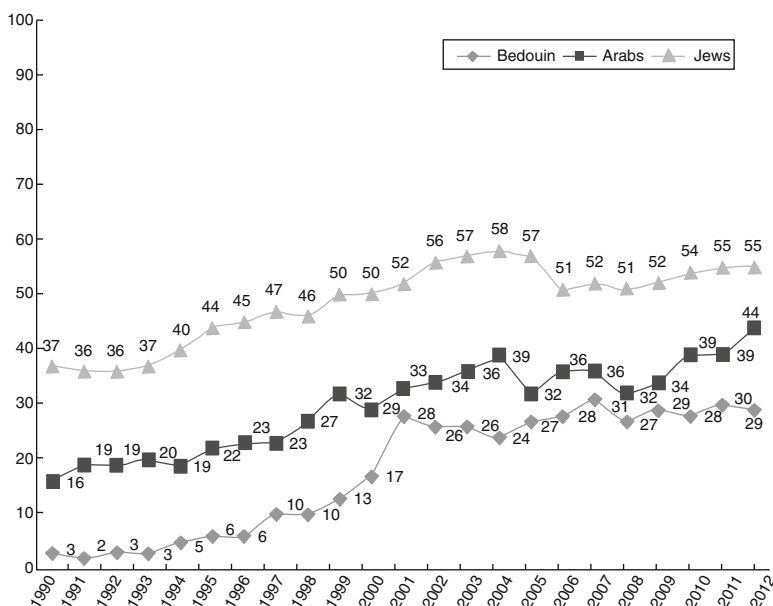


Figure 7.2 Percentage of students from age cohort who pass the matriculation exam among Jews, Arabs and Naqab Bedouin, 1990–2012

requirement for continuing on to higher education), compared with 44 per cent in the broader Arab sector and 55 per cent in the Jewish sectors.⁴² Furthermore, as Figure 7.3 shows, an even lower percentage of Bedouin Arab students matriculate at a level that qualifies them to apply to university (18 per cent in 2010).⁴³

Organized community resistance

In 1997, the Palestinian Bedouins who live in the unrecognized villages formed their own regional council as a grassroots community movement – the Regional Council for Unrecognized Villages (RCUV). The RCUV drew up and submitted its own plans for regional development to the Ministry of the Interior. The Interior Ministry did not accept the proposed plan of the RCUV for more appropriate rural settlement models and has remained intent upon forging ahead with the same unsuccessful urban model, albeit with superficial improvements. Nonetheless, it faces serious organized collective resistance from the Bedouin community.

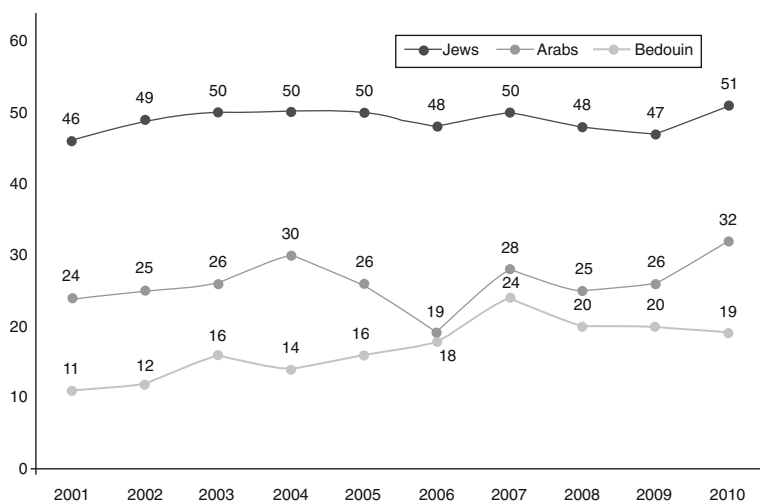


Figure 7.3 Rate of matriculation certificates which meet minimal requirements for admission to university among Jews, Arabs and Naqab Bedouin, 2001–2010

The first level of resistance is that people *en masse* are refusing to move to the planned towns, despite the many coercive measures used against them. In addition, they are expanding their dwellings to meet the needs of their natural population growth, as well as building small businesses and other community structures (mosques, soccer fields, etc.). Many have also begun building more permanent structures (e.g., cinderblock and stone houses, rather than tin shanties), and responding to house demolitions by rebuilding rather than relocating. Moreover, people are refusing to cooperate with the more recent government plans for ‘recognizing’ and developing some of the unrecognized villages. This is due to the fact that the government still intends to resettle the villages’ inhabitants into high-density urban developments around government-constructed service centres – even though the Bedouin community continues to insist upon living within the framework of an agriculturally-based development model.⁴⁴

A second level of resistance can be seen in the fact that various local Bedouin community organizations, along with nationwide organizations representing the indigenous Palestinian minority, have begun engaging in proactive legal battles with the Israeli state. This they do by finding cracks within the Israeli legal structure that can be used to oppose

the discriminatory practices driven by the policies of ‘Judaisation’ – which are illegal and violate the government’s responsibility to its citizens.⁴⁵ These efforts have produced mixed results. During the 1990s, for example, the government’s responsibility to provide compulsory education to all children from ages 3–16 was used in successful appeals to the Israeli High Court to obtain permission for building preschools and supplying electricity (generator-powered only) to elementary schools in the unrecognized villages. In addition, a lawsuit brought against the Ministry of Health to have public maternal and child healthcare clinics was successful and resulted in the opening of such clinics in some of the unrecognized villages.⁴⁶ In 2007, the High Court also ruled that the planners of the new regional Beer-Sheva Metropolitan plan must make an official commitment to include Bedouin concerns, opinions and representation in the planning process⁴⁷ (though there is scepticism in the Bedouin community about how this will be done, and what will actually be done, since their request for agricultural villages was denied, and they were told to ‘be more realistic’). Moreover, the decision to expand the municipal boundaries of the Jewish town of Omer by annexing the land owned and occupied by the Bedouin in several adjoining unrecognized villages was challenged in the High Court, with the result that the expansion was nearly totally cancelled.⁴⁸ However, there have also been a number of failed efforts to use the legal route. Examples of this are illustrated by the denial of appeals to provide a point for obtaining drinking water to an unrecognized village, to provide electricity to cancer patients and others with life-threatening illnesses in unrecognized villages, and to build high schools in unrecognized villages.⁴⁹

The third level of resistance to develop was the formation of an alliance of local Bedouin and Jewish-Arab non-governmental organizations called the Forum Together for Equality and Growth. This alliance coordinates a range of self-help and NGO programmes for community empowerment, education and legal representation as well as solidarity movements and demonstrations. As the legislative process for the Praver Plan proceeded, the alliance helped organise protests against it, which were forcefully suppressed by the authorities.⁵⁰

The state has consistently responded to the Naqab Bedouin’s continued resistance to its urbanization policies by increasingly relying on the use of paramilitary methods of oppression and strengthening the role of the Green Patrol – in an effort to ‘de-plasticize’ the land of the Naqab, and directly target Bedouin leaders of resistance in some cases.⁵¹ These measures, which were intensified by the government elected in February

2009, perhaps foreshadow a return to the days immediately before and after the 1948 war when military measures were used to 'empty' the land for Jewish settlement.

Hence, the historical context of Israeli development policies aimed at the Naqab Bedouin in particular, and the Palestinian minority in general, shows that they are driven by the goal of controlling and preventing independent development, as well as by the pre-state Zionist agenda of 'Judaizing'/de-plasticizing the land. The Naqab Bedouin suffer from this internal Israeli-Palestinian conflict and, as members of the Palestinian minority, continue to also be seen as a demographic and security threat to the Jewish state, and denied the development opportunities accorded to their Jewish counterparts. Despite the above, the Naqab Bedouin have continued to withstand governmental efforts to forcibly remove them from their land and further entrench their dependence on, and subordination to, the majority.

Conclusions

The Palestinian Naqab Bedouin community in Israel is an example of intentional under-development, or de-development. The Israeli government has forcibly ended the Bedouin's traditional lifestyle, with its inter-linked attachment to pastoralism as a mode of production and as a means of subsistence. Moreover, to further restrict the Bedouin's control and use of the land and its resources, the government made 'modern development' and the provision of accessible educational services dependent upon their moving into, or commuting to, designated government-planned urban-style towns. These actions also served to disproportionately disadvantage the development of Bedouin girls and women.

In light of this, due to the near complete disruption of their traditional pastoral lifestyle and economy, modern education has become essential for the development and integration of the Bedouin community into the Israeli labour market. Although the Israeli government has paid 'lip service' to its support for the full development of the individual, and has advanced a 'development' and 'modernization' rationale for its Bedouin urbanization programmes, this has been little more than a facade for advancing Zionism's ideological goal of further dispossessing the Bedouin and controlling their development, while seizing more land for the pursuit of the developmental priorities of the Jewish nation.

The Arab education system in Israel, which has been dominated by Zionism's goal of maintaining the dependence and subservience of the Palestinian minority, has also predictably resulted in high dropout and

low matriculation rates, and entrenched poverty among Naqab Bedouin Arabs. Ironically, in opposition to the legacy of its actions, Israel formally purports to embrace the liberal responsibility for providing educational and development opportunities for all of its citizens, enabling them to actualize their full potential as human beings, to survive, to become self-sufficient, and to grow. To fulfill this responsibility vis-à-vis the Bedouin community would require revising a development ideology that not only includes the Bedouin, but that the Bedouin are partners in shaping, that entitles them to the use of land and other national resources on a basis equitable to that of all other citizens of the state, and that provides them with multiple educational and development opportunities.

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8

Planning the Divide: Israel's 2020 Master Plan and its impact on East Jerusalem

Rami Nasrallah

Introduction

Jerusalem, as an ethno-nationally contested city physically segregated into Palestinian and Israeli neighbourhoods and Israeli settlements, mirrors the wider Palestinian–Israeli conflict.¹ After the 1967 occupation, Israel set in motion a series of policies designed to ‘create facts on the ground’. To this end, a two-fold strategy was adopted and implemented with great speed and energy. First, as a means of establishing a strong Jewish physical presence over all of East Jerusalem, a massive programme of Jewish settlement was carried out beyond the pre-1967 dividing line. Second, the Israeli authorities sought to maintain – and if possible even enlarge – the Jewish demographic majority by encouraging Jews to settle in Jerusalem and create Israeli territorial domination, while at the same time fragmenting Palestinian space and restricting the migration of Palestinians from the West Bank into the newly-annexed areas of East Jerusalem.² Within this context, the original insights of Sara Roy’s de-development paradigm remain relevant to the experience of East Jerusalem today. As was the case when Roy was writing about Gaza in 1987, even the conditions for dependent development have been ruled out in East Jerusalem.³

After the 1967 war, Jerusalem was administered under a single municipal government. However, it remains spatially divided between East Jerusalem neighbourhoods that are primarily Palestinian, and West Jerusalem neighbourhoods and settlements in East Jerusalem that are Israeli. As a result of continuous settlement expansion, a severe spatial overlap between Palestinian neighbourhoods and Israeli settlements has emerged creating multiple internal frontiers, and wiping out the East–West seam line that once existed. This has created multiple ‘bottleneck’

situations, leading to a deeper fragmentation of the Palestinian neighbourhoods. Spatial separations are clearly visible and audible in Jerusalem. Architectural design, language, the arrangement and provision of commercial and municipal services, and dress codes are some of the signposts that delineate and augment the physical borders that separate Palestinians and Israelis. These signposts not only communicate the city's divisions, they also publicly declare the political, religious, cultural and psycho-social differences between neighbourhoods and their residents.

The Jerusalem Master Plan 2020, published in August 2004, was the first statutory plan dealing with the city as one urban unit since 1949. It is a comprehensive spatial and development programme designed to continue the Israeli government's policies implemented over more than four decades – of ensuring Jewish colonial domination while restricting and neglecting Palestinians and their rights in Jerusalem. Despite the lack of involvement of any Palestinian planners or consultation of the Palestinian community in the creation of the Master Plan, the Israeli planners, who worked on it for a decade, claim they dealt fairly with East Jerusalem and the Palestinian space to the Western side of the city, while ignoring and denying the fact that the Separation Wall has excluded Palestinian neighbourhoods and has isolated East Jerusalem from the rest of the West Bank.

This chapter will therefore focus on the implications and impact of the practical application of the 2020 Master Plan on East Jerusalem in general and the Palestinian neighbourhoods in particular. The spatial and regulative effects of the Master Plan on Palestinian areas will be examined, particularly how it will continue to restrict Palestinian urban participation and rights to the city, and prevent East Jerusalem being a centre for Palestinian life. The chapter is divided into five sections; the first section discusses how urban planning intersects with nationalism and conflict, while the second briefly explores planning in Jerusalem from the British Mandate period until the Israeli occupation of 1967. Section three moves on to analyse the period after 1967, while section four looks at the 2020 Master Plan in depth, focusing on its plans (or lack of) for Palestinian East Jerusalem. The chapter concludes in section five by positing that Jerusalem is far more divided as a result of the 1967 'unification' and resulting Israeli domination, and argues that the stability of the city requires a political division of Jerusalem into two sovereign capitals for two separate states and that urban planning should become a tool in the pursuit of this goal not a means of destroying its possibility.

Territoriality, urban planning and conflict

Urban space has a strong geopolitical dimension that takes shape in different territorial constellations and which reflects the prevailing power structures in any given society.⁴ These political territorialities control, restrict and assign functions to space, and effectively shape and channel urban life according to their goals.⁵ Territorial claims and space allocation are closely connected to national aspirations and group concepts of national space. This aspect involves meaning, identity and future expectations of the national narrative. In areas with ethnic minorities, dominant majorities and ethnic strife, conflicting meanings and national narratives can lead to conditions of inequality, relative deprivation, exclusion, and criminalization.

Urban and regional planning is used to conquer the landscape, determine territorialities and set the guidelines for future development.⁶ In some cases, security is also instrumentalized as a pretext for serving the interests of the dominant majority, creating spaces of separation, surveillance and control.⁷ Urban catalysts and obstacles are expressed in territorial allocations, barrier creation, laws and regulations that define legal actions and punish illegality.⁸ Accordingly, policy prevails over the topography and its social-ecological systems, shaping a morphology that, on the one hand, encourages, facilitates and promotes certain urban activities while, on the other hand, ignores, suppresses and punishes activities of minorities. Morphology here means the physical shape and appearance of space combined with its social functions that can be private, public or institutional.⁹

Through the power of urban planning, major aspects of urban life and ethnic conditions can be affected. First, urban planning defines territorial jurisdiction. This gives it control over land and affects ethnic boundaries and development; it also gives it control of land ownership (including dispossession from land), and control over settlement patterns and the settlement of vacant lands. Second, urban planning shapes the distribution of economic benefits and costs by the way it determines spending and the provision of urban services, and in allocating resources. Third, the procedures of the planning processes dictate the level of public participation and public access to policy-making. These processes can be exclusionary, affecting the public's formal or informal participation and even the influence of non-governmental organizations in that society. Finally, urban planning affects the maintenance of group identity and the viability of groups that depend on the adopted policy. It also protects or threatens collective rights and the

identity that arises from education, religious expression and cultural institutions.¹⁰ In such cases, conflict becomes apparent in urban life, and space becomes an arena for hegemony and control through the tools of urban planning.

Bollens explored the role of public policy in contested cities and the effects that urban strategies have on the magnitude and manifestations of ethno-national conflict. His work was based on interviews in the polarized cities of Jerusalem, Belfast and Johannesburg conducted in 1994 and 1995. He employed an integrative analytic approach that combined the perspectives of political science, urban planning, geography, and social psychology. He explored the proposition that a city is a prism, not a mirror, through which conflict is ameliorated or intensified. According to Bollens, a city introduces a set of characteristics – proximate ethnic neighbourhoods, territoriality, an economic system, a scale of interdependency, a sense of centrality, and an array of symbols. These factors can bend or distort the relationship between ideological disputes and the manifestations of ethnic conflict. Findings indicate that dialectics, contradictions, and unforeseen consequences are produced when nationalism intersects with an urban system. He found that Israeli policymaking in Jerusalem paradoxically produced spatial contradictions leading to urban and regional instability antithetical to Israel's goal of political control; that British policymaking in Belfast achieved short-term territoriality and differential Protestant-Catholic needs; and that in apartheid Johannesburg, the implementation of a racist ideology failed to address the distressing levels of unmet human needs amidst market-based 'normalization' processes that threatened to reinforce apartheid's racial geography.¹¹

A review of the literature on urban conflict shows that ethnically-polarized cities host a deeper type of urban conflict than that found in other cities. Political and territorial conflicts intensify issues of service delivery, housing and land-use compatibility.¹² In Jerusalem, in particular, urban planning and land-use regulations are utilized by the Israeli authorities as tools to control the Palestinian minority,¹³ and to limit and restrict its urban growth and development, while employing a major part of its resources to promote Jewish-Israeli interests, including the support and development of Israeli settlements.¹⁴

The Jerusalem which Israel occupied in 1967 had been shaped first by British control under the Mandate and then by its division in 1948 into two zones: East and West controlled respectively by Jordan and the newly-created state of Israel. The following section briefly outlines these experiences.

Planning in Jerusalem from the British Mandate period to the 1967 occupation

The Ottomans, who controlled Jerusalem until 1917, had not exhibited a great interest in city planning: their efforts focused mainly on inspecting buildings, issuing construction permits to erect new buildings or to renovate existing ones, and levying taxes on buildings outside the Old City walls.¹⁵ But this changed under the British Mandate; the colonial authorities prepared several master plans for Jerusalem, with the final one being approved in 1944. These plans regulated building limitations and became the basis of lot parcelling (zoning). Urban planning under the British Mandate began the process of turning Jerusalem into a majority Jewish city by integrating all Jewish neighbourhoods into the municipal line, while excluding all Palestinian core villages around the Old City. At the beginning of the British Mandate, the area of Ottoman Municipal Jerusalem was approximately 13 square km, but the area of the space utilized for construction did not exceed 7 square km, including the Old City whose area is a little less than 1 square km. The municipal boundaries of Jerusalem under the British were re-defined in 1931 to include urban areas north of the Old City (Palestinian) and West of the Old City (Jewish); the boundary excluded Palestinian villages adjacent to the Old City and Jewish neighbourhoods south-west of the city centre.¹⁶ As a result of the Nakba of 1948, the Palestinian elite, middle class and educated groups were forced to leave the urban neighbourhoods of what later became (a major part of) West Jerusalem. Those fleeing eastwards numbered approximately 30,000 and had lived in eight urban neighbourhoods and 39 villages, most of which were demolished after the war.¹⁷

At the end of the first Arab–Israeli War in 1948, the West Bank (including East Jerusalem) was de facto annexed by Jordan, and administrative institutions were transferred from East Jerusalem to Jordan's capital Amman. In 1953, the Hashemites granted East Jerusalem the status of *amana* (trusteeship) and made it the 'second capital' of Jordan, but this was primarily in response to the Israeli government's attempt to force international recognition of West Jerusalem as its own capital. Plans to formalize its status by constructing Jordanian government offices were never implemented. The municipal boundaries of East Jerusalem remained the same as that defined in the early 1950s (expanded from 3 square km to 6 square km) and no development budget was allocated for Jerusalem. All efforts of Palestinian elected parliamentarians from Jerusalem to allocate funds for the city's development faced obstacles

from the Jordanian bureaucracy and their desire to channel all investment to Amman and the East Bank. Thus, in the absence of any investment in the city, or any corresponding increase in the powers of East Jerusalem's Municipality, or any permanent location of institutions of national importance, the conferring of this new *amana* status remained largely a cosmetic exercise.¹⁸

East Jerusalem after 1967

Following the capture of East Jerusalem in 1967 during the Six-Day War, the Israeli government confiscated more than 30,000 dunums (34 per cent of the territory of East Jerusalem) of Palestinian land for the building of new Jewish settlements.¹⁹ It also extended the municipal boundaries of the city from 38 square km to 108 square km (this was increased again in 1993 and reached 126,400 dunums).²⁰ From 1967 until 2011, 12 settlements have been built in East Jerusalem housing a population of 200,000.²¹ In addition, large tracts of privately-owned Palestinian land (31,000 dunums) were designated 'green areas' through zoning ordinances. As a result of these policies, Palestinian neighbourhoods (i.e., built-up areas and land available for future development) consisted of only 14 per cent of East Jerusalem. Israel imposed a restrictive policy on Palestinian construction and economic development which led to the emigration of Palestinians from the city to new areas developed as suburbs.

The Israeli settlements form loop belts that disrupt Palestinian geographic and demographic continuity. These settlements were established to achieve territorial, demographic, physical and political control, and at the same time to obstruct the development of Palestinian neighbourhood and land reserves. Palestinian areas, on the other hand, were developed by the disparate private initiatives of land owners (usually on family land) and small-scale contractors, without physical plans or the support and incentives of the central and local governments, and with only limited financial, technical and administrative resources. The urban area of East Jerusalem is basically organic and informal. Areas around Palestinian built-up areas are designated as 'green open spaces', which means not available for future expansion, whereas areas around Jewish settlements are zoned as 'unplanned', i.e., available for future proposals for change in the land use.²² In a typical planning system, designating space as 'open' is a requirement to protect greenery and to keep urban open spaces both on the neighbourhood level and on the broader regional level. However, in the case of East Jerusalem this

regulation is used to restrict Palestinian growth and development, and to isolate and 'protect' the Israeli settlements.

Experience also shows that the so-called 'green' Palestinian areas are used as a 'reserve' that will later serve the expansion interests of Israeli settlements. In the past decade, there have been at least two cases of these so-called 'green areas' being turned into sites for the development of settlements: Har Homa (Jabal Abu Ghneim) which was established in 1996 with a total area of 2,523 dunums and a population of 2,925 by the beginning of 2005, and Rekhes Shu'fat (Ramat Shlomo), which was established in 1994 with a total area of 1,126 dunums and a population of 15,000 at the beginning of 2009.²³

Municipal Jerusalem's Palestinian neighbourhoods can be classified into four groupings. The first is the Old City which has an area of less than 1 square km. The second is made up of neighbourhoods developed on village lands where the core village (but not its land) was excluded from Israeli municipal boundaries, such as Kafr A'qab, Beit Hanina and A'nata. The third grouping is neighbourhoods developed as an expansion of core villages annexed to the municipal boundaries. Examples of this would include Silwan, Isawiya, As Sawahira, Beit Safafa (a village that was divided between 1948 and 1967) and Sur Bahir. And the fourth grouping is made up of urban neighbourhoods from the 19th and early 20th centuries that remained in the Eastern section of the divided city, for example, Sheikh Jarrah, Wadi al Joz and Bab Assahire. It is worth noting that most of the Palestinians that live in urban neighbourhoods were refugees created at the time of the 1948 Nakba.

The restrictions placed on Palestinian development and the excessive use of the designation of 'green area' have forced inhabitants of East Jerusalem to migrate towards Jerusalem's outer boundaries. Since the mid-1980s, 40–60 per cent of Palestinian Jerusalemites (i.e., those with East Jerusalem ID cards) have had to reside outside the municipal boundaries.²⁴ The scarcity and cost of land in the city is, of course, a major reason for this. By contrast, lands are more readily available in areas around Jerusalem and at more reasonable prices compared to the city. But other significant factors have also fuelled this migration. The first factor is Israeli restrictions on the construction and development process, particularly the difficulty of obtaining building permits in the city in comparison to areas in the West Bank (which include the areas surrounding Jerusalem) subject to Israeli military administration laws. The second factor is the imposition of high construction taxes and municipality fees that cannot be borne by individuals. By contrast, construction initiatives on the Israeli side are undertaken by public parties or by

the private sector, which leads to lower fees and taxes due to the higher density and low cost leased state land. The third factor is the difficulty of registering land ownership, since most lands in Jerusalem have not been through a process of parcelization and registration.

The development of these suburbs was also accelerated by the establishment of the Palestinian Authority (PA) in 1994 as many of its ministries and institutions were located in Al-Ram. Banks and other public and private institutions also started to operate from these areas nearby East Jerusalem, encouraged until 2001 by the PA which saw the space as a springboard for active political claims on areas inside the city. This policy changed during the second intifada when the PA moved its ministries and institutions to Ramallah.²⁵ In 1996, the Israeli authorities unintentionally brought a halt to this suburbanization by introducing a new 'centre of life' policy that required Palestinian Jerusalemites to prove, by presenting a myriad of documents, that their 'centre of life' remained within the Jerusalem municipal boundaries – or risk losing their residency status and the Israeli social benefits package that comes with that status. Palestinian residents were forced to show that they worked in the city, had paid all their property and municipal taxes, and that their children went to schools in Jerusalem.²⁶ The move was regarded as a direct attempt to freeze out East Jerusalemites who had migrated to the suburbs. While previous Israeli regulations had only threatened those living overseas with the loss of Jerusalem residency, the new law effectively considered the growing suburbs as foreign territory, and caused thousands of suburban Palestinian Jerusalemites to panic and return to residing inside the municipal boundaries.

The wave of returnees to the city not only stunted suburbanization but also caused a housing shortage, overinflated housing costs, and overcrowding of serious proportions in East Jerusalem. Many of those returning from the suburbs moved in with their relatives or endured poor housing conditions; some simply maintained two addresses, one inside the city, one outside. This return flight not only affected residents, but also businesses. Approximately one-third of Al-Ram's businesses and small manufacturing workshops moved from the suburbs to areas within municipal Jerusalem, particularly to Beit Hanina and the industrial area of Atarot.²⁷

A second wave of panicked migration back to the city took place after 2002 in response to the Israeli construction of a series of walls, fences and barbed wire, patrol roads, and army watchtowers in the Jerusalem area – actions which are a continuation of the policy of severing East Jerusalem from its West Bank hinterlands. The Separation Wall blocks

access to the city centre through the establishment of permanent checkpoints, which, more often than not, mean long waits and unpredictable travel times. These realities make a daily commute impossible and heighten the need to reside within the city itself. While maintaining an 'alibi' address inside the city boundaries was once a pragmatic solution for some commuters, this is no longer a feasible option.²⁸

The lack of zoning and planning, and the proliferation of Israeli bureaucratic red tape that must be negotiated in order to obtain a building permit, has forced those who return to the city to build illegally. Most buildings constructed between 1996 and 2003 in Palestinian East Jerusalem following the 'centre of life' policy were unlicensed and built on lands that lacked planning and zoning or that the percentage of building rights was very low and highly insufficient and did not meet the basic needs of expansion and development. But the construction of a house even 'illegally' ironically grants a legal right to reside in the city: the houses built without permits are registered in the municipal tax record, an essential proof that Jerusalem is the 'centre of life' of the owners (in addition to proof of workplace, education and health insurance). Building illegally, of course, risks the entire investment as such properties are under threat of demolition by the Israeli authorities. Indeed, 1,484 unlicensed houses were demolished in the period 2000–2011.²⁹ In addition, owners have to pay fines for unlicensed construction; Margalit reports that between 2001 and 2005, US\$29.6 million was collected by the Israeli municipality in fines from East Jerusalem Palestinians.³⁰

By codifying these types of policies and practices, the Jerusalem Master Plan 2020 translates Israel's geopolitical vision and socio-economic goals into planning strategies and policies. Through its application, Israel believes it will secure both demographic superiority and territorial domination, as well as promoting the Jewish character and image of the city. The next section therefore analyses the Master Plan in depth.

Codifying Jewish demographic and territorial domination

In August 2004, the final report of the proposed 2020 plan was presented to the public. It is the first Master Plan since 1959, and it is based on the strategies of the TAMA 35 Plan – the Israeli 'national' plan approved by the government in December 2005. It takes as its starting point that Jerusalem within the municipal boundaries (as defined by Israel) is one urban unit under Israeli sovereignty.³¹ The 2020 Master Plan codified the framework of Israeli planning policies implemented since it occupied

East Jerusalem, based on the principle of ensuring Jewish spatial domination and restriction of Palestinian urban development for demographic and geopolitical reasons.

By mid-2012, the Master Plan had yet to be approved, but it reflects current thinking behind Israel's policies for Jerusalem. The Master Plan clearly supports the spatial separation of the Palestinian and the Israeli population in Jerusalem, and considers it to be a positive process that will minimize friction between the different population groups. The division of Jerusalem into planning zones was also based on ethnic affiliation; no zones combine both Palestinians and Israelis. This approach is different from the unification and integration approach stated by the Israeli Municipality in its previous plans, specifically the Master Plan from 1978 which was shelved.³² In the planning system, public interest has precedence over private interest, the system is centralized and very complex, and the district level committees for planning have the upper hand over local authorities.

The planning system and plan contents translate and articulate the ideological, strategic, policy and geopolitical goals of the Israeli state. The Master Plan is based on the current population of Jerusalem which is 650,000, and on the total area of Jerusalem which is 126,000 dunums. The expected population by the year 2020 is 950,000 (Palestinians: 38 per cent, Israelis: 62 per cent), while the construction capacity in Jerusalem is 131,200 building units on the Jewish side, and 35,400 on the Palestinian side. The number of potential housing units to be built by 2020 for Palestinians does not take into consideration the existing 15,000–18,000 'illegal' houses built between 1996 and 2003. And, conspicuously, the plan does not refer to any operational methods to upgrade infrastructure, services, public buildings and the road system, which is the direct responsibility of the Municipality. In addition, it allocates only 2,300 dunums for Palestinian building in areas mainly within existing built-up areas, compared to 9,500 dunums for Israelis, mainly in new settlements.³³

The Master Plan clearly states that building new Jewish neighbourhoods is, and will continue to be, used to guarantee a Jewish majority in Jerusalem; and that new settlements will be built on pre-designated 'green land' in East Jerusalem.³⁴ In addition, the plan refers to the need to create an administrative organization to enforce rules and regulations in the Old City, while totally ignoring the existence of the Separation Wall including its social and economic impact on the city and its surroundings, and the severance of some neighbourhoods from the city and from the West Bank. No public land (that is 'state land') is allocated

for Palestinian economic and housing developments or for establishing public facilities. In the case of Palestinian East Jerusalem, land for public use is taken from private-owned land (the percentage of land allocated for public use and infrastructure public use could reach up to 40 per cent of any private parcel). The municipality's policy is based on the appropriation of public land in a fragmented disorganized manner resulting in areas that are not suitable for the development of services, public institutions, or establishing public parks in East Jerusalem.

Employment opportunities, industrial zones, and technology projects are defined for West Jerusalem (expanding from Al Malha in the south to Atarot in the north), but not for Palestinian East Jerusalem. At the same time, the Master Plan does not show any intention of developing the public transportation system in East Jerusalem, although it does include the light railway that functions mainly to serve Israelis living in settlements in the north of East Jerusalem and which passes through only one neighbourhood in East Jerusalem (Shu'fat). Furthermore, there is no acknowledgement of the special development needs of the city centre of East Jerusalem and its mixed use (residential, businesses, offices, tourism and other purposes). It also ignores the enhancement of cultural and institutional activities in the city, and it does not consider reviving the Old City of East Jerusalem. The core of the planning vision places the Old City at the core of a Jewish Greater Jerusalem.

The majority of housing provision for Palestinians is based on self-housing built on private land. Self-housing does not exploit all the building rights proposed by the plan. The Master Plan assumes that building will use 100 per cent of the land (nominal building ratio), when it is more likely to be 40–50 per cent (real building ratio). The lack of Palestinian developers to undertake mass housing projects – due to the long and complex planning and legal process – prevents a shift from the organic development of private self-housing provision to a mass housing development model where building coverage is maximized while the cost of building permits is lowered. An organized private sector is necessary to deal more efficiently with the 22 different authorities and departments that authorize housing projects at the municipal and governmental level.

The Master Plan calls for 13,500 new housing units for the Palestinians in East Jerusalem, but the housing shortage in 2011 stands at 10,000 units and the annual need resulting from natural growth is 1,500 units.³⁵ By 2020, therefore, 4,000–7,000 units will be needed to respond to the needs of natural growth – this is even before considering migration from outside the city and the urban upgrade of poor quality housing

units. Furthermore, 3,600 dunums is proposed for the Palestinian development area, which will not accommodate this growth; 38.5 per cent of the proposed areas are already built-up, mainly because of houses constructed with no building license; and many 'buildable' areas are inadequately served by infrastructure. 'Legalizing' these houses requires authorizing a detailed plan in the new expansion areas, but this is lacking, and is the main impediment to saving houses under the threat of demolition and to create the potential for future development.

The Master Plan codifies a set of regulations that serve as an administrative and bureaucratic barrier to the issuing of building permits. These basic requirements are: a proper statutory road system, sewage and sanitation systems, and suitable public buildings and institutions. These three preconditioned regulations fall within the responsibility of the Municipality and do not provide solutions for the lack of investment, especially in infrastructure, schooling and community facilities, and public institutions.³⁶ Another barrier to planning implementation results from the lack of interest of the Israeli government in completing the land registration started under the Jordanians. The Israel Land Authority does not initiate land parcelization and registration of Palestinian private land in East Jerusalem (except for Palestinian private land confiscated to build settlements). A process of re-parcelization in the Beit Hanina and Shu'fat neighbourhoods, for instance, has been ongoing for over 20 years and is still not finalized. (They were divided into 52 parcels, more than 50 per cent are authorized and the rest are still under the planning and authorization process.) Re-parcelization is necessary for the provision of building rights, as well as the creation of infrastructure, and public and green spaces. Providing official proof of land ownership is problematic in many cases, especially land inherited by a large number of family members.

The Mayor of Jerusalem's 2011 planning policies stated that the 2020 Master Plan would be the basis for all planning policies and regulations. It argued that re-planning Palestinian neighbourhoods would be subject to two conditions: i) to consider the current realities on the ground and ii) to 'protect the public interest'. It committed itself to creating a complete registration and identity system that matched buildings to residents and the tax base, and limited 'illegal' building by providing incentives for obtaining building permits (although many areas are not zoned for building and thus one cannot obtain a permit anyway) as well as creating a new process for issuing building permits. It stated that it would collect building taxes and fees more efficiently while identifying buildings that could not be legalized (in green areas, on main roads, or

due to safety issues), prioritize existing demolition orders, and postpone demolitions that could be legalized.

Although the 2020 Master Plan claims to build an 'inclusive... metropolitan centre', there are stark differences in how it treats development areas for Palestinian and Jewish populations. In line with the national political goal of creating a unified, eternal and Jewish capital for the Israeli state, the Master Plan applies planning techniques to limit the expansion of Palestinian areas while furthering Jewish settlement activity beyond the Green Line. This is evident in the geography of areas selected for development (their location), the quality of proposed development areas (their current and future needs), and the number of areas selected for development. This can be illustrated by the use of two examples: Pisgat Ze'ev and a comparison of Shu'fat and South Beit Hanina with Ramot Allon and Ramot Shlomo.

Pisgat Ze'ev is a Jewish settlement of 42,000 people in the northeast of Jerusalem. Construction began in 1982 and since then Pisgat Ze'ev has developed into a community with schools, community centres and a commercial centre. One of the original goals for this 'satellite settlement' was to create a contiguous link between West Jerusalem and the Jewish settlement of Neve Yaakov, which lies to the north.³⁷ The Master Plan calls for an expansion of 91 dunums for Pisgat Ze'ev, which at current housing density is equivalent to 180 new housing units. But housing density (dwellings per dunum) does not tell the entire story: Pisgat Ze'ev has one of the lowest household densities of the surveyed communities in East Jerusalem. Standing at 3.74 persons per dwelling, Pisgat Ze'ev has a household density below that of all the development areas (5.10 persons per dwelling), and nearly half that of Palestinian areas (6.11 persons per dwelling). On the whole, the settlement of Pisgat Ze'ev has been built in a way that maximizes the use of the land (housing density), while minimizing overcrowding (persons per household). This reveals a lot about the nature of development and demographics in the settlements as opposed to Palestinian areas, as exemplified by looking at two Palestinian neighbourhoods.

As a result of negligent planning and development controls in East Jerusalem, Shu'fat and Beit Hanina suffer from severe overcrowding and a lack of public services. These two neighbourhoods are the most urban in terms of physical building, economic and social infrastructure. According to the Master Plan, Shu'fat and South Beit Hanina have only 190 dunums for development, and almost half of this area is already built. On the other hand, the ultra-Orthodox settlement of Ramat Shlomo and the settlement of Ramat Allon (the northern expansion of

which is mainly ultra-Orthodox) have an area of 575 dunums for expansion. In terms of the population of this central area of East Jerusalem, the total number of Palestinians in Shu'fat and Beit Hanina is 58,000 (including North Beit Hanina and Shu'fat refugee camp) compared to 53,000 in the two settlements built on Palestinian land confiscated in 1967.³⁸

As portrayed in these examples, Palestinian and Jewish populations in East Jerusalem have divergent experiences of urban space and demographics. According to the Master Plan and the Statistical Yearbook of Jerusalem, Jewish areas in East Jerusalem tend to be built at greater densities while maintaining lower household densities than the average. In contrast, Palestinian areas of East Jerusalem are built to lower densities per dunum than the average, but have higher household densities. This trend can be seen across all of the surveyed communities, except for Silwan, Ras al Amud and At Tur, which have higher densities due to their age and proximity to the Old City.

In general, the 2020 Master Plan focuses purely on Jewish national goals and totally ignores Palestinian national rights. It does not even consider the multicultural, multi-religious, and multinational status of Jerusalem; on the contrary, it institutes Israeli sovereignty and Jewish identity. It considers only the Jewish part of Jerusalem and its relation to Jewish settlements of East Jerusalem and the West Bank, while totally neglecting the functional and spatial relations of East Jerusalem with Ramallah and Bethlehem, which have been severed by the Separation Wall.

Conclusion

Since 1967, the Israeli state has created 'facts on the ground' by building settlements in an attempt to influence discussions on the status and future of Jerusalem. Since the 1993 Oslo Accords, Israel has intensified this classical spatial policy to secure its territorial and demographic goals and to prevent a situation where East Jerusalem could serve as a capital and a metropolitan area for a future Palestinian state, and this is codified in the Master Plan. On the macro and at the guidance level, the Master Plan does not deal with the developmental requirements of the Palestinian population of East Jerusalem. It also assumes total subservience of East Jerusalem to West Jerusalem without considering the national socio-cultural specificity of East Jerusalem, and the severance of East Jerusalem from its hinterland and the rest of the Palestinian territories.

By strengthening and empowering Jerusalem as a capital for Israel, the Master Plan denies Palestinian national rights and ignores the

fragmentation of the Palestinian urban fabric that has resulted from the Separation Wall. It codifies a shift in approach from a rhetoric of unification to one of separation, and puts emphasis on the spatial differences between the different populations. The slogan and goal of unity initially served to shift Jerusalem from being a frontier/border city to an extended united Jewish metropole. The main goal of the Jerusalem 2020 Master Plan, as stated in its published documents, is 'to introduce a new model of thought in planning and an inclusive plan which aims to continue developing Jerusalem as the capital of Israel and as a metropolitan center for the benefit of its residents and their quality of life'.³⁹ However, the gap between East and West Jerusalem does not allow the equal implementation of the Master Plan's stated objectives of ensuring a high quality of life, economic stability, social justice and viable environmental values. But in a 2010 survey by the Jerusalem Municipality, it was estimated that East Jerusalem needs 2 billion NIS (US\$51 m) to merely upgrade the level of infrastructure to a standard basic level.⁴⁰ In addition, there is no designated area for industry, employment and logistics in East Jerusalem which, combined with the separation of East Jerusalem from its economic and social hinterland in the West Bank, can only serve to consolidate processes of de-development in East Jerusalem. Furthermore, the Master Plan does not take into account Palestinian migration, nor does it not acknowledge urban diversity for example between interior and exterior 'belt' communities, the commercial core of the Jerusalem–Ramallah road, or 'illegal' buildings near to service and employment centres.

The policies implemented by all Israeli governments towards the Palestinians in East Jerusalem can be summarized as constituting five elements. The first is to preserve restrictions on Palestinian development by limiting implementation, rather than through restrictive land use planning. The second is to define expansion areas as sites for future detailed planning (which would take a long time and face many bureaucratic hurdles). The third is to allow low building percentages and building heights, and a low number of housing units per plot compared to Israeli settlements in East Jerusalem and neighbourhoods in West Jerusalem. The fourth element is that any detailed plan for more than 10 housing units in the Palestinian areas of East Jerusalem usually faces more restrictions and obstacles from the district committee (in some cases even the Minister of the Interior has to be informed), as well as opposition from Jewish settlers and right-wing organizations. And the fifth is to adopt restricted regulations for Palestinian neighbourhoods in

areas such as public space, parking solutions, road system, sewage, and so on.

Despite decades of attempts to do so, the failure to completely restrict Palestinian demographic growth has forced the Municipality to actively 'exclude' Palestinians from many forms of urban life in Jerusalem through the implementation of the Master Plan. The current trend of migration of middle, educated, and professional classes to Ramallah (which has become the economic and administrative centre of the Palestinian Authority) complies with Israeli exclusion policy – which has aimed to exclude Palestinians from Jerusalem politically, economically and culturally. Jerusalem is thus far more divided as a result of the 1967 'unification' and resulting Israeli domination. What is required for the stability of the city, however, is the promotion of Jerusalem as an urban functional entity where urban planning is a bridging tool that creates leverage to build two capitals for two states rather than being a tool used to destroy this possibility.

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Part III

De-development Resisted

9

Neoliberalism and the Contradictions of the Palestinian Authority's State-building Programme

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When the modern Palestinian national liberation movement emerged in the mid-1960s, its primary aim was to liberate 'the land and the people' ('*tahrir al ard wal insan*') from Zionist settler colonialism. Today, with colonization proceeding relentlessly and with Palestinians still dispersed around the world – half of them refugees and mostly deprived of national, civil and human rights – this aim sounds like an embarrassing echo of a distant past.¹ That the strategy of armed resistance has failed to deliver any of its goals is arguably clear. Likewise, liberating a fraction of historic Palestine by diplomacy has failed, as proven by the futile negotiations since the Oslo peace process began. By 2011, 20 years after the Madrid Peace Conference, the Palestinian leadership had neither a popular, nor a viable strategy to end Israel's occupation. Instead, it is faced with an unprecedented legitimacy crisis and internecine political divisions. Amidst this crisis, the Palestinian Authority (PA) has embraced a new strategy to achieve statehood as outlined in its 2009 programme entitled *Ending the Occupation, Establishing the State*. Enjoying growing international endorsement and professed domestic support, the programme seeks to garner international recognition for a state based on the PA's progress in neoliberal institution building and good governance.

Focusing on this programme's economic aspects and its underlying neoliberal philosophy in particular, (that goes beyond narrow considerations of economic policy options), this chapter argues that it is destined to fail. The reasons for this failure derive not only from

neoliberalism's inability to deliver sustainable and equitable economic growth globally – but also due to the fact that no matter how 'good' it is, neoliberal 'governance' cannot substitute for the broader political struggle of national liberation. However, as a result of significant financial support by the donor community, the programme has concurrently made headway by gradually embedding neoliberal policy and discourse within the PA. This transformation has included redefining the relationship between 'citizens' and their non-sovereign government, as well as the building of economic institutions and a strong-armed internal security-apparatus for the safeguarding of the authority's neoliberal project. Constituting important building blocks for cementing the new neoliberal order within the PA, these structures are set to remain even after the state-building programme ends – regardless of whether or not it succeeds. By pursuing neoliberal goals, the PA has thus redefined the Palestinian liberation struggle, subordinating it to a programme that cannot achieve Palestinian rights.

This chapter focuses on the impacts of the state-building programme in the West Bank until 2011, the year in which it was proclaimed the project would be completed. It does not address the Gaza Strip for the simple reason that the programme itself says very little about Gaza and its peculiar status – the occasional textual references in PA documents and declarations pertaining to the state-building plan notwithstanding.

Going with the flow: remaking the Palestinian national movement

To begin with, it is instructive to briefly contextualize the transformation of the Palestine Liberation Organisation (PLO) from a radical anti-colonial movement to a moribund organization whose effective substitute, the PA, has elevated neoliberalism as a strategy for national liberation. From its inception, the PLO was an integral part of the 'third world project' that united Palestinians with popular anti-colonial movements around the world in their fight for political independence and a just world order. Once in power, however, most of these national liberation movements failed to deliver on their promises of freedom and development. Instead, they preserved structures of production and exchange to bolster their own power and secure privileges for their national bourgeoisies allied to the economic interests of the former colonial powers. Hence, in many cases, the masses that swept these movements into power found themselves under domination once again – this time by neo-colonialism and domestic collaboration with its forces.² Today, it

is the uncontestable and irresistible 'logic' of the dual faces of neoliberalism and globalization that complement the dynamics of neo-colonialism and shape the aspirations of the national bourgeoisie and elites in former colonies and new states. This point is illustrated by the embrace of neoliberalism in post-apartheid South Africa and the Communist Party of China, as well as the rise of a new 'oligarchy' in countries of the former Soviet Union and Eastern Europe associated with the effects of neoliberal 'shock-therapy'.³

Neoliberalism is outlined by David Harvey as being 'in the first instance a theory of political economic practices that proposes that human well-being can be best advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets, and free trade.'⁴ As an elite transnational project, these practices have consolidated capitalist power in industrialized countries, and created conditions for new capitalist class formation in countries and regions lagging behind. As a corollary, these practices also curbed organized labour power under the imperative of international competition. The global reach of neoliberalism is inextricably linked with US economic and political interests and the power they exert over the Bretton Woods Institutions (BWI). It is this linkage that enables neoliberalism to put theory into practice and establish itself as a hegemonic ideology.⁵ That neoliberalism cannot be analyzed separately from imperialism is evident in the Middle East. For the synthesis of US geopolitical interests and the policy designs of the BWI in the region are primarily focused on securing a stable environment for the supply of oil, for foreign investment and for the transfer of surplus capital emanating from the oil-producing states.

The embrace of neoliberal policies by Middle Eastern states and their elites started in the early 1990s – primarily by North African states as an antidote to the failure of the statist or 'socialist' development strategies that reigned in the region, and caused their economies to stagnate. These strategies were already being retracted after Egyptian President Anwar Sadat's '*infitah*' policy set the tune in the late 1970s – though his was less an embrace of liberalization than a loosening of state controls over the economy in order to bolster a new social base of political legitimacy.⁶ In this context, it is worth remembering that until the popular revolts of 2011, Egypt and Tunisia were hailed as 'top reformers' by the BWI for the speed and depth with which they had implemented neoliberal reforms. In Jordan, the neoliberal agenda was launched with the signing of the Israel–Jordan peace treaty in 1994, opening up a new outlet for Israeli exports of capital and goods.⁷ Meanwhile, in Iraq 'shock-therapy'

was resurrected, imposing extreme neoliberal policies during the US occupation. These policies ranged from the removal of foreign ownership restrictions and wide-scale privatization, to a low, uniform tariff regime and some of the lowest taxes in the world. They have been aptly described as 'state-building in reverse'.⁸ Crucially, the economic liberation and new trade initiatives these plans have entailed often include the 'normalization' of economic and/or political relations with Israel.⁹

Similarly to much of the developing world, neoliberal reforms in the Middle East have often led to rising rates of poverty and unemployment, widening inequality, increasing policing of public life, and the rise of a new social class whose fortunes are directly linked to the privatization of state enterprises and liberalization of the economy. It comes as no surprise, therefore, that the popular anger witnessed during the 2011 wave of Arab mass uprisings was directed against ossified political regimes as much as their private sector cronies.

On a more analytical level, neocolonialism then, and neoliberalism now, formalize the alliance between political and economic elites in the metropole and periphery based on patterns and structures in the world economy.¹⁰ However, in most cases, these relationships arose only *after* formal independence or decolonization in the periphery. Thus, it is on this basis that the neoliberal state-building programme of the PA appears to turn history on its head: not only does it present the programme as the only means to end occupation and to achieve statehood, but it also promises that its economic strategies will generate years of high economic growth and prosperity. Such proclamations swim against the tide of historical and empirical evidence pertaining to the political economy of state-building.¹¹ High and sustained economic growth in the context of state-building or post-conflict situations was made possible through continuous, systemic, and centrally-organized market intervention and planning. Needless to say, a neoliberal 'liberation' strategy also runs counter to the actual experience of successful decolonization.¹²

The neoliberal turn of the PA has been generally associated with the premiership of Salam Fayyad (2007–2013) and the formation of his caretaker government in 2007, following the Fateh– Hamas struggle and the establishment of parallel governments in the West Bank and Gaza Strip. That the unequivocal embrace of neoliberalism by the PA came at a time when the global financial crisis had led to a legitimacy crisis for, if not of, neoliberalism certainly places the strategy in an even more dubious light. Yet, the genesis of Palestinian neoliberalism cannot be reduced to Fayyad, and indeed began much earlier and runs deeper.

Any analysis of the rise of neoliberal hegemony in the Palestinian context must first take into account the specific historical circumstances during which the Oslo process and the PA were created. The 1990s were supposed to herald the 'End of History' culminating in perpetual global liberal democracy and capitalism.¹³ The demise of the Soviet Union and the planning system was seen to confirm the inherent superiority of unfettered free-market capitalism and the neoclassical economic theory upon which it was founded. For economics as a discipline, Nobel Prize winner James Buchanan prophesized the new, post-ideological era to be 'marked by a convergence of scientific understanding among those who profess to be economists'. In other words, only one global epistemological community was needed, that of neoclassical economists.¹⁴ A cursory glance at the literature produced by Palestinian economists after the Oslo accords were signed indicates their eagerness to be part of that community.¹⁵

To advance such 'understanding', the BWI's concerted advocacy for 'sound' macroeconomic policies and good governance reforms were stepped up. In particular, the World Bank's remodelling as a 'knowledge bank' has been important for blending a mix of public choice and neoclassical economics with development theory, and in spreading the neoliberal market logic past the realm of the state's approach to the economy to include the very purpose of the state and its relationship to society.

Just at the time when this new approach – encapsulated in the 'Washington Consensus' – was beginning to take shape, the Middle East peace process was launched. A host of changing geopolitical and strategic calculations, following the end of the Soviet Union, the 1991 Gulf War, and the stalemate produced by the first intifada, drove all actors participating in the diplomatic process. However, equally important was the belief that to integrate the Middle East into the circuit of international finance, a façade of relative regional political stability needed to be erected. Indeed, one Israeli constituency that has, since that period, lobbied the Israeli government to embrace the peace process was a significant section of the Israeli capitalist class seeking to expand into regions hitherto off-limits due to the Arab boycott.¹⁶

Attempts to make the PLO embrace neoliberalism existed even before the formal formation of the PA in 1994, in the context of its participation in the 'regional economic development working group' powered by the BWI during the Madrid multilateral negotiation process, which preceded the Oslo Accords. By 1993, Harvard economists and the World Bank, in association with several Palestinian and Israeli economists, had recommended a neoliberal set of economic policies for guiding the PA

through what was then regarded as a five-year transition period to statehood.¹⁷ Similarly, in 1999, a detailed study by the Council on Foreign Relations with two Palestinian experts as the principle authors, argued that the implementation of good governance reforms, rule of law and a range of policies to ensure an investment-friendly environment, were necessary preconditions for attaining Palestinian statehood.¹⁸

An important local agency for entrenching the persuasive appeal of neoliberalism has been the scores of think-tanks and NGOs – mostly financed by international donors – established in the wake of the Oslo process. They were among the first sectors to embrace neoliberalism by acting as an important conduit for its development paradigm. Moreover, the entry of the ‘development industry’ into Palestinian society following the formation of the PA acted as an ‘anti-politics machine’ that has depoliticized Palestinian society, masked and sustained the occupation, and initiated the march toward neoliberal hegemony that has found its most elaborate manifestation to date in the 2009 PA state-building plan.¹⁹

The PA state-building programme meets neoliberal development orthodoxy

Aimed at preparing the necessary institutions for establishing a state by September 2011, the PA programme rested on the assumption that even in the absence of a negotiated settlement with Israel, the ‘institutional facts on the ground’ would convince the world community that the Palestinian people had acquired sufficient maturity to be entrusted with a state. Given the career development of two of its main architects – Salam Fayyad and Mohamad Mustafa who have, respectively, worked for the IMF and the World Bank²⁰ – the programme, as well as the 2008 Palestinian Reform and Development Plan (PRDP) which it integrates, closely followed development orthodoxy advocated by the BWI. Both documents are replete with seductive appeals to plurality, accountability, equal opportunity, efficient service delivery, the empowering of citizens, as well as the protection of social, economic and political rights.

Those who have followed the changes in development rhetoric over the past decades can easily detect the language of the ‘post-Washington Consensus’ in the PA programme, reflecting a more ‘inclusive’ form of neoliberalism without abandoning the market-centric core identity of the Washington Consensus. The overhaul of the Washington Consensus, more rhetorical than real however, came largely as a result of the dismal outcomes in countries in which reforms were implemented, and the growing political and intellectual resistance (even from within the BWI)

in light of the poor theoretical underpinnings and market radicalism advocated by the BWI. The post-Washington Consensus acknowledges that markets can fail and that the role of the authorities is to build the necessary institutions to enable markets to perform efficiently. It also envisions a responsive, capable 'governance' state that frees markets from various shackles, limits its remit to the maintenance of security and public order, and empowers its citizenry through the decentralized provision of basic, but efficient service delivery. This also implies that citizens are morally obliged to rely more on themselves than on a paternal but inevitably inefficient social welfare state.²¹ For the PA, such a 'governance' state would be engineered through four interdependent and mutually reinforcing components: public security and the rule of law, 'good governance', effective service delivery, and private sector growth.

The first of these, assuring public security and the rule of law, was regarded as a foundation for economic growth. As the allocation of requested donor funds in the PRDP demonstrates – earmarking US\$228 million to the Security Sector Reform and Transformation Program for 2008–2010 – the PA fully embraced the logic of the security-development nexus. This linkage, according to which there can be no sustainable development without law and order – and conversely no sustainable security without development – has for years been the mantra of not only donors, but also of the Israeli government. The latter employed this circular logic for its own ends, setting security conditions that the PA could not possibly or credibly meet, hence providing *a priori* justification for restricting Palestinian economic activities.²²

The second component, a commitment to 'good governance', was a hallmark of Fayyad's administration as a means of differentiating itself from the Fateh-dominated governments that preceded it. According to the plan, institution-building required the PA to work towards greater accountability and transparency of its public sector, eliminate bureaucratic inefficiency and corrupt practices, and create public bodies to monitor reform efforts. It should be noted that there were few, if any, new institutions designed with *sovereign* economic functions especially in the critical areas of trade policy, customs control at borders, fiscal policy and monetary policy. Rather, the PA tinkered with those designed 15 years ago to serve a five-year transitional 'self-government'.

The third essential feature of the PA governance model was effective service delivery as a means of gaining legitimacy from citizens, donors and investors. Pursuit of this goal was a top priority, primarily because the delivery of municipal services, public utilities, and even some basic social services were within the reach of the limited governance toolbox

the PA possessed. With security and the rule of law, accountable institutions and efficient service delivery all anchored in – and guaranteed by – the PA, the practice of good governance was elevated ‘to the status of a national goal in and of itself’.²³ In fact, this practice became synonymous and indeed confounded with statehood and development itself.

Within the logic of the programme, as well as BWI orthodoxy, the practice of good governance became the indispensable precondition for ensuring the realization of the fourth pillar of the PA programme, namely private sector growth. To revitalize the Palestinian private sector as the engine of growth required that the PA limit its role in the economy to providing an ‘enabling environment’ for private investment, and creating institutions that would liberalize domestic markets and promote trade facilitation. In line with post-Washington Consensus discourse, direct economic intervention is only permitted when markets fail to work efficiently or do not exist in the first place. Surprisingly, given the structural weakness of many markets in the Palestinian economy, even this license for (limited) intervention has not been used by PA policymakers as an impetus to pursue a more active economic policy.

Since the state-building programme was announced in August 2009, the PA – aided by donor funding of up to US \$2 billion annually – was able to implement some aspects of its reform agenda and earned praise from donors and BWI alike. Economic growth reached 9.3 per cent in 2010, and even while it was unanimously acknowledged that this had been largely aid-driven and had come from a low base (in particular for Gaza), it was heralded as evidence that the PA reform strategy was working, at least in the West Bank.²⁴ International media outlets were replete with reports on the urban construction boom in the West Bank, car shows, international hotels and fashionable restaurants, seen to indicate the workings of a vibrant economy.²⁵ By April 2011, the Ad-Hoc Liaison Committee of Donors (AHLC) announced that the PA ‘institutions compare favourably with those in established states’ and that it was ‘above the threshold for a functioning state’.²⁶ The AHLC attestation was supported by the World Bank’s confirmation that at its current level of service delivery, the PA was ‘well-positioned for the establishment of a state at any point in the near future’²⁷ and the IMF assessment that ‘the PA is now able to conduct the sound economic policies expected of a future well-functioning Palestinian state’.²⁸ According to Fayyad, these endorsements from the BWI and donors amounted to no less than the ‘birth certificate’ for Palestinian statehood.²⁹

It might well be assumed that economic growth after 2007 in the PA-administered West Bank, no matter how fragile or aid-driven, could

not have occurred without acquiescence to Israel's terms by the PA and a compliant populace. While this is undeniable, the growth pattern of the economy of the oPt since 1967 would also suggest that the promise of, or threat to curtail, growth does not end the determination of Palestinians to rid themselves of occupation, in particular since past episodes of growth produced neither development nor were coupled with commensurate political gains.³⁰ Even if economic growth could prolong a period of 'relative quiet' by raising the opportunity costs involved, it cannot ultimately prevent the outbreak of new resistance against the occupation. The Middle East Quartet is, of course, acutely aware of this but its repeated rhetoric emphasizing the need to find a negotiated settlement, and diplomacy to safeguard economic gains, is indicative of a cognitive dissonance that has afflicted the actors of the Middle East peace process ever since it was launched.³¹

'Real-existing' neoliberalism and contradictions of the state-building programme

For a people known for their tradition of vibrant and pluralistic political discussions, it is remarkable that the PA's neoliberal agenda was largely unquestioned by Palestinians themselves. Most traditional agents of progressive Palestinian politics effectively endorsed the PA programme, be it out of material self-interest or fear of undermining the tenuous Ramallah leadership and creating conditions for Hamas to reassert itself in the West Bank. While more critical observers (mainly in the diaspora) questioned the possibility of building a state while still under occupation, or see the two-state solution as no longer attainable, only a handful of analysts have explicitly taken aim at the neoliberal nature of the state-building programme.³² This is particularly worrying given that the PA's plan was promoted not only as the only road to ending the occupation and achieving statehood, but also as a guiding set of principles for a 'post-liberation' future, irrespective of what happened after September 2011 (i.e., the PA's application to the UN for upgraded status). But what transpires from the PA state-building programme is not so much a feasible plan to establish an independent, geographically contiguous state with a strong economy. Rather, in the objective circumstances in which it found itself, it embodied a strategy for a Palestinian government to impose neoliberal institutions and policies to serve the interests of a faction of Palestinian capitalists and international donors, while lacking sovereignty over the territory it claims will comprise the Palestinian state.

In locating the 'real-existing' neoliberal policies implemented by the PA, it is important to clarify an apparent contradiction concerning the institutional capabilities and limitations of the PA in 2011 and – in all likelihood – in the future. On the one hand, even if the PA wanted to pursue an alternative strategy in the realm of economic policies and institution-building, it has relatively few capacities to do so.³³ This is due to the pressure exerted by donors, the structural realities of Israel's occupation, the influence of BWI advocacy, and tied donor money (see Chapters 1 and 2 in this book). All of these factors have contributed to minimal policy space, that is, the freedom to determine economic policies without binding external constraints. Importantly, limited policy space thus also means the PA is deprived of essential policy tools to implement the full package of the most conventional neoliberal policies.

On the other hand, however, the PA attempts to exploit all available policy space to advance its neoliberal agenda, especially in the fiscal area where it has some reach and where the pressure to showcase good governance is high due to the bankrolling by the international community. Remarkably, then, what the PA state-building plan represents in practice, at best, is a strategy to expand the further implementation of the neoliberal framework in policy and in geographical areas it has no control over. To some extent, such a strategy echoes the transfer of limited governance to the PA following the Oslo accords that enabled Israel to institutionalize its control system over the Palestinian population. But the goal of achieving full economic and political sovereignty not only faces Israel's well-known intransigence, but also the PA's self-defeating strategy of building a neoliberal state.

In locating 'real-existing' Palestinian neoliberalism, it is evident that the practice cannot keep up with the ideology thus producing a number of contradictions, some of which are peculiar to Palestinian neoliberalism.³⁴ To illustrate these contradictions, it is important to remember that the PA has, for instance, no independent central bank and therefore no means to reduce interest rates and inflation, or set a competitive currency exchange rate to assist export-led economic growth, as a conventional neoliberal programme would prescribe. Similarly, its commitment to, and unwillingness to challenge, the Protocol on Economic Relations with Israel means it cannot independently reduce tariff rates or Value Added Taxes and its own trade liberalization must track that of Israel. Nor is there much of a PA public sector: since the mid-1990s, Palestinian investors were sold majority shares in some public utilities such as telecommunications, and the management of rents from fuel and other bulk imports through Israel was privatized. All remaining public assets

and public-private ventures, as well as revenue streams from public franchises, have been consolidated in the Palestinian Investment Fund (PIF) following the IMF-designed budget and fiscal transparency reforms beginning in 2000.

Equally, policy areas in which the PA does have some formal control to implement neoliberal policies are heavily circumscribed by the structural realities of Israel's occupation. For instance, the first Palestine Investment Conference, held in Bethlehem in May 2008, was part of the PA's 'Palestine is open for business' declaration to attract more foreign direct investment. The conference resulted in the much-celebrated Qatari-financed plan to build the first Palestinian city, Rawabi. As a major development project, its financing, architectural, spatial and urban planning designs catered to the promises of the neoliberal state-building programme.³⁵ Yet the project, which started in early 2010, has been regularly held up by delays in obtaining Israeli approval at various stages for planning and construction. Efforts to liberalize the Palestinian telecommunications sector were also initially hampered by Israel's refusal to release sufficient bandwidth to the Kuwaiti-owned mobile operator Wataniya; and the luxury Mövenpick Hotel in Ramallah was not able to offer its customers its trademark ice-cream due to Israel's trade restrictions. The realities of Israel's occupation also inhibit the PA from pursuing yet another policy prescription, namely the protection and enforcement of well-defined property rights, which is essential for creating an investment-friendly environment as conceived by neoliberalism.

Nevertheless, the available space the PA can most feasibly exploit to pursue neoliberal policies lies primarily in the realm of fiscal policies and budget deficit control, notably through increasing tax revenues and reducing public expenditure (in particular the public sector wage bill and what is referred to as 'net lending'). Tax revenues are expected to increase through administrative reforms aimed at improving the efficiency of domestic tax collection, the continued and smooth transfer of clearance revenues collected by Israel, the introduction of new taxes such as for inheritances and real estate, and a revival of private sector growth. Clearly, however, the PA's approach to deficit reduction has focused far more on the expenditure side of the budget equation. It planned to cut the wage bill by a mixture of layoffs, hiring freezes (except in the health and education sectors), and a public sector pay freeze in order to free more budget resources for development spending.³⁶ The scale of projected lay-offs, around 40,000 public sector workers by 2010, was described as 'probably the harshest attack on any public sector in the Middle East in recent history'.³⁷

Net lending refers to the PA's indirect subsidization of customers and municipalities that have failed to pay their utility bills owed to Israeli companies, through the Israeli government's deduction of PA clearance revenues.³⁸ Originally, the PA sought to introduce a 'certificate of payment' that would have forced 'citizens' to prove they had cleared their utility bills before being able to request civil documents, but this was abandoned after a storm of public protest.³⁹ Concurrently, however, in 2010 the PA began installing up to 300,000 prepaid electricity meters in Palestinian households, presumably to end what BWI discourse calls a 'culture of entitlement'. Rural areas and refugee camps were also to be included, thus echoing the installation of meters in post-apartheid Soweto a decade earlier. Then, as now, cutting off services for households that do not fall within the government's definition of a 'vulnerable group' may be justified as the market outcome of poor budgeting of household resources.⁴⁰

Inevitably, the PA's neoliberal reform agenda under occupation faces daunting challenges. Cutting the budget deficit in order to reduce aid dependency – which has equally damaging implications for policy-making – might well be one of the 'hard choices' the PA has to make in considering short-term costs and long-term benefits. More likely, however, the PA's commitment to achieve significant public expenditure reduction will likely backfire since it would a) repress rather than stimulate aggregate demand, b) disproportionately impact low-income households, and c) further exacerbate the already fragile economic situation given that as many as one in five households directly or indirectly depend on employment by the PA.⁴¹ Yet, even if the neoliberal premise of privatization and liberalization was suitable for a war-torn economy with weak market structures (a weak premise to be sure), the perceived gains of such an approach will not materialize without an effective competition and regulation public policy that must *precede* it.⁴² For an economy under occupation and extremely lopsided dependency on the occupiers, such conditions do not even exist in theory.

The PA, of course, is not oblivious to these restrictions. On the contrary, it is very vocal about Israel's control of everyday life, the stifling effects this has had on its ability to govern and to continue to pursuing its reforms. On the other hand, however, there is a sense that the 'score-card' approach to state-building conceives the realization of the ultimate goal – statehood – as a function of better coordination between ministries, the enacting of new business-friendly laws, efficient service delivery and so on. In the PA's statehood equation, a minus sign behind the variable 'occupation' could just as well be offset by a plus sign behind

the variable 'governance'. Such a mindset is reflected on page after page in the PA and donor community's 'progress reports' and has serious, potentially long-lasting implications for the Palestinian economy and society.

According to the PA, the negative short-term impact of its budget cuts will be more than compensated by a revival of the Palestinian private sector that, under the assumption of sustained donor support for the economy and assured by the PA's reforms for creating investment-friendly institutions, will become an engine of economic growth. Crucially, however, private sector growth depends largely on the easing of Israel's restrictions on Palestinian economic activity. The logic of Israel's 'security-first' insistence suggests that the further easing or removal of such restrictions depends on the PA's commitment to restore 'law and order', and police the Palestinian people on its behalf. The PA's reform agenda for restoring 'law and order' ranges from judicial reforms, initiatives for promoting the rule of law, and outreach and citizen awareness projects to re-building and re-staffing the PA security and intelligence services. However, progress on judicial reforms, and institution-building in general, has been mixed and in some areas even slower than under the reign of the late Yasser Arafat.⁴³

Conversely, the verdict on the PA's efforts to strengthen its security apparatus – under the auspices of the EU and the USA – has been favourable, even earning the praise of the Israeli security establishment.⁴⁴ Such views are based on the ability of the 'Dayton Forces', as the battalions trained under US Lieutenant General Keith Dayton's supervision have come to be known, to 'move in' effectively and assume responsibility for daily policing when the Israel Defense Forces 'move out' and to end military operations against Israel. These, in Dayton's words, 'new men' certainly reduced the cost of the occupation and made the outsourcing of security more effective than the PA under Arafat.⁴⁵ Unsurprisingly, the newly-reformed security regime has also been accompanied by increasing incidents of human rights violations that could constitute yet another contradiction in the PA's neoliberal agenda, which emphasizes the rule of law and the accountability of its institutions. However, the PA would certainly not be the first government to have demonstrated the usefulness, if not the necessity, of combining neoliberal reforms with a strong-arm security apparatus.⁴⁶

This security apparatus would also contribute to the PA's export-led growth strategy by maintaining the smooth flow of security-cleared Palestinian workers to industrial parks, as proposed in the PRDP. Located near the West Bank's border with Israel, often in the Separation Wall

'seam zone'⁴⁷ to circumvent Israeli closure, these enclave-style industrial parks follow the familiar neoliberal model of cross-border development involving cheap local labour and international capital. Thus, the PA neoliberal growth strategy is based on, and will be furthered by, its security coordination with Israel, domestic policing, and effective containment of internal political opponents. Two supporters of the PA's state-building programme thus noted that the reinvigorated security services represent 'the *sine qua non* for economic expansion ... and a model for the state-building program in general'.⁴⁸ Such a chilling affirmation not only turns economic development experience on its head, but also sends a disconcerting message about the price of neoliberal economic growth.

Seen from this angle, the PA state-building programme must embed the discourse and practice of neoliberalism in Palestinian society. Simply stated, because it has no effective strategy for tackling the real external obstacles, the PA's attention shifted to a range of perceived internal obstacles to statehood, and its programme consequently aimed at rooting them out. It is here where the concept of 'the rule of law', so central in the rhetoric of the post-Washington Consensus, proves its instrumental value. Underlying its technical, neutral vocabulary is the desire to escape politics and, indeed, the very political nature of the question of Palestine. The state-building programme encourages the idea that citizens may have to acquiesce in occupation but will not be denied the benefits of smoother-running traffic, a liberal education curriculum, investor-friendly institutions, efficient public service delivery, and, for the middle class, access to luxury hotel chains and touring theatre performances.

With the PA's rhetoric of institutional transparency and accountability, and donor-funded 'civic education' programmes, citizens are promised more means to voice dissatisfaction if need be. This, the PA and donors claim, will bolster a 'participatory democracy' and 'vibrant economy'. Once internalized, and with the PA's commitment to the provision of basic health and education services, Palestinian 'citizens' will be able to participate in local and global markets, and enjoy their share of the benefits of economic growth, or so the story goes. The state-building plan thus dovetails neatly with Israel's offer of 'economic peace', and while the PA has publicly denounced this offer, the neoliberal 'state' it is building with international support adds up, to all intents and purposes, as a cohabitation with 'economic peace' manifested by a strategy that, within the parameters set by the occupying power, can only lead to individual prosperity at the expense of communal impoverishment.

As a corollary of the above, and the PA's emphasis on formalizing a new 'partnership' between government and citizens notwithstanding, it eludes us how the PA or a 'State of Palestine' can actually give meaning to the concept of citizenship.⁴⁹ The fate of Palestinian refugees remains unclear, and even if some might acquire the (imagined) rights associated with Palestinian citizenship, others have argued that the PA's statehood initiative risks undermining the right of return and jeopardizes their, often perilous, legal status in host states.⁵⁰ (See Chapter 5 in this book.) While the right of return has yet to be realized, the PA does accord refugees a role in the state-building process, and one that is consistent with its general neoliberal outlook. In one such statement, Palestinian refugees have been reduced to expatriates expected to contribute to the PA's state-building efforts with their financial and non-tangible capital. Such a change in emphasis and strategy – from aiming at refugees to return, to seeking to utilize their entrepreneurial potential – is consistent with 'new diaspora strategies' linked to the rise of neoliberalism.⁵¹

Overcoming neoliberalism

In our article on this subject published in the *Journal of Palestine Studies* in 2011, we explained how the PA's reform agenda became widely accepted in Palestinian society.⁵² Borrowing from Gramsci's theory of cultural hegemony, we contend that a) local agency was decisive in establishing neoliberal hegemony in Palestinian society through a combination of force, consent and persuasion; b) this agenda is actively advanced by sections of the Palestinian capitalist class – notably in the service, banking and IT sectors – which directly benefit from the economic revival enabled by PA security collaboration with Israel; and, c) that Palestinian economists and social scientists are implicated in the 'embedding' of neoliberal hegemony through the dissemination of orthodox economic knowledge in universities, think-tanks and PA ministries.

Given this situation, it is obvious that most studies analysing the Palestinian economy rest less on a comprehensive understanding of its structure than on a grotesque, and dangerous, projection that meets the material, political and strategic interests of donors, Israel, and Palestinian political and economic elites. Even a solid analytical framework such as Sara Roy's 'political economy of de-development' (of a whole people or economy)⁵³ loses its explanatory power when attempting to account for the conscious participation of Palestinian elites in the neoliberal project, and their alliance with Israeli and international capital, or

the benefits – even if distorted – they derive from it. The challenge for researchers is thus to advance a different theoretical understanding of the Palestinian economy and society than the one provided by the neoliberal narrative, and one that is based on both the historical roots of the conflict as well as the structure *and* agency it produces and reproduces.

If our analysis is correct, overcoming Palestinian neoliberalism and ending the occupation will require not only a major social transformation, but also a transformation of the political institutions representing the Palestinian people at different levels. Encouraged by the wave of popular revolt in the region in 2011, voices demanding such changes were raised – but to sustain and further an alternative agenda that addresses the Palestinian situation in its totality, praxis must be combined with theory. To advance the praxis of liberation, economists and social scientists would do well to heed the words once expressed by Karl Marx: ‘The weapon of criticism cannot, of course, replace criticism of the weapon, material force must be overthrown by material force; but theory also becomes a material force as soon as it has gripped the masses.’⁵⁴

This is, to be sure, not a call for ‘new’ theory. Rather, what is needed is an understanding based on the primary structural characteristic of Israel as a settler colonial society whose *modus operandi* towards the indigenous Palestinian population is that of dispossession, exclusion and separation to maintain a Jewish state. With the slow-motion expulsion of Palestinians from ‘Area C’ and Jerusalem, and the constant threats against the Palestinian Arab community in Israel, Zionism’s motto of ‘maximum amount of land with the minimum number of Palestinians on it’ rings as true today as it did a hundred years ago. Israel’s existential fear is thus perhaps not so much the creation of a Palestinian state, but the awareness that even if such a state were to be established, it could *not* safeguard Israel as a Jewish state with its Palestinian minority demanding equal rights and refugees insisting on the right to return (see Chapter 12 in this book). Therefore, the best Israel can hope for is to calibrate a conflict-management strategy that regularizes continued colonization, low-intensity conflict (and regional wars if necessary), transfers the costs of the occupation to the international community and occupied, while treating Palestinian elites to carrots and sticks.⁵⁵ Yet the very core causes of this conflict, and its nature and consequences on Palestinian economic activity, find little or no place in contemporary analyses due to historical amnesia, political expediency or the aversion to dilute the ‘science’ of economics with political realities.

As argued in this chapter, neoliberal state-building epitomizes the PA's willingness to accommodate such a conflict-management strategy, despite the tensions that arose with Israel over the September 2011 and September 2012 diplomatic initiatives at the United Nations. Moreover, the fact that the PA has pursued neoliberalism with little effective opposition is indicative of the dire state of the Palestinian national liberation movement and underscores the urgency of a critical re-evaluation of Palestinian liberation strategies by those who want to reclaim the PLO, be they national, social or economic. Economic analysis has an important role to play here: albeit not in the form that it has hitherto performed, but instead in exploring alternative strategies for development that are consistent with, and indeed can nourish, the struggle against Israeli settler colonialism. Future economic analyses should be judged on this criterion – a high and challenging benchmark to be sure, but necessary to liberating the land and the people.

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10

The Role of the Tunnel Economy in Redeveloping Gaza

Nicolas Pelham

This chapter analyses the people of Gaza's economic response to the contraction of formal supply lines by the outside world between June 2007 and 2013, and the resulting reconfiguration of Gaza's economy. It details how the embargo imposed on Gaza by Israel transformed the lives of Gaza's 1.7 million inhabitants, and rendered them dependent on underground conduits for basic supplies. As a response to years of punishing blockade and economic asphyxiation, this chapter shows that the tunnels under the Egyptian–Gaza border offer a powerful example of human endurance amidst adversity. It further argues that this reconfiguration of Gaza's economic systems spurred growth, to the point where the concept 'de-development' requires revisiting when applied to the Gazan economy until General Abdel Fatah Al-Sisi took power in Egypt in July 2013, overthrew its Muslim Brotherhood president, Mohammed al-Morsi, and as part of his campaign against Islamist movements in and around Egypt dismantled most of the tunnel complex that supplied Gaza and its Islamist rulers, Hamas.

The notion of Gaza's de-development was first propounded in 1987 by Sara Roy in her paper, 'The Gaza Strip: A Case of Economic De-Development,'¹ and updated in a subsequent essay in 1999.² As defined by Roy, de-development is:

A process which undermines or weakens the ability of an economy to grow and expand by preventing it from accessing and utilizing critical inputs needed to promote internal growth beyond a specific structural level. In Gaza, the de-development of the economic sector has, over two decades of Israeli rule, transformed that economy into an auxiliary of the state of Israel.³

This chapter argues that this definition requires revision during the period of the 'tunnel economy'. Although many of the symptoms of the process of de-development analysed by Roy intensified in the intervening decade – that is Israel's policy of separation of the West Bank from Gaza, the latter's enclavisation, and the imbalance in economic relations between the Palestinian and Israeli economies – Gaza acquired many tools of economic empowerment: control of its revenues, borders, economic decision-making and trade. Some of these were of Israel's making. Its disengagement from Gaza severed labour and goods dependence, and released Gaza from the shackles of the Paris Economic Protocol,⁴ Israeli military laws and border controls. In tandem, the tunnels opened alternative trade routes, rescuing Gaza from what Roy describes as the hallmark of the post-Oslo phase of de-development – 'economic enclavisation'. Thanks in large part to the tunnels and despite continued Israeli closure, Gaza in this period generated its own reconstruction, and enjoyed what the World Bank described as 'exceptionally high growth'.⁵

The chapter is based on a comprehensive survey of Gaza's tunnel economy. Its findings are derived from detailed interviews conducted in the month prior to the flotilla crisis of 31 May 2010 with a sample of over 500 Palestinians from Gaza involved in tunnel-related activity.⁶ These include tunnel owners, operators and workers, and the traders and retailers who relied on them to keep Gaza's economy afloat across its five governorates, as well as officials from Gaza's regulatory authorities and local and national government departments. The research also incorporated a review of available literature on the tunnel economy. The chapter is split into six sections: the first section provides a historical overview of the tunnels in Gaza and the second section focuses on the period of blockade when the tunnels became the formal economy. The third section then looks at the period after Israel's war against Gaza, 'Operation Cast Lead' (December 2008–January 2009); while the fourth section analyses the impact of the tunnels on Gaza's class structure. The fifth section analyses threats to the tunnel economy, particular from Israel and Egypt which eventually led to its demise; while the sixth and final section reflects on the role of the tunnels in redeveloping Gaza during this period.

The beginning of Gaza's 'lifeline'

Modern tunnels in Gaza date back to the Israeli–Egyptian 1978 Camp David Accords and the Israeli army's withdrawal from Sinai. The new demarcation border between Egypt and Israeli-occupied territory cut the town of Rafah in two, and divided Gaza's Bedouin – who comprise a

third of the territory's population – from fellow clans in Sinai. In the years that followed, Palestinians in Gaza re-established the connection by burrowing beneath the border, establishing smuggling conduits, primarily for contraband such as weapons, drugs and gold. By the late 1980s, tunnel operators were also importing such basics as processed cheese, which was cheaper in Egypt than Israel. Countermeasures – first by Israel and then by Palestinian Authority (PA) security forces following the establishment of the PA in 1994 – spurred operators to develop deeper and longer tunnels less vulnerable to sabotage.⁷

Tunnel construction accelerated again during the second intifada in response to mounting demand by Palestinian militant groups for weapons, and tighter Israeli restrictions on the entry of goods termed 'dual-use' to Gaza.⁸ The longest and deepest were tunnels operated by Gaza's political factions. But, for the first time, wholesalers began using tunnels to import chemical fertilizers, nitrates, metal shavings, as well as some agricultural equipment. Military use of the tunnels to ambush Israeli forces stationed on Gaza's border with Egypt further enhanced tunnelling techniques.

Nevertheless, Gaza had only a fledgling tunnel economy until Israel declared it 'a hostile entity' and imposed its siege following Hamas's defeat of PA security forces in Gaza in June 2007.⁹ The Israeli government issued orders banning the passage of all but humanitarian goods, such as donations of food, medicine and medical equipment, and tightened its naval blockade. Egypt, too, maintained a strict ban on imports. In January 2008, hundreds of thousands of Palestinians addressed chronic shortages by breaking through the iron and concrete wall, named the Philadelphia corridor, which Israel had erected along Gaza's border with Egypt prior to its 2005 pullout and went shopping in Sinai. Within 11 days, however, Egyptian forces had pushed back consumers and re-closed the border.

Bereft of resources and traditional trade routes, the Hamas government supervised the rapid expansion of alternative supply lines. With Israel allowing only seven types of goods into Gaza,¹⁰ the tunnels became the only way for entrepreneurial Gazans to meet demand for all other goods. By the eve of Israel's December 2008 Gaza war, the number of tunnels had mushroomed from a few dozen in mid-2007 to around 500. Concentrated in an 8-kilometer stretch of the 14-kilometre border between Tel Zagreb in the west and Rafah Crossing in the east where the clay is softest, the tunnels were dug in parallel – sometimes one on top of the other. By the end of 2008, the tunnel economy was estimated to have increased in value from an estimated US\$30 million per year in the

mid-1990s to \$30–\$40 million per month. However, this still fell well short of Gaza's \$2 billion annual trade with Israel before the closure.¹¹

To meet demand, existing operators, who had hitherto specialized in weapons smuggling, diversified to import anything from rice to ceramic tiles. Plastic bottles of Egyptian petrol laced with sand from the tunnels appeared on the streets, after Israel had cut fuel supplies forcing Gazans to travel by donkey. But prices were so inflated and petrol quality so bad it corroded engines. Upgrades quickly followed, including the installation of pipelines, which rapidly improved quality.

Within months, the tunnels had replaced Israel's crossings as Gaza's primary trading route. When fully operational, the process was faster, less bureaucratic and devoid of customs procedures, and more responsive to demand than Israel's pre-blockade controls. In 2010, normal deliveries took three to five days of placing an order, but could be faster. In 1997, goods arriving through the tunnels accounted for only 1 per cent of Gaza's total imports, with the remaining 99 per cent coming from or through Israel.¹² But by the end of May 2010, traders reported that the tunnels accounted for 68 per cent of all goods available in Gaza's markets; 90 per cent of all construction goods, fuel and household appliances came through the tunnels as did 70 per cent of Gaza's clothes and office supplies, 60 per cent of its food and 17 per cent of medicines. One in four merchants stocked goods solely transported via the tunnels.

Formalizing the informal economy under Hamas

Throughout this period, the tunnels proved critical to meeting the needs of Gaza's population and staving off starvation and possible social unrest. Tunnel imports kept the beleaguered enclave's economy afloat, becoming – as one trader described it – 'the lungs through which Gaza breathes'. A few examples will show how important they were. A food-processing plant restored operations by ordering preservatives, plastic wrapping and packaging from Egypt and spare parts from Switzerland. At the height of the siege, farmers circumvented Israel's ban on seeds, pesticides, hoes, shovels, buckets, sprinklers, irrigation pipes, metal frames for greenhouses and black mesh to maintain production. Said Sawafiri, one of Gaza's biggest importers of kitchenware, reopened after several months of closure with shelves full of plates, pans, cutlery, thermometers, brooms, mops, kettles, notebooks and school bags. Though a few tunnels specialize in goods such as cement to limit food contamination, most were highly versatile, importing anything from fresh fish to steel rods. They also served as subterranean passages for livestock.

Driven by demand, tunnel construction mushroomed, largely based on a standard blueprint, with routes mapped using Google Earth®. Up to three-quarters of a standard 800-metre tunnel lay on the Egyptian side. On the Gazan side, the mouth of the tunnel was open, protected from the elements by a large white tent. On the Egyptian side, it was concealed from detection by the Egyptian authorities inside buildings, groves and chicken coops. Working in teams of six in 12-hour shifts, diggers averaged 10 to 15 metres each day; tunnels were equipped with internal lighting, intercoms (for communication), and sometimes generators to maintain operations when frequent power cuts occurred.

In recognition of its key role, the Hamas authorities sought to integrate smuggling activities into the formal economy. They extolled tunnel operations as a 'resistance' activity, workers killed on the job were hailed as 'martyrs' and their families were awarded financial support. The Rafah Municipality upgraded the electricity grid to meet increased demand for power winches and motors for hoisting goods, internal lighting and communications. And the government offered some economic incentives.

Simultaneously, the authorities rapidly moved to bring the tunnels under their supervision. Following the 2007 takeover, Hamas closed or sequestered tunnels operated by rival factions and established a Tunnel Affairs Commission, renamed the Border and Crossings Authority in mid-2011, under the command of Gaza's Interior Minister tasked with regulating imports and ensuring safe working conditions. It introduced a system of tunnel licensing to prevent construction in areas of national security (particularly near border fortifications where it feared outside observation), and to regulate over-supply. Tunnel owners seeking clearance to build a new tunnel had to provide proof of land ownership or notarized proof of authorization of the right to use the land. The Commission also intervened to arbitrate disputes between merchants and tunnel operators, and monitored the market for instances of sharp inflation or evidence of hoarding and price-fixing, particularly of fuel. Traders and consumers alike said they welcomed the resulting price-stabilization and removal of petty-traders selling petrol from the roadsides. Furthermore, the Commission circulated and enforced a blacklist of banned goods, including drugs, weapons, disassembled vehicles and people.¹³ Violations were punished. In 2009–2010, for instance, the Commission closed at least five tunnels for smuggling tramadol, a tranquilizer widespread in Gaza, and two tunnels for evading payment of tobacco taxes. It also destroyed a further 50 non-operational tunnels, purportedly to prevent their 'illegal' use as safe houses by 'wanted' individuals.

The Hamas authorities gradually imposed duties on what had hitherto been a tax-free enterprise. While Israel collects custom duties on commercial goods entering through the crossings, Hamas established a rudimentary system for generating its own revenue from the tunnel trade. In September 2008, the Rafah municipality introduced administrative fees, charging tunnel operators a one-off license fee of 10,000 NIS per tunnel (US \$2,850), in addition to a one-off supplement of 1,000–3,000 NIS for connection to the electricity grid. Evaders were liable to tunnel-closure and arrest subject to a 1,000 NIS bail. The Hamas-appointed Rafah municipality said it had shown greater leniency after Israel's Cast Lead military offensive, to facilitate investment for tunnel repairs, but it still fined operators for late payment.

The Tunnels Commission also introduced levies on select goods. Tunnel owners who were shifting construction materials reported that Commission officials collected a tonne of cement weekly, regardless of the volume of traffic.¹⁴ Duties on fuel rose from 20 per cent in February 2010 to over 150 per cent 18 months later. With tunnel operators pumping an estimated 400,000 litres per day into Gaza, for cars and for increasingly ubiquitous generators (in addition to a further 400,000 for the power station), fuel taxes earned Gaza's authorities 100,000 NIS per day.

Further charges were levied on gas (of 30 NIS per canister) and tobacco (3 NIS per pack). Civil Defence, a branch of Hamas's security forces responsible for emergency first response to fire, medical emergencies and natural disasters, imposed fees on imported generators, purportedly to offset the cost of sending the fire service to tackle blowouts. The authorities also charged a customs tax of US\$10,000 per car and impounded those without proper registration papers. Although tunnel workers were not made to pay income tax, Gaza's authorities levied a 14.5 per cent value-added sales tax on all goods. So the more goods that entered the tunnels, the greater the government's financial solvency under siege.

To assist with tax enforcement, the Interior Ministry seconded 200 Special Forces security personnel to the Tunnel Commission in 2010. These guards manned permanent checkpoints established on roads at key intersections heading north from Rafah. Inspection was random, primarily targeted at verifying that goods had the requisite permits and tax certificates. Fuel trucks, for instance, were required to present proof of tax payment. There were also spot checks for weapons smuggling. Imports further helped the Hamas authorities circumvent external financial restrictions.

In response to safety concerns, Gaza's authorities sought to improve conditions. Gaza's fire service was on standby and, on several occasions,

successfully extinguished fires in tunnels used for pumping fuel.¹⁵ Gaza's authorities encouraged tunnel operators to provide rudimentary life insurance policies for tunnel labourers, and recommended the payment of at least US\$11,000 for the families of married workers killed in the tunnels and \$9,000 for the families of unmarried workers, as well as full coverage of funeral and wake costs. And in a bid to enhance labour rights and combat child labour, the Rafah municipality was, in 2010, considering introducing work permits for tunnel labourers (which would cost 100 NIS per month), collecting income tax (from which workers were at that time exempt), and facilitating greater control over the workforce.

In general, however, the regulation appeared lax: there was no overt customs presence and though the tunnels intermittently served as Gaza's prime conduit for perishables, the authorities operated no formal quality control, quarantine or documentation checks at tunnel mouths. Given that traders met the demand for cheap prices amongst an impoverished population by reducing the quality of imported merchandise, UN authorities cited the lack of regulation as a major concern. Despite the crackdown on drugs smuggling, the availability of tramadol, an over-the-counter tranquiliser popular amongst a highly-stressed population, was indicative of the lack of regulation. The Commission had also banned human passage through the tunnels, but the lack of regulation had given rise to concerns, particularly over the transit of child brides from Egypt.¹⁶

Upgrading the tunnels after Operation Cast Lead

Operation Cast Lead, Israel's 22-day assault that ended in January 2009, marked a temporary setback for the tunnel economy. Many operators suspended imports in the midst of war, and in the last days of the bombardment, the network was severely damaged by direct aerial attack. But the recovery programme that followed precipitated a major upgrade of Gaza's tunnel infrastructure that addressed previous vulnerabilities. Tunnels were deepened to provide greater protection against Israeli airstrikes, elongated to evade Egyptian detection, reinforced with wooden planks and sometimes metal from the sides of containers to provide better safety conditions and protect workers from tunnel collapse, and widened to meet increased demand and facilitate the import of raw materials for Gaza's partial post-war reconstruction. (In addition, tunnel operators hired spotters to watch for Israeli drones and such tell-tale signs as the retreat of Egyptian border patrols 200 metres

inside the border, apparently in response to Israeli notice of imminent bombardment.)

Economies of scale coupled with Gaza's pool of excess labour and additional competition from Egyptian labour, particularly of porters who operated the ramps on the Egyptian side, drove down construction and operating costs, and further stimulated growth. An investment of US\$100,000 in 2007 procured a 300-metre tunnel with a daily capacity of 40 metric tonnes; by 2010 it bought a tunnel four times the length carrying four times the capacity. In mid-2011, many tunnels were triple their pre-war average length of 400 metres; some extended 1.5 kilometres and ranged from one to 1.5 metres high, and 0.8 to two metres wide. The largest commercial tunnels moved 170 tonnes of goods per day. Wholesalers replenished warehouses with metal sheeting, timber, pipes, bolts, nails, generators, cement, steel bars, saws and drills. By mid-2009, new cars, too, began arriving in Gaza in one piece for the first time since the 2007 takeover, hauled through the tunnels by bulldozer. Between 2008 and 2010, traders reported a 60 per cent increase in imports via the tunnels. By mid-2010, Gaza's retailers reported they had alleviated 'to a reasonable extent or more' shortages resulting from Israeli restrictions.

By mid-2010, tunnel operators had become a victim of their own success. Improvements in infrastructure saw the number of tunnels transporting livestock increase from three in 2008 to at least 30 in mid-2010. After two years of furious growth, wholesalers had largely replenished stocks and rowed back orders. Increased supply coupled with lower demand spurred competition and led to a major fall in prices. By April 2010, wholesalers reported that half the goods arriving by tunnel had decreased in price on the previous year; 25 per cent reported that prices had fallen to pre-blockade prices, and 34 per cent reported they cost less. On average, gross earnings on haulage had plummeted from a high of US\$900 per tonne to less than a \$100 in mid-2010.¹⁷ Margins on fuel shrunk from 50 per cent of cost at the height of the shortages to 7 per cent by mid-2010. Compounding the crisis, the expansion through Israel's terminals had precipitated a market glut.

To remain commercially viable, many tunnel operators launched efficiency drives, reducing operating hours and cutting labour. Many suspended operations. In February 2010, local news agencies reported that the number of operational tunnels had declined from 1,200 to 200.¹⁸ At the same time, the more entrepreneurial sought to innovate and develop operations. As noted earlier, some expanded into trading and retail to gain an ever larger slice of the supply chain. Others

installed conveyor belts and tracks to move into new sectors, hauling heavier goods (such as gravel, aggregates and construction machinery) in larger volumes at lower costs, spurring Gaza's reconstruction.¹⁹ The increased affordability of inputs ensured that an increasing number of factories rehired their workforce. For instance, employment in a small plastic factory, which depended on supplies of raw materials banned from entry by Israel, actually grew during this period. The UN reported that unemployment in Gaza had fallen from 45 to 32 per cent in the six months to mid-2011.²⁰

Winners and losers: Gaza's new middlemen

The tunnels not only spared Gaza's economy from de-development, they redeveloped it. As established trading routes via the Israeli port of Ashdod waned, Gaza's commercial ties with Egypt revived after a 40-year lapse. Merchants switched suppliers from Israeli and European to Egyptian, Chinese and Turkish outlets.²¹

The mercantile class changed as rapidly as the merchandise. The shifting trade routes distributed wealth and economic power away from the traditional business elite, hitherto linked to Israel, towards a clandestine economy. Traditionally, Gaza's leading merchants had excelled in foreign languages, exposure to the wider world and higher education. By contrast the new masters of Gaza's supply lines were skilled in smuggling, had extended family connections across the border and enjoyed backing from Gaza's new rulers, Hamas. As such, the tunnels became a key driver of upward mobility and social change, empowering groups previously marginalized and spawned a new class of nouveau riche middlemen.

To finance the rapid tunnel expansion, smugglers established small collectives of between four to 15 stakeholders to build and operate one or two commercial tunnels. Lawyers drew up contracts stipulating the number of partners, the value of their respective shares, and the mechanism for distributing shareholder profits. Partners in one venture included a porter from the Rafah land crossing, a security officer in the former PA administration, agricultural workers, construction contractors, university graduates, NGO workers and diggers. Abu Ahmed, who had previously earned 30–70 NIS a day as a taxi-driver, invested his wife's jewellery worth US\$20,000 to become an equal partner with nine others in constructing a tunnel.

In Gaza's captive market, the tunnels proved highly lucrative. Of an estimated US\$480 million annual tunnel turnover, one study reported

that tunnel operators and owners recouped half in profits.²² Fully operational, a tunnel could generate between US\$80,000–100,000 per month – the total cost of its construction, or earnings of \$15,000 per partner for a joint venture with six members. Food stuffs fetched the lowest mark-up, construction and raw goods the highest, which prompted greater interest in the haulage of heavier goods such as coal, steel sheeting, wood and cement. Even so, food remained profitable: tunnel operators earned US\$1 for transporting a six-pack box of carbonated drinks, \$4 for a gas canister and \$8 for a 25kg box of fish.

The tunnels had a macroeconomic impact as well. In an economy blighted by unemployment following Israel's ban on Gaza's workers, bombardment of its manufacturing base, closure of export markets and a marked slowdown in donor-funded development projects, the tunnels emerged as Gaza's largest non-governmental employer and largest overall employer of its youth. With each fully-functioning tunnel employing 20–30 people, the tunnel industry at its height employed an estimated 25,000 workers, supporting some 150,000 dependents, or 10 per cent of the population.²³ Straddling the border, Rafah's fortunes revived during this period. Hitherto the enclave's most depressed city, local unemployment fell from about 50 per cent in December 2007 to 20 per cent by December 2008.²⁴ Further afield, Gaza benefited from the multiplier effect, as increased spending power spawned new restaurants and real estate prices tripled.²⁵

For a time, tunnel workers were Gaza's best paid labourers. In 2008, the average daily wage for a tunnel worker was US\$75, five times Gaza's median wage according to official Palestinian figures.²⁶ Heavy demand, particularly ahead of religious holidays, generated higher earnings. In the run-up to Eid al-Adha, for instance, one tunnel worker claimed he transported 30 sheep a day, earning US\$10 per sheep. Construction labourers laid off when Israel prevented passage of both Gazan workers and construction materials earned equal or higher wages in the tunnels. School dropouts earning 20 NIS as street peddlers earned ten times as much labouring in the tunnels. Market saturation subsequently depressed daily wages to closer to 80 NIS, though this was still quadruple a farmhand's wage.

Over time, tunnel owners used their financial clout to diversify up-stream into retail as wholesalers, and in some cases as shopkeepers as well, substantially increasing their hold on markets, and with it, their profits. Unburdened by payment of tunnel fees, operators cut prices, prioritized their own goods over wholesalers' deliveries, and even distributed their own catalogues to attract custom. With tunnel

operators assuming the risk of lost or damaged goods, many retailers also preferred to deal directly, cutting out wholesalers. By April 2010, one in five retailers said they bought direct from tunnels. Undercut by the newcomers, traditional merchants became the most vociferous voices in Gaza champing for the reopening of Israel's crossings.

The tunnel economy and Gaza's neighbours

There were persistent external efforts to frustrate the flow of goods. Regional and international powers alike viewed the tunnels as posing potential threats to regional stability, and an unregulated backdoor not only for humanitarian goods but also for military hardware and personnel. Egyptian and Israeli officials warned of the widespread use of tunnels operated by political factions for smuggling weapons.²⁷ Reports from Egypt of weapons seizures gave lend credence to this.²⁸ Egypt also reported the passage of anti-Egyptian militants, evidently concerned for the impact on Sinai tourism, one of its top economic earners.²⁹ Highlighting these security risks, armed smugglers on occasion clashed directly with Egyptian security forces.³⁰ Western pressure to seal off smuggling routes added a further impetus to act. Even under the Mubarak regime, concern that the tunnels posed a national security threat was offset by the financial and strategic benefits the tunnel system delivered, thus reinforcing Gaza's interest in developing its own trade route. For Israel, the tunnel economy enabled it to accelerate its professed policy of disengaging from Gaza launched in 2005, and thereby separate it economically as well as logistically from the rest of Palestine.³¹

Nevertheless, Israeli and Egyptian interests in maintaining the tunnel economy precluded neither from resorting to military action to maximize their leverage over Gaza and keep Hamas on the defensive. In the aftermath of Hamas's 2007 takeover, Israel attacked Gaza's tunnels using drones and fighter-jets in response to rocket-fire, regardless of which faction claimed responsibility. According to Israeli daily *Yedioth Ahronoth*, a third of the 48 targets Israel's armed forces struck inside Gaza in the first half of 2010 were tunnels.³² The attacks ruined some consignments, caused the death and injury of dozens (not least by weakening infrastructure), and interrupted supply lines.

More threatening to the tunnel economy, however, was the partial relaxation of the closures at Israel's terminals into Gaza after Israel came under international pressure following its violent storming of the Turkish-led flotilla in May 2010. Anxious to re-establish the dominance

of Gaza's supply chain, many merchants hurried to rebuild relationships with former Israeli trading partners. Anticipating the resumption of supplies via Israel, merchants suspended orders through the tunnels. Israel's removal of some goods from its blacklist, including aluminium, window frames, whitewash, glass, insecticides and shampoo, led to a reduction in tunnel orders as well. A major food wholesaler in Gaza reported that whereas he imported 95 per cent of his stock through the tunnels at the height of the blockade, by the end of 2010, 85 per cent of his imports came from Israel. Another grocer reported that stock arriving by tunnel had fallen by the end of 2010 from 70 to 50 per cent of the total.

Under President Hosni Mubarak and Omar Suleiman, his intelligence chief, Egypt also increased its security measures against the tunnels, squeezing rather than strangling flows. It impounded goods, such as consignments of cars,³³ and generators,³⁴ and in some cases personnel en route to the tunnels. One wholesaler in May 2010 reported the confiscation of five shipments of agricultural inputs worth US\$60,000. The Egyptian authorities also sought to destroy infrastructure, by uncovering and detonating nearly 600 tunnel mouths in the first eight months of 2010.³⁵ Use of tear gas and other crowd control techniques inside the tunnels to deter activity resulted in a growing number of deaths and injuries.³⁶ Workers say the Egyptian authorities also flooded tunnels, sometimes with sewage, and dumped sand and solid waste in tunnel mouths.

In mid-2009, Egypt began construction of a 25-metre deep underground steel barrier along its 14-kilometre border with Gaza, aided by US military engineers. It claimed the structure would be complete within 18 months and would fully sever Gaza's smuggling conduits.³⁷ But the work encountered problems from the outset. After nearly a year of drilling, officials estimated that four miles of the barrier – covering only half of the border area – had been completed.³⁸ After tunnel workers cut hundreds of holes in the steel, nullifying the multi-million dollar construction, work was halted.³⁹ According to news reports, US technical support for the barrier was also suspended.⁴⁰

The combination of Egyptian and Israeli security measures resulted in considerable damage to the flow of goods. On average, traders reported that 20 per cent of tunnel consignments arrived spoiled, lost or stolen⁴¹ – adding, on average, 12 per cent to the retail price. The measures also accounted for a sizeable proportion of tunnel-related deaths and injuries.⁴² From 2006 to November 2009, at least seven people were killed in Israeli airstrikes on the tunnels, and more than 250 sustained injuries as

a result of their work in the tunnels, according to the Al Mezan Centre for Human Rights.⁴³ It took a change of leadership in Egypt in 2013, which brought to power a regime hostile to the Muslim Brotherhood and its offshoots such as Hamas, to shut down the tunnels, thus again stifling the economy of the Gaza Strip and throwing it back into the arms of de-development.

Conclusion: how the tunnel economy helped to develop Gaza

Gaza's tunnels proved to be vital lifelines in the face of regional and international efforts to restrict Gaza's economy under Hamas. They also helped to facilitate Gaza's reconstruction after Operation Cast Lead. According to UN figures, an estimated 1 million truckloads were required for reconstruction⁴⁴, but much of it was contracted by international aid agencies, which proscribed the purchase of tunnel goods thereby putting a higher premium on self-imposed restrictions than on development. UNRWA, for instance, waited years for Israeli approval for the entry of construction materials before embarking on a school building programme to accommodate an additional 15,000 pupils; this delay to the programme resulted in severe overcrowding.

Tunnels also served as a growing answer for the severe and sometimes life-threatening limitations that Israel, Egypt and the Palestinian Authority (through the denial of passports) placed on access and movement for Palestinians from Gaza, particularly following the lifting of a ban in 2011 by Gaza's authorities.⁴⁵ Travel agents offered package tours for Egypt's South Sinai Riviera with passage through the tunnels. Gaza's research centres brought speakers to visit through the tunnels. And the Hamas authorities were even reputed to operate a VIP tunnel equipped with a red carpet. To circumvent Egyptian restrictions limiting travellers to a single case each, passengers deposited additional luggage in plastic-wrap for transport via a tunnel courier on arrival at the terminal. Most times, their cases would be waiting for them on arrival in Egypt. Initially, after the overthrow of Mubarak in February 2011 the risk of detection, detention and prosecution in Egypt diminished, if illegal entrants to Egypt were caught without the requisite passport stamps. Prices also initially plummeted to 100 NIS (US\$30) for the crossing.⁴⁶ This, however, was subsequently reversed after the 2013 military takeover in Egypt, which instituted a regime hostile to the Muslim Brotherhood and its offshoots, such as Hamas. Moves were then made to shut the tunnels down for good, with monthly losses of US\$230 million to the Gazan

economy.⁴⁷ Indeed, the economic hardship caused by the closure of the tunnels, was one of the key reasons for Hamas seeking to reconcile with its rivals, Fateh, in 2014.

From 2007–2013, however, the tunnel economy helped to develop Gaza. In addition to serving as a substitute artery for imports, there was evidence that the tunnels were increasingly operating as a conduit for exports, particularly in the early phases of Egypt's transformation. These goods were largely ones on which Egypt imposed high customs duties and taxes in order to promote its own local industries, thus stimulating a re-export market in Gaza for goods arriving from Israel, such as shoes, coffee, blue jeans, hair gel and mobile phones.⁴⁸ But, increasingly, tunnel operators reported the export of Gaza produce too, including scrap metal, apples, used clothes and dapple horses (which sold in Egypt for three times the price in Gaza). Furthermore, a renewed focus on food self-sufficiency in Gaza led to the over-production of watermelons and eggs, which, in 2011, sold for less in Gaza than Egypt.⁴⁹ Ultimately, increased exports of Gaza's produce will always remain the key to reviving the enclave's agricultural and manufacturing base.⁵⁰ And there was evidence of this taking place during the period of the tunnel economy.

In sum, for Gaza, the tunnels served as a vital coping mechanism at a time of regional and internal instability. They saved a humanitarian crisis from degenerating into a humanitarian disaster, and spared 1.7 million people from starvation. At the height of the blockade from 2007–2010, tunnels provided Gaza with over 90 per cent of supplies, including such basics as fuel, household appliances and construction materials.

Despite a partial easing of Israel's closure after June 2010, the tunnels continued to provide a critical backdoor to the vagaries of Israeli supply lines and access and movement restrictions: even in relatively calm times, Israel's terminals fail to cope with demand. While an average of 100 to 200 trucks crossed daily into Gaza in 2011, the Ramallah-based Palestinian Coordination Committee (which prioritizes goods entering Gaza) estimated that 500 trucks would have to enter daily to accommodate all requests. Instead the tunnels made up for the shortfall in demand. Seven months after the Cast Lead offensive, truckload entries represented less than half the average monthly entry of 10,400 trucks in 2005, or an average of 350 trucks per day.⁵¹ Only after President Sisi shut down the vast majority of the tunnel operations and impounded goods bound for Egypt's border with Gaza did truckloads from Israel approach similar levels.

In the absence of a formal and internationally-guaranteed agreement to open the crossings fully, the tunnels were a vital safety valve for

the flow of Gaza's goods and people. This gave agencies linked to the informal economy the edge over those with ties to donors. As noted by UN Special Coordinator for the Middle East Peace Process, Robert Serry, in his May 2010 briefing to the UN Security Council:

At present, the flourishing illegitimate tunnel trade permits smugglers and militants to control commerce. By contrast, international agencies and local contractors who wish to procure goods entering through legitimate crossings too often stand idle due to the Israeli closure.⁵²

In short, during this period the blockade punished less its proclaimed target – Hamas and its financial affiliates – than the aid agencies who seek to operate in Gaza, thereby weakening international leverage and enhancing Hamas's control.

However, even if the crossings had been fully opened, it is likely that tunnel operators would have continued to enjoy some inbuilt advantages over traditional traders. Unlike imports via Israel, most imports from the tunnels were relatively free of customs and red-tape. While Gaza's National Economy Ministry required that importers from Israel obtained prior permits for their consignments, tunnel operators faced no such restrictions. The tunnels were also increasingly competitive. As noted, in 2011, traders claimed that 60 per cent of tunnel imports were equal to or lower than pre-blockade prices. A 25-kg bag of rice entering via Israel costs 85 NIS against 50 NIS from the tunnels, wheat flour was 40 per cent less,⁵³ and some chemical fertilizers were less than half the price. In early 2011 despite Israel having lifted its four-year ban on car imports, the levels of entry were so low that the bulk of the car trade continued to operate via tunnels while it could.⁵⁴ The tunnels were thus not merely a fallback, but a reasonable competitor and price check on supplies via Israel. There was even evidence of creeping brand loyalty when Gaza's depressed economy aligned more closely to Egypt's.

Gaza's authorities favoured maintenance of the tunnels at least in part as a coping mechanism to wean the enclave off incrementally from economic dependence on Israel and help intensify its relations with Egypt, where its parent organization, the Muslim Brotherhood, was initially playing an increasingly prominent role as the new post-revolutionary Egyptian government. When this avenue was closed, Hamas was then forced to reorientate its policies towards Israel and refocus its attentions on getting the blockade lifted. Indeed, this was one of the demands, and sticking points, to an early ceasefire to the recent Israeli bombardment

of the Strip. The tunnels, however, briefly enabled Gaza to buck its four-decade history of de-development. As long as Egypt and Israel continue to quarantine the enclave and obstruct the restoration of formal trade, the pressures to resort to informal methods such as cross-border tunnels will remain.

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Notes

1. S. Roy, 'The Gaza Strip: A Case of Economic De-Development', *Journal of Palestine Studies*, 17(1), 1987, pp. 56–88.
2. S. Roy, 'De-development Revisited: Palestinian Economy and Society since Oslo', *Journal of Palestine Studies*, 28(3), 1999, pp. 64–82.
3. S. Roy, 'The Gaza Strip', p. 56. Indicators of de-development are further cited as the 'erosion of its [Gaza's] own economic base, and dependency on Israel', p. 58. Under Hamas rule since 2006, other characteristics of de-development noted by Roy have also receded: the role of clans – described as the disintegration of the whole into isolated parts – has diminished, as central authority become the primary source of justice, protection and coping mechanism. The process of deinstitutionalisation has also been reversed.
4. The Paris Economic Protocol is the framework establishing the interim-period economic relations between Israel and the Palestinian Authority. The Protocol was signed in April 1994 and is part of Oslo 1. The model established in the Protocol is known as a 'customs union,' removing economic borders between its members. The practical effect of selecting this model was preservation of the economic relations that had existed until then, i.e., a Palestinian economy integrated in and dependent on the Israeli economy.
5. World Bank 'Sustaining Achievements in Palestinian Institutions-building and Economic Growth: Economic Monitoring Report to the Ad Hoc Liaison Committee', 18 September 2011, p.7. Online. Available at: (<http://siteresources.worldbank.org/INTWESTBANKGAZA/Resources/WorldBankAHLReportSep2011.pdf>). Accessed 1 December 2012.
6. The assessment carried out to UN standards was undertaken over the month of April 2010, and included a survey of 548 traders using in-depth questionnaires. The sample was drawn from across Gaza's five governorates, working in the following sectors: food supplies (264, or about half the total), household items (61), fuel (35), pharmaceuticals (38), construction materials (41), textiles (71), stationary and books (38). Separately, detailed interviews were

conducted with 15 tunnel traders, 20 tunnel workers, and 24 wholesalers. Additional interviews were conducted with officials in Gaza from the Interior Ministry, the Rafah Municipality, the Interior Ministry's Tunnel Commission, and the National Economy Ministry's General Directorate of Consumer Protection.

7. Interviews, Palestinian and Israeli security experts, Gaza and Jerusalem, June 2010. See, M. Omer, 'Gaza: The Economics of Tunnels', *Washington Report on Middle East Affairs*, 10 February 2009.
8. Goods and technologies are considered to be dual-use when they can be used for both civil and military purposes.
9. Israel's decision to close Gaza was part of the general policy to impose restrictions on the civilian population in order to pressure the Hamas government. Israel imposed its Gaza blockade following the capture of Israeli soldier, Gilad Shalit, by Gazans in June 2006, and tightened it drastically following Hamas's military takeover of Gaza in June 2007. Others trace Israel's policy of 'soft quarantining' Gaza to the PA's establishment in 1994, and Israel's further military and settler pullout from Gaza in 2005. Indeed, UN records from the first half of 2006 show that the main crossing, Karni, was closed for over half the time prior to Shalit's capture.
10. These were wheat flour, rice, sugar, vegetable oil, dairy products and milk, and legumes.
11. Ziad Jarghoun, Gazan social welfare activist and PFLP Central Committee member, *Al Malaf*, 13 December 2008. In Arabic. Available at: (http://www.malaf.info/?page=show_details&Id=881&CatId=&table=articles). Others put the trade higher still at up to US\$650 million. Ghazi Surani, *Al-Hiwar Al-Mutamadin*, Issue 2495, 14 December 2008. Available at: (<http://www.ahewar.org/debat/show.art.asp?aid=156356>). Accessed 1 December 2012.
12. U.S. Department of State, 'Low-Level Egyptian-Palestinian Trade in 1997: The Year in Review at Rafah, According to Israeli Statistics', unclassified cable, Tel Aviv 01186, January 1998, cited in S. Roy, 'De-development Revisited', p. 81.
13. Interview, Head of the Border Commission, Gaza, July 2010.
14. Interview, tunnel owners, April 2010.
15. Interview, UN official, 7 May 2010.
16. 'Interception of drug smuggling through the tunnels to Gaza', *Masrawy*, 1 April 2010. In Arabic. Online. Available at: (http://www.masrawy.com/News/Egypt/Politics/2010/april/1/gaza_running.aspx).
17. Mark-ups on motorbikes fell from US\$300 before the Gaza war to \$100 18 months on; on a horse from \$300 to \$150; on a head of sheep from \$150 to \$20; on a tonne of cement from \$300–\$400 to \$100; on wood from \$400 to \$100; on a small generator from \$60 to \$10; on a six-pack box of fizzy drinks from \$12 to \$1; on a television from \$70 to \$20; on a washing-machine from \$150 to \$50; and on a 50kg sack of potato chips from \$30 to \$7.
18. See N. Al-Mughrabi, 'Gaza's once vital tunnel trade caves in', Reuters, 17 August 2010. Online. Available at: (<http://www.reuters.com/article/2010/08/17/us-palestinians-gaza-tunnels-idUSTRE67G1U520100817>). Accessed 1 December 2012.
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- in the infrastructure industry due to decreasing construction costs', *Falastin Beitna*, 25 February 2010. In Arabic. Online. Available at: (<http://www.pal-home.net/arabic/?action=detail&id=28407>). Accessed 1 December 2012.
20. UNRWA, 'Labour Market in the Gaza Strip: briefing on first half of 2011', December 2011, p. 3. Online. Available at: (<http://www.unrwa.org/userfiles/20111207970.pdf>). Accessed 1 December 2012. The report added that employment in Gaza grew by 21 per cent in the year to mid-2011. Its data was drawn from the Palestinian Central Bureau of Statistics (PCBS).
 21. D. Ephron, 'Easing the import blockade won't help Gaza', *Newsweek*, 23 June 2010. Available at: (<http://www.newsweek.com/2010/06/23/israel-offers-misdirection-on-gaza.html>). Accessed 1 December 2012.
 22. Z. Jarghoun, 'Information on the Phenomenon of the Rafah Tunnels', *Al Malaf*, 13 December 2008. In Arabic. Available at: (http://www.malaf.info/?page=show_details&Id=881&CatId=&table=articles). Accessed 1 December 2012.
 23. Tunnel worker Abu Ahmed quoted in *Ma'an News Agency*, 26 June 2010.
 24. G. Surani, 'A Paper on the Rafah Tunnels and their Economic, Social and Political Effects', *Al-Hiwar Al-Mutamadin*, Issue 2495, 14 December 2008. In Arabic. Available at: (<http://www.ahewar.org/debat/show.art.asp?aid=156356>). Accessed 1 December 2012. PCBS unemployment figures for Rafah show a less sharp decline, from 43.1 per cent in the last quarter of 2008 to 34.6 per cent in the second quarter of 2010. Online. Available at: (http://www.pcbs.gov.ps/Portals/_pcbs/PressRelease/labourforce_e.pdf). Accessed 1 December 2012. PCBS figures in Gaza measure only for the formal economy, and are considered to overestimate unemployment, according to some economists.
 25. PA National Economy Minister Bassim Khoury, quoted in 'Le Hamas ne sait plus quoi faire de son argent', *Le Monde*, 10 October 2009. In French. Online. Available at: (http://www.lemonde.fr/cgi-bin/ACHATS/acheter.cgi?offre=ARCHIVES&type_item=ART_ARCH_30J&objet_id=1101748&xtmc=khoury&xtcr=43). Accessed 1 December 2012.
 26. According to the PCBS, the average median daily wage in Gaza was 56.9 NIS (US\$15) in the 1st quarter of 2010. 'Press Release on Labour Force Survey Results', January–March 2010. Online. Available at: (http://pic-palestine.ps/userfiles/file/pdfs/labour_force_survey_en.pdf). Accessed 1 December 2012.
 27. Commercial tunnel owners interviewed declined to talk about tunnels operated directly by Hamas. Although they appear to exist in considerable numbers, they are mostly used for non-commercial purposes and would appear not to be subject to Tunnel Commission controls.
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35. *Al Masri al-Youm*, In Arabic. 24 Aug 2010.
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37. BBC News, 'Egypt starts building steel wall on Gaza Strip border', BBC Newsonline, 9 December 2009. Available at: [<http://news.bbc.co.uk/2/hi/8405020.stm>].
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39. BBC Online, 6 May 2010; Reuters, 11 May 2010; Associated Press, 22 July 2010.
40. *Al-Masry al-Youm*, 17 June 2010.
41. Traders surveyed reported that damaged materials and lost materials constituted 12.4 per cent and 7.8 per cent respectively of their orders.
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44. Interview, senior UN official, Gaza City, June 2010.
45. According to the World Health Organization, 63 people including 22 children died waiting to access medical care outside of Gaza between February 2008 and June 2010.
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48. Yaghi, 'Gaza tunnellers'
49. Egyptian lira, while in Egypt it costs over two lira; a kilo of tomatoes in Gaza costs less than half a lira, while in Egypt it costs 1.5 lira; a kilo of potatoes in Gaza costs half a lira, while in Egypt it costs two lira; a kilo of onions in Gaza is one lira, while in Egypt a kilo of onions is 1.5 lira; a kilo of garlic in Gaza is 10 lira, while in Egypt it is 15 lira. A kilo of chicken in Egypt is 20 lira, and in Gaza it goes for only 10 lira. The average price of a kilo of beef in Egypt is 60 lira, while in besieged Gaza it goes for five lira. A tray of eggs in Egypt is

- 19 lira, while in Gaza it is only 10 lira'. Muhammad Hamadi, *Roz Al-Yousuf*, 29 June 2010.
50. In three years of siege, only 259 trucks loaded with exports left Gaza via Israel's crossings, whereas the 2005 Agreement on Movement and Access (AMA) provided for 400 trucks of exports to leave Gaza per day. 'Gaza blockade easing is not enough say leading NGOs, as Baroness Ashton visits', International NGO statement, 18 July 2010. Online. Available at: (http://www.amnesty.org.uk/news_details.asp?NewsID=18895). Accessed 1 December 2012.
 51. 'The weekly number of truckloads allowed in, however, represented only 36 per cent of the weekly average of truckloads that entered during the first five months of 2007, prior to the imposition of the blockade.' Report from the UN Office for the Coordination of Humanitarian Affairs for 28 July to 10 August.
 52. R.H. Perry, 'Briefing to the Security Council on the Situation in the Middle East', 18 May 2010. Online available (<http://www.unsco.org/Documents/Statements/MSCB/2008/SCB%2018%20May%202010.pdf>) Accessed 1 December 2012.
 53. World Food Program, 'Gaza: eased or un-eased? Changes on Gaza Market and Household Conditions following Israel's 20 June 2010 New Access Regime', Available at: <http://www.wfpal.org/Foodsec/Eased%20or%20un-eased,%20WFP%20report%20June2011.pdf>.
 54. While Israel allowed in 40 cars per week, officials in Gaza estimated pent-up demand for 5,000 new vehicles. Following the retreat of the Qaddafi regime from Eastern Libya in February 2011, car-dealers reported a surge in luxury cars arriving from Libya. I. Barzak, 'New Arrivals on Gaza Streets: Libyan Sedans', *Associated Press*, 24 May 2011. Available at: (<http://www.arabnews.com/node/378059>). Accessed 1 December 2012.

11

Before and Beyond Neoliberalism: The Political Economy of National Liberation, the PLO and '*amal ijtima'i*'

Omar Shweiki

The role of neoliberal economic policies and accompanying political philosophy has received significant attention in the scholarship on contemporary Palestinian political economy.¹ Earlier studies focused their attention on the role of international organizations and donors on Palestinian economy and politics in the period following the signing of the Oslo Accords.² More recent scholarship has focused on the policies of the Palestinian Authority in the West Bank under the leadership of Salam Fayyad with its adoption of a state-building strategy founded on conspicuously neoliberal tenets.³ This literature has examined the flaws and contradictions within such plans as they seek to be implemented in the Palestinian context. In particular, a number of scholars have reached the same conclusion and, citing the failure of the Palestinian state-building project, contributed to a growing consensus around the need to return to the basic understanding of the Palestinian condition as a liberation movement seeking to overcome a settler-colonial regime.⁴ Indeed, as this volume seeks to underline, a focus on the outcomes of settler colonialism should not distract our attentions from both its foundations and the attempts by the colonized people to overcome it. In the spirit of this 'coming full circle' of the literature, this chapter returns to the origins of the modern Palestinian liberation movement in the hope of shedding light on a Palestinian political economy that preceded neoliberalism.

This chapter, therefore, offers an account of a dimension and period of the Palestinian national liberation movement that has received little attention in the available scholarship of both Palestinian political history and political economy. It will investigate the evolution of the socio-economic strategies employed by the movement from the launch of the revolution in 1965 until the Israeli invasion of Lebanon and subsequent displacement of the Palestine Liberation Organisation (PLO) in 1982. In particular, this chapter will focus on the development of the theory and practice of '*amal ijtima'i*'⁵ and the emergence of the concept of 'development' in Palestinian political discourse.

By investigating the origins, development and practical evolution of these concepts a complex picture emerges of the place of socio-economic strategies for a people whose primary goals were and continue to be liberation and return. Such a study offers valuable lessons to those seeking Palestinian liberation and return today. Indeed, without an historical understanding of Palestinian practices of organizing, mobilizing and resistance, current debates surrounding these issues risk a temporal parochialism that may obscure broader perspectives of analysis. Furthermore, the revolutionary theory and practice of 'social work', and the later emergence of the 'development' paradigm, both represent models of political economy thought and practice that pose a stark contrast to neoliberal precepts adopted today. This, it will be argued, can be understood as representing a way of 'doing politics' that came with working within the framework of a national liberation movement.

The chapter begins by outlining the main features of neoliberal politics and how it has manifested itself in the Palestinian political context in the post-Oslo period. This section will also offer a brief review of some of the literature that addresses this issue, its limitations and the consequent benefits of an historical analysis. The second section then proceeds to provide an account of the historical context in which the PLO grew, focusing on the context of the transnational liberation movements and post-colonial states that emerged in this period. Section three examines the early period of the modern Palestinian national movement and the role of '*amal ijtima'i*' within, which was followed by the introduction of the concept of 'development' into Palestinian political discourse, and the subsequent shift towards an alternative, geographically-based political economy based on the occupied Palestinian territories (oPt). In the final section of the chapter, some lessons are drawn from this historical experience that may be relevant to contemporary Palestinian political economy.

Neoliberalism in Palestine

The cornerstone of neoliberal ideology is the revival of the classical liberal view of the dichotomy between the private and the public, and their zero-sum relationship. Neoliberalism as a historical project emerged in the late 1970s from the Chicago school of economics and proceeded to be implemented famously in Chile and subsequently by Margaret Thatcher and Ronald Reagan in the UK and US respectively. It reproduced this dichotomy in its distinction (and conflict) between states and markets: 'the efficient, customer-sensitive firms and incompetent, arrogant public services'.⁶ However, as Munck has argued, neoliberalism represents something more than economic policy prescription and is better understood as 'a new socio-political matrix for capitalist development on a global scale, reconfiguring the public-private domains and the nature of economy-politics-society relationships'.⁷ This was represented in the principles of the 'Washington Consensus' which framed the implementation of neoliberal development across the global South in the 1990s.

It was in this context in which the Palestinian 'state-building' project developed, which came to be widely termed the second Palestinian Nakba or catastrophe. It is not the purpose of this chapter to rehearse the extensive debates surrounding the origins and impact of the Oslo process; however, two outstanding questions remain: how should we understand the role neoliberalism played within this process? And secondly, how did the neoliberal 'matrix' play out in terms of the reframing of Palestinian economy-politics-society relationships?

There are a number of dimensions to the Palestinian neoliberal experience which contributed to the shaping of Palestinian society, politics and economy over the past 20 years and played a critical role in the failure of the state-building project. Scholars have detailed the limitations and contradictions in the application of neoliberal policies to the Palestinian context (see Chapter 9 in this book). This scholarship has proved invaluable for enhancing our understanding of the various contemporary socio-economic processes experienced by Palestinians in the oPt, particularly within the wider context of a settler-colonial project. It has shown how neoliberalism (in its application and impacts) has proved to be an effective partner to Israeli colonialism. Indeed, the radical social, economic and political fragmentation experienced by Palestinians during the course of the Oslo period is almost a parody of the neoliberal vision which views the public realm as the sum of different private and sectional interests, and little more.

As Nabulsi has argued, despite the claims made by international donors of supporting Palestinian institutions and democratization, the Oslo state-building project was instrumental in the undermining of the Palestinians as a people with a collective platform. This 'de-democratization' can be witnessed at many levels, the gravest being the political division between Palestinians residing in the oPt and those in exile that was created with the establishment of the Palestinian Authority and the subsequent de facto undermining of the national institutions of the PLO which represented Palestinians both inside and outside the homeland.⁸ Furthermore, the process of de-democratization can also be seen in the demobilization of a national movement that represents Palestinian aspirations for self-determination and return.⁹ The case of the alienation of Palestinian civil society in the oPt from national politics and more recently the 'Palestinian Reform and Development Plan' launched by the former IMF bureaucrat, Salam Fayyad, in many ways embody a neoliberal hollowing out of the public sphere. To that extent, neoliberalism has proved a powerful weapon in the wider attack experienced by the Palestinian national movement since Oslo.

Problematically, this process has been extremely effective in limiting Palestinian resistance to these new forms of control and Israeli colonialism. Therefore, turning to the period in which the Palestinian liberation movement is considered to have been at its most successful in unifying the Palestinian people around the national cause may offer lessons about how neoliberalism and the wider crisis of de-democratization might be successfully challenged.

The Palestinian national liberation movement in transnational context: 'seeing things their way'

Before proceeding to examine the socio-economic dimension of the Palestinian liberation movement, it is important to recognize that the Palestinian experience was both contributing to and drawing upon a wider transnational revolutionary political tradition of thought and practice. This in turn requires an historical approach to the study of textual sources from this period.

Amongst 'historicist' archival approaches to theorizing, Quentin Skinner and the 'Cambridge School' have developed one of the most influential methods using historical texts. Rather than rejecting the possibility of theorising per se, this approach seeks to turn traditional political theorising on its head and begin with the historical actors. At its foundation, Skinner's contention is that to understand a text we

have to come to some understanding of what the author was doing; in other words, what the author's *intentions* were. The difficulty with approaches to political theory that begin with universal or generalized claims is that they 'presuppose and act upon what they should first look for'¹⁰ – the resulting interpretation is therefore likely to be biased in favour of the prevailing wisdom. Skinner's alternative is the ambitious task of reassembling the intellectual environment not merely in which a text emerges but within which an author intends to participate.¹¹ This approach is largely drawn from a Wittgensteinian understanding of the role of language as 'speech acts' that are performed¹² which rejects the possibility of text or speech as free-standing rather than a product of engagement. Understanding the role of texts in this way also entails taking into consideration the prevailing contemporary conventions of thought and reasoning – and therefore enables the researcher to identify the extent or not of its innovation.¹³

Drawing on Skinner's broader approach, Hazareesingh and Nabulsi have developed the concept of a 'political tradition' as an overall framework within which to study texts. Based on their respective research on political culture in France and the theory and practice of war in Europe,¹⁴ Hazareesingh and Nabulsi propose an understanding of a political tradition as 'the transmission of a relatively coherent body of political thought and practice from one generation to the next' and as considered to exist when 'that body of knowledge and thought is concerned with defining the good life for society (both domestic and international), and serves as the principal basis for argument and theorized action by individuals, by organized political groups and movements, and by states'.¹⁵ While incorporating Skinner's methodological principles to textual interpretation, the political traditions approach seeks to specifically address a distinct type of political activity: 'the nexus between theoretical endeavour and political practice',¹⁶ activity that is neither exclusively theoretical nor merely instinctive, emotive or interest-driven.

By beginning to engage with archival material from these movements on their own terms, not only are we able to offer an account of a relatively ignored phenomenon in international political economy, we also open ourselves up to the possibility of very different ways of thinking about politics and economics that may contribute to our analysis of contemporary developments. However, scholarship on the Palestinian movement is marred by a number of weaknesses: i) a relative neglect of the 'revolution' period, ii) a neglect of the internal politics of the PLO, or rather a tendency to focus on the elite level and ignore the cadre, and iii) an overlooking of the transnational context in which the movement

developed, namely as an integral part of the tricontinental liberation movements of the period.¹⁷

The Palestinian revolution emerged and developed alongside and within what Chamberlin¹⁸ has described as a 'shared culture of Third World national liberation'.¹⁹ The evidence is apparent in the delegations to and from revolutionary movements, the active participation in Third World organizations and complex and transnational networks such as the Tricontinental Conference in 1966, the Non-Aligned Movement and the Organisation of African Unity, and the public alliance with anti-imperialist forces. Publications from the various Palestinian movements testify to the importance attributed to other contemporary revolutionary movements such as the Algerian, Vietnamese, Cuban and those in Sub-Saharan Africa. A cursory glance at Palestinian political publications from this period is sufficient to acquire a sense of the centrality of international revolutions to Palestinian thought. Chamberlin has referred to, for example, the series of fourteen pamphlets published by Fateh in 1967 entitled 'Revolutionary Studies and Experiences' which are devoted to drawing lessons from other revolutionary movements, the party journals that featured regular columns on international revolutionary developments and other publications.²⁰

The aim of these movements, along with the newly decolonized states, although heterogeneous, was to work together to confront the political-economic hegemony of the world capitalist system.²¹ Referring to the Tricontinental Conference of 1966, Young writes,

... in the first place it gathered together representatives from the entire non-western world, the three continents, and secondly... it aligned itself with a radical anti-imperialism located firmly in the socialist camp, though emphatically independent from any direction from the Soviet Union or China.²²

The experience of economic dependence or 'neo-colonialism' by the states which had recently achieved political independence gave rise to a new strategy amongst Third World nations that brought the economic dimension to prominence within the broader Third World agenda. Accordingly, a strategy of 'consolidating their reconquered political independence by strengthening their economic independence' increasingly mobilized Third World nations, culminating in the call for a New International Economic Order.²³ This set the political framework within which tricontinental nations increasingly approached political-economic strategies nationally and internationally, which was founded

on three broad aspects identified by Amin as national self-reliance ('the principle of depending on one's own resources'), collective self-reliance (or the 'priority given to cooperation and economic integration between the countries of the Third World') and access to Western markets and increased technology transfer. The way in which these ideas manifested in the Palestinian context is explored in the next section.

The Palestinian revolution and '*amal ijtima'i*'

The history of the socio-economic dimension of the Palestinian liberation movement at its height in the period from the launch of the revolution in 1965 until the expulsion of the PLO from Beirut in 1982, has yet to be written. Indeed, a much more thorough collection or archival and oral sources is required for the depth of investigation that this subject deserves. However, a cursory survey of some of the documents and articles published on this topic from the period is enough to reveal a rich landscape of thought and practice, and offers an insight into how the role of socio-economic policies was conceived and how it changed. The initial approach of the revolution towards this dimension came under the descriptive term '*amal ijtima'i*' which emerged out of the specific set of circumstances the movement faced. It was not until the early 1980s that the concept of 'development' entered mainstream Palestinian political discussion; the reception of which will be assessed later.

While there exists a long history of independent charitable initiatives amongst Palestinians in Mandate Palestine and in the immediate period following the Nakba of 1948, it is not until the revival of the national movement in the mid-1960s that widespread national initiatives were organized as part of what came to be known as 'the Palestinian revolution'.²⁴ Following the dispersal of half of Palestinian society in 1948 across the Arab world and beyond, Palestinians had been actively engaged in movements supporting the liberation of the homeland. In the period following the Nakba, the prevailing political tendency was to support pan-Arab and leftist movements. However, the rebirth of the Palestinian national movement in the 1960s developed a distinctive analysis about the condition of the Arab world and the necessary requirements for the liberation of the homeland. This trend, which reversed the slogan of 'Arab unity is the path to Palestinian liberation',²⁵ in favour of Palestinian self-organization and leadership of the struggle, gained increasing support amongst Palestinian student communities. In 1958, a group of young Palestinian students began organizing under the

name of the 'Palestine National Liberation Movement', abbreviated with the acronym 'Fateh'.²⁶ The stands in stark contradistinction to the top-down formation of the PLO in 1964 by the Arab League, which sought to institutionalize the Palestinian struggle and make it accountable to the Arab states; this limited the PLO's initial legitimacy and claims to national representation.²⁷

The launch of the armed struggle by Fateh in 1965 was the result of the perceived inadequacy of the PLO amongst large sections of Palestinians, and a popular determination to lead the struggle for Palestinian liberation and return.²⁸ The defeat of the Arab states and the Israeli occupation of the remaining parts of historic Palestine in 1967 strengthened the case for Palestinian leadership of the national cause. Fateh grew to become the most popular of the Palestinian movements that emerged in the 1960s, and by the end of the decade the popular movements had entered the PLO, winning a majority of seats in the Palestinian National Council (PNC) and leadership of the organization.²⁹

The initial development of Fateh's socio-economic initiatives emerged out of the needs of a political project that sought to build the liberation movement through recruiting young Palestinians to the armed struggle and reviving national consciousness. Between the launch of the armed struggle in 1965 and 1967, the movement remained underground and social work was limited to support for the families of martyrs and prisoners.³⁰ This early experience of meeting the immediate material needs of the armed struggle led Fateh to draw the conclusion that not only would the socio-economic role played by the movement strengthen its link with the wider population, but that it was also a precondition for the revolution's success.³¹ The underlying logic for this was twofold: firstly, providing for the material welfare of the families of fighters and prisoners was necessary for effective recruitment, and secondly, fostering solidarity between Palestinians would be enhanced by integrating their families into the framework of the revolution.³²

With its public launch in 1965, Fateh had demonstrated its commitment to the social dimension of the revolution by establishing its own Organisation for Social Affairs. In the early years it succeeded in launching a number of rehabilitation centres under the Society for the Care of Martyrs' Families, opened initially in Amman and Damascus in 1967, and in 1969 in Lebanon. The popularity and growing need for such support led the Fateh leadership in Lebanon to make recommendations to the Central Committee of the movement that it undertake a major expansion of social work. A new structure was thus established for organizing the social work of the movement under the name the

'Factories of the Sons of the Palestinian Martyrs' organization which was given the abbreviated name 'Samed', meaning 'the steadfast'.³³

The establishment of Samed represented a major expansion of the concept of social work in practice. Fateh no longer focused on just the immediate needs of cadres' families, but sought to address the wider material needs of Palestinian refugees in the camps within the framework of the revolution. The first meeting of the seven-member Administrative Council of Samed appointed by the Fateh Central Committee agreed upon the short and long term aims of the organization. Its most immediate concerns were to expand rehabilitation provision for the families of martyrs and prisoners, address the difficulties of acquiring work in Lebanon by creating sources of employment, improve the living standards of camp residents, and achieve self-sufficiency for the basic needs of fighters and camp residents by developing indigenous production of basic goods and their sale at affordable prices.³⁴

In the first phase of Samed's development the organization adopted the slogan of 'a factory in every camp' with two having been established in Sabra and Shatila camps in Lebanon by 1973. A national heritage revival was also encouraged with workshops established for the production of Palestinian craft and textiles. The outbreak of the Lebanese civil war in 1973, however, marked a new phase in the development of Samed and the national movement's social work agenda. The war conditions, including shortage of supplies to fighters and camp residents, acted as a catalyst in the development of Samed's more revolutionary precepts. In particular, the role of the organization in the provision of basic needs underlined the importance of enhancing the capacity of the revolution for self-sufficiency.³⁵

The theory and practice of '*amal ijtima'i*' was thus forged in a multi-layered context of internal Palestinian, regional and transnational praxis. Within the Palestinian political landscape, Fateh's general political outlook has typically been explained as an outcome of opportunistic pragmatism.³⁶ However, in some ways this obscures more than it explains as it fails to account for the conscious theorizing that took place amongst its cadre beyond the leadership. In contrast, Fateh's strongest critic within the wider national movement, the leftist Popular Front for the Liberation of Palestine (PFLP), has often been regarded as being driven by coherent political ideals.³⁷ However, both were engaged in an active debate internally and between them about the course of the revolution and the place of the socio-economic within it. The slogans of the PFLP proclaimed the priority of the 'social struggle' for the success of the revolution, an outlook that became increasingly informed by

Marxist–Leninist analysis during the course of the 1970s.³⁸ Discussion within the movement following the events of Black September (1970) and the subsequent destruction of Palestinian national institutions in Jordan in 1970 brought the question of the ‘social struggle’ to the fore.³⁹ While a variety of positions existed within Fateh, the movement offered a distinct approach to the question of the social struggle which reflected a specific analysis of the Palestinian situation. In a roundtable discussion with leaders from the various factions following the PLO’s departure from Jordan in 1970, senior Fateh leader Khaled al-Hassan described Fateh’s position clearly, drawn in part from the Maoist theory of staged revolutionary war:

The Palestinian struggle [too] is at a national liberation stage... Because we live dispersed, we do not have a society in the usual sense of the word, nor a nation, nor any of the necessary institutions necessary for the formation of one. The West Bank, where the majority of people are Palestinian in origin, is considered part of Jordan; even the Gaza Strip, which is part of Palestine, was governed by an Egyptian administration; a huge number of Palestinians are scattered among the oil-producing Gulf states, Syria, Lebanon and Iraq. A people in such a situation have no social problems of their own, for their social problems are integrated into those of the society in which they are living... A Palestinian society does not exist on its own land; thus it follows that the slogan for the present stage should call for a moratorium on the social struggle as far as the Palestinian organizations are concerned.⁴⁰

As the Fateh leader and prominent political thinker Kamal Adwan confirmed, this was not a disavowal of social struggle, but can be better understood as an articulation of priorities.⁴¹ Indeed, through its practices of mobilization and its engagement of sections of society beyond the traditional notable leadership of Palestinian politics, Fateh succeeded in transforming Palestinian society.⁴² The structures and practices of Samed are a case in point. Following the Lebanese civil war in 1973, the PLO undertook a major reorganization and expansion under the slogan ‘the workers are partners in labour and management’, which mirrored the approach in their military bases and the socialist principle of workers’ ownership of the means of production.⁴³ According to its director, Ahmed Qurai, the organization drew upon democratic centralist principles influential in the organization of the wider movement.⁴⁴ Three executive councils were established: one governing public

administration, another concerning factory production, and the representative body, the 'General Authority' which met every six months to review the organization's performance in the previous period and plan for the next. This body was also required to comprise a minimum of 75 per cent of factory workers.⁴⁵

In 1975, the trend for further participation of the workforce and worker consciousness within the wider movement is clear with the establishment of Revolutionary Operations Committees. Based in each factory, these committees sought to realize the wider political aims of social work and were envisaged as a bridge between the practical concerns of workers on the factory floor and their active role in the national movement.⁴⁶ Participation in the committees became a vehicle for active social campaigns such as the drive against illiteracy in the camps, as well as a workers' platform for representation in national bodies such as the General Union of Palestinian Workers and the parliament of the PLO, the Palestinian National Council.⁴⁷

Samed's work was not limited to the refugee camps, however; it also had an international dimension that involved supporting practical, material and cultural cooperation, and support for states and other movements friendly to the Palestinian cause.⁴⁸ By the early 1980s, Samed had established offices in 20 countries in Europe, Asia, Africa and Latin America (typically hosted in PLO representative offices and embassies) promoting goods made in Samed factories and supporting technical cooperation in the name of solidarity for the revolution.⁴⁹ This material solidarity ran in both directions as Samed became the recipient of modern technology and expertise while offering reciprocal support and partnership. This was the case in a number of newly-independent African states which had decided to cut all relations with Israel after 1973 when the Organisation of African Unity granted the PLO observer membership. This was reaffirmed in 1975 with the Addis Ababa Declaration which articulated African support for the Palestinian cause and recognized the PLO as the sole legitimate representative of the Palestinian people.⁵⁰ The socio-economic dimension of this solidarity was represented by Samed's partnerships with African states, which ranged from agricultural projects utilising Palestinian expertise (such as the 'Palestine Farm' in Somalia) to joint PLO-state enterprises (such as a pharmaceutical factory in Uganda jointly owned by the Ugandan government and Samed).⁵¹

By 1982, Samed had established 43 factories in Lebanon and five in Syria. As an organization employing 5,000 workers in Lebanon alone, it

made a major contribution to shaping the socio-economic situation of the camps.⁵² The evolution of its programme and organization reflected the various political, ideological and structural factors that shaped the evolving concept of *'amal ijtimā'i* within the revolution. Its various dimensions – organizational, productive, cultural, international – were both instrumental in the service of the wider aims of the revolution and representative of a distinctive understanding of the relationship between the economic and political (and indeed the private and the public realms).

The rise of 'development'

A survey of articles in *Shu'un Filastiniyya*⁵³, the monthly journal published by the PLO's Palestine Research Centre between 1969 and 1982, on the socio-economic dimension of the national movement, revolved around the use of a new terminology based on the concept of 'development'. Its use captured some of the historical priorities of the national movement and the increasing influence of a narrower conception of Palestinian political economy associated with a geographic focus on the territory occupied after 1967. Writing on 'the role of education in advancing development' in 1981, the Palestinian educationalist, Abdalatif Barghouti's treatment of the concept of 'development' reflects the tensions within its application to the Palestinian struggle and the qualifications to the concept required in order to make it relevant.⁵⁴ From the outset, Barghouti prioritizes serving the goals of the struggle, insisting that the Palestinian 'cause imposes politics at every layer'.⁵⁵ His opening question 'is a Palestinian educational plan and furthermore, Palestinian development possible in the context of...exile and Israeli occupation?' suggests both the novelty of the concept to the Palestinian case and an attitude of scepticism towards its relevance.⁵⁶

Despite this, Barghouti articulates a vision of a qualified 'comprehensive development', the core of which is reflected in the subtitle of the second article (in his series of three): 'planning for the development of the Palestinian people'. The significance of specifying clearly the object of Palestinian development, namely 'the people' shapes the parameters of Barghouti's account. Thus, he begins by offering a comprehensive account of the various Palestinian communities both in Palestine and in exile that must be taken into consideration. This was to guide both the types of development projects to be encouraged and the criteria by which they should be judged. In the case of higher education (the focus

of his article), Barghouti supported the establishment of a Palestinian 'open university' that would be accessible to Palestinians across borders and would offer a high quality education, but would also support and strengthen ties between Palestinians and thereby support the aims of the national movement. This, he argued, should be the requirement of Palestinian universities established in the oPt and should be as important as their academic freedom.⁵⁷

As the 1980s progressed, the discussion of Palestinian development increasingly centred around economic conditions in the oPt and the possibility of meaningful development under Israeli occupation. Two schools of thought emerged. The West Bank Communist Party's leading activist, Ibrahim Dakkak, represented the view that development in the oPt was not only possible but necessary in order to preserve Palestinian society on the land.⁵⁸ For strategies of development, Dakkak turned to the experiences of national development in other Third World countries, citing as examples the policies of import substitution and diversification in favour of reducing dependence on Israel and supporting local production.⁵⁹ Dakkak called for the commissioning of a development plan for the oPt supported by the PLO. The prominent economist Yusif Sayigh, alternatively, rejected the possibility of any 'meaningful and far reaching development' without independence and sovereignty arguing that 'under the conditions of dependence-cum-dispossession...[even] Dependent-development is not possible, since Israel's external-turned-internal colonialism blocks even capitalist transformation which mature capitalist industrial countries claim to promote in their relations with third-world countries'.⁶⁰

Apart from sharing an understanding of Palestinian development geographically bounded by the 1967 borders, both Dakkak and Sayigh's account also share overlapping themes that reflect a continuity in Palestinian approaches to socio-economic life. In particular, both emphasized the importance of self-sufficiency and economic independence to a meaningful understanding of development, while differing over whether or not they considered a sufficient degree of development possible. Both, in fact, qualified their conclusions: Dakkak regarded development as only a temporary transitional effort in support of the wider political struggle being waged by the PLO, while Sayigh conceded the importance of small localized projects for supporting the steadfastness of the Palestinians in the oPt in the midst of struggle. While their geographic focus was limited, for both, the political project in which socio-economic strategies are located remained the national one represented by the PLO.

Resisting neoliberalism

In tracing the changing theory and practice of Palestinian socio-economic strategies, a number of common themes emerge. These combine to form a tradition of thought that has drawn upon diverse influences to address the particular challenges faced by the Palestinian liberation movement. It has not been the purpose of this chapter to make comparisons between the height of the Palestinian revolution during the 1960s and 1970s, and today, nor propose specific policy prescriptions. However, it is my contention that while the experience of the past may not have direct applicability to the conditions confronted by Palestinians today, common problems remain and certain lessons can be learnt. Two themes in particular stand out. Firstly, there is the theme of self-sufficiency and reducing Palestinian material dependence on external entities, whether this be a host state such as Lebanon or Israel itself. Secondly, and perhaps more importantly, socio-economic strategies for the community were framed within and justified according to their contribution to the achievement of the goals of the Palestinian national movement represented by the PLO.

Both of these themes are related and critical to challenging neoliberalism in particular, and reviving the Palestinian movement in general. Neoliberalism has been shown to offer little to satisfy Palestinian aspirations (see Chapter 9 in this book), indeed it has proved to be a successful tool of colonialism for demobilizing and fragmenting the colonized. Its greatest success in this regard has been its contribution to undermining the Palestinian public sphere thereby weakening the very basis of the national movement itself. This has been witnessed in the depoliticization of Palestinian civil society, the state-building programme of the Palestinian Authority, and the weakness of opposition to it, all of which were made possible by the fragility and hollowness of Palestinian public institutions. Successful resistance to the neoliberal agenda lies therefore in the rebuilding of the Palestinian public sphere, thereby creating a platform and vehicle for the collective priorities of the Palestinian people as a whole.

It remains unclear if or how this can be achieved but there are signs that efforts are underway aimed at this task. The growing movement for direct elections to the Palestinian National Council (PNC), the parliament of the PLO, for all Palestinians (including those living in exile), suggests a potentially major challenge to the Oslo state-building framework and the Palestinian institutions that developed out of it.⁶¹ In form, the mobilizations that led to the emergence of this campaign

and its subsequent development cannot be explained in terms of either party structures or professionalized NGOs, but involve both. Nor can this movement be studied with exclusive focus on one fraction of the Palestinian people since it involves Palestinians located across the world. In content, the movement represents a popular dissatisfaction with the post-Oslo political structures and leadership, and a positive demand for national representation through democratization of the PLO, the institutional umbrella of the Palestinian people. It seeks inclusion of those excluded from direct political engagement during the Oslo period, namely Palestinian refugees and those living in exile.

The enfranchisement of the entire Palestinian people inside and outside of historic Palestine and the first ever direct PNC elections pose a challenge to the post-Oslo political order. Furthermore, it represents a popular rejection of neoliberal political philosophy which reduces politics to a fragmenting competition of interests and makes the citizen's political role analogous to that of a consumer. The movement's success, therefore, is likely to pose a challenge to the neoliberal project itself in that a revived and democratized PLO offers the hope of contesting neoliberalism in Palestine at its origin: the Oslo state-building project that eroded and fragmented Palestinian representation. While there can be no panacea for ending and rectifying processes that have developed over almost two decades, the Palestinian people have few better arms at their disposal than the representation of their collective will which, among other urgent needs, will be necessary to set a new political-economic agenda.

The Palestinian people enjoy a rich history of theory and practice that built and shaped the peak of their national movement. Socio-economic theory and practice was one dimension of a vibrant movement that succeeded in resisting the level of dependence Palestinian politics experiences today, and mobilizing a generation of Palestinians across borders around their collectively shared goals of liberation and return. At the heart of this tradition was the integration of socio-economic strategies into the wider goals of the national movement under the umbrella of the national representative institutions of the PLO. Following the second Nakba of the Oslo process, Palestinians face a challenge similar to that which they faced the first time round: to establish an inclusive national movement and reassert their collective will. As with all colonized peoples historically, the Palestinians have no greater tool of resistance.

Notes

1. I am grateful to Abdel Razzaq Takriti for the initial idea of a chapter on 'before neo-liberalism'.
2. See for example, A. Le More, *International Assistance to the Palestinians after Oslo: Political Guilt, Wasted Money*, Routledge: 2008; S. Hanafi and L. Tabar, *The Emergence of a Palestinian Globalized Elite: Donors, International Organizations and Local NGOs* Beirut: Institute of Palestine Studies, 2005.
3. M. Turner 'Completing the Circle: Peacebuilding as Colonial Practice in the Occupied Palestinian Territory', *International Peacekeeping*, 19(5), November 2012, 492–507. Also, see Chapter 9 in this book.
4. See for example the launch of the new journal *Settler Colonial Studies* in 2011.
5. The literal translation into English is 'social work' however this carries certain connotations that do not apply in this case. A better translation would be 'social duties' which includes the reciprocal dimension of these initiatives.
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12

Learning the Lessons of Oslo: State-building and Freedoms in Palestine

Mushtaq H. Khan

The current situation of the Palestinian people can be described as one of *indefinite transition*. The prospects for Palestinian development must be considered in this context, as development in the conventional sense has presently been rendered virtually impossible. The Palestinian polity presently faces the uncertainty of an endless permanent transition, and Israel has infinite opportunities for intervention at its disposal given the uncertain transitional status of the Palestinian territories. Furthermore, it is extremely unlikely that this transition will be short since, given its internal perceptions of its strategic interests and concerns, the Israeli state's dominant strategy appears to be to manage this transition for as long as it can. The prospects of achieving Palestinian rights therefore depend upon how Palestinians cope during this transition period. If the transition period results in an ongoing fragmentation of the Palestinian polity, its disintegration into regional and factional groups and, of course, its collapse into internal strife – the prospects of achieving Palestinian rights, let alone future statehood, will be seriously diminished. To some extent this has already happened with the effective separation of Gaza from the West Bank since June 2007. And despite the promise of reconciliation, the chances of future divisions remain. Given the deep involvement of external players in the genesis of this crisis at all stages, including the Oslo period, it is important for external agencies and powers to understand that this collapse is not accidental, but has deep structural drivers.

In this context, supporting the rights and freedoms of Palestinians requires a drastic change of strategies. This chapter argues that the UN concept of 'larger freedom' will allow us to frame an alternative agenda

for *all* Palestinians, not just those in the occupied Palestinian territory (oPt). Ensuring ‘freedom from want’ should now mean a focus on developing long-term Palestinian coping strategies; ‘freedom from fear’ requires a political process that provides hope for the future necessitating a Palestinian debate about credible strategies of liberation; and, finally, the ‘freedom to live in dignity’ requires a focus on domestic and international mobilizations to protect Palestinian political and civil rights. The Arab Spring of 2011 demonstrated the power of popular mobilizations, and the question for Palestinians today is not ‘if’ but ‘how’ to mobilize. The chapter concludes by arguing that for Palestinians to achieve their rights, *all* Palestinians, not just those in the oPt, need to collectively mobilize.

Oslo’s assumptions and the crisis of state formation in Palestine

The Oslo Accords were brokered by interlocutors who believed a two-state solution could emerge by negotiation. This belief may initially have been plausible given that the stronger party, Israel, appeared to be threatened by the changing demographics in historic Palestine. The presumption was that if the parties could be brought to negotiate, Israel’s self-interest would lead to a settlement along the lines of UN resolutions that called for its withdrawal from occupied territories, leading to a two-state solution. In exchange for giving up land regarded by international law, all UN agencies, and many UN member states, as having been acquired illegally, Israel was offered a plausible strategy for saving Zionism within its 1948 borders. Given the seemingly obvious Israeli interest in a viable two-state solution, external sponsors could be forgiven for assuming that there were no fundamental issues left to be negotiated – what was thereafter required was confidence-building, technical capacity-building and agreeing to the modalities of a transfer of power.

External sponsors therefore determined that capacity-building in Palestine should prioritize the provision of security to Israel and essential services to the Palestinians during the interim period.¹ They also insisted that to bolster Israeli confidence, the Palestinians must keep reiterating their recognition of the state of Israel, and therefore underlining their commitment to the two-state solution and to non-violence. What they failed to realize, however, was that if Israel did not share the assumption that a two-state solution would serve its interests, these Palestinian pre-commitments significantly reduced Palestinian bargaining power.² The donors did not think it necessary to guarantee that Israel would not

use Palestinian pre-commitments to continue to negotiate borders and sovereignty *but now with enhanced bargaining power*. But this is exactly what happened.³ Once the latent looming and powerful Palestinian threat of one day demanding equal civil rights from the Israeli state was removed, Israel, like any occupying power in its position, became more belligerent and openly expansionist. In the endless negotiations that followed, the Palestinians thus began to see Israeli policy towards the land of historic Palestine as one of 'What's mine is mine, what's yours we share'.⁴

Inevitably, the legitimacy and authority of the mainstream Palestinian leadership *as the leadership of a liberation movement* came under increasing challenge in view of the fact that the sole strategy they were following was patently failing.⁵ This same leadership, however, was also running the newly-created Palestinian Authority (PA), and its declining levels of legitimacy directly affected its ability to deliver on core functions – such as the promise of security that it had committed to provide during Oslo. In the end, the cumulative decline in the legitimacy and authority of the mainstream leadership benefited minority factions, and led to the unprecedented defeat of the secular wing of the Palestinian movement (Fateh) in the elections of 2006.⁶ The Hamas seizure of power in the Gaza Strip in June 2007 marked a seismic shift in Palestinian politics, and a rift that had been exacerbated by the refusal of western powers to talk to the victors of the elections.

One of the weaknesses of the post-Oslo negotiations has been that their underlying assumptions have never been challenged. All the 'facts on the ground' tell us that Israel failed to create a Palestinian state when it had ample opportunity to do so; so why did it not? The answer lies in Zionism: a two-state solution can ensure a Jewish-majority state of Israel, but actually it undermines the protection of Zionism. If all that Israel was interested in was a Jewish-majority state, the two-state solution would have emerged by now. But if a two-state solution undermines Zionism, it is not surprising why it has not emerged, and why it cannot emerge without more significant Palestinian bargaining power. Israel's problem is the following: if it goes back to 1967 borders, 15–20 per cent of its population (depending on what happens to East Jerusalem and where the borders are drawn) will be non-Jewish. These people will now be inside Israel. Of course, Israel will still be an 80–85 per cent Jewish-majority state; so, you may think, where is the problem? If Israel wanted to be a Jewish-majority state, this 'solution' would assure a Jewish majority into the indefinite future. That 15–20 per cent is a problem though, not for a Jewish-majority state, but for Zionism. This

is because Zionism is not about a Jewish majority – it is about differential rights for Jews and non-Jews regardless of whether or not the state happens to have a Jewish majority. These differential rights affect critical aspects of citizenship for Palestinian-Israelis: access to land, to jobs, to subsidies, marrying foreigners and so on. Maintaining these differential rights is necessary for Zionism, and this has significant implications for Israel's strategies. The problem, from Israel's bargaining perspective, is that any government coalition supporting the two-state solution always collapses at some point, because it transpires that giving up this land does not save Israel from having to maintain unequal citizenship rights. If you are going to have to maintain differential rights for 15–20 per cent of the population anyway, why not have differential rights for 35–40 per cent and keep 'Judea and Samaria', or at least large tracts of it. What does Israel gain by giving up land that is very significant in terms of Jewish-Israeli mythology – as well as security, economy and resources – when it will still have to justify to the world why it must maintain differential rights for a significant number of its citizens?⁷

Zionism as an ideology asserts that Israel is a home for any Jewish person anywhere in the world thus granting them the right to be able to come to the land and instantly become an Israeli citizen. To sustain this right in a country with a very limited amount of land though, land has to be kept under the control of the state. Land and resources have to be differentially allocated, meaning that subsidies have to be prioritized for people undertaking *aliyah* (immigration of Jews from the diaspora to Israel or progressing towards Jerusalem). It follows then that the rights and claims on resources by non-Jews have to be contained. So when you question differential rights, you are really questioning the core of the Zionist state. The problem for Israel is that handing over territory that would enable the creation of a viable and sovereign state for some Palestinians, while their counterparts within Israel have differential rights, raises contradictions. Indeed, in this scenario, maintaining Zionism could actually become much *more* difficult once a hard border is drawn and a sovereign Palestinian state is created. This is why Israel is explicitly demanding that Palestinians recognize it as a 'Jewish state'. For underlying this demand is Israel's desire that Palestinians (whether inside Israel or not) commit to recognizing Zionism as a system of differential rights for Jews and non-Jews within the state of Israel.

A future Palestinian state is very likely to make life difficult for Zionism for several reasons. The most important reason is that Israel has a significant problem with its 'internal Palestinians', and needs to be armed with significant threats in order to be able to prevent them from making

legitimate demands for equality. Israel thus relies on the acquiescence and lack of political mobilization of the Palestinian-Israelis. The Palestinian-Israelis have been relatively quiet (though not entirely, and this has changed recently) precisely because Israel's borders remain unclear, as they do not want to make demands that might result in their transfer into other territories, or a redefinition of their living areas as special zones (whose status will remain under negotiation during the 'indefinite transition' that could go on forever). However, the day you draw the border and say this is Israel and that is Palestine, the Palestinian-Israelis are likely to say 'Fine, I am an Israeli citizen; where are my rights?' Israel will then find it very difficult to threaten to change their status or throw them out. So in terms of empowering the Palestinian-Israelis, if you are an Israeli-Zionist, you definitely do not want a hard border. Moving or threatening to move Palestinian-Israelis around in terms of internal re-designation of zones becomes more difficult if there are hard international borders. As long as the international borders are not clear, you can move them around. You can redefine territories as different zones, with different types of rights, different types of areas and so on. Just the threat that you can do this keeps the Palestinian-Israelis relatively quiet.

So, if I were a Zionist and thinking strategically, would I like to have a hard border *anywhere*? The answer of course is no. Why would I want a hard border when 15–20 per cent of my population would be non-Jewish, and may decide to demand equal rights after the border has been permanently decided? In this context, being forced into granting them equal rights would effectively mark the end of Zionism – making the acceptance of a two-state solution a dangerous gamble. It is this scenario, of course, that underlies the reason why many right-wing Israelis have already begun talking about transfer prior to the establishment of a Palestinian state (but this is very difficult to achieve). Addressing this Zionist dilemma through the use of land swaps in order to get rid of the Palestinians within the Israeli state is equally problematic – since, as a brief look at the map of the land will clarify, it is impossible to draw a border that would result in an ethnically exclusive Jewish Israel and a contiguous Palestine. For a Jewish Israel where the non-Jewish minority does not question their differential rights would have to be an Israel that is emptied of any non-Jews. Unfortunately for Zionism though, getting rid of its 'internal Palestinians', given their geographic locations, would require more than land swaps – it would require their expulsion from Israel, which is unlikely to be a politically viable strategy in today's world. From this perspective then, a two-state solution that leaves significant numbers of non-Jews inside Israel does not save Zionism. Rather,

it undermines it. Hard-line Zionists are therefore not wrong in believing that Zionism's survival can only be achieved through the managing of a permanent set of non-contiguous Palestinian Bantustans that can never achieve any form of viable statehood. For this scenario guarantees Israel soft borders and permanent Palestinian insecurity, which makes it possible for Zionism to continue to manage their aspirations.

This logic is often not appreciated. The reason why Israel is apparently recklessly building settlements and undermining the two-state solution is not that it is utterly suicidal. There is an underlying logic to Israel's actions that makes sense from a Zionist perspective – one that does not only revolve around confiscating more land. If Zionism *requires* the absence of clear and hard borders to manage its internal Palestinians, then there is no better way to ensure it than to build settlements that destroy the territorial contiguity of the oPt. The problem from the Palestinian perspective is that they always thought the issue was about land. The issue is not *just* about land however – Israel also has a strategic interest in keeping its borders undefined, and an interlinked strategy of creating 'facts on the ground' that keep changing these potential borders as soon as the Palestinian people begin to become accustomed to them. For the underlying logic here is that a legitimate Palestinian state has to have borders that its people accept. Settlements, military roads and non-contiguity ensure that, in the current reality, any Palestinian state cannot have legitimate borders that would be acceptable to its own people. Hence, when Israel claims that its invasions into Palestinian territory are about security, it is not entirely wrong. The form of security in question though is not a military one since Israel does not face any military threats that a few more miles of territory in any direction will significantly affect. Rather, these invasions revolve around the security of Zionism: the absence of legitimate borders is the only way to keep the pressure on Palestinian-Israelis to remain subordinated to Zionism – which is a security objective Israel *must* achieve.

A final issue that is also often overlooked, of course, is that of the Palestinian refugees (see Chapter 5 in this book). In 2013, 5 million of them were registered with the United Nations Relief and Works Agency (UNRWA) and they represent another problem that Israel has to manage. In the context of the right of return then, if Israel has a client state it can control that is neither legitimate nor viable, it can insist that the Palestinian 'state' must take all of the returning refugees. This it can do because it controls this state, and can offer it small land swaps, or other diverse concessions in return. However, if a sovereign Palestinian state

exists with legitimate borders and genuine sovereignty then Israel faces a much bigger challenge. In this scenario, Palestinian refugees have the right to demand to return to the land from which they were expelled, and not where the occupier of their land decrees they must go. A sovereign Palestinian state could also simply present this as a bilateral issue between Israel and the returning refugees, making Israel's legal position internationally very weak. Thus, once again, Israel's bargaining position vis-à-vis the refugees actually *declines* if it allows the creation of a sovereign Palestinian state to become a reality.

The whole agenda of building a Palestinian state in the oPt has been based upon the assumption that these issues can be dealt with separately. The problem, however, is that Israel *itself* has no interest in fragmenting these issues. For Israel's management of the issues of the Palestinian-Israelis and the Palestinian refugees is dependent upon its ability to control the borders and territories of the oPt. Therefore, it follows that the Palestinians cannot afford to separate these issues either. The struggle of all Palestinians must be a unified struggle against Zionism since Israel sees all Palestinians as part of the same problem. It is in this context that Israel understands that the creation of a sovereign and legitimate Palestinian state would only make the management of the above-mentioned two dilemmas much more problematic.

A sovereign Palestinian state is, therefore, not on offer from Israel because it would threaten Zionism more than the status quo. If Israel was only concerned with maintaining a Jewish majority, the creation of a sovereign Palestinian state would have been allowed to happen by now. However, maintaining Zionism as a system of differential rights for Jewish citizens only requires any Palestinian state in the oPt to be structurally weak, to have disputed borders, to be dependent upon Israel, and to be entrapped within a permanent process of negotiating final status issues. Unfortunately, in this context, Israel has no better mechanism for controlling the Palestinians, while maintaining Zionism as a system of differential rights. This has resulted in the fact that any struggle for a sovereign Palestinian state in the oPt must simultaneously be a struggle against Zionism. A two-state solution becomes possible only if Israel abandons Zionism, and no longer needs to control its internal Palestinians, or manage the problem of Palestinian refugees – since in this scenario they can be incorporated into the state as full Israeli citizens with equal rights. A reasonable deal with the Palestinians, and agreeing to generous compensations, could also ensure that Israel remains a Jewish-majority state, but it would no longer be a Zionist state. The flip-side to this, as has been argued above, is that Israel continues to strive to protect

Zionism by sabotaging any possibility of a sovereign Palestinian state with defined, recognizable borders.

In view of the above, building enough Palestinian bargaining power to take on Zionism may look like an impossible task. However, one weapon the Palestinians do possess is that of demography. If there had only been 20,000 Palestinians, or even 200,000 Palestinians, the possibility that they would have become the unfortunate victims of a settler colonialism that erases them from history – like the Native Americans or the Australian Aborigines – would have been much more likely. However, Palestinians today are not going to disappear – even if it remains too early to predict the form of solution that will eventually emerge to this conflict, whether one state, two states, three states, or something else. My point here is that, in fact, it does not matter how many states we think of, there will only be a solution to Palestinian aspirations when Palestinian mass mobilization has enough bargaining power to challenge the differential rights faced by all Palestinians in general. If Israel is forced to abandon Zionism, the barrier would be removed for the creation of a viable two-state solution, a bi-national state, or indeed various other options of viable statehood. The problem is that the Palestinian movement has not been focused upon the need to build mass organizations for a long time now in the mistaken belief that no bargaining power was required to get Israel to accept a two-state solution. It was assumed that the establishment of a two-state solution is in Israel's own interest. If this assumption proves to be false, supporting the rights and freedoms of Palestinians requires a drastic change of strategy. It is in this context that the UN concept of 'larger freedom' allows us to frame an alternative agenda for *all* Palestinians, and not just Palestinians in the oPt.

In 'larger freedom' and broader human security

The concept of 'larger freedom' as defined by former UN Secretary-General, Kofi Annan, recognizes the interdependence of *freedom from want, freedom from fear and the freedom to live in dignity*.⁸ This recognizes the interdependency between economic, political and constitutional rights, and is particularly relevant for conflict situations such as the Palestinian one. The document recognizes, for instance, that economic progress (freedom from want) cannot be achieved if people in a society are suffering from conflict or oppression (the absence of freedom from fear). Conflict and oppression, in turn, cannot be addressed if institutions are not legitimate, since they do not recognize the rights of many

people (the absence of the freedom to live in dignity). The concept of larger freedom therefore defines a broader and interdependent conception of human security that is necessary to retrieve, because interventions that ignore these interdependencies have serious negative effects generally, and in particular in the context of Palestine.

As has been previously clarified, conditions in the oPt have clearly been inimical for the achievement of most aspects of broader human security. In this vein then, this framework allows us to question conventional programmes that have focused on bureaucratic-technical capabilities for 'delivering' security and some vital economic services. If success in the delivery of physical security depends upon other freedoms absent in the oPt, the incomplete provision of security can be explained, along with the declining quality of physical security over time. The merit of the 'larger freedom' approach is that it also allows neutral donors to uncover the types of programmes that could address Palestinian needs without contributing to the downward spiral of legitimacy. Indeed, the development of alternative programmes may be important for creating the conditions for a reconstruction and revitalization of Palestinian politics and society in the longer term.

Figure 12.1 shows how the three interdependent aspects of larger freedom can lead us to a series of alternative policy priorities for the oPt. Even the question of freedom from want acquires new dimensions once we recognize that political and constitutional arrangements imply an indefinite period of transition for the Palestinians – given both their absence of bargaining power, and Israel's interest in maintaining the status quo. In other words, appropriate economic strategies for Palestine have to take into account the possibility that there is no viable Palestinian state emerging just around the corner.

The interdependence in Figure 12.1 means that any set of economic goals can only be implemented if there is freedom from fear. Freedom from fear itself, though, has to be appropriately understood given the nature of the indefinite transition in the oPt. Hence, while a focus on policing and security as a way of addressing freedom from fear may have made sense in the context of an emerging sovereign Palestinian state – in the context of an indefinite transition, the most important sources of fear clearly come from the Israeli occupation and its continued oppression of Palestinians. Ignoring this context of continued occupation, while exclusively focusing on internal policing, has resulted in the fragmenting of the Palestinian polity and contributed to the delegitimization of its leadership. Freedom from fear in the current transition thus requires alternative strategies to encourage Palestinians to engage in

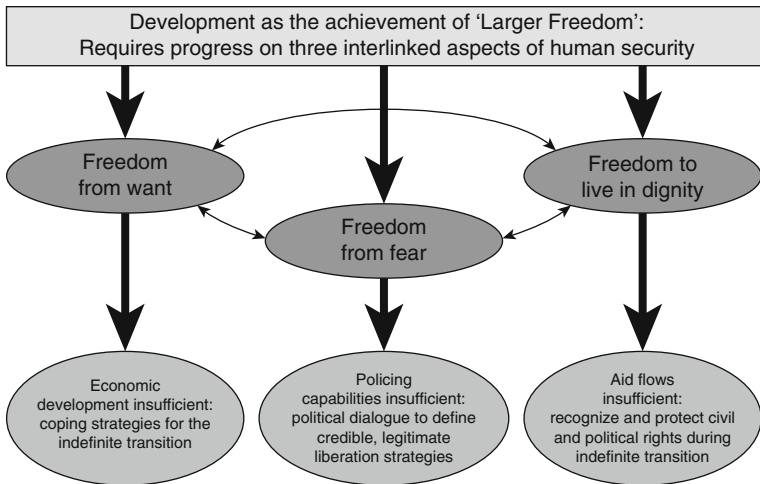


Figure 12.1 In 'larger freedom' and an alternative Palestinian agenda

internal political dialogue and debate to re-establish legitimate political and social goals to achieve political freedoms. This, rather than policing, may be the most pressing need to prevent the further fragmentation of the Palestinian polity and a possible descent into civil war.

Finally, both these freedoms depend on credible strategies for achieving the freedom to live in dignity, which is another way of posing the issue of legitimacy and constitutional rights. The PA could not, in the end, sustain the legitimacy of its leadership because it was encouraged to focus on activities that failed to deliver dignity to the Palestinian people. Since dignity through sovereignty and independence is not immediately available to the Palestinian people, strategies for assuring tolerable levels of dignity during the transition should be considered. Here, the protection of the civil and political rights of the Palestinians as a people under occupation should be given the highest priority. As stated above, the civil and political rights, and therefore the dignity of the Palestinians in the oPt, cannot be achieved in isolation if a significant number of Palestinians remain refugees, while others are in Israel. However, the difficulty of building contacts between these artificially separated groups of Palestinians has been an important factor undermining the confidence and dignity of all Palestinians in the national collective. Israel will obviously continue to stand in the way of the building of these contacts since they threaten to enhance the bargaining power of Palestinians. If the freedom to live in dignity entails recognizing the right of Palestinians

everywhere to establish contact and to cooperate in their joint struggle for dignity though, then the international community has to recognize this demand.

Freedom from want: reshaping the economic agenda

An important implication of our analysis of *indefinite transition* is that each of the critical freedoms identified in Figure 12.1 have to be addressed in new ways. Freedom from want has traditionally been addressed through strategies of accelerating economic development and ensuring a fair distribution of the benefits of growth. However, developing economic capabilities in territories where closures can be enforced at short notice by an external power is a challenge. Traditional industry and agriculture require stable access to inputs and markets. Production can suddenly collapse and entrepreneurs can face crippling losses in an economy subject to containment. This has been a particular problem for Gaza during the blockade that began in 2007, but also affects large parts of the West Bank where the Separation Barrier has isolated Palestinian population pockets in a semi-permanent way.

The challenge is to supplement existing strategies with a much more effective promotion of local economic self-sufficiency, together with effective mechanisms for rapidly delivering relief and supplies to large populations in isolated pockets who may suddenly be cut off. It would not have been rational to prioritize such strategies if the conflict economy was likely to be short-lived. But in the context of an indefinite transition, these alternative strategies have to be prioritized as it is likely that many Palestinians will remain reliant on them for a considerable amount of time. In turn, the success of such strategies requires the appropriate development of governance and delivery capabilities.

The capabilities of the PA have been influenced by external concerns that control over resources in the oPt should be given to a leadership perceived to be more flexible in peacemaking. However, if the transition is likely to last for a long period, the delivery of survival requirements has to be de-linked from the politics of Oslo, and institutional arrangements have to be established to ensure that the rights of the Palestinian people to enjoy freedom from want are protected. If these rights cannot be assured through the structures of the PA, then permanent alternative structures of delivery need to be urgently considered. This is clearly a matter of great urgency in the Gaza Strip, but is equally the case in many parts of the West Bank. The continued politicization of resource flows into the oPt not only violates the rights of the Palestinian people,

it paradoxically also delegitimizes the PA further since the Oslo route is unlikely to lead to a sovereign Palestinian state in the near future.

Thus, alternative strategies are needed in addition to the traditional economic strategies based upon development models appropriate for a state in a normal economy. For instance, even though this would be inefficient in a normal context, the development of local self-sufficiency needs to be considered. In contrast, the development of infrastructure to support a normal economy, or the development of an export-oriented agriculture, may still have a role – but the history of closures and asymmetric containment shows that these strategies cannot be relied upon in the context of the oPt.⁹ Indeed, Israel's capacity to destroy Palestinian infrastructure has been established many times after 2000, and Israeli border controls means that trade links can be disrupted with little notice. The challenge here is to develop long-term institutional responses for ensuring freedom from want in the specific circumstances of the indefinite transition that Palestinian society finds itself in, particularly in the oPt.¹⁰

Freedom from fear: the importance of credible liberation strategies

The narrow interpretation of security that dominated Palestinian capacity-building during the Oslo period has arguably had very damaging consequences for the Palestinian polity, and for the legitimacy of its state-building process. Yet freedom from fear is an important requirement for a tolerable human life in any setting, including that of occupation and indefinite transition. But making progress in enabling this freedom requires context-specific strategies. Hence, in the context of the stalemate characterizing the post-Oslo period, the focus on security has led to a vicious cycle of declining legitimacy and violence within the Palestinian polity.

The most important source of fear and insecurity for Palestinians is the occupation, and the hugely asymmetric Israeli attacks on densely populated Palestinian areas. Often these attacks are provoked by ill-conceived acts of resistance by Palestinians. These, in turn, are arguably the result of the absence of national liberation strategies on the part of the mainstream leadership that ordinary Palestinians find credible. Thus, security for the Palestinians in the interim period is deeply connected to the Palestinian leadership's ability to establish a credible strategy of liberation. In addition, an important threat to Palestinian security now comes from the declining legitimacy of the PA as an inclusive, and therefore

legitimate and representative, leadership of the Palestinian liberation movement as a whole. The participation of the PLO in the Oslo and post-Oslo process has had a clear effect upon its popularity relative to that of opposing factions – such as Hamas. Therefore, freedom from fear today also requires a focus on reconstructing Palestinian unity. At the very least, this requires that all Palestinian opinions are allowed to be expressed and heard without fear – in an attempt to reach a new Palestinian consensus about the goals of the liberation struggle, and the strategies through which these goals should be pursued. In particular, the artificial distinction between the oPt Palestinians, Palestinian refugees, and Palestinians resident in Israel, needs to be overcome. This is because freedom from fear requires Palestinian bargaining power both against the occupation and against the broader denial of Palestinian rights across historic Palestine. If Palestinian bargaining power is to be based upon peaceful, organizational strength, it has to find this strength within the broader unity of all Palestinians across the artificial divides of shifting and temporary borders and barriers.

Some important initiatives are emerging which show the direction in which Palestinian society and politics is likely to move forward – hopeful initiatives that could be greatly boosted by external assistance. The importance of radically rethinking the core strategies that have informed the Palestinian liberation movement has recently been recognized by a growing number of Palestinian strategic thinkers. Examples of this shift include the call for direct elections to the Palestinian National Council coming out of mobilizations in Palestinian refugee camps.¹¹ Another example is the Palestine Strategy Study Group's inclusion of participants from diverse Palestinian factions and groups.¹² An important consensus emerging from within the workshops organized by this group was that the peacemaking and state-building discourses initiated by Oslo have failed to achieve Palestinian national goals – as have sporadic acts of violent resistance. As the Palestine Strategy Study Group, and others, have pointed out, Palestinians still have important alternative sources of bargaining power, including their demographic weight, that could be used in peaceful mass protests. Palestinians have arguably not used these alternative sources of bargaining power very effectively. If they did, sporadic and ineffectual acts of violence could gradually disappear, as more effective credible threats revolving around civil rights movements for instance, emerge to challenge the continuing occupation and differential rights that Zionism seeks to maintain.

It is important to highlight that the European Union supported the workshops and meetings that led to the Palestine Strategy Study

Group's report. Thus, neutral externals who accept the legitimacy of Palestinian aspirations for liberation should recognize the importance of supporting Palestinian initiatives aiming to re-establish a united, credible and legitimate Palestinian strategy for liberation. Freedom from fear for Palestinians depends upon the ability of their leaders and strategic thinkers to come up with strategies of liberation that attract both popular support from within the Palestinian people (thereby avoiding the risk of civil war), as well as forming credible strategies of liberation (thereby reducing desperate acts of resistance by Palestinians and asymmetric Israeli responses).

Freedom to live in dignity: prioritizing civil and political rights

A life lived with dignity requires effective constitutional protections of political, civil and human rights. In the Palestinian case, as in many other cases of occupation, the freedom to live in dignity is palpably absent. Indeed, many of the mechanisms through which Israel maintains its methods of asymmetric containment, such as checkpoints, house searches and demolitions, body searches, the exclusion of Palestinians from designated roads and areas within their territories, and so on – result in the daily humiliation of many Palestinians. Underlying the indefinite transition is an interlinked set of differential rights faced by Palestinian–Israelis, the Palestinians in the oPt, and Palestinian refugees. As shown above, there are very well-thought out strategic reasons why these differential rights are in fact deeply connected. Fighting these injustices therefore requires unified movements and strategies that aim to achieve dignity for all Palestinians.

The freedom to live in dignity is probably the most important freedom for a population under occupation, as well as for Palestinian refugees since the failure to recognize their right of return results in gradually delegitimizing all other initiatives over time. Generally, Palestinian refugees were not granted equal citizenship rights by neighbouring Arab states, on the grounds that granting them citizenship would let Israel off the hook too easily. Arguably, the failure of the Oslo process to demonstrate how the freedom to live in dignity was to be achieved for the whole Palestinian national collective was a major source of the declining legitimacy of the peace process, and its associated reforms within the Palestinian population. Donors pumped in very large quantities of aid during the Oslo period, but aid is not a substitute for dignity. (See Chapter 2 in this book.) Indeed, the experience of Oslo is a powerful

demonstration of the interdependence of the freedoms outlined in Figure 12.1. Oslo put the cart before the horse in significant areas – such as building capabilities for aid delivery in the Palestinian Authority before the latter had the bargaining power to challenge the differential rights for Palestinians that prevent the emergence of a Palestinian state. The result was that not only did the legitimacy of the PA collapse over time as the promised state failed to appear, but it could not sustain improvements in economic welfare over time.

Indeed, the real damage done by Oslo was to make Palestinian mobilization for dignity more complicated. Between 1967 and 1993, before the Oslo Accords were signed, Palestinians in the oPt were clearly a subject population with inferior rights compared to Israeli citizens. They did not have the same civil or political rights as Israeli citizens, and they were technically a subject population for whose safety and security Israel was directly and solely responsible under international law. The freedom to live in dignity could have been expressed at that time through rights-based campaigns that could have proceeded in two, not necessarily mutually exclusive, directions. First, there could have been a Palestinian campaign for civil and political rights for a subject population for whose safety and security the Israeli state was responsible. Secondly, the Palestinians could campaign for self-determination as a political right of a subject population. Both types of civil and political rights could have galvanized democratic mass organizations involved in these types of civil rights campaigns that are well known internationally.

The Oslo process bypassed these possibilities of mobilization by assuming that there was a clear and effective strategy for achieving Palestinian self-determination that did not require popular mobilization, because creating a Palestinian state would be in Israel's own interest. It therefore assumed there was no need to press Israel to recognize the fundamental civil and political rights of the subject population since occupation was soon to end. There was also a vague understanding that the refugees would be absorbed into the Palestinian state to be constructed in the oPt, without taking into account the possibility that most refugees left 1948 Israel and may not agree to go 'back' to a place from which they did not come. The outcome of these assumptions, which allowed Palestinian popular mobilization to be ignored and even suppressed, was that self-determination was not achieved 20 years later, while the pressure on Israel to accept responsibility for its subject population was seriously diluted. Even the financial costs of Israeli occupation are now largely borne by the international community and

their taxpayers. The discourse on the political and civil rights of the Palestinian population still under occupation effectively disappeared for a long time as Palestinian leaders engaged in a false discourse of governance reforms that assumed a Palestinian state already existed or would soon come about. In addition, Oslo introduced a false discourse between Israel and the PA, now treated as a state, about how each 'state' is to guarantee the right to security of the other. This discourse is false because only a sovereign state can be asked to effectively protect the security of the individual, let alone that of another country. Hence, the PA, as a non-sovereign entity, is effectively being asked to assist in the protection of the Israeli occupation – while the rights of the Palestinian people have yet to be expressed in any forum or civil rights movement. This situation must end if Palestinian dignity is to be achieved.

If there is no Palestinian state emerging just around the corner, the importance of a Palestinian rights movement expressing the inalienable rights of the Palestinian people to live in dignity must be embraced with great urgency. The Arab Spring of 2011 has changed the dynamics of Palestinian politics, and created new opportunities for Palestinian mobilizations. The absence of a Palestinian discourse on popular mobilization has not been accidental, but is rather a direct and systemic result of a peacemaking process that has reached a dead end, at least for the time being. Encouraging a Palestinian civil rights movement is, of course, a task primarily for Palestinians, but outsiders can help by recognizing that this task is an urgent one – and not something that can be entrusted to the existing leaderships of the different factions, whose reputations and power bases are based on either support for, or violent opposition, to the Oslo process. Thus, the discourse on rights, whether for the protection of political and civil rights of a subject population or the mobilization of support for self-determination through mass civil movements, has to be reinvented.

The interdependence of these processes with the conception of 'larger freedom' is clear. A Palestinian civil rights movement with broad popular support and legitimacy is not only a mechanism for promoting the freedom to live in dignity, it is the most powerful way of underpinning new strategies of political legitimization and liberation to achieve freedom from fear. And given that the access of the Palestinian population to emergency relief during blockades and encirclements will be obstructed by Israel, freedom from want during the transition also needs to be underpinned by strategies that take the dynamics of the conflict into account, rather than presuming that a Palestinian state is about to emerge just around the corner.

We have to also recognize that these goals will not be achieved quickly. It will take time and diligence to develop an alternative agenda. The temptation is, therefore, to stick to the existing patterns of negotiation. But Palestinians do not presently possess enough bargaining power to bring about the establishment of a state with the minimal requirements of legitimacy. Moreover, hopes that a push from the US administration will result in the quick creation of a viable Palestinian state go against the history of the past 20 years. Palestinians, therefore, need to plan for the most likely outcome – as opposed to an optimistic scenario that flies in the face of all the available evidence. The irony here is that by only engaging with the most optimistic, yet least realistic, outcome in negotiations, significant damage has been done to the chances of achieving a viable and lasting peace.

Conclusion

The Oslo process for Palestinian state formation had a number of internal structural flaws that proved to be severely damaging. Not only did this process fail to create a viable Palestinian state, it also diminished the legitimacy and effectiveness of the mainstream secular Palestinian leadership – a fact that has significantly negatively affected the integrity of the Palestinian polity and its society. Furthermore, given the underlying structural flaws of Oslo, the major donors' insistence that Palestinian leaders accept the assumptions of the peace process – focusing upon capacity-building programmes that presume the emergence of a Palestinian state rather than building their bargaining power – was a dangerous mistake. This strategy misunderstood the contradictions inherent in a political leadership that remained the head of the liberation movement while simultaneously accepting the bureaucratic leadership involved in service delivery through the PA. This resulted in accelerating the gradual collapse of the legitimacy of the leadership of the liberation movement, as well as that of the PA, as Israel used its growing bargaining power to offer less and less attractive options to the Palestinians.

Right before the eruption of the Arab Spring, the fragmentation of Palestinian society and its polity had reached a dangerous tipping point. The momentous events of 2011 may therefore make it easier to reconstitute the Palestinian polity in line with the requirements of its indefinite transition. These opportunities, however, may be transient, and Palestinians have to be prepared for a much longer struggle. In this vein, the UN's framework of 'larger freedom' allows us to identify key

components of an alternative agenda. Hence, ensuring freedom from want requires a focus on long-term interim coping strategies. Ensuring freedom from fear requires a much broader agenda than policing – one that would support internal political processes aimed at Palestinian unity and, thus, the increasing of Palestinian bargaining power vis-à-vis Israel. The achievement of both of these freedoms are closely connected to strategies for achieving the freedom to live in dignity, which in the context of a military occupation revolves around mobilizing domestic and international support for Palestinian political and civil rights, and putting pressure on Israel as the occupying power, thus enabling Palestinians to fight credibly for their dignity during a long transition. This last freedom is critical since, as this chapter has shown, without enough bargaining power to be able to end Israel's imposition of differential rights on Palestinians, no strategy of state-building is likely to be viable.

Any rights campaign in historic Palestine – whether in Ramallah, Gaza City and East Jerusalem, or in Haifa, the Galilee, the Negev and the refugee camps – needs to be interlinked with and led by the Palestinian leadership as part of a unified collective struggle. Developing this level of bargaining power is necessary to force Israel into abandoning Zionism (defined as a system of differential rights for the Jewish people). Without it, there can be no Palestinian state, and there can be no equal rights for Palestinian refugees or the Palestinians inside Israel.

Notes

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