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# **Neoliberalism as Liberation: The Statehood Program and the Remaking of the Palestinian National Movement**

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## NEOLIBERALISM AS LIBERATION: THE STATEHOOD PROGRAM AND THE REMAKING OF THE PALESTINIAN NATIONAL MOVEMENT

RAJA KHALIDI AND SOBHI SAMOUR

*The Palestinian statehood-by-2011 program, framed through neoliberal institution building, redefines and diverts the Palestinian liberation struggle. Focusing on its economic aspects, and in particular the underlying neoliberal thought that goes beyond narrow economic policy applications, this essay argues that the program cannot succeed either as the midwife of independence or as a strategy for Palestinian economic development. Its weaknesses, the authors contend, derive not only from neoliberalism's inability to deliver sustainable and equitable economic growth worldwide, but also because neoliberal "governance" under occupation, however "good," cannot substitute for the broader struggle for national rights nor ensure the Palestinian right to development.*

THE PALESTINIAN NATIONAL LIBERATION MOVEMENT emerged in the early 1960s with the primary goal of "liberating the land and the people" from Zionist settler-colonialism. Today, with colonization accelerating throughout Palestine and with Palestinian refugees—mostly deprived of their national, civil, and human rights—still dispersed around the world, this aim sounds like an embarrassing echo of a distant past.<sup>1</sup> The failure of the strategy of armed struggle to deliver its maximalist (pre-1967) or even more limited (post-1988) goals became patently clear with the quelling of the second intifada. Meanwhile, the alternate strategy of seeking to liberate a fraction of historical Palestine by negotiations and diplomacy has proven equally futile.

The Palestinian national liberation movement at its inception was an integral part of a broader political project of the anticolonial struggle and the establishment of a just world order. Once in power, however, most of the movements associated with these struggles failed to deliver on their promises, instead allowing neocolonial relations of production and exchange to bolster their own power and secure privileges for the national bourgeoisie and the "international investor."<sup>2</sup> More recently, the dynamics of such

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relations have been complemented by the irresistible “logic” of neoliberalism and globalization—striking examples being the African National Congress’s embrace of neoliberalism and the neoliberal “shock therapy” and rise of an “oligarchy” in countries of the former Soviet Union and bloc.<sup>3</sup>

Then as now, neocolonialism and neoliberalization followed formal independence, and it is on this basis that the Palestinian statehood program, *Ending the Occupation, Establishing the State*, represents an extraordinary case. Coming amidst a historic crisis of legitimacy of the Palestinian national movement in the wake of unprecedented internecine political divisions, the program represents a new, apparently “home-grown” strategy to achieve statehood through neoliberal institution building. Enjoying growing international endorsement, this national liberation through neoliberalism redefines the Palestinian liberation struggle as it has hitherto been known.

The *Journal of Palestine Studies* recently probed, in two interviews, the political and economic thinking of the strategy’s most prominent champions, Palestinian Authority (PA) Prime Minister Salam Fayyad, and chief executive officer of the Palestine Investment Fund (and economic advisor to PLO Chairman and PA President Abbas), Mohamad Mustafa.<sup>4</sup> This essay, which does not address the Gaza Strip and its economic conditions,<sup>5</sup> is not a comment on those interviews as much as it is a review of the neoliberal worldview that underpins new Palestinian political and economic thinking and which, in our view, endangers the Palestinian national liberation agenda by errors both of commission and omission.<sup>6</sup>

### **THE PA PROGRAM: ENDING THE OCCUPATION, ESTABLISHING THE STATE?**

Since Israel’s occupation of the West Bank and Gaza in 1967, there have been repeated waves of armed or popular resistance to which Israel has generally responded with sharp repression and economic sanctions followed by gradual restoration of relations with Palestinians and economic inducements to pacification. The most recent of these has been Israel’s “economic peace” policy. Earlier episodes have included Moshe Dayan’s policy of open bridges and cooptation of traditional elites in the 1970s and Menahem Milson’s Israeli Civil Administration and Palestinian Village Leagues in the 1980s. The Israel-PLO Protocol on Economic Relations of 1994 added a whole new meaning to pacification with its promised “peace dividend” and the material benefits it bestowed on a new class of PLO bureaucrats who had returned from exile and on their Oslo-inspired “self-government” structures.<sup>7</sup>

The economic gains delivered by periods of apparent “calm” and “growth” since 1967 were easily reversible, and such interludes mainly produced lulls in the Palestinian resistance that has continued in various forms since the onset of occupation. In fact, the only clear economic outcomes of the pattern have been the steady erosion of Palestine’s development potential, the degradation of its human capital, and the gradual depletion of its natural resources.<sup>8</sup>

Today, with the palpable failure of armed struggle, the PA is offering the Palestinian people in the West Bank a program predicated upon delivering growth and prosperity without any strategy for resistance or challenge to the parameters of occupation. The program is inspired by a model of neo-liberal governance increasingly widespread in the region, indeed in neocolonial states around the world, but which socially, culturally, and politically remains an alien creation of the Washington-based international financial institutions. The PA's neoliberal turn has generally been associated with the premiership of Salam Fayyad as of the 2007 formation of his caretaker government following the Fatah-Hamas struggle and the establishment of parallel governments in the West Bank and Gaza Strip. But the genesis of this ideology in the Palestinian context dates back much earlier and runs deeper.

The PA institution building for statehood plan aims at a Palestinian state by mid-2011. The program is predicated on the soft assumption that by that time Israel and the PLO will have made significant progress toward achieving a final status agreement or at least recognition of a state within agreed borders. The PA's mid-term progress report *Homestretch to Freedom*, of August 2010, has reiterated this timeframe, and Fayyad's most recent pronouncements have confirmed his belief in the imminence of this event.<sup>9</sup>

Failing an elusive Israeli-Palestinian negotiation breakthrough, the survival of a state born in such conditions rests on the wildcard of international recognition—though certainly more will be required than the symbolic gesture of recognition by over 100 countries when the PLO first declared Palestinian independence in 1988. In any case, within two years of the program's unveiling, "institutional facts on the ground" are supposed to have been created and a wave of popular support will have proven to the world that the Palestinians are ready for statehood.

Meanwhile, donor funding to PA coffers has exceeded \$1.5 billion annually since 2007, and with the internal security situation increasingly under control, economic growth in 2009 and 2010 has begun to recover from its previous eight-year decline. The 8+ percent economic growth witnessed in the West Bank since 2008 is heralded as signaling the first green shoots of the PA reform strategy. An urban construction boom, car shows, international hotels, fashionable restaurants, virtual stock trading systems, and e-government are seen as evidence of a vibrant economy. Such developments have no doubt given credence to the statehood-or-bust narrative, creating something akin to an "economic-peace bubble" emanating from Ramallah. Mohammad Mustafa believes that the PA economic policy under a peace agreement would deliver 20 percent annual growth<sup>10</sup>—a rate that the most successful developing countries in Asia could have only dreamed of, and which recalls the PA's promotion of Gaza in the mid-1990s as the next Singapore.

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Given the policy pedigree of its main architects,<sup>11</sup> the PA statehood program is replete with seductive appeals to plurality; accountability; equal opportunity; the empowerment of its “citizens”; the protection of social, economic, and political rights; and the state’s efficient provision of services and public goods. The statehood plan, as well as the 2008 Palestinian Reform and Development Plan (PRDP) it incorporates, faithfully reflect the economic policy agenda set forth in the so-called “Post-Washington Consensus” (PWC) orthodoxy advanced by the Bretton Woods Institutions (BWI), the World Bank Group, and the International Monetary Fund (IMF), since the late 1990s.<sup>12</sup>

The more rhetorical than substantial overhaul of the previous Washington Consensus (WC) reflects a more “inclusive” form of neoliberalism, without abandoning its free market-centric, fiscally conservative, and light-touch regulatory core identity. The transition to the PWC came largely as a result of political and intellectual dissatisfaction globally (and even from within the institutions concerned) with its poor outcomes and flawed theoretical underpinnings. The PWC envisions a responsive, capable state that ensures the maintenance of security and public order, promotes opportunities for all, and empowers its citizens—who will now have the moral responsibility to rely on themselves instead of a paternalistic social welfare state.<sup>13</sup>

For the PA, the achievement of Palestinian statehood depends on at least four interdependent and mutually reinforcing components, spelled out in its main documents which echo PWC discourse. The first of these is assuring public security and the rule of law; the PA plan’s full embrace of the PWC security-development nexus is clear in its allocation of \$228 million to the Security Sector Reform and Transformation Program for 2008–2010. 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 not only of donors but also of the Israeli government. The Israelis have employed this circular logic for their own ends, setting security conditions that the PA cannot possibly or credibly meet, hence providing a priori justification for restricting Palestinian economic activities.<sup>14</sup>

The second component is commitment to building accountable institutions, which has been a hallmark of the current PA government’s policies and declarations as a means of differentiating itself from the Fatah-dominated governments that preceded it. According to the plan, institution building requires the PA to “continuously improve the performance, transparency, and accountability of the public sector through reforms aimed at tackling waste, inefficiency, and corrupt practices.”<sup>15</sup> It should be noted that there have been few, if any, new institutions designed with sovereign economic functions; rather, the PA continues to tinker with those designed fifteen years ago to serve a five-year transitional “self-government.” Furthermore, most of the “institutional reform” to date has focused on consolidating PA public finances, the purse strings of which are held by the prime minister.

The third essential feature of the PA governance model is effective service delivery as a means of gaining legitimacy from citizens and investors. Pursuit of this goal, facilitated by the concentration of financial—as well as some political and security—powers in one person, has been a top priority, primarily because better municipal services, public utilities, and even some basic social services are within the reach of the limited governance toolbox the PA possesses.

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 has been elevated “to the status of a national goal in and of itself.”<sup>16</sup> And this is the foundation of the fourth prerequisite for statehood: private sector growth. This requires “an extensive program of legal, regulatory and administrative reform . . . as part of the effort to achieve greater economic self-reliance,”<sup>17</sup> which means that the state’s involvement in the economy must be restricted to investing in public infrastructure, creating market-friendly institutions, and intervening when markets fail to work efficiently. In other words, the PA’s idea of the public sector’s role in the economy is predicated on the sort of export-led development strategy and “sound” macroeconomic policy whose theoretical assumptions have been in doubt ever since the model was proclaimed and effectively buried with the recent global financial crisis.<sup>18</sup>

However flawed its economic policies, it should not be understood that the PA is detached from reality. PA planners readily acknowledge the challenges they face. They understand that the type of institution building they pursue cannot provide stimulus for growth on its own, and they are fully aware of the ongoing pace of colonization and Israel’s control of most of their critical economic decisions. They even acknowledge that their strategy is not a substitute for politics; countless hours are spent negotiating with Israel to obtain the occupying power’s approval to build roads, import equipment, establish industrial zones, speed commercial clearance at borders, reduce transaction costs, and so on. What is less understandable is why, given such awareness, they continue to re-engage in processes defined by the very occupation parameters that assure futility.

In the “can-do” thinking of today’s PA, such a program represents the best political choice for an otherwise emasculated “national authority” struggling to maintain its vital role as service provider of last resort, and hence its legitimacy and rationale. The powerful appeal of personal prosperity that PA policies exert on the Palestinian middle class might yet prove to be a potent basis on which to claim political legitimacy. But this is a risky and untried strategy, and the more the PA is perceived by its constituents as an extension of the occupation, the greater the likelihood that the strategy will backfire, especially if the 2011 “appointment with freedom” passes without liberation.<sup>19</sup>

More problematic from a developmental perspective, however, is the view held by PA planners and their influential backers that this program represents the best economic option—not just for a postliberation future, but even for

today under occupation and without sovereignty. With surprising ease for a people that have struggled for their independence and identity for generations, the idea that there is no alternative to such an economic framework has gained traction and credibility. Equally perplexing, given the Palestinian tradition of vibrant and pluralistic political debate, is the fact that PA neoliberal policy preferences remain largely unquestioned, except by a handful of analysts and the occasional international NGO or UN agency (and even then, only elliptically).<sup>20</sup> While Hamas's economic policy has hardly had the chance to develop, economic practices in Gaza by force of circumstance have tended toward autarky and rent seeking (managing the tunnel economy). Meanwhile, former Marxists and other "leftist" intellectuals from Fatah have served as ministers in successive Fayyad cabinets since 2007, embracing the neoliberal program and thus submitting to U.S. hegemony and sustaining its local agency.

### CONTRADICTIONS: LOCATING NEOLIBERALISM IN THE PA

The global reach of neoliberalism is inextricably linked with U.S. economic and political interests and the BWI, which it dominates.<sup>21</sup> In the Middle East, U.S. geopolitical interests together with BWI policy designs are primarily focused on securing a stable environment for the supply of oil, U.S. investment in the wider region, and surplus capital from states of the Gulf Cooperation Council (GCC). Crucially, the economic liberalization and new trade initiatives that have resulted are consonant with an agenda of political and economic normalization with Israel (the "New Middle East").<sup>22</sup>

The embrace of neoliberal policies by Arab governments and their elites started in the early 1990s, primarily with North African states as a supposed antidote to their failed socialist or statist development strategies. Sadat's *infitah* (opening-up) policy had already set the tone, though less as an embrace of liberalization than as a loosening of state controls over the economy. In Jordan, the neoliberal agenda was launched with the signing of the Israeli-Jordanian peace treaty, which created new opportunities for the export of Israeli capital and goods.

More often than not, countries that have implemented neoliberal reforms have experienced rising rates of poverty and unemployment, in most cases accompanied by the rise of a new social class whose fortunes are directly linked to the privatization of state enterprises and economic liberalization.<sup>23</sup> More recently, the extreme neoliberal policies imposed during the US occupation of Iraq—ranging from the lifting of foreign ownership restrictions and wide scale privatization to a 5-percent across-the-board tariff regime and some of the lowest taxes in the world—have been described as "state-building in reverse."<sup>24</sup>

The PA's neoliberal turn thus has to be understood in the context of long-standing efforts to reconfigure Middle Eastern states, their economies, and the region as a whole. It comes in response to the U.S.-sponsored attempt to

prop up a “moderate,” more pliable, Palestinian leadership, integrate Israel in the wider region, and manage (not resolve) the conflict. Attempts to make the PA embrace neoliberalism existed even before its creation in 1994, in the context of the BWI role and emerging neoliberal thought in the “regional economic development working group” of the pre-Oslo Madrid multilateral negotiations, in which the PLO participated.

By 1993, Harvard economists and the World Bank, in association with several Palestinian economists, had entered the arena. They recommended a fairly neoliberal set of economic policies for guiding the PA through what was still seen as a five-year transition to independence.<sup>25</sup> Similarly, in 1999, a detailed study by the Council on Foreign Relations (also with Palestinian expert collaboration) argued that the implementation of good governance reforms, rule of law, and policies ensuring a conducive climate for investment were necessary preconditions for Palestinian independence.<sup>26</sup>

In locating and identifying “real-existing” neoliberal policies implemented by the PA, it is important to clarify a seeming contradiction concerning PA institutional capabilities and limits. Even if the PA had wanted to pursue an alternative strategy, it would have been stymied by U.S. pressure, the structural realities of Israel’s occupation, dependence on donor money, and BWI advocacy. All these factors contributed to minimal “policy space”—the freedom to determine economic policies without external constraints being binding. This remains the situation today. The limited available policy space also means that the PA is deprived of policy tools needed to actually implement the full package of the most conventional neoliberal policies.

Despite such limitations, the current PA program attempts to exploit all available policy space (especially fiscal, where it has some reach) in order to advance a neoliberal agenda. Remarkably, then, what the PA statehood plan represents, at best, is a strategy to expand policy space for the further implementation of the neoliberal framework in policy areas over which it has currently no control within the existing configuration of Israel’s occupation. In one sense, the current historic moment echoes the transfer in an earlier era of limited economic governance authority (within the Israeli occupation envelope) to the newly created PA. As has since become clear, the 1994 transfer amounted to little more than transferring the burdens, obligations, and financing of occupation to local shoulders.

One does not need to look far for examples of the extreme limits of the PA’s policy space. Without an independent central bank, the PA has no means to reduce interest rates and inflation or to set a competitive currency exchange rate in support of export-led economic growth—measures that a conventional neoliberal program would prescribe. Similarly, its commitment to the Economic Protocol with Israel means that it cannot independently reduce tariff rates or Value Added Taxes, so its own trade liberalization must track

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that of Israel. Nor is there much for the PA to privatize, as public holdings in telecommunications were sold to private investors early on under Yasir Arafat's PA. Additionally, most remaining public assets, enterprises it owns or in which it holds shares, as well as revenue streams from public franchises, have since been consolidated in the Palestinian Investment Fund (PIF) following IMF-designed budget and fiscal transparency reforms of 2003.<sup>27</sup>

Even neoliberal policy areas where the PA has some formal control are heavily circumscribed by the structural realities of Israel's occupation. For instance, the first Palestine Investment Conference, held in Bethlehem in May 2008 as part of the PA's "Palestine is open for business" declaration to attract foreign direct investment<sup>28</sup> resulted in the much-celebrated announcement of Qatari government financing of the first Palestinian planned city, Rawabi. Yet the project, started in early 2010, has been regularly held up by delays in obtaining Israeli approval at various stages of planning and construction, most recently because of "environmental concerns" about the planned city.<sup>29</sup>

The realities of Israel's occupation and ongoing land expropriation, combined with the PA's limited jurisdiction, also inhibit the full pursuit of yet another BWI policy prescription, namely the protection and enforcement of well-defined property rights, which are prerequisites for an investment-friendly environment as conceived by neoliberal economic policy. In other words, no matter how much effort the PA invests in showcasing the West Bank as an attractive destination for investment, and no matter how hard Tony Blair tries to obtain Israeli approval for this or that permit or project, Israel still calls the shots. This can, and indeed does, delay or ultimately frustrate investment efforts by international and Palestinian investors.

The available space that the PA can most feasibly exploit to pursue neoliberal policies lie in the realm of its fiscal policy, notably through (a) reducing public expenditure (in particular the public sector wage bill and what is referred to as "net lending"), and (b) increasing tax revenues.<sup>30</sup> The PA wants 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 bring it from 27 percent to 22 percent of the budget at the end of 2010.<sup>31</sup> The scale of projected layoffs, around 40,000 public sector workers, has been described as "probably the harshest attack on any public sector in the Middle East in recent history,"<sup>32</sup> and whether the PA bureaucracy will resist these measures remains to be seen.

"Net lending," meanwhile, is the PA's indirect subsidization of customers or municipalities that have failed to pay their utility bills owed to Israeli companies through the Israeli government's deduction of PA clearance revenues. But while this had reached around 10.6 percent of the Palestinian GDP,<sup>33</sup> the PA's efforts to reduce it by requiring citizens to prove they had paid all their utility bills before they could request civil documents had to be abandoned after a storm of public protest.<sup>34</sup> Concurrently, however, the PA has begun implementing plans to install up to 300,000 prepaid electricity meters across

Palestinian households to end what BWI discourse terms a “culture of entitlement.” Rural areas and refugee camps will also be included, echoing the installation of meters in the South African township of Soweto (a key locus in the anti-apartheid struggle) a decade earlier. Then as now, cutoffs from services for households that do not fall within the government’s definition of “vulnerable groups” can be justified as the market outcome of poor budgeting of household resources.<sup>35</sup>

Inevitably, the PA’s fiscal reform efforts in a situation of occupation face daunting obstacles. It is saddled with a high and chronic budget deficit,<sup>36</sup> which not only means sustained dependency on external assistance, but also reduced resources for development expenditure (such as investment in public infrastructure). The PA’s public commitment to an all-out effort to reduce aid dependency would exacerbate the fragile economic situation given a relatively high, mostly imported, inflation; unemployment of over 20 percent; a third of the population living below the poverty line; and as many as one in five households directly or indirectly dependent on employment by the PA.<sup>37</sup>

As explained in the PRDP, the PA seeks to increase tax revenues largely through administrative measures aimed at improving the efficiency of domestic tax collection and customs revenues. The PA is also considering the introduction of new taxes for inheritance or real estate. Clearly, however, the PA’s approach to deficit reduction has focused far more on the expenditure side of the budget equation, as seen above.

Though economic gains resulting from such policies are reversible, the PA is expected to stay the path of these reforms. Indeed, recent World Bank and IMF recommendations counsel still greater reforms while in the same breath recognizing that Israel’s occupation undermines the very achievements of these reforms.<sup>38</sup> Such obsessive focus on open-ended reform risks making the occupation less visible to Palestinians, less costly for Israel and donors, and, in the process, more efficient. Nevertheless, the PA hopes that the negative impact of its measures will be more than compensated for by a revival of the Palestinian private sector. Assuming sustained donor support for the economy, the idea is that the private sector—assured by the PA’s reforms for creating investment-friendly institutions—would become an engine of economic growth. Crucially, however, private sector growth depends largely on the easing of Israel’s restrictions on Palestinian economic activity. Israel’s security-first logic suggests that such easing might be forthcoming if the PA’s ability to restore and uphold “law and order” were enhanced. This includes judicial reforms, initiatives promoting the rule of law, outreach and citizen awareness programs, improving the effectiveness of courts, daily policing, as well as re-staffing the PA security and intelligence services and the early retirement of PLO veterans—in short, a kind of peaceful regime change.<sup>39</sup>

To be sure, in light of the many internal problems that have plagued the PA political system, such as political interference in court decisions, “anarchy of weapons” and lack of judicial oversight, the need for reform

was overwhelming. But according to a first review of judicial and legislative reforms under the Fayyad government, their successes have been mixed and slow, and institution building has been more authoritarian than democratic.<sup>40</sup>

On the other hand, the verdict on the PA's efforts to strengthen its security apparatus, with the support of the EU Police Coordinating Office for Palestinian Police Support and U.S. Lieutenant General Keith Dayton, has been favorable, even earning the praise of the Israeli security establishment.<sup>41</sup> Without doubt, the U.S.-trained National Security Force battalions have reduced the cost of the occupation and made the outsourcing of security for Israel more effective than under the previous PA.<sup>42</sup> Meanwhile, the new PA security regime has been accompanied by increasing incidents of torture, intimidation, and repression of civil rights of the PA's opponents.<sup>43</sup> Such human rights violations could appear as yet another contradiction of the PA's neoliberal agenda and its emphasis on "the rule of law." At the same time, the PA would certainly not be the first government to have demonstrated the usefulness, if not the necessity, of combining neoliberalism with a strong-arm security-state apparatus.<sup>44</sup>

One potential role for the internal security forces in the new Palestinian economy would be maintaining the smooth flow of security-cleared Palestinian workers to proposed industrial parks near the Israeli border (often in the separation wall seam zone) to circumvent Israeli closure. The PA hopes that such enclave-style industrial parks, which follow the familiar neoliberal model of cross-border development involving international capital and cheap local labor, will contribute to its export-led growth strategy.

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 strategy recently noted in the *Wall Street Journal* that the PA's security reform efforts are "the *sine qua non* for economic expansion . . . and a model for the state-building program in general."<sup>45</sup> Such an affirmation not only turns economic development experience on its head, but sends a disconcerting message about the price of neoliberal economic growth.

Simply stated, because it has no evident strategy for tackling the real "external" obstacles, PA attention has shifted to a range of perceived "internal" obstacles to statehood, and its program is consequently aimed at rooting them out. Seen from this angle, then, the PA statehood program must embed the discourse and practice of neoliberalism in Palestinian society. It is here where the concept of the rule of law, so central in the rhetoric of PWC, 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 statehood program 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 efforts to make its institutions accountable and transparent and to ensure better service delivery, civil society is promised greater means to voice dissatisfaction and to report corrupt bureaucrats. It is through this strategy that the PA hopes to establish a "participatory democracy" and "vibrant economy." Once internalized, and with the PA's commitment to provision of basic health and education services, Palestinians—so they are led to believe—will be able to participate in local and global markets, able to enjoy their share of the benefits of economic growth.

PA officials have denounced Israel's economic peace and any attempts to substitute it for real peace, but the neoliberal policy framework they are putting in place, combined with their inability to challenge Israel on the ground (or elsewhere), means that the PA must rely on Israel to facilitate their statehood agenda. To all intents and purposes, that adds up to co-habitation with economic peace, manifested in Palestinian tolerance of occupation and economic engagement with Israel within parameters set by the occupying power. It remains to be seen whether challenges to a PA strategy equivalent to normalizing, depoliticizing, and neoliberalizing the Palestinian struggle will provoke the wrath of the PA's "reformed" security apparatus and exclusion by its institutions.

### **IS THERE REALLY NO ALTERNATIVE?**

It is ironic that the all-important "local ownership" of neoliberal reform, as manifested in the PA statehood plan, comes at a time when the global financial crisis has led to a legitimacy crisis for—if not of—neoliberalism. An economic policy framework under revision by its designers seems an odd choice to deliver development to a damaged and fragmented economy like that of the occupied Palestinian territories.<sup>46</sup> But after an unwinnable armed struggle and an inconclusive peace process, a war-weary Palestinian population could find the PA's promise hard to resist.<sup>47</sup> Regardless of their social class and whether they live under direct Israeli rule in Oslo-designated Area C of the West Bank or in Jerusalem, or under indirect occupation within PA-controlled areas—it is only natural that many Palestinians attach a premium to quality of life, knowing the steep price in human life and property that Israel will exact to punish resistance.

In these conditions, Israelis, international financial institutions, donors, and media have been able to conflate the idea of economic peace, advocated by an Israeli prime minister who implemented radical market reforms in the 1990s, with the PA state-building program engineered by a Palestinian prime minister who has faithfully applied the PWC neoliberal prescriptions under occupation. In some respects, the two initiatives are not so dissimilar. The tradeoff proposed by economic peace is that a nonsovereign Palestinian state-like entity may bask in the warmth of Israeli economic growth and even

enjoy some of its own. But in return, it will have to postpone or effectively abandon the struggle for Palestinian national rights. What the PA program promises is not just that the “right” sort of state and free-market economy can be built, but that they can be designed and prepared even while occupation continues and the Palestinian polity remains divided politically and geographically. And, in an unusual twist, it promises that such a state, absent a negotiated political settlement, will be able to impose itself as an independent and viable entity recognized and accepted by Israel.

Of greater concern is that the state model envisaged by the PA is precisely of the sort that has wrecked already sovereign economies around the world through neoliberal-inspired programs. Such an entity, even if recognized as a state, will be powerless to resist the imperatives of continuing Israeli occupation in whatever guise. Soft physical borders cannot protect Palestinian national security, and soft economic borders can only perpetuate Palestinian dependence on Israel and allow personal prosperity for some but communal impoverishment for all.

And yet, other relevant development experiences that could be emulated—from Latin America to South-East Asia, not to mention one closer to home (Israel)—do exist. These countries experienced rapid and sustained economic growth through continuous, systemic, and centrally organized state intervention and planning. It is true that the Palestinian experience of government intervention in the market has been mixed, mainly involving the PWC mainstays of divestment from public-owned utilities and investment in private (often joint) ventures, as well as soft-touch regulation.<sup>48</sup> Still, it is next to impossible to find any evidence, historical or theoretical, for sustained economic growth—in particular in the context of state-building—without market intervention on a grand scale.<sup>49</sup> This is a far cry from the selective, market-correcting interventionism allowed for by the PWC.

The alternative, heterodox policy framework for successful development, which has been marginalized in neoclassical-dominated economic discourse and the policy practice of BWI, is not the subject of this essay. But public ownership, public services, public investment, and public welfare seem to be the key policy innovations of the coming period. A recalibration of conventional wisdom is underway in response not only to the “public good” nature of economic governance, but also in acknowledgment that the diversity of development experiences calls for a range of policy responses and institutional forms.<sup>50</sup>

Moreover, the past decades of Israeli-Palestinian economic relations have shown that no Palestinian economic development strategy can be effective as long as the Israeli occupation policy of asymmetric containment is not dismantled through ending occupation and achieving sovereignty and national rights. Given that this is not imminent, and with the neoliberal discourse firmly entrenched, it could seem reasonable to conclude that the PA statehood narrative, as Tony Blair would have it, is the “only game in town.”<sup>51</sup>

Other scenarios, such as abandoning the PA experience altogether and leaving the governance of the occupied territories to Israel or even to an

international trusteeship, might seem far-fetched. Certainly such “new games” would represent a dramatic break with, and retreat from, the past fifteen years of self-administration under occupation. Yet, above and beyond whatever political advantage might be gained by postponing an end of conflict until such time as the balance of power is less sharply skewed against Palestinian interests, their possible strategic virtue for the economy should not be dismissed. For one thing, changing the rules of the game could prevent the neoliberal inroads already made into the Palestinian economic policy and legal framework from being locked into final status arrangements and allow time for other policy options to be considered in a broader context. And even though such alternative political scenarios would mean a similarly neoliberal administration (Israeli or international), it could shift the debate on Palestinian economic space and political strategy back into the realm of the realities of a nonsovereign, colonized people struggling for liberation.

Short of such options, it is safe to assume that the PLO, or what is left of it, will not bow out and leave the Palestinian people to their fate under indefinite occupation, and it is unlikely that the scenarios mentioned above will materialize. But in the eventuality of a prolongation of the PA as a non-sovereign government, are there economic alternatives it could pursue if it wanted to lay the ground for sovereignty and real statehood?

Assuming for the sake of argument that PA neoliberalism were to be discarded tomorrow, a feasible strategy capable of confronting and redressing Israeli asymmetric containment could be envisaged, through what might be termed “economic resistance.” Such an option may not lead to high or continuous growth, but it could help halt and possibly reverse the ongoing cycle of de-development. A participatory process of development policy-making could place the war-torn economy on a footing that would allow it to cope with the constraints imposed by long-term occupation.

Needless to say, a retreat from neoliberalism by the PA would not just imply major internal political and social transformations. An equally dramatic shift would be required in Palestinian economic thinking about the role of public policy, the limitations of markets, and the need to direct and promote capital accumulation that bolsters productive capacity. In such a scenario, Palestinian economic power, such as it is, would have to be consolidated in a struggle to reclaim policy space and push back Israeli control through unilateral economic measures when feasible, pushing the limits of the Israeli envelope, brinkmanship, and wearing down Israeli patience.

The point is to actively seek new arrangements that would allow gradual separation from the Israeli economy, even while having to accept overall Israeli security and colonial control. What is important is that Palestinian economic policy under occupation not be subordinated to a state-formation program that is divorced from political realities, (mis)informed by flawed economic theory, and vulnerable to risk in the vacuum created by the disintegration of the Palestinian national movement. Rather, state formation would be an outcome of, among other things, a publicly endorsed, sustained, and

phased program of economic resistance. This in turn calls for active trade policies designed to diversify Palestinian trade markets and products as a means of reducing overwhelming dependence on trade with and through Israel. The question to be asked, however, is whether it is not already too late, whether the neoliberal virus has not already penetrated the Palestinian policy-making establishment and its supporters so thoroughly as to consign the alternative (in fact the original) narrative of “liberating the land and the people” to a mere relic of the past.

### **FORCE, CONSENT, AND PERSUASION**

It has long been known that polls monitoring the Palestinian perception of political developments are unreliable and must be interpreted carefully.<sup>52</sup> Still, one recent poll found a large majority of Palestinians, both in the West Bank and Gaza, to be very supportive of Salam Fayyad and his policies: 82 percent of those surveyed believed that his policies “served the Palestinian interest” and 72 percent thought he “would be capable to be the next president,” even though 54 percent did not believe that his statehood program would achieve its declared goal.<sup>53</sup>

Such results could be seen as contradicting our claims that the PA program has adverse implications for Palestinian society and the struggle for liberation. Most certainly they indicate that the general public (more in the West Bank than in Gaza) acknowledges improvements in service delivery and internal security. They also seem to indicate that while a majority of Palestinians do not think Fayyad’s program will succeed, they attribute the problem not to the program itself but to Israeli intransigence. Thus, the results might also indicate that the support reflects not so much conviction in the program as the general lack of alternatives amidst a deep political schism, not to mention the material dependencies on PA services, jobs, and infrastructure.

However inconclusive these results, it is important to set them in a wider material, historical, and social context. To start with, any attempt to establish neoliberal hegemony relies not only on force (including symbolic violence),<sup>54</sup> but also on the local agency of active consent (or direct collaboration) and persuasion. Admittedly, the boundaries between active consent, persuasion, and force can be porous, and the following discussion can only hint at possible explanations for the “support” enjoyed by the PA’s neoliberal agenda in Palestinian society.

Active consent is directly linked to the realization of and access to rewards, symbolic and material. Sections of the Palestinian society that actively consent to and advance the neoliberal agenda are officials in the upper echelon of the PA hierarchy, the NGO-sector, and the portion of the capitalist class that benefits from the security reform-enabled, Israeli-sanctioned economic revival in the West Bank. The latter group consists of the high-value service sector including banking, insurance, and information technology, but also

restaurants, hotels, and real estate. All these groups have a material interest in the perpetuation of the political status quo.

NGOs financed by international donors have played a particularly important role here. From the start of the Oslo process, they were among the first sectors in Palestinian society to embrace neoliberalism, and they have acted as an important conduit of its development paradigm.<sup>55</sup> Moreover, the “development industry” (and its local partners) has acted—wittingly or otherwise—as an “anti-politics machine” that has depoliticized Palestinian society, sustained the occupation, and initiated the long march toward neoliberal hegemony that has found its most elaborate manifestation to date in the PA statehood plan.<sup>56</sup>

Persuasion aims at socializing and reproducing a given ideology through a dynamic interaction between material incentives on the one hand and public opinion conferred by media, educational institutions, think tanks, or intellectuals on the other. The impact of persuasion works through the incentive of higher wages attainable in growth sectors and steady government salaries and also through the promise of social mobility for university graduates or those who hope eventually to benefit from economic growth.

Persuasion is not restricted to the middle class, however. The disastrous conditions in Gaza, presented as the alternative to the PA experiment, are contrasted with the economic boom based in Ramallah as a demonstration effect of the price of resistance with which to appeal to all classes and regions in the occupied territories. The politics and discourse of persuasion, with its emphasis on pragmatism, moderation, and accommodation, is not new to Palestinian society and is usually associated with socializing the (changing) political positions of the PLO.<sup>57</sup> But clothed in the modernism of the Fayyad appeal, it carries a new meaning and purpose today. At the same time, the content of the Hamas government’s persuasion, at least in its economic agenda, is similar, as the recent opening of a shopping mall and inauguration of a luxury hotel suggests. Nevertheless, it is notable that Fatah, at its Congress in 2009 and subsequent meetings of its new leadership, has refrained from formally endorsing the statehood program despite urgings to do so. While political maneuvering and suspicions of Fayyad’s political ambitions may explain that reluctance, it might also signal an unwillingness to submit to all the implications of the neoliberal turn.

As economists, we realize the role played here by economics as a discipline and by Palestinian economists as a profession in the post-Oslo period—even as we concede that their actual power is less than they may think.<sup>58</sup> Through their dissemination of economic knowledge in universities, think tanks, ministries, and international organizations, they have contributed, often lucratively, to establishing the neoliberal hegemony. The worse the political conditions on the ground, the more disconnected from these realities are their blueprints.<sup>59</sup> Yet to accuse them of ignoring the realities would be to miss the point, as they have consciously chosen not to project them so as to not dilute the “science” of economic analysis.



The outcome of such analysis is manifested in popular beliefs that equate free trade with freedom, house ownership with state building, and an independent central bank with political independence. Inevitably, then, such analysis has provided Israel with the material to win international—and Palestinian—support for its economic peace strategy, while at the same time providing the intellectual leadership for furthering the eminently political project of neoliberalizing Palestinian society and thus effectively abandoning its liberation. The irony of the situation is evidenced by the dissemination by Israeli diplomats in international forums of Palestinian-produced reports showcasing the West Bank economic miracle-in-the-making to support Israeli claims about the successes of economic peace.

As Karl Marx once noted, “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.”<sup>60</sup> Reflecting on this quote, it seems to us that the theory and material forces underlying the PA statehood program need to be laid bare so that meaningful theory can contribute to “liberating the land and the people.”

## ENDNOTES

1. As'ad Ghanem, *Palestinian Politics after Arafat: A Failed National Movement* (Bloomington: Indiana University Press, 2010).

2. See for example Paul Baran, *The Political Economy of Growth* (New York: Monthly Review Press, 1967) and Frantz Fanon, *The Wretched of the Earth* (London: Penguin Books, 2001). For a historical overview, see for example Vijay Prashad, *The Darker Nations: A People's History of the Third World* (New York: New Press, 2008).

3. Partrick Bond, *Elite Transition: From Apartheid to Neoliberalism in South Africa* (London: Pluto Press, 2000) and Jan Toporowski, “Neoliberalism: The Eastern European Frontier,” in Alfredo Saad-Filhi and Deborah Johnston, eds., *Neoliberalism: A Critical Reader* (London: Pluto Press, 2005), pp. 211–221

4. Khalid Farraj, Camille Mansour, and Salim Tamari, “A Palestinian State in Two Years: Interview with Salam Fayyad, Palestinian Prime Minister,” *Journal of Palestine Studies* 39, no.1 (Autumn 2009), pp. 58–74, and Nasr Abdul Karim, Khalid Farraj, and Salim Tamari, “The Palestinian Economy and Future Prospects: Interview with Mohammad Mustafa, Head of the Palestine

Investment Fund,” *Journal of Palestine Studies* 39, no.3 (Spring 2010), pp. 40–51.

5. The Ramallah-based Palestinian Authority (PA) has no effective control over the Gaza Strip, and aside from occasional textual references, the statehood program essentially bypasses that part of the occupied territory.

6. The discussion of PA economic policy is based on the interviews with Mustafa and Fayyad and three core PA documents: *Palestinian Reform and Development Plan* (Ramallah: Palestinian National Authority, 2008); *Ending the Occupation, Establishing the State* (Ramallah: Palestinian National Authority, 2009); and *Homestretch to Freedom* (Ramallah: Palestinian National Authority, 2010).

7. The first Israeli-Palestinian accords in 1993 referred to the future PA as the “Palestinian Interim Self-Governing Authority (PISGA).”

8. See for example Raja Khalidi and Sahar Taghdisi-Rad, *The Economic Dimensions of Prolonged Occupation: Continuity and Change in Israeli Policy Towards the Palestinian Economy* (New York and Geneva: United Nations Conference on Trade and Development, 2009).

9. Gwen Ackerman and Jonathan Ferziger, "Fayyad Says Building State Institutions Will Make Palestine 'Inevitable'." *Bloomberg*, 18 October 2010, <http://www.bloomberg.com/news/2010-10-18/fayyad-says-building-state-institutions-will-make-palestine-inevitable-.html>.

10. Jonathan Ferziger, "Palestinian Economy May Grow 20% With Peace Agreement, Abbas Adviser Says." *Bloomberg*, 4 August 2010, <http://www.bloomberg.com/news/2010-08-04/palestinian-economy-may-grow-20-with-peace-agreement-abbas-adviser-says.html>.

11. Fayyad and Mustafa are the most senior, enduring, and public faces of PA economic policy making since 2005. Before that time, Fayyad had been with the World Bank and later served as the IMF representative to the PA, and Mustafa served as a World Bank representative to the PA.

12. See for example the following World Development Reports, the annual flagship publication of the World Bank: *The State in a Changing World* (Washington, DC: The World Bank Group, 1997); *Building Institutions for Markets* (Washington, DC: The World Bank Group, 2002); *Making Services Work for Poor People* (Washington, DC: The World Bank Group, 2004); and *Conflict Security and Development* (Washington, DC: The World Bank Group, 2011). For a critical engagement with the PWC, see for example Ben Fine, Costas Lapavitsas, and Jonathan Pincus, eds., *Development Policy in the Twenty-First Century: Beyond the Post-Washington Consensus* (London: Routledge, 2001).

13. David Craig and Doug Porter, *Development beyond Neoliberalism? Governance, Poverty Reduction and Political Economy* (London: Routledge, 2006), pp. 63–94.

14. See for example Mushtaq Khan, "'Security First' and Its Implications for a Viable Palestinian State," in Michael Keating, Anne Le More and Robert Lowe, eds., *Aid, Diplomacy and Facts on the Ground: The Case of Palestine* (London: Chatham House, 2005), pp. 59–73.

15. Palestinian National Authority, *Homestretch to Freedom*, pp. 3–4.

16. Palestinian National Authority, *Ending the Occupation, Establishing the State*, p. 11.

17. Palestinian National Authority, *Homestretch to Freedom*, p. 4.

18. See for example United Nations Conference on Trade and Development, *Trade and Development Report* (New York and Geneva: UNCTAD), 2010.

19. The Arabic version of the Palestinian National Authority *Homestretch to Freedom* is titled *Appointment with Freedom*.

20. For the few critical discussions of the PRDP and PA's statehood program, see Adam Hanieh, "Palestine in the Middle East: Opposing Neoliberalism and US Power," *Socialist Voice*, 23 July 2008, <http://www.socialistvoice.ca/?p=311>; Mandy Turner, "The Power of 'Shock and Awe': The Palestinian Authority and the Road to Reform," *International Peacekeeping* 16, no.4 (August 2009), pp. 562–77; Rafeef Ziadah, "What Kind of Palestinian State in 2011?" *The Bullet* (blog), *Socialist Project*, 21 April 2010, <http://www.socialistproject.ca/bullet/339.php>. By focusing on the overriding Israeli occupation constraints on development and growth, agencies such as UNCTAD, Office for the Coordination of Humanitarian Affairs, and Save the Children have helped to keep the statehood program in its proper empirical perspective.

21. Richard Pect, *Unboly Trinity: The IMF, World Bank and WTO* (London: Zed Books, 2003) and Robert Wade, "U.S. Hegemony and the World Bank: The Fight over People and Ideas," *Review of International Political Economy* 9, no.2 (2002), pp. 215–43.

22. Hanieh, "Palestine in the Middle East," and Pete Moore, "QIZs, FTAs, USAID and the MEFTA: A Political Economy of Acronyms," *Middle East Report*, no. 234 (2005), pp. 18–23.

23. See for example Timothy Mitchell, "Dreamland: The Neoliberalism of Your Desires," *Middle East Report*, no.210 (1999), pp. 28–33; Joel Beinin, "The Working Class and Peasantry in the Middle East: From Economic Nationalism to Neoliberalism," *Middle East Report*, no.210 (1999), pp. 18–22; Anne Marie Baylouny, "Militarizing Welfare: Neoliberalism and Jordanian Policy," *Middle East Journal* 62, no.2 (2008), pp. 277–303; Karen Pfeifer, "How Tunisia, Morocco, Jordan and even Egypt became IMF 'Success Stories' in the 1990s,"

*Middle East Report*, no. 210 (1999), pp. 23-27.

24. Khalid Mustafa Medani, "State Building in Reverse: The Neo-Liberal 'Reconstruction' of Iraq," *Middle East Report*, no. 232 (2004), pp. 28-35.

25. Stanley Fischer, Leonard J. Hausman, Anna D. Karasik, and Thomas Schelling, eds., *Securing Peace in the Middle East: Project on Economic Transition* (Cambridge, MA: MIT Press, 1994); The World Bank Group, *Investing in Peace* (Washington, DC: The World Bank Group, 1993).

26. Khalil Shikaki and Yezid Sayigh, *Strengthening Palestinian Public Institutions* (New York: The Council on Foreign Relations, Independent Task Force Report, 1993).

27. International Monetary Fund, *Economic Performance and Reform under Conflict Conditions* (Washington, DC: IMF, 2003).

28. The first Palestine Investment Conference was promoted with the slogan "Palestine is having a party and all the world is invited."

29. Agence France Presse, "Israel Has 'Green Concerns' over Palestinian City," *eNews.ma*, 6 October 2010, [http://www.eneews.ma/israel-have-green\\_i190173\\_0.html](http://www.eneews.ma/israel-have-green_i190173_0.html).

30. However, as noted by United Nations Conference on Trade and Development (UNCTAD), "For all practical purposes, the fiscal . . . policy instruments available to the Palestinian Authority are restricted to expenditure allocation, which is a more limited policy space than that available to local Governments in many countries." in UNCTAD, *Policy Alternatives for Sustained Palestinian Development and State Formation* (New York and Geneva: UNCTAD, 2009), p. 11.

31. Palestinian National Authority, *Palestinian Reform and Development Plan*, p. 14.

32. Hanieh, "Palestine in the Middle East."

33. Palestinian National Authority, *Palestinian Reform and Development Plan*, p. 14.

34. International Crisis Group, "Ruling Palestine II: The West Bank Model," *Middle East Report*, no.79 (2008), p. 22.

35. Ebrahim Harvey, "Managing the Poor by Remote Control: Johannesburg's Experiments with Prepaid Water Meters,"

in David Alexander McDonald and Greg Ruiters, eds., *The Age of Commodity. Water Privatisation in Southern Africa* (London: Earthscan, 2005), pp. 120-30.

36. See for example UNCTAD, *Report on UNCTAD Assistance to the Palestinian People, Developments in the Economy of the Occupied Palestinian Territory*, UNCTAD Trade and Development Board, 57th Session (Geneva: UNCTAD, 13 July 2010).

37. These statistics are available in various reports from the Palestinian Central Bureau of Statistics, Palestinian National Authority (Ramallah: Palestinian Central Bureau of Statistics, 2010), <http://www.pcbs.gov.ps/Default.aspx?tabID=1&lang=en>.

38. See for example The World Bank Group, *The Underpinnings of the Future Palestinian State: Sustainable Growth and Institutions*, Economic Monitoring Report to the Ad Hoc Liaison Committee (New York: The World Bank Group, 21 September 2010) and Oussama Kanaan, Javier Gomez, and Mariusz Sumlinski, *Macroeconomic and Fiscal Framework for the West Bank and Gaza: Sixth Review of Progress*, Staff Report for the Meeting of the Ad Hoc Liaison Committee (New York: IMF, 21 September 2010).

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40. See Nathan Brown, *Are Palestinians Building a State?* (Washington, DC: Carnegie Endowment for International Peace, June 2010).

41. Michael Herzog, *The Middle East Security Agenda: An Israeli Assessment* (Washington, DC: The Washington Institute for Near East Policy, May 2009), <http://www.washingtoninstitute.org/templateC07.php?CID=459>

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45. Hussein Ibish and Michael Weiss, "The Future Palestinian State Takes Root," *The Wall Street Journal*, 2 September 2010, <http://online.wsj.com/article/SB10001424052748704476104575439441883157542.html>.

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49. Alice H. Amsden, *Asia's Next Giant: South Korea and Late Industrialization* (Oxford: Oxford University Press, 1989); Ha-Joon Chang, *Kicking Away the Ladder: Development Strategy in Historical Perspective* (London: Anthem Press, 2002); Jonathan Nitzan and Shimshon Bichler, *The Global Political Economy of Israel* (London: Pluto Press, 2002); Robert H. Wade, *Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization* (Princeton: Princeton University Press, 1990).

50. Jomo K.S. and Ben Fine, eds., *The New Development Economics: After the Washington Consensus* (London: Zed Books, 2006).

51. Ian Black, "Israel Independence Day Overshadowed by Controversy," *Guardian*, 19 April 2010, <http://www.guardian.co.uk/world/2010/apr/19/israel-independence-day-overshadowed-controversy>.

52. Such polls, for instance, all predicted a Fatah victory in 2006.

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54. Pierre Bourdieu's concept of symbolic violence refers to the tacit cultural and social modes of domination leading to structural exclusion and marginalization of those who do not embrace hegemonic ideologies. See for example Anna Leander, "Pierre Bourdieu on Economics," *Review of International Political Economy* 8, no.2 (2001), pp. 344–53.

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56. Sobhi Samour, review of Michael Keating et al., eds., *Aid, Diplomacy and Facts on the Ground: The Case of Palestine*, in *The Palestine Yearbook of International Law* 14 (2006/2007) 2009, pp. 325–32. For central uses of the metaphors see James Ferguson, *The Anti-politics Machine: 'Development'*,

*Depoliticisation, and Bureaucratic Power in Lesotho* (Cambridge: Cambridge University Press, 1990).

57. Emile Sahliyeh, "The West Bank Pragmatic Elite: The Uncertain Future," *Journal of Palestine Studies* 15, no.4 (1986), pp. 34-45; Joseph Massad, "Political Realists or Comprador Intelligentsia: Palestinian Intellectuals and the National Struggle," *Critique* (Fall 1997), pp. 23-35; Lori A. Allen, "Palestinians Debate 'Polite' Resistance to Occupation," *Middle East Report*, no.225 (2002), [http://www.merip.org/mer/mer225/225\\_allen.html](http://www.merip.org/mer/mer225/225_allen.html).

58. To be sure, this is not limited to the profession of Palestinian economists but

is observable across the wider Palestinian social science practice and literature.

59. See for example David Cobham and Numan Kanafani, eds., *The Economics of Palestine: Economic Policy and Institutional Reform for a Viable Palestinian State* (London: Routledge, 2004) and Arie Arnon and Saeb Bamyia, *Economic Dimensions of a Two-State Agreement between Israel and Palestine* (Marseille: Aix Group, November 2007).

60. Karl Marx, "Contribution to the Critique of Hegel's Philosophy of Law," in Karl Marx and Frederick Engels, *Collected Works, Vol. 3* (New York: International Publishers, 1975), p. 182.



A hilltop being prepared for the construction of Rawabi, the West Bank's first Palestinian-planned city, on 6 October 2010. Designed to accommodate 40,000 residents upon completion, the Qatari-backed project has been controversial among both Israelis and Palestinians since its outset. (Abbas Momani/AFP/Getty Images)