



Center for Development Studies



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## **Neoliberalism and Palestinian Development: Assessment and Alternatives**

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## **Abstract**

Neoliberalism is a broad term denoting a set of ideas and practices that have emerged in the wake of the demise of Keynesian economics, the collapse of the Eastern bloc, and the emergence of a unipolar world order dominated by the United States, its allies and their affiliated international financial institutions.

On one level it incorporates a combination of conceptual visions vis-à-vis a given economic, political and social order, while on another, it comprises lived policies and practices, implemented through agents, and based in institutions which transform the material and immaterial organization of production, framing and pre-existing modalities of life.

Ultimately neoliberal practice, as an advanced predatory form of contemporary capitalism, functions as a mechanism of economic and social reordering that extracts forms of rent according to the dominant interests and sub-interests of its adherents and agents.

This research will explore the infiltration of neoliberal conceptualizations within the contemporary Palestinian political regime and its adopted developmental plan. It will problematize the implications of these ideas upon the national liberation movement and its historical goals, while further refracting this analysis to the economic, political, social level.

Alternatively, this paper will attempt to trace what an alternative developmental approach might look like, by challenging the overarching framework, the underlying pre-assumptions and general policies and priorities of the current Palestinian developmental paradigm.

## **Part One: Political Economy of Neoliberalism**

### **Introduction**

The Palestinian experience with neoliberalism is complicated to explain, but at the same time very necessary given the advanced and almost experimental manner in which it is taking form in the OPT, particularly the West Bank beneath the Fayyad/Abu Mazen political trajectory. Its simultaneous imposition and overlapping with the national liberation agenda of the Palestine Liberation Organization (PLO), as implemented in the limited autonomous areas beneath nominal Palestinian Authority (PA) jurisdiction, makes it a particularly unique context of study. In most arenas where neoliberal policies have been implemented, political independence and geographic sovereignty forms the fundamental pre-requisite for implementation of these policies to begin with, even if these policies are criticised for hollowing out such sovereignty. But this does not exist in the OPT. The occupied colonial context Palestinians in the OPT live beneath attests to a more complicated set of dynamics. That is to say, the actual neoliberal policies at play regarding the economic policies, governance structures and institutions etc. realized through the PA apparatus, forms a unique dimension to neoliberal praxis in general, which at the same time cannot be separated from broader political and political-economic dynamics in motion locally (Palestine/Israel) and regionally (MENA region).

Untangling how neoliberalism has penetrated Palestine's economic arena, and attempting to lay the theoretical and practical policy orientations that might compose an alternative to these policies, entails a patient disclosure of theoretical, historical, political and policy-oriented explanations, which are as of yet undocumented or undisclosed in any comprehensive manner by any particular field of research. Indeed discussions of neoliberalism in general as it pertains to the MENA region has tended to lag behind much scholarly discourse, despite the fact that it has been a particularly vibrant theatre for the application of these ideas. The explosion of the "Arab Spring" in the winter of 2010/2011, continuing into the present has helped to raise interest in this analysis, and shed light on its application across MENA. Nonetheless, there is a paucity of serious research in general, while the Palestinian context is equally neglected, despite the existence of helpful contributions here and there. (See Khalidi and Samour 2010, Hanieh 2008, Samara 2000 & 2001, Nakhleh 2011) In this regard, this study must be seen as wading into largely untested waters, both in its analytical and in its propositional role.

This study will attempt to survey how neoliberal ideas have penetrated the Palestinian developmental policy paradigm.

It will then attempt to pose alternatives to this paradigm by counter-modelling its assumptive basis and practical implementation, in so far as this is conceptually possible and advisable.

Both endeavours are admittedly large and unruly, with questions of time and resources necessarily limiting this study. For its very composition, there has been no alternative but to move quickly across a chosen set of working definitions, used to

build and structure the analysis and arguments herewith. This is what is responsible for the study's tone, as well as its admitted inattention to armouring itself against potential criticisms, which would weigh down its argumentative alacrity. In this respect, the author apologizes in advance. In so far as a study of this sort is designed to provide answers, any true research must really begin by understanding what the actual questions are. One hopes at least some of these questions have been raised here.

## Neoliberalism and Development

*In order to understand neoliberal praxis in Palestine, and to pose alternatives to this agenda, there is no avoiding grounding oneself in a solid definition of what we mean when we actually use the term “neoliberalism”. Because the term itself has dual ideational and policy relevance, and is already situated along a weighted epistemological and discursive trajectory, this section will focus on attempting to gain a command for what we say when we refer to the term. It will further attempt to define the, relevant political and historical context that forms the meta framework that creates the stage upon which these ideas come to life in the Palestinian theatre.*

“Neoliberalism” and its associated developmental agenda can be identified as a body of ideas and practices rooted in neoclassical economic theories, which began to take form in policies of Western governments and international financial institutions (IFIs) throughout the mid-1970s to the present. High debt; inflation; the oil crises of the 1970s; the crisis of over accumulation; the failure of import substitution industrialization (ISI); the power of organized labour; and the end of the gold standard - all contributed to the demise of the post World War II Keynesian economic model, and the rise of a political milieu favourable to neoclassical ideas amongst Western governments, IFIs and business elites. Keynesianism emphasized governmental intervention in the economy as a regulatory force ensuring certain protections in social welfare. Neo-classicists saw these policies as invasive and stultifying for the growth of “free markets” which were argued as necessary for development, freedom and equal opportunity. The economists and practitioners who embraced neoclassical ideas came to be (critically) referred to as “neoliberals” for their advocacy and reinvention of liberalizing tendencies towards markets as opposed to regulation.

Ten core policies of the neoliberal agenda were identified by John Williamson that have come to be known as the “Washington Consensus” (Williamson, J, 1990). They include fiscal discipline; public expenditure redirection; taxation reform; interest rate liberalization; exchange rate management; trade liberalization; liberalization of foreign direct investment (FDI); privatization of state owned enterprise; deregulation of the economy and; securing and enforcement of property rights. (Van Waeyenberge, E. 2006: 26)

These policies were advocated on a global scale by powerful western states and IFIs, which argued they could enable developing economies to grow and ‘take-off.’ Beyond the policies themselves however lay a deeper core assumption revolving around the role and agency of markets in human life: markets held the key to solving a wide range of human problems – primarily economic, but ultimately political and social as well:

“The widespread use of the market reduces the strain on the social fabric by rendering conformity unnecessary with respect to any activities it encompasses. The wider the range of activities covered by the market, the fewer are the issues on which explicitly political decisions are required and hence on which it is necessary to achieve agreement. (Friedman, M. 1962: 24)

Milton Friedman's emphasis on "rendering conformity unnecessary" identifies a particular perceived relation between markets, social organization and political consciousness: Economics is seen as inherently separate from politics; by opening markets, pre-existent modes of organization and interdependence seen as less efficient to accumulation can be broken down; and the need for political practise and decision-making can be greatly reduced by initiating a process of market selectivity that is said to be ultimately 'technical'. *Markets allow for the disaggregation of political and social problems into micro-issues that can be addressed individually and purportedly void of political determination.*

At the base of neoliberal logic lies the pre-assumptive existence of an autonomous, utilitarian, self-maximizing subject who acts as the individual agent that participates in markets, drives them forward, and ensures, on a collective level, their auto-regulation. *Neoliberalism sees the individualistic imperative in the pursuit of "economic freedom" as forming a core basis of "total freedom."* As such, the role of government is to determine the "rules of the game" and to act as "umpire to interpret and enforce the rules decided on" - but should have no say upon what those decisions are. (Ibid: 15) Governance is to take place "as far as possible through the promotion of certain kinds of free activity and the cultivation among the governed of suitable habits of self-regulation." (Hindness 2002, in Williams, 2008:11).

### **The Post-Washington Consensus**

The disappointing experience of various countries that embraced the neoliberal doctrine throughout the 1980s and '90s gave rise to the revision of strict neoliberal doctrine, in favor of what is now referred to as the 'post-Washington consensus' (PWC). The PWC was inspired by new institutionalist economics, which argued that institutional composition played a critical role in economic performance (Harriss, J. 1995). Dependable, transparent, accountable governmental and institutional practices were necessary as prerequisites if the 'inherently correct' neoclassical ideas were to succeed and lead to economic 'take off.'

The PWC took neoliberalism's core concepts and developed them for the purpose of achieving what was believed to be more stable path to growth: one supposedly less dependent on the diktats of International Financial Institutes (IFIs), and more in favor of policies rooted and embraced by stable social/ class adherents. Local adherents were to "own" their development processes through the institutionalization of adequate incentivization regimes. In such a manner, a society and its government could be oriented toward the collective project of development and growth.

Organizations like the World Bank began seeing the imposition of institutional adjustments and the post-Washington consensus as entailing the "complete transformation of every aspect of societal organization", and not just that of government practice. The latter was nonetheless necessary to ensure efficiency of process, with the ultimate heart of any developmental policy striving to "create and enforce efficient property rights." (Fukuyama: 22-25)

Joseph Stiglitz', head economist at the World Bank from 1997 to 2000 argued for the subjects of development to participate in and own their developmental processes such that markets can work better, and a new society can be brought into being through

market selectivity. By thickening the ownership and participation of recipient communities at least amongst a stable strata of the recipient society, a state's 'social capital' is strengthened and "development" is seen as more sustainable. (Stiglitz, J. 1998)

The private sector, the state (the public sector), the community, the family and even the individual all become the target of development policy incentives, with its concomitant reliance upon market selectivity. The private sector, as in its previous Washington consensus formulation, remains the main agent of change, however the state's role is more enhanced, seen as a complementary, regulatory force to facilitate lowered transaction costs. Finally, the PWC envisions the integration of all strata of development, while the whole system is integrated within global capital: "At each level, the strategy must be consistent with the environment within which it is embedded, at levels above and below. And all of the strategies are embedded within an ever-changing global environment." (Stiglitz, 1998)

### **Criticism**

Substantial scholarly literature deals with a wide range of negative effects produced by these policies both generally, and especially in third world contexts. Cammack argue that IFI policies, particularly in regards to poverty reduction, strive toward "the reshaping of social relations and institutions" in the developing world, in order to "generalise and facilitate proletarianization and capitalist accumulation on a global scale, and build specifically capitalist hegemony through the promotion of legitimating schemes of community participation and country ownership." (Cammack, P. 2004: 190). Donor intention is argued to be "disciplinary rather than empowering," with other scholars concurring. (Ibid:190; Williams, D. 1996) Saad-Filho shares a similar analysis, but frames this process of proletarianization in terms of "asserting the rule of capital on five levels": domestic resource allocation, international economic integration, the reproduction of the state, ideology and the reproduction of the working class. (Saad-Filho, A. 2011)

David Harvey reads the machinations of neoliberalism as an advanced form of capitalist accumulation asserted on behalf of powerful western states constantly engaged in attempting to stabilize the inherent instability of capitalism itself (the crisis of over-accumulation and decreasing rates of profits). This leads capital to seek or manufacture new means of accumulation that can take on various forms including the commodification and privatization of public assets, resources and labor; the monetization of exchange; taxation and; the promotion of the credit system. Pre-existing economic, social and even political structures must be violently repressed or co-opted such that new terrains of capitalist development can be prepared, exploited and integrated into the capital accumulation process. Here the state plays a crucial disciplinary, regulative and institutional role, backed by its "monopoly of violence and definitions of legality." (Harvey, 2003: 145)

Timothy Mitchell draws attention to how neoliberal development practise affects regions like the Middle East where economic and political power are closely intertwined. (Mitchell, T. 2002) The policies, advice and practices of IFIs and western governments obfuscate and ignore the "rent circuit" of the private sector and their connection to military and political elites. Free market economic reform in

practise is really more of a “complicated readjustment of the networks connecting and combining a variety of property assets, legal powers, information sources and income flows”, favouring elites. (Ibid: 281) This contributes to capital and its associated neopatriarchal social formations seeking avenues to turn quick profits, centring economies around sectors like tourism, real estate, food and beverages - a form of development often termed “casino capitalism” (Strange, S. 1986).

Jamie Peck and Adam Tickell focus on how the neoliberal development agenda works on redefining the ‘rules’ of interlocal competition, shaping “the very metrics by which regional competitiveness, public policy, corporate performance, or social productivity are measure[d.]” (Peck, J and Tickell, A. 2002: 387) This ability to act upon the metaframework by which interlocal relations are mediated inevitably influences the political and economic balance of its environment. Social relations are reconstituted “in the image of a brutal reading of competitive-market imperatives,” (Ibid: 384-5) while at the same time, “the neoliberal rule systems are perplexingly elusive.” (Ibid: 400) This seemingly invisible power exerted by the neoliberal agenda over its subjects, results in social and political differentiation, fragmentation and anomie, which can only be understood by reweaving these fragments back onto the holistic logic of neoliberalism and the driving political, economic and geostrategic agendas behind it.

## **Political Economy of Neoliberalism in the OPT**

The driving notions of neoliberalism, in its Washington consensus and post-Washington consensus formulations, together with the critiques levelled against them, have significant relevance to the case of the OPT during the peace process' rise (1993-2000), fall (2000-2004), and attempted revival (2005 to the present) beneath the Fayyad/ Abu Mazen government. That is to say that the peace process as a whole was structured in a manner consistent with the neoliberal developmental notions both in its macro and micro approaches to the 'conflict's' resolution.

The OPT has become a "laboratory of technologies of control" (Weizman, E. 2007), not only where advanced military technologies are tested, but where technologies of governance, social engineering and embedded institutionalization are tested and advanced by the highest-level practitioners of this agenda. In this respect, "[t]he architecture of Israeli occupation can thus be seen as an acceleration of other global political processes, as worst case scenario of capitalist globalization and its spatial fall-out." (Ibid:9-10) The current political order in which Palestinians in the OPT operate, was created as a function of a broader U.S. neoliberal global agenda, which saw to the utilization of neoliberal conceptions at every level of their policy and aid, as well as the aid provided by other elements of the donor community towards the region. Understanding how this situation emerged, and to what effect is crucial for the purposes of comprehending how and why development in the OPT appears as it does. Only by understanding the essential political economy of neoliberalism in the OPT can potential alternatives to the neoliberal developmental paradigm in operation be proposed.

## **Political Economy of Neoliberal Emergence in the OPT**

Neoliberalism does not exist in a vacuum. It operates through agents, with powerful Western states driving these policies, and with subsequent local subagents acting as the conduits through which this policy takes form on the ground and through institutions and their related practices and networks. Understanding the OPT context in so far as neoliberalism is concerned entails understanding where the OPT fits into the broader balance of powers vis-à-vis the interests of global capital. Only then can we understand how the neoliberal practices taking place throughout the OPT through the Fayyad/ Abu Mazen government measure up, and what alternatives can be proposed.

Achcar, Amin and Harvey have already sufficiently described how the Middle East is part of the "dominated periphery" of the "triad" (the U.S. western and central Europe, and Japan) which is of particular geostrategic interest to these powers because of "its oil wealth; its geographical position in the heart of the Old World; and the fact that it constitutes the soft underbelly of the world system." (Amin) Harvey captures the overbearing importance of this region in terms of capital accumulation with his proposition that "whoever controls the Middle East controls the global oil spigot and whoever controls the global oil spigot can control the global economy, at least for the near future."(Harvey: 19) Achcar adds that the recycling of petrodollars back into Western coffers through military purchases, construction projects, bank deposits,

investments in treasury, and securities, also plays an important role in subsidizing and stabilizing Western economies. (Achcar: 33-34)

Consolidating and extending hegemony throughout the Middle East has hence been a chief post-WWII objective for the U.S. entailing suppressing the emergence of any political tendencies that would threaten this (USSR communism, Arab/Iranian nationalism, pan-Islamism etc.). “A rich, powerful, and modernized Arab world would call into question the right of the West to plunder its oil resources, which are necessary for the continuation of the waste associated with capitalist accumulation.” (Amin)

Israel emerged as “a strategic trump card” to this agenda after its 1967 defeat of Pan-Arabist leader Nasser, and the creeping Soviet influence in the region this accelerated. (Achcar) Israel was able to play “a military role as watchdog of imperialist interests in the region”, while “Washington derived political benefits in Arab countries eyes by showing that it had a grip on the watchdog’s leash.” (Ibid: 19)

After the 1991 Gulf War, the U.S. sought to consolidate the dominant position it had carved out for itself in the Middle East throughout the course of the previous 50 years, at the Madrid conference (the regional conflict resolution framework for Arab-Israeli peace), and the Oslo peace process (for Palestinian-Israeli conflict resolution). The latter’s structure and content were consistent with Israel’s post-1967 strategic plans for the OPT (known as the Allon plan), which was devised to preserve ideological (Zionist “Jewish democratic” identity), and geostrategic interests (dominating the land and resources of the OPT). (Achcar, 2004) The peace process allowed for a new phase in Zionist colonial expansion to open up with a tacit U.S. approval, resulting in Israel doubling the number of Jewish settlers in the OPT in just seven years (1993-2000). In this manner, “Israel and the Western powers supporting its project, have imposed a state of permanent war in the region”, all the while supporting the peace process. (Amin, 2004)

At the same time the U.S. saw the long-term prospects of the Arab/Palestinian – Israeli peace process, as an opportunity to eventually work towards the creation of a “New Middle East” through the striking of a Middle East Free Trade Agreement (MEFTA) between different regional Arab players. (Hanieh, A, 2008) A “New Middle East” was the initial slogan of former Israeli Prime Minister Shimon Peres (Peres, S. 1993) and played an important role in Israeli capitalists backing the peace process in its early stages. (Hanieh, A. 2003; Peled, Y. 2008; Bichler, S and J. Nitzan, 2002) Gulf countries were to supply the capital, while poorer Arab countries, the labor. Though these plans never came to fruition, the OPT was envisioned as a transitional, normalizing space between Israel and the Arab world. (Hanieh, A. 2008)

Israel had its own neoliberal interests at stake in the Oslo accords and their framing, particularly in the Paris Protocol of 1994. Nitzan and Bichler have described how Israeli capital formations sought to break from their nurtured cocoon of the protectionist Israeli economy and state, and integrate within dominant capital. The Oslo Accords provided the “political front window” for this shift to take place, as it allowed for breaking the primary and secondary Arab boycotts, and the removal of Israel’s own capital controls. “Profits were to come from open markets in both goods and people instead of war and conflict.”

The breakdown of the peace process in 2000 beneath the weight of its many contradictions, led to the opening of a new era of violence and destruction that would last for much of the next five years. The impetus for Israeli capital to accumulate based upon refocusing itself on its traditional specializations in military technologies and conflict, strengthened, especially beneath the onset of the U.S. global ‘war on terror’ post-9/11, 2001. Already oriented and increasingly integrated with dominant capital thanks to the Oslo process, the Israeli elite had no interest in pursuing an end to conflict with the Palestinians or the rest of the Arab world, as it neither conformed with its perceived geostrategic and economic interests, nor with ideological Zionism - the latter increasingly servicing the redressing of social cohesion problems in Israel due to the effects of neoliberalism locally, and the charged political/national environment of the second Intifada. (Honig-Parnass, T. 2007)

The collapse of the “peace process”, combined with the continued Western support for its client regime Israel, entailed Western governments and IFIs accelerating Palestinian statebuilding plans. Statebuilding was seen as a way to pacify Palestinian national liberation demands, while aiding in the creation of an institutional regime that integrated with the economic, political and social role Palestinians were supposed to play within the region (dis)order.

“Statebuilding” became the common space where Western governments, IFIs and the PLO leadership could find common ground. At the same time however, Western governments and IFIs refrained from applying any real political pressure on Israel for the purpose of achieving a genuine independent Palestinian state, and instead backed Israel’s rejectionist policies by failing to censure its settlement policies, and its frequent war crimes. This highlighted the divergence of understanding between how Palestinians and Western governments understood statehood. For the former, a Palestinian state meant the first step in ending the occupation, and implementing national self-determination. For the latter, statehood meant establishing the institutional, security and incentive regimes need to create security for Israel, economic security for the Palestinians (at least amongst the “private sector”), with the hope that this could lead to political stability. Support of the Abu Mazen/ Fayyad political trajectory, at the expense of the democratically elected Hamas government, was seen as a way for western powers to ally themselves with a wing of the nationalist movement, that saw no contradiction ideologically or politically with these objectives, given that the Abu Mazen/ Fayyad wing also believed in a neoliberal regional development, had already recognized Israel in the framework of a two state solution, and rejected a resistance oriented approach to liberation.

In this sense, neoliberalism in the OPT must be seen as having dual use: On the one hand, the macro and geostrategic importance of the Palestinian question vis-a-vis the West lies in its political significance, as a de/stabilizatory force towards Israel and the region. Western backed neoliberal interventions therefore aim at servicing what ultimately is a *political rent* albeit a negative one - de-radicalization. On the other hand, this political rent is managed through the provision of economic rents (donor aid to the OPT), in the hopes that a longer term aspiration for the extraction of economic rents can be brought about - if not in Palestine directly, then most importantly in the region overall.



## **Part Two**

### **Neoliberalism in Practice**

#### **The PA and “National Development”**

Delineating the contours of neoliberalism in the OPT is complicated by epistemological questions to do with ones frame of reference. In what respect are we to analyze neoliberal policies? Is it as simple as taking, for example, John Williamson’s list of ten key neoliberal policies and comparing Fayyadist government plans to see if we can note similarities? Is it a question of looking at what the World Bank does in terms of implementing and promoting PWC ideas of good governance and transparency, through functioning governmental institutions?

While these are no doubt important aspects to exposing the traces of neoliberal praxis, without understanding and internalizing the political-economic dimension outlined above, such an approach can provide only insufficient explanations. This is because, as previously explained, *the driving intentionality of neoliberal praxis in the Palestinian context is one of political rent extraction. Western governments and IFIs are primarily investing in a political project – not solely an economic project, which though significant, is secondary as far as the near and middle term objectives of the powers backing and facilitating these policies to begin with.* Western aid to the OPT is *not* primarily centered around natural resource extraction, labor exploitation, or deregulation for export-led economies, as is ‘classically’ associated with neoliberal praxis throughout Africa, Asia, or Latin America. There is no particularly large consumer market in the West Bank or Gaza Strip, many of whose residents are too poor any way to buy U.S. manufactured products. *Neoliberalism in the OPT is about politics: securing the western ally of Israel, pacifying the rebellious Palestinian question (economically, and militarily if need be, via Israel) and allowing for “business as usual” throughout the rest of the Arab world (mainly oil extraction, and smooth passage along trade routes), and if possible expanding across the region into Arab markets (MEFTA).*

With this understanding, the PA and its policies must be seen in a different light. As the direct product of Western government financial aid, technical advice and political sanctioning, and with the approval of the occupying Israeli power, the PA was erected in 1994 from the remnants of a greatly weakened PLO apparatus, and funded and empowered with a fixed mandate of operation that serviced the neoliberal objectives of Israel and its western backers. Edward Said long ago described and critiqued how the Oslo Accords were about “self-governance”, with the PA acting as a sub-contracted apparatus for the Israeli occupation on two main levels: “security” (of Israeli citizens, settlers, army etc.) and administrative, (be it with regards to health, education, basic services etc.) (Said 1995) What remained to be said was that subcontracting an occupation - in this case, militarily and administratively – must be read as consistent with a neoliberal praxis, *because it results in the extraction of the very (political) rent seen as necessary for the other macro processes of neoliberal economic accumulation and rent extraction to take place, regionally and indeed globally. Such an understanding is based upon the re-union between the economic and the political, which is artificially divided by the mainstream economic discipline. It is also based upon the notion that powerful western states use different tools to further their strategic interests. This includes economic policies (neoliberalism),*

*military policies (war), subcontracted military policies (military policies of client states), and subcontracted economic policies (IFI neoliberalism). All however must be seen as expressions of the same determining capitalist interests of the states themselves, tailored to particular conditions.*

The use of the PLO leadership, which takes ‘ownership’ over this project, as opposed to an exogenous subcontracted partner, adds echoes of the “ownership” imperative of the PWC. Successful maintenance of an economic and political order is seen, and indeed may be, more stable when economic policies are managed through domestic/indigenous forces who see their interests tied to the projects success overall. All this while real power - and real colonialism – continue concurrent to this regime.

When viewed in this light, as long as the PA observes the tenets, limitations and jurisdictions of its founding mandatory basis (the Declaration of Principles, the Paris Protocol etc.), it cannot avoid embodying a neoliberal apparatus, because of its structural positioning between the occupying colonial power, and the occupied, colonized population. Without breaking from the fixed geographic (Areas A, B, C; the separation of the WB and Gaza); security (“security coordination”) and economic (the Paris protocol) parameters which structure and lock-in the PAs basic functionality, the essentially subcontracted neoliberal nature of this apparatus remains in place.

Only once this structural nature of the PA is comprehended does it become relevant to examine the particular orientation of the PA developmental approach. Analyzing the developmental paradigm of the PA in isolation from an understanding of its structural positioning is the equivalent of analyzing the managerial and administrative functions of slaves in the pre-civil war U.S. economy – how to purchase, expend, feed, clothe, discipline, manage them etc. – without assessing their role in the structure of production. In a word, it misses the forest from the trees.

For this reason, it is crucial to keep in mind that any Palestinian developmental model operates within this framework. This means that it is also necessary to recognize that because of this meta-framework, the basic instruments required for the adoption of a comprehensive developmental plan, simply do not exist in Palestinian hands.

As Mushtaq Khan has noted, “[W]hile the [Palestinian] Authority acquired the power to police its population, it lacked powers to police its borders and negotiate independent trade agreements; it did not have its own currency and it could not define citizenship. As a result, its economic survival and its relationship with the outside world were controlled by Israel in ways that often worsened the already vulnerable situation of many Palestinians.” (Khan and Giacaman 2004)

Khalidi and Samour have equally identified this precarious delimited positioning, describing it in terms of the absence of adequate “policy space” – in this case, for implementing neoliberal policies:

“[T]he PA is deprived of policy tools needed to actually implement the full package of the most conventional neoliberal policies. [...] 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 that of Israel.[...] 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 [IFI] 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."

### **Palestinian Developmental Plans**

In this context, how beneficial is it to speak of developmental plans, and their respective adherence to neoliberal logic?

This question cannot be answered speculatively. The structural positioning of the PA as a neoliberal apparatus does not preclude the relevance of analyzing the more specific policy implications of Palestinian developmental plans. Indeed knowing the more specific geography and composition of neoliberal praxis in play throughout OPT development policies can provide additional bases to both question and counter its logic. It also provides a comparative basis of information and analysis with other geographic contexts, which has additional added value for awareness raising and campaigns. At the same time this must always be done within the framework of understanding the structural positioning of the OPT, vis-à-vis the interest of neoliberalism's Western and Israeli backers overall.

There are other justifications for engaging in such an inquiry. From an academic and policy oriented perspective, the need to enquire into contemporary developmental models being devised and implemented by the PA is necessary because the thrust of contemporary energy supporting neoliberalism is actually being directed there. The structural dimensions, which established the basic neoliberal functionality of the PA apparatus, were erected years ago. What can be said as to what has taken place since then? And how does it relate to the functionality of the structural composition of the PA previously described?

Perhaps it is suitable to recognize that the World Bank, as the beating heart of neoliberal advocacy in the world today, has been extremely active in the OPT, engaging in at least 74 projects between 1994 and the present, investing US\$2.86 billion. (WB website.) The pace of its projects has furthermore accelerated in recent years, with at least 40 projects launched since the death of PLO Chairman Arafat (Nov. 2004). The scope of these projects are far reaching comprising infrastructure, water, health, legal reform, pension reform, utility management, finance, and NGO development among others – attesting to an extremely diverse set of issues. Indeed, judging from its performance throughout the OPT, the World Bank has not been shy to engage in PWC's call for the holistic transformation of society.

At the same time, this heavy presence also needs to be contextualized in terms of the political environment in which these policies were adopted. Roughly 30 World Bank projects have been approved since PA president Mahmoud Abbas used a presidential decree to designate Salam Fayyad as the prime minister of a caretaker government (mid 2007). This questionable democratic step, surely raises questions about the democratic mandate of Fayyad, and his government's right to implement such significant developmental plans in coordination with IFIs and Western governments, when there is no parliamentary oversight to these policies. Major infrastructure, fiscal, and governance "reforms" which 'lock-in' key factors of the future orientation of the Palestinian economy and its corresponding social order and fall out, are being embedded without democratic accountability and oversight – a matter which would appear to give credence to pre-existent criticisms of these institutions, and of neoliberalism in general, as undemocratic.

Of course, and as in other contexts, all this would not be possible were it not for willing local partners who facilitate this praxis on the ground. The Fayyad government, its Reform and Development Plan 2008-2010 (PRDP) and its subsequent National Development Plan 2011-2013, all written in close coordination with the World Bank and other international donor agencies and governments, have become key policy tools through which a neoliberal approach to development is activated throughout the OPT. Though it is not the goal of this study to comprehensively describe how the PRDP and subsequent development frameworks ascribe or diverge from neoliberal praxis as seen in other theatres where this agenda has been implemented by the Bretton Woods Institutions, it is nonetheless necessary to articulate some of the key neoliberal features of this self-described "strategic policy and expenditure framework."

Here the Fayyad/ Abu Mazen development model explicitly endorses neoliberal approaches to development, despite known criticisms of these approaches when implemented in developing countries. For example, the PRDP describes the "eventual Palestinian state" as:

"creat[ing] an enabling environment for a free and open market economy." The Palestinian state is to be "responsive to citizens' needs, deliver[] basic services effectively, and create[] an enabling environment for a thriving private sector. [...] The Palestinian economy is open to other markets around the world and strives to produce high value-added, competitive goods and services, and, over the long term, to be a knowledge-based economy."

Open markets and export led growth is seen as the path to development, despite the less than adequate track record of these policies in countless countries throughout Asia, Africa and Latin America. The experience of developed countries has consistently shown the need for government to protect and incubate nascent industries at least in the early stages of independence. Yet in the OPT context, where independence does not even exist, open markets and export led growth are adopted even before there is a significant productive basis to the economy, let alone control of borders.

The refrain that the "Palestinian private sector must be the engine of sustainable economic growth" is also heard consistently throughout the Fayyad development

model, based upon the sound belief that these policies “generate productive employment, produce high value-added goods and services, and [...] enhance national prosperity.” But such statements provide no explanation for why the private sector must act as the engine of growth, nor adequately defines what “national prosperity” actually is. There appears to be an implicit equation between “private sector growth” and “national prosperity” which conflates private benefit with public good. In this respect, the discourse is noticeably class effacing, refusing to see that profit and growth can be stratified, uneven and differentiated under unregulated economic development, with the weakest and most disadvantaged sectors of a society failing to prosper the way those with power, education, and capital.

“Fiscal discipline” has also been central to Fayyad government development, not only because it is consistent with neoliberal approaches endorsing “austerity” but also because it is one of the few areas where the PA has a sufficient level of ‘policy space.’ The PRDP explicitly called for “slimming down” the PA “leading to a reduction in costs and especially in the wage bill, as an essential prerequisite for the achievement of fiscal stability.” Fiscal reforms were implemented to tighten recurrent expenditures from 50.3% to 41.2% of GDP; no general public salary increases were made over three years at the start of the PRDP, while the overall wage bill was projected to decrease from 27% of GDP to about 22% thanks to retrenchment of the public sector and hiring freezes.

Reducing the subsidization of utility fees (“net lending”) also became another area whereby the PA enforced “fiscal discipline.” Throughout the course of implementation, the Ministry of Finance enforced its plan to progressively reduce net lending from 10.6% of GDP in 2007 to 7.8% of GDP in 2010. It did this based upon a belief that “utility provision will be based on economic principles and will be provided under a full cost-recovery basis.” This was made possible by incorporating an enforcement mechanism that required citizens to present a ‘certificate of payment’ of utility bills in order to receive public services.

Ironically the PA’s developmental paradigm appears aware that such policies are quite problematic in practice, especially when utility subsidization, for example, is particularly relevant to the sectors of the OPT population most economically vulnerable - often refugee camp populations. For this reason, the PRDP, and other development literature frequently feature caveats that read: the “ ‘poorest of the poor’ will be identified through an objective and transparent process implemented by the Ministry of Social Affairs, whereby a specific ‘lifeline’ level of electricity will be provided to ensure that poor and vulnerable families are not deprived of access.” Elsewhere it stresses how the government “will safeguard the welfare of vulnerable groups while pursuing a private sector-led approach to economic growth.” It believes it can do this by “invest[ing] in social development and [by] continu[ing] to build effective mechanisms for social assistance and protection,” as means to safeguard the social and economic differentiation known to arise from unbridled capitalism.

The irony of such statements of course is that they come concomitantly as austerity measures are put in place, be it in terms of freezing expenditure, hiring, wage bills or retrenchment. Is this really ‘investing in social development’, said to insulate weaker sectors and encourage social assistance and protection?

A deeper criticism also needs to be raised on the level of principle. While individual cases can certainly benefit from such interventions, one wonders whether allowing for private sector development is the best approach to tackle the serious condition of unemployment and poverty that already exist in the OPT, and that are likely to worsen in the context of the unleashing of free market capitalism? Or whether export led growth is the answer, when the Palestinian productive base is so weak, and cannot compete with the cheap competitors. Saving ‘the poorest of the poor’ may indeed ‘save’ these populations from starvation or give them electricity, but it avoids addressing the fact that under such a system, *social welfare is treated as a privilege not a right.*

This raises the larger question of where Palestinian rights – national, economic, human - fit in regards to the PA development strategy. The Fayyad framework however avoids the question of rights over all. Instead, it establishes a set of national policy goals strikingly similar to PWC visions for neoliberal development, and aspects of which equally echo the demands of Israel and the international community upon the Palestinian leadership. Palestinian “national policy goals” are described by the Fayyad government in terms of “safety and security”, “good governance”, “increased national prosperity” and “enhanced quality of life”. Notice how the framing of these national policies absences a rights-based terminology, substituting it for goals-based one. This slight reformulation shifts the edifice upon which Palestinian claims are made – from one which conjures up questions of unresolved human and national rights, and obligations of the international community, in favor of a goal-oriented framework equivalent to any independent country’s developmental policy goals. *It is a paradigmatic shift that ignores the historical rights and struggle of the national movement, and elevates new institutionalist practices as national goals in and of themselves.*

In this way, Fayyadist development is consistent in effacing the occupied colonial nature Palestinians preside within. With a form of tunnel vision, it repeatedly describes its intension to “create a secure and stable internal environment in which social and economic development can take place, and in which the institutional infrastructure of a Palestinian state can develop and thrive”, without explaining the actual mechanism for how service-related institutional and governance reforms, combined with private sector growth and security, actually lead to national liberation.

*The fear is of course, that these features - set as national goals moreover - actually entrench the self-governing features of the PA, making it a more efficient neoliberal apparatus, and functioning de facto as a form of occupation by remote control. While the Fayyad paradigm certainly uses the catchphrases where Palestinian rights are implied – calling for “sustained and serious political dialogue, and concrete steps and commitments by all parties towards a lasting peace” - the inexistence of a functional mechanism for how such ‘serious political dialogue and obligations’ will be realized remains its largest weakness. This renders the Fayyad government’s success susceptible to setting up the conditions for its own failure: the more efficient Palestinians become with their self-governance, the less Israel and the international community will feel obliged to actually create a state, given that the desired political rent – self-management, stability – has already been extracted.*

### **Part Three**

#### **Alternatives to Neoliberal Development in Palestine**

What has surveying neoliberalism in the Palestinian theatre shown us, and how is it possible to bring such an understanding into constructing a vision for an alternative Palestinian developmental plan?

Neoliberal praxis is a *composite* of ideas and practices that influence both the framing and content of the way people and societies construct and relate to one other and the world at large. In the OPT we have seen this play out on several levels:

On what might be described as the “meta-framework” level, we see the construction of the PA, in its Oslo formulation, existing as an actual apparatus of neoliberal design. Its essential neoliberal composition derives from its articulation of security, administrative, economic and political regimes, which are mandated by powerful institutions of global capital and Israel, realizing themselves over fixed geographical areas.

In addition to the meta-framework, exists more macro and even micro dimensions to the neoliberal project. We see these in the specific economic and governance policies of the Fayyad government, which restructure the very fabric of a wide array of norms and practices across the OPT – from inter-social relations and space usage, to job markets, civil society and gender relations.

In toto, these policies can be said to aim towards political rent extraction for the more general purpose of asserting the rule of capital internationally, regionally, and locally according to the interests of its major (Western states, Israel) and subagent (Palestinian capital) actors.

With this clear articulation of the current structure of neoliberal development in the OPT at hand, allow us to consider what an alternative approach would need to comprise to both challenge and subvert the existing model.

Here supremacy must be given to addressing the political dimension first, as no developmental plan can exist without the articulation of its political worldview that will form the basis for an alternative Palestinian development model:

*The basis of an alternative Palestinian developmental framework must be rooted in a conceptualization that seeks to end Western/Israeli political rent extraction; challenge and subvert the rule of capital as the driving force of Palestinian development; and unleash the individual and collective potential of the Palestinian people based upon a primary commitment to individual and collective Palestinian rights.*

Here it is worth noting that it is meaningless to articulate the fundamental basis of Palestinian development in terms of “reasserting national interests” or “rights” counterposed to those of neoliberalism. Why? Because there is no avoiding the fact that nationalism means different things to different people, while different social classes embrace and prioritize different meanings to what are essentially malleable

concepts. While certain aspects of the Palestinian elite represented in the Fayyad government may prioritize Palestinian interests and rights by asserting the need for Palestinian statehood via neoliberal praxis, Palestinian refugees may articulate their conceptualization of national right in terms of the need for immediate implementation of the right of return. Both dimensions can be argued to fall within a legitimate interpretation of the historical national objectives of the Palestinian people, and its quest for national self-determination. What differentiates them are questions of strategy, tactics, and priorities.

Clearly elements of the Palestinian economic and political elite are wedded to investing in the “neoliberalism as liberation” model we see articulated in the Fayyad government policies. While this certainly can and should be critiqued, what needs to be avoided is a critique which strictly frames issues in nationalist terms, as this immediately creates a dynamic of what is ‘more’ or ‘less’ nationalist. This begins a process of reification of the national cause and its ideals, which inverts what Palestinian national liberation should be about – liberation of people and their land from those forces, which subjugate and exploit them. Instead it is far more valuable to assert an alternative vision to development, which itself becomes a motivating theme of one’s vision and project of liberation.

What then do we mean by our founding guiding principles of an alternative Palestinian developmental framework?

### **Rejecting/ ending the political rent extraction**

Rejecting/ ending Western and Israeli political rent extraction entails the endorsement of a political project that quite simply rejects or denies the valued political stability that forms the essence of what the neoliberal project and design for the OPT is all about – the modicum of stability created by the erecting of a self-governing body (the PA) as a sub-contacted arm of the Israeli occupation. This means at the very least, withdrawing the legitimacy of the project, which oppresses and displaces Palestinians and denies them their fundamental rights.

In practice, this would minimally entail withdrawing recognition of the state of Israel; framing Zionism as a criminal, racist settler colonial project; and clearly opposing U.S. and Western government foreign policy, which supports and facilitates Israeli policies, and is the ultimate benefactor of the rent extraction to begin with.

Without defining a framework that articulates a value system that recognizes an oppressor and an oppressed, a colonizer and a colonized – the basis for erecting a developmental project, let alone a liberatory one, will be lost.

In sum, this basic tenet of the alternative development model is a statement of rejection of the status quo, based upon an understanding of one’s oppression, and the need to resist it. *It is a line in the sand – development and liberation based upon the concept of resistance. How, where, using which strategies and tactics – these remain to be determined by its adherents and agents.* But establishing an alternative development model upon a resistance footing is the first and most important dimension to the project overall. Through its declaration, the notion of “development

under occupation” as professed and endorsed by the neoliberal project, is forthrightly rejected. Thereafter, “development” – if indeed the term still bears relevance and has continued utility for employment – becomes inseparable from the project of resistance.

### **Challenging and subverting the rule of capital**

Challenging the rule of capital injects a particular character to the nature of this essentially resistance-oriented project. It upholds a vision that does not prioritize the rights of capital over those who lack capital, particularly labor. *It is a way of saying that the priorities of the developmental and liberationist project will not be ruled by financial profit motives or incentives, but by a set of priorities determined by its adherents – the Palestinian people - and their perceived needs for what it would take to activate in practice a resistance oriented development project to realize their rights to national self-determination, liberty and return.*

*Here capital is without national ascription – be it Western, Israeli or Palestinian. This is crucial to assert as an increasingly important vehicle for accelerating Palestinian fragmentation in recent years has been through the unleashing of Palestinian capital on the captive economic conditions of the OPT, via the Oslo framework and Fayyadist neoliberalism overall. By removing the power of capital, and the priority status of profit, as the enshrined value of “free market” creation – by removing these, the assertion of the need for a more even playing field is created amongst the agents and benefactors of the project to begin with.*

Extrapolating upon this dimension within the form of particular economic projects, investments, and sectoral approaches has many potential formulations, but at this point, it is sufficient to assert that *the influence of individual profit motives, market selectivity, and entrenched capital need to be contained and ended as incentivizing elements of a development/ resistance program. In their place, projects need to be structured such that their incentive regimes prioritize collective participation, while their benefits are equally socialized.*

### **Subverting the Neoliberal Apparatus Nature of the PA**

Having outlined the guiding principles of an alternative developmental approach, we now arrive at attempting to subvert the subcontracted apparatus role of the PA, which makes it a neoliberal appendage of the occupation and international capital.

There are two main components of this subcontracting role: the security and the administrative.

Preceding and framing the possibility for such a subcontracting role to begin with are two additional dimensions: the geographic map and the economic dimension. Both elements ensure that a fixed framework exists a priori within which a subcontracting role can be undertaken.

All four elements that enable and compose the subcontracted apparatus-like nature of the PA must be challenged if a genuine alternative developmental approach can be created.

## **The Security Dimension**

This is perhaps the easiest dimension to address. Under the Oslo framework, the security apparatuses were clearly envisioned as subcontracted arms of the Israeli military occupation designed to ensure the security of Israeli citizens, settlers and army personnel, and to discipline the Palestinian population domestically. The heart of neoliberalism's political rent extraction relied upon this, and was always the starting priority of the neoliberal agenda, with disproportionate resources expended towards this end.

Under an alternative conceptualization, this role would no longer exist for Palestinian security forces. Security would be redefined in terms of safeguarding the Palestinian people, rights and property from internal and external transgression. On a basic level, this would minimally entail ending security coordination with the Israeli occupation army, American military personnel (Dayton and the CIA) and EUROCOPS. It would also entail acknowledging up front that resistance against Israel would be legitimized, with people encouraged and empowered to fulfill this mandate in the form they or their elected leadership saw fit. Protecting Palestinians from the Israeli army and settlers would be important. Palestinian abuses of public resources or collective rights would also need to be addressed.

*Outlining the tactics or strategy for such an approach is not the responsibility of this author. To do so would be undemocratic while equally subverting the crucial dialectical and debate-based nature of what arriving at such a plan entails. In this regard, under this alternative development/ resistance program, securing sufficiently democratic methods of organizing and arriving at collective decisions abided and enforced by the population, would be almost as critical as the decisions made. For without a methodology of communication, information gathering, processing, decision making, and enforcement, collective energy and resources are likely to be squandered, and mass self-interest has the potential to reign. It thus becomes the role of political leaders and a healthful political/ discursive sphere to foster and deepen the existing political currents such that conditions for a development/resistant project emerge.*

## **The Administrative Dimension**

The creation of the PA lifted an enormous administrative burden from the Israeli occupation. Is it reasonable to attempt to reverse this, and to return these functions to the occupation until genuine liberation or independence is achieved? Is there a third alternative?

While the thought seems radical, the prospect of returning the administrative functions handed over to the Palestinians under the Oslo accords must be considered seriously, and may in fact be the shortest way to begin a process of constructing genuine Palestinian development, resistance and liberation.

The structural problem with the current framework is that it allows for Palestinian control over limited aspects of their social services (education, health, fulfilling a delimited set of rights), but which are given at the expense of broader, political rights

- rights to independence, self-determination, return etc. The failure to be able to enjoy any genuine political rights – including the right to control ones borders, natural resources, and the right to issue citizenship, which in effect is the right to have and determine all other rights – essentially means that Palestinian development is impossible unless these tools are in Palestinian hands. Oslo clearly divided between the matters that Israel wished to maintain control over, and those it wished to subcontract out to the PA. International donor aid to the latter financially subsidized these latter functions, while Fayyadism works to lessen the overall cost through proper budgeting, taxation, austerity etc.

What to do? Arguments against returning back administrative responsibilities are based upon the notion that it would only hurt the Palestinians. Schools, hospitals, day-to-day bureaucratic necessities would no longer be under Palestinian control, and may not function at all. While one can understand these concerns, it might not be as apocalyptic a scenario as it sounds, and it is worth articulating what the positive attributes of such a stance would be:

Abdicating power and stepping back from the reins of self-governance, would realign the political element of the Palestinian struggle, placing the legal administrative burden at its correct address – the Israeli occupation and the international community. This would have an enormously *clarifying* role to the international community –on the governance level, civil society, and amongst popular forces. By declaring that Israel legally bears the responsibility of the Palestinian population’s wellbeing, and by Palestinians showing that they abstain from the trap of self governance and endless negotiations – the bulk of the contradictions currently carried by the Palestinian leadership and people would be thrown back out to the Israeli occupation, the Israeli state and people, and the international community at large - financially, politically, morally. The convenient and comfortable abandonment of the Palestinian cause, which took place after the Oslo accords, would be over. The withdrawal of consent over practical matters would powerfully illustrate the end to political rent extraction, and immediately externalize the problem for the international forces driving the neoliberal project.

On the Palestinian level, such a step would also play an important mobilizing and unifying role. The myth of genuine statehood through neoliberal development and negotiations with a Zionist Israel, would definitively end, placing the Palestinians at a crossroads – strategically creating the conditions for Palestinians to collectively seek a solution to their problem. *A major problem with the neoliberal development/ Oslo model is that it raises and mobilizes individual interests and resources at the expense of collective ones. At the same time, it empowers those who are already positioned to take advantage of such conditions (Palestinian capital, elites), while abandoning the great majority who cannot. In sum, there is no real “trickle down” from these policies, while social solidarities –essential for running a resistance program – are eroded.* Abdicating power would provide a clear orientation for the Palestinian project, by politically rejecting the notion of autonomy instead of sovereignty and the disaggregation of Palestinian rights over all. This would emphasize the need for collective solidarities, as opposed to individual interests, creating the material and political basis for organizing a development/ resistance paradigm.

At the same time, Palestinians would clearly need to prepare contingency plans to mobilize and organize society to avoid chaos, plan resistance, maintain a modicum of continued service provision and provide the conditions for economic self-sufficiency – at least within a format that the current balance of forces will permit. Clearly Israel will attempt to take repressive action, and use key tools at its disposal to make such actions as harmful and counter productive as possible. The imperative of leadership, resourcefulness, and management would hence be elevated, while the participation of the widest level of social sectors and the unity of those participating, would play key roles in the project’s strength and efficacy.

*Some critics may argue that handing power back, while preparing contingency plans could simply reproduce the PA in another form. While on the one hand, elements of this might appear to be true, what such a process would do would unmoor the basis of legitimacy of Palestinian governance from its current PA/ Oslo/ neoliberal framework, and set in motion a dynamic whereby an alternative framework of legitimacy, unbounded by the Oslo trajectory, invigorates this project. Rather than markets, new institutionalism, the World Bank and the Israeli army ‘selecting’ the course of Palestinian development, Palestinians would be forced to rely upon themselves and their resourcefulness and alliance building – amongst each other and with external solidarity networks - to meet their needs and rights. A process of natural political and organizational selection rather than market selection would begin to dominate.*

### **The Geography and Trade Dimension**

This begins to dovetail with the issue of the geographic dimension and trade regimes, which form a crucial part of the neoliberal straightjacket Palestinians in the OPT live beneath. The separation Palestinians in the OPT experience from one another (between Gaza and the West Bank, and within the West Bank); between the OPT and 1948 Palestinians; and between the OPT and the diaspora) is a deliberate creation of Israel, the Oslo accords and the neoliberal order it represents. The Paris Economic protocol likewise is superimposed upon this geography, ensuring the nature of Palestinian trade and its submissiveness to the needs of Israeli capital. Can anything really be done about this as long as Israel still holds the keys in the form of the intricate ‘matrix of control’ it has erected over the years – be it in the form of control over “borders”, the apartheid wall, checkpoints, by-pass roads, settlements, military outposts, and the overall archipelago classification of the OPT into Areas A, B, C etc.?

While Israel’s physical domination over Palestinians is apparent, there are contradictions to the current architecture that might be exploited. That is to say, pending the specific demands or needs of a resistance/development project, angles of entrance into the problem may be found in the structure that Oslo created, as well as in the achievements of Palestinian resistance to date.

For example, at present, accessing the West Bank from the ’48 Palestinian side remains open. Accessing Gaza via Sinai, is also somewhat possible. Palestinians with international passports have forms of freedom of movement at least in the West Bank. International and Israeli allies also enjoy similar rights.

In addition to this, the role of the internet, satellite television stations and the speed of communication that is made possible through sites like Facebook and Twitter – all create channels of connectivity amongst Palestinians and between Palestinians and the world that are difficult to target in real time. There are even Israeli networks that can be used as last ditch means of communication.

While there may indeed be limits to what can be achieved in the geographic and trade sphere while Israel still holds the prison gate keys, the point here is to emphasize the following:

*Necessity is the mother invention. If there is a political will based on legitimate needs and rights; if sufficient research and planning are conducted, and resources and investments channeled – solution, be they partial or full, to the variegated geographic and economic problems created by the Oslo map and the Paris accords may be found. At the very least, if solutions cannot be found, the basis for mobilizing solidarity campaigns around such impediments will be created and can be highlighted.*

Furthermore, in order to break out of the neoliberal straightjacket that the Oslo process created, there is a determined need to think ‘outside of the box’, and to consciously reassert linkages between the Palestinian body politic (the OPT, ‘48 and the diaspora) to counter the processes of fragmentation it has undergone at the hands of Israel and the neoliberal market. Likewise, forming and deepening strategic alliances between Palestinians and the Arab and Muslim world, as well as the Western world – consciously targeting the latter’s civil society and working class as opposed to its governmental or corporate elite – would also appear to be key toward unleashing the resources and networks which can help sustain a Palestinian development / resistance project, from an anticipated Israeli crackdown.

*In any case, it should be clarified from the outset that the resistance/ development discussed here, will have little to do with financial profitability, or classical GDP growth, as quantified by mainstream economic modeling. Expectations will likewise need to be calibrated as such. The emphasis instead will be upon attempting to create Palestinian self sufficiency by organizing and socializing resources and alliances; drawing in as wide a circle of participating Palestinians into their development and resistance projects/ program; and quite crucially, ensuring that the messaging of these efforts is communicated effectively and consistently.*

## **The Case of Gaza**

Much of the above discussion relates to the issue of the West Bank, where the machinations of neoliberalism continues to fundamentally structure and manage the unfolding of daily life. At the same time, the experience that the Gaza Strip has undergone throughout the course of the past five years is telling and beneficial for the West Bank, given that two largely separate development models have been in evolution during this time period, as framed by distinct political visions - those of Fateh and Hamas.

In a nutshell, the Hamas government that came to administer the Gaza Strip after the events of the summer of 2007, has demonstrated that significant aspects of the neoliberal order can be subverted if there is sufficient political resolve. The Hamas

government was able to reject the political recognition of Israel, Zionism and the U.S. guided peace process (political rent extraction); reject the subcontracting of security roles; create a political, military and social project based upon an explicit conceptualization of resistance; develop alternative channels of supply which broke the Paris Protocol; and reorganize production, public resource use, taxation, agriculture, and many other aspects of social and economic life along a model that at the very least, was not in alignment with neoliberal economic regional designs. Whether it has been more redistributive or inclusive is difficult to fully determine, although there is evidence to speculate that it has been.

None of this is to ignore either the heavy toll that the residents of the Gaza strip paid at the hands of the Israeli occupation's siege, which deliberately targeted both Hamas and the Gaza population, and was designed to punish both for attempting to break the confines of the Oslo model. Nor is it to overlook problematic questions to do with democratic praxis, labor conditions, or predatory aspects of the new economic system being created beneath the new Gaza economy. In all respects, it is equally difficult to determine whether either model is closer or farther to liberation, without the question of national unity being resolved.

In any respect, the issue of the Hamas oriented development project is raised not so much as to declare it the model of emulation. Rather it is to illustrate that an existing alternative development model exists in the OPT, which already nominally challenges basic tenets of the neoliberal order in important respects. Further study clearly needs to be undertaken to see in what respect this model can be built upon, and how such ideas can be integrated into a broader development/resistance project that includes not only the West Bank, but the broader Palestinian community – where a great deal of the people and resources of the Palestinian cause reside, but so far have largely been ignored or marginalized. What lessons can be learned from the Hamas experiment? How can we not repeat its mistakes? How can we broaden and deepen the resistant aspects of Palestinian development, by drawing in wider circles of participants and socializing the benefits of participation in this project? How can these resistant efforts lay the basis of economic self-sufficiency, social protections, and communal solidarities, which can attract political and material support internationally and regionally for the aim of breaking the alliance of forces which oppress, colonize and forcibly dispossess Palestinians?

### **Concluding Remarks**

The contemporary Palestinian development model operates beneath a core assumption that the Oslo framework provides sufficient maneuverability for economic prosperity and national liberation. Yet despite almost 20 years of experience beneath this model, little prosperity or liberation can be pointed to as evidence of this. The basic power imbalance between Palestinians and the Israel-Western Europe/ U.S alliance has sufficiently and consistently impeded any genuine advancement in negotiations beyond a proscribed limit – a result that can only be described after such a passage of time, as by design.

This research has attempted to describe how the Oslo process was a creation of the neoliberal mindset prevalent in the early 1990s, when the US attempted to consolidate its unipolar position on the world stage. As part of this thinking, the PA was

operatively created as a subcontracted apparatus of the Israeli occupation. But its role did not end there. Not only would it intermediate between the two, conducting the impossible task of managing the expectations and administration of the colonized population seeking development and liberation. As conceptions of neoliberalism advanced internationally, and as Palestinian rejection of full submission became apparent locally, the Israeli-Western alliance sought ways of addressing these ‘obstacles’. First came the physical repression of the Palestinian people, in Israel’s scorched earth policies during the second intifada. Then came the institutional pacification in the form of the “reformed PA”. Neoliberal development policies became the common meeting ground for Western powers and IFIs, to join up with the Palestinian capitalist class to seek economic, institutional and political stability for mutual benefit. As always is the case with neoliberalism, a certain strata of the local society benefits from these policies, while the majority do not. Moreover, these policies tend to rip apart communities along preexistent fault lines because they set into motion market dynamics of inter-local competition which advantage the powerful, privatize the public, and reframe rights as privileges.

Today neoliberalism is consciously used as a tool by powerful states in the OPT to reap political rewards – a reward which at the end of the day can only be characterized as a form of liquidation of the Palestinian cause and the socio-political formations that continue to demand Palestinian rights.

In this context, what does a “buzzword” like development really mean? Palestinians have no alternative under such conditions but to entrench themselves in an ethos and praxis of resistance which attempts to organize and consolidate their material, immaterial and human resources for the purpose of surviving the daily machinations of Israeli colonialism, and pushing back for the purpose of winning their rights. The clearer their vision of the forces that oppress them, the clearer their answers will be in attempting to resist them.

In this regard, Palestinians have the unenviable position of being oppressed by the forces of settler-colonial Zionism, U.S. imperialism and neoliberal tinkering. An alternative development plan must take up the task of resisting the fragmentational effect of all three.

Under such conditions, the highest priority must be given to ensuring that the common good and public interest are vigilantly protected at the expense of individualistic gains and profits which corrode social solidarities and the overall strength of the Palestinian cause. As Khalidi and Samour have noted, “public ownership, public services, public investment, and public welfare seem to be the key policy innovations of the coming period.” In so far as this general approach to policies can be implemented in the context of an overall resistance oriented framework, so be it. The more Palestinians prepare, strengthen and organize their communities and resources, the better positioned they will be to resist the predictable onslaught against them, and win adherents to their cause, and their rights in general.

**TOTAL WORDS: 11,682**

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