

Lineages of Revolt

Issues of Contemporary Capitalism
in the Middle East

Adam Hanieh



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CHAPTER 5

Class and State in the West Bank: Neoliberalism under Occupation

Support for Palestine has long been a deeply held principle of radical political movements in the Middle East. Throughout much of the 1970s, Palestinian refugee camps in countries such as Jordan and Lebanon formed the axis of struggle against pro-Western regimes in the Arab world, providing a fertile ground for political and military training for much of the region's Left (and, indeed, globally). These movements forced even the most reactionary governments in the region to pay lip service to the cause of Palestinian rights. In later decades, the successive uprisings of Palestinians living under Israeli military occupation provoked an outpouring of street demonstrations and other forms of protest across the Arab world—demanding regimes sever political and economic ties with Israel and provide real support to the Palestinian struggle. The political networks that formed in these solidarity movements, often the most palpable expression of resistance to autocratic governments in the Middle East, would later play an important prefigurative role in the uprisings of 2011 (see chapter 7).

Given the preponderant weight of the question of Palestine to Middle East politics, it is striking how little substantive discussion there has been around issues of its political economy. In stark contrast to other parts of the region—where sharp analyses of capitalist development and the strategies adopted by states and ruling elites are regularly dissected and debated—Palestine remains largely viewed as a “humanitarian issue.”

Much solidarity work (both in the Arab world and further afield) typically emphasizes the violation of Palestinian rights and the enormous suffering this entails, rather than Palestine's connection to the wider region and its articulation with forms of imperialist power. Placed in a category of its own, Palestine has become an exception that somehow defies the analytical tools used to unpack and comprehend neighboring states.

This chapter presents a counternarrative to this exceptionalism, arguing that the political economy of Palestinian class and state formation is an essential feature to understanding Israel's ongoing colonization and dispossession of the Palestinian people. This process has unfolded through what is akin to "bantustanization," a term referring to the areas of "self-rule" for the rural Black population in 1950s apartheid South Africa.¹ The utilization of spatial zones like the South African bantustans, which provide a veneer of autonomy but can be easily controlled from the outside, has been a feature common to most colonial projects.² Although the nature of these bantustans in the Palestinian case is significantly different from South Africa—notably in the role that Palestinian labor plays vis-à-vis the Israeli economy—their political implications are very similar. They have involved the creation of isolated spaces in which limited autonomy is permitted but movement between them is dependent upon Israeli authorization. This spatial separation tends to foster a dynamic of cultural and national disintegration as identities become centered around the local. It also leads to the development of distinct social formations, as different trajectories of class and state formation take root in each isolated enclave.

The discussion below focuses on the nature of class and state formation in one of these zones—the West Bank. The overriding theme since the onset of Israeli occupation of the West Bank in 1967 has been the transformation of Palestinian society from a predominantly rural existence—with social reproduction centered around agriculture and the traditional authority structures of village life—to an incorporated, dependent, and subordinated appendage of Israeli capitalism. This mode of incorporation has underpinned a change in the social relations of the West Bank, characterized, on the one hand, by the proletarianization and dispossession of much of the West Bank population, and, on the other, by the development of a tiny layer of Palestinian capital that articulates Israeli rule and whose accumulation is dependent on this mediating position. This outcome has been achieved through the progressive seizure of Palestinian land and resources by the occupying power and the encirclement and regulation of Palestinian movement through the political, bureaucratic, and military apparatus constituted by the occupation.

The first half of the chapter presents a historical account of this process from the beginning of Israel's colonization in 1967 until the end of the Second Intifada, or Palestinian uprising, around 2005. It traces Israel's strategic attempts over these four decades to formalize a system of bantustanization and to establish Palestinian culpability for how

this system operates. The second half of this chapter turns to an examination of what this ongoing territorial disintegration looks like under neoliberalism. It shows how a capitalist class has formed in the West Bank, closely linked to the structures of the ruling Palestinian Authority (PA), which has embraced a neoliberal vision with the same basic assumptions and consequences as those discussed in previous chapters. This neoliberal turn has recently been codified in the Palestine Reform and Development Program (PRDP), an economic development plan strongly supported by the World Bank and other donors, which holds major implications for the nature of the Palestinian struggle.

These transformations of Palestinian society form the corollary to the arguments advanced in chapter 2, which indicated how Israel's alliance with US power—acting through both military means as well as the normalization demanded by neoliberal trade and investment agreements—was central to the political subordination of the wider Arab region. An element necessary to this process has been the cultivation of a Palestinian leadership that is fully incorporated into patterns of Western domination, one that has been willing to provide the “green light” for other Arab regimes to end the isolation of the Israeli state. This Palestinian leadership is largely headquartered in the West Bank (hence the geographical focus of this chapter), but the explanation for its acquiescence is not simply found in “corruption” or misplaced strategic decisions. Of course this should not be taken as an endorsement of the West Bank as the “future Palestinian state” or as limiting the nature of the Palestinian struggle to the territories occupied in 1967. By contrast, this chapter is firmly situated in the perspective that the Palestinian people have the right to return to their homes and lands from which they were driven out in 1947–49, a historical moment that Palestinians refer to as *al-nakba* (the catastrophe). The point, however, is to understand the processes that have led the West Bank–based Palestinian leadership to become the core of accommodation with US strategy for the region.³ Rather, this chapter aims to show that the weakness of leadership is causally tied to the dependency and subjugation that characterizes Palestinian class and state formation in the area. In this manner, the political economy of the West Bank can be seen to form an essential link to imperial rule and the patterns of capitalist development throughout the rest of the Middle East—one that extends far beyond a purely rights-based focus on Palestinian suffering.⁴

The Occupation of 1967

From 1948 until the Israeli occupation in 1967, the West Bank was under Jordanian rule.⁵ During this period, Palestinian society was, for the most part, rural and often described as Jordan's “food basket.”⁶ The West Bank constituted around one-quarter of Jordan's arable land, generated over 60 percent of its fruit and vegetable crops, and accounted for more than one-third of its grain and livestock produc-

tion.⁷ Christian holy sites also underpinned the Jordanian tourism industry, with the West Bank responsible for 90 percent of the country's tourism revenues.⁸ The Jordanian government deliberately restricted investment and rejected any attempts at land reform, perpetuating the same types of landownership and social structures that had existed since Ottoman times. In the rural areas, life was organized around patriarchal village heads known as the *mukhtar* and landownership was highly concentrated—8.6 percent of landholders, those who had farms more than 10 hectares in size, held 38 percent of the land; nearly half of landowners were forced to survive on land of less than 2 hectares.⁹ Around 70 percent of land in the West Bank was privately owned and farmed by its owners; tenant farmers cultivated the other 30 percent.¹⁰ In this context, family structure was dominated by a central patriarchal authority, and socioeconomic life focused on agricultural production. Sharecropping—an arrangement in which a landless farmer would be provided with a share of the crop in return for its cultivation—was fairly common in larger farms of fieldcrops and vegetables.¹¹ Many of these sharecroppers were drawn from the three hundred thousand Palestinian refugees made landless following their expulsion to the West Bank in 1948.

The Israeli occupation of the West Bank that began in July 1967 broke up and disrupted these traditional patterns of social existence. During the war itself, Israel expelled around one-fifth of the Palestinian population, targeting in particular residents of the Jordan Valley and a ring of villages in and around Jerusalem.¹² Much English-language analysis tends to reduce this mass population transfer to a historical footnote of little consequence—one that is largely irrelevant to contemporary politics.¹³ The reality is that the areas depopulated during the war came to form the backbone of the Israeli-only spaces that today divide Palestinian towns and villages in the West Bank from one another. They were not always devoid of Palestinian population or agricultural activity but were consciously emptied and then colonized: first by the Israeli military, then by settler militias organized in movements such as the messianic religious group Gush Emunim,¹⁴ and finally by the Israeli citizens who came to view the leafy suburbs of Israeli settlements as comfortable middle-class neighborhoods. This represents the dehistoricization of place and space—in which the recurrent thread of expulsion is disappeared from history and the “facts on the ground” are cast as normality.

In the immediate aftermath of the war, Israeli political leaders held two counterposed views on what to do with the Palestinians they had conquered in the West Bank—a population that, along with Palestinians in Jerusalem and the Gaza Strip, constituted the equivalent of nearly one-third of the Israeli population at the time.¹⁵ The first view considered the occupied areas as an indivisible part of the Zionist homeland that should be incorporated into Israel. The second view, which eventually won the debate, rejected

any granting of citizenship rights to Palestinians in the West Bank (and Gaza Strip) because of the implications this held for the Jewish character of the Israeli state.¹⁶ Instead, a military government was established that would come to control every aspect of life in the West Bank; Palestinians did not become Israeli citizens but carried ID cards and were subject to Israeli military law (based on a system similar to the military laws applied to Palestinian citizens of Israel until 1966).¹⁷ The military governor, a high-ranking officer in the Israeli military accountable only to the prime minister, would be the final arbiter regarding all decisions in the territories.

These demographic debates were closely connected to what to do with the land itself. Having decided that the Palestinian population would not be incorporated with citizenship rights into Israel, the Israeli government began to confiscate Palestinian land and build settlements in the areas that had been depopulated in 1967. The initial strategy guiding this settlement project was the Allon Plan, named for Yigal Allon, an Israeli general and deputy prime minister of the Labour Party following the 1967 war.¹⁸ Allon's logic was straightforward: Israeli settlements would be placed between major Palestinian population centers and on top of water aquifers and fertile agricultural land.¹⁹ An "Israeli-only" road network would eventually connect these settlements to each other and also to Israeli cities beyond the West Bank. In this manner, Israel could seize the land and resources, divide Palestinian areas from each other, and avoid as much as possible direct responsibility for the Palestinian population. Based on the population transfer that occurred during 1967, the Allon Plan aimed at the annexation of around 40 percent of the West Bank into Israel proper.²⁰ From 1967 to 1977 the Allon Plan was followed faithfully by the Labour-aligned Israeli governments of this period. By the beginning of 1977, twenty Israeli settlements had been established in total—75 percent of them in areas identified by the Allon Plan.²¹

With the coming to power of the Likud government in 1977, the construction of settlements fell under the auspices of Ariel Sharon, then minister of agriculture and chair of the Ministerial Committee on Settlements. By 1981, the visions advanced by the Likud government had evolved into a coherent strategy known as the Sharon Plan, which shifted geographic focus away from the areas successfully colonized under the Allon Plan toward the western highlands of the West Bank.²² The central feature of this plan was a belt of settlements east of the Palestinian towns of Qalqilya and Tulkarem (located in the northwest of the West Bank), which were highly significant to Israeli control for two reasons. First, they were the location of the most important Palestinian agricultural areas in the West Bank following the disappearance of Jordan Valley lands in 1967. After Israel took control of these areas, Palestinians became almost completely dependent on Israeli food imports for day-to-day survival. Second, the western mountain ridge straddled the site of the major water aquifer in the West Bank. Command

over this gave Israel access to large quantities of water—equivalent to about one-third of Israel's water consumption—that could be pumped to the 2.5 million Israeli citizens in Tel Aviv and the central areas of the country.²³

Combined with restrictions on the movement of farmers and their access to water and other resources, these massive waves of land confiscation and settlement building during the first two decades of the occupation transformed landownership and modes of social reproduction. From 1967 to 1974, the area of cultivated Palestinian land in the West Bank fell by around one-third.²⁴ The expropriation of land in the Jordan Valley by Israeli settlers meant that 87 percent of all irrigated land in the West Bank was removed from Palestinian use.²⁵ Military orders forbade the drilling of new wells for agricultural purposes and restricted overall water use by Palestinians, while Israeli settlers were encouraged to use as much water as needed.²⁶ With this deliberate destruction of the agricultural sector, poorer Palestinians—particularly youth—were displaced from rural areas and gravitated toward working in the construction and agriculture sectors inside Israel. In 1970, the agricultural sector represented over 40 percent of the Palestinian labor force in the West Bank. By 1987 this figure was down to only 26 percent. Agriculture's share in the Palestinian GDP fell from 35 percent to 16 percent between 1970 and 1991.²⁷

As the weight of agriculture declined, Israel increasingly took control over Palestinian markets. Local Palestinian industries were destroyed as Israeli-produced foods and manufactured goods flooded the West Bank. Industrial activities that did emerge, notably textiles and leather, were usually subcontracted from Israeli companies and concentrated in very small workshops of fewer than five people.²⁸ Palestinians involved in these activities were provided with raw materials (for example, cloth) that they then distributed to small firms or households, earning a commission once they returned the final product to the Israeli owner. At the same time, select merchants were granted import and export rights by the Israeli authorities and permitted to distribute Israeli products within the West Bank. Frequently these merchants were individuals who also collaborated politically with the Israeli military. Others worked as labor subcontractors, earning commission by providing Israel with a daily supply of Palestinian workers. In all cases, the Palestinian capitalist class that emerged alongside the occupation was characterized by its dependent but allied relationship as a key interlocutor with Israel.²⁹

Alongside this creeping strangulation of the Palestinian political economy, Israel erected a complex bureaucratic apparatus aimed at creating a layer of Palestinians who were dependent upon the Israeli military.³⁰ Employing the carrot-and-stick technique, this layer presented a Palestinian face to Israel's occupation.³¹ There were various mechanisms through which this mediation took place. In 1981, Israel established the Civil Administration, which saw thousands of Palestinians employed as front-line police in Palestinian cities and villages in the West Bank and Gaza Strip. In addition, Israel

moved to strengthen a network of so-called Village Leagues as an alternative to the outlawed PLO, which largely operated outside of the country and had adopted a sharp orientation toward a Palestinian-led struggle in the wake of the defeats suffered by Nasserism and Arab nationalism in 1967. The Village Leagues were permitted to carry weapons and arrest and interrogate people; they also dispensed family reunion permits, travel permits, and licenses to build or open businesses. Many essential tasks were impossible to accomplish without Village League consent, which ultimately depended upon obeisance to the Israeli military. Funds from the Israeli government for "development" projects were channeled through the Village Leagues in an attempt to undercut support for other bodies affiliated to the PLO. Nonetheless, despite the fact that Ariel Sharon attempted to portray the Village Leagues as the "moderate leadership" of the Palestinians—a term he used in talks in 1982 with the US secretary of defense, Caspar Weinberger—they were widely rejected by Palestinians.³² Village League representatives were assassinated by activists, and most of the Palestinian population continued to regard the PLO as their sole, legitimate representative, despite its illegality.³³

These developments had a profound effect on both the Israeli and Palestinian social formations. For Israel, the incorporation of the West Bank into its economy significantly increased the size of Israel's domestic market, providing a captive consumer base and a source of cheap and highly exploitable labor. The resulting Israeli economic expansion was dubbed the "Palestinian boom." By the mid-1980s, Palestinians from the West Bank and Gaza Strip made up around 7 percent of the Israeli labor force.³⁴ Around one-third of the West Bank labor force worked in Israel in 1985,³⁵ with around half this number working in the construction industry—a vital sector that was at the core of Israel's capitalist class, composed of large conglomerates tied to the state, private capital, and the labor Zionist movement. In this manner, Palestinian labor filled the lowest rungs of the labor market and covered some of the demand shortfall caused by prolonged Israeli military service for Jewish citizens.³⁶

Simultaneously, in the West Bank and Gaza Strip, the dramatic shifts as a result of these developments meant that traditional authority structures began to break down as a generation of Palestinian youth were proletarianized and received independent sources of income. In 1970, only 43 percent of the employed labor force in the West Bank was made up of wage earners. By 1987 this had increased to 63 percent.³⁷ Money from Palestinians employed in Israel represented around one-quarter of Palestinian GNP between 1975 and 1985.³⁸ A coterminous process of urbanization took place as families were forced off the land and sought work and residence in Palestinian cities. Wealthier Palestinians from urban areas migrated to the Gulf, where they worked as teachers, as engineers, and in other skilled positions (see chapter 6).³⁹ The political implications of these changes were reinforced by the growth of the Palestinian national

movement outside the country—most notably the Palestinian resistance movements that had shaken the Hashemite monarchy in Jordan through the 1970s and then fought the Israeli occupation and their domestic collaborators in Lebanon. Palestinian political factions brought this politicized atmosphere to the West Bank and Gaza Strip, particularly among the generation of youth attending university for the first time in their families' history.

These social changes were important factors underlying the eruption of a popular mass revolt by Palestinians in 1987. The First Intifada (literally, "shaking off") was a prolonged and large-scale uprising that lasted into the early 1990s and rapidly stamped itself on popular consciousness as a turning point in the Palestinian struggle. Israel's initial response to the uprising, summed up in prime minister Yitzhak Rabin's exhortation to "break the bones" of stone-throwing youth, was violent and characteristically brutal.⁴⁰ Despite the generally unarmed character of the uprising, Israeli soldiers and civilians killed around 1,500 Palestinians, including an estimated 300 children.⁴¹ Thousands suffered severe injuries and tens of thousands were locked away without charge or trial. Violence, however, was not the only means that the Israeli state used in its attempt to quash the uprising. No less important to the Israeli response was the rapid development and deployment of a new institutional architecture that helped to entrench bantustanization. Most significantly, this included the widespread introduction of movement restrictions—particularly curfews, zoning restrictions, and the use of permits, passes, and military checkpoints to control entry and exit from Palestinian areas.⁴²

By February 1988, travel between the West Bank and Gaza Strip had become almost impossible due to Israeli restrictions. On March 15 and 17, 1988, these restrictions were officially codified in two Israeli military orders that prevented movement between the West Bank and Gaza Strip.⁴³ This separation was to become a permanent and normalized feature of Palestinian life during the 1990s. In 1989, for the first time, colored ID cards were issued to Palestinians in the West Bank and Gaza Strip that identified whether the bearer was a former political prisoner or considered politically active.⁴⁴ The cards also identified place of residence. In the Gaza Strip, a regulation was passed on May 15, 1989, requiring magnetic ID cards for Palestinians wanting to enter Israel for work.⁴⁵ All these various institutional innovations laid the basis for the pass system that developed through the 1990s and 2000s, fully controlling not only entry and exit from the West Bank and Gaza Strip but also the movement of Palestinians within these areas.

Oslo Accords

The uprising came to an end with the signing of the Oslo Accords in 1993. Oslo built heavily upon the logic of the preceding decades, raising once again the notion of Palestinian "self-rule." This time, however, it was to take place under the lead-

ership of the PLO, which had returned from exile proclaiming that a Palestinian state would soon be established in the West Bank and Gaza Strip. The returning cadre of the PLO helped to constitute the Palestinian Authority (PA), a Palestinian government with limited powers that were elaborated in Oslo and further agreements signed during the 1990s.⁴⁶

The impetus for the Oslo signing was strongly connected to the processes discussed in chapter 2. Following the Gulf War (1990–1991), US strategy had turned toward the attempt to link its various regional allies into a single economic space, characterized by free trade and investment flows. A precondition for this was the dropping of Arab economic boycotts against the Israeli state. From the Israeli perspective, these boycotts were estimated to have cost a cumulative \$40 billion from 1948 to 1994.⁴⁷ But even more important for Israeli capital than the direct cost of being isolated from the Arab world were the barriers the boycott presented to the internationalization of Israeli capital itself. In the mid-1980s, Israel had been hit by an economic crisis addressed in the neoliberal 1985 Economic Stabilization Plan (ESP), which saw the privatization of many state-owned companies and allowed the large conglomerates that dominated the Israeli economy to make the leap into international markets.⁴⁸ The ESP also opened the Israeli economy to foreign investment. Many international firms, however, were reluctant to do business with Israeli firms (or inside Israel itself) because of the secondary boycotts attached to the policies of Arab governments.⁴⁹ In this sense, Oslo was very much an outcome suited to the capitalism of its time—the expansion of internationalization that characterized the global economy of the 1990s.⁵⁰

More important than any substantive resolution of the Israeli occupation, however, was the perception cultivated by the actors involved that negotiations would lead towards some kind of “peace.” This perception permitted Arab governments—led by Jordan and Egypt—to embrace normalization with Israel under US auspices, while obscuring the fact that Oslo actually represented a continuation of the strategies underpinning the preceding forty-five years of occupation. In reality, there was no contradiction between Oslo-style “peace” and colonization—one was the prerequisite of the other.

The mechanics of this dialectic were amply illustrated by the details and outcome of the Oslo process itself. Oslo divided the West Bank into Areas A, B, and C. The PA was given autonomy in Area A, a tiny 3 percent of the West Bank in which around 20 percent of the Palestinian population lived. Another 70 percent of the Palestinian population lived in Area B, over which the PA and Israel shared joint authority, with 24 percent of the territory. Israel fully controlled Area C, with more than 70 percent of the territory. Through this division, the Oslo Accords and subsequent agreements essentially codified the intention of the 1967 Allon Plan—to transfer frontline respon-

sibility for Israeli security to a Palestinian face, in this case the PA, while all strategic levers remained in Israeli hands. In the classic colonialist sense, Palestinians were to be given autonomy and limited self-government, carefully circumscribed within the context of Israel's continuing domination.

The means of this control had been largely set down in the preceding decades. While settlements were designated a "final status" issue under the accords, i.e., to be negotiated over a longer period of time, the Labor government immediately launched a massive settlement expansion after signing Oslo. Sharon had planned this expansion in 1991, offering large economic incentives to settlers to relocate to the West Bank and Gaza Strip.⁵¹ The number of settlers doubled between 1994 and the beginning of the 2000s.⁵² Focusing on the strategic locations established under the Allon and Sharon Plans, large settlement blocs were cut across the West Bank, preventing the natural growth of Palestinian population centers. The settlements were to be connected by another Oslo-era innovation, the so-called bypass roads—restricted-access highways that connected settlement blocs with one another and with Israeli cities, expanding upon the roads built under the Allon and Sharon Plans.⁵³ The 1995 Oslo II agreement outlawed Palestinian construction within fifty-five yards of either side of the bypass roads, rendering hundreds of Palestinian houses vulnerable to demolition. By mid-1996, nearly 230 kilometers of the planned 650 kilometers of bypass roads had been built on confiscated land.⁵⁴

The net effect of all these measures meant that the 90 percent of the Palestinian population living in Areas A and B were confined to a patchwork of isolated enclaves—with the three main clusters in the northern, central, and southern sections of the West Bank divided from one another by settlement blocs. Travel between these areas could be shut down at any time by the Israeli military. All entry to and from Areas A and B, as well as determination of residency rights in these areas, was under Israeli authority. Israel also controlled the vast majority of water aquifers, all underground resources, and all air space in the West Bank—with Palestinians thus relying on Israel's discretion for their water and energy supplies. Whereas Israel by the late 1990s used close to 500 million cubic meters of water annually, drawn from aquifers in the West Bank, Palestinians in the West Bank used only 105 million.⁵⁵ A similar structure existed in the Gaza Strip, with the PA given "autonomy" and Israel retaining control over settlements and military bases. Permits were even required for Gazan fishermen to use the sea. Likewise, the entry and exit of goods and people from the Gaza Strip came under Israeli control. Movement between Gaza and the West Bank was made virtually impossible, with Israel rendering the two areas separate entities. It was, as the Palestinian author and activist Ahmad Qatamesh described in a prescient 1999 article, a PA that had "authority without any sovereignty over segmented areas, which saw the return of hundreds of thousands of PLO cadre and their families and the establishment of a Palestinian bu-

reaucracy with governmental powers—over 120,000 strong and making up more than 20 percent of the labor force.”⁵⁶

A Disposable Reserve Army of Labor

As these movement restrictions took hold, the nature of Palestinian class formation began to shift again in tandem with the evolving system of control. Beginning in 1993, Israel consciously moved to replace the Palestinian labor force that commuted daily from the West Bank with foreign workers from Asia and Eastern Europe.⁵⁷ This substitution was partly enabled by the declining importance of construction and agriculture as Israel’s economy shifted away from construction and agriculture toward high-tech industries and exports of finance capital in the 1990s. Foreign workers were more costly than Palestinian labor, as they had to be housed and were brought to the country by labor-hire firms set up in Thailand, the Philippines, and Romania. But they were highly exploitable, with Israeli employers frequently confiscating passports of foreign workers on arrival, employing them under very poor conditions, and often withholding pay.

The foreign workers who arrived in the hundreds of thousands following Oslo meant that the Israeli economy no longer relied so heavily upon the exploitation of cheap Palestinian labor. As these changes proceeded apace, Palestinian labor became a “tap” that could be turned on and off, depending on the economic and political situation and the needs of Israeli capital. Between 1992 and 1996, Palestinian employment in Israel declined from 36.2 percent of the West Bank/Gaza Strip total labor force to 14.9 percent.⁵⁸ Earnings from work in Israel collapsed from 25 percent of Palestinian GNP in 1992 to 6 percent in 1996.⁵⁹ Between 1997 and 1999, an upturn in the Israeli economy saw the number of Palestinian workers increase to approximately pre-1993 levels, but the proportion of the Palestinian labor force working inside Israel had nonetheless been almost halved compared with a decade earlier.⁶⁰ These patterns confirm that Palestinian labor had increasingly become a marginal but highly flexible reserve army for Israeli capitalism.⁶¹

Instead of working inside Israel, Palestinians became increasingly dependent on public sector employment within the PA or on transfer payments made by the PA to families of prisoners, martyrs, or the needy. Public sector employment made up nearly 25 percent of total employment in the West Bank and Gaza Strip in mid-2000, a level that had almost doubled since mid-1996.⁶² More than half the PA’s expenditure went to wages for these public sector workers. The other major area of employment was the private sector, particularly in the area of services. This was overwhelmingly dominated by very small, family-owned businesses (over 90 percent of Palestinian private sector businesses employ fewer than ten people) as a result of decades of Israeli de-development policies.⁶³

The population's heavy dependency on the PA for basic subsistence took place alongside the Palestinian economy's increasing subordination to Israel. Israel's complete control over all external borders—codified in the 1994 Paris Protocol, an economic agreement between the PA and Israel—meant that it was impossible for the Palestinian economy to develop meaningful trade relations with a third country. The Paris Protocol gave Israel the final say on what the PA was allowed to import and export.⁶⁴ The West Bank and Gaza Strip became highly dependent on imported goods, with total imports ranging between 70 and 80 percent of GDP.⁶⁵ By 2005, the Palestinian Central Bureau of Statistics estimated that 73.9 percent of all imports to the West Bank/Gaza Strip originated in Israel while 87.9 percent of all West Bank/Gaza Strip exports were destined for Israel.⁶⁶

With no economic sovereignty, the PA was completely dependent on external capital flows of aid and loans, which were again under Israeli control. Between 1995 and 2000, 60 percent of the total PA revenue came from indirect taxes collected by the Israeli government on goods imported from abroad and destined for the occupied territories. This tax was collected by the Israeli government and then transferred to the PA each month according to a process outlined in the Paris Protocol.⁶⁷ If the Israeli government chose to withhold payment of this money for political reasons—as it was to do from December 2000 to 2002—then the PA faced a major fiscal crisis.

The other main source of PA income came from aid and foreign disbursements by the United States, Europe, and Arab governments. Indeed, figures for aid measured as a percentage of gross national income indicated that the West Bank/Gaza Strip was among the most "aid dependent" of all regions in the world.⁶⁸ This aid did not just flow to the PA; literally thousands of development organizations also received and distributed foreign funds, including local and international NGOs, multilateral agencies such as the World Bank and the UNDP, and other bilateral funders such as USAID, Canadian International Development Agency (CIDA), and the UK Department for International Development (DFID).⁶⁹ In addition to the direct funding provided by these organizations, they came to employ a significant number of Palestinians and thus, in their own right, formed a central component of the Palestinian economy.⁷⁰

Not only did the very high dependence on these flows of external capital further cement Palestinian dependence on Israel, it also helped to facilitate the transfer of wealth to Israeli companies. The West Bank was a captive market for many Israeli goods—and because Palestinian consumption was essentially funded through external capital flows it was extremely profitable.⁷¹ Foreign aid to the PA, in other words, was as much aid to Israel as it was to Palestinians. There were additional aspects to Israel's economic control, for example, the fact that there was no Palestinian currency meant that the monetary system was tied to decisions of the Israeli central bank. One conse-

quence was a very high inflation rate in the West Bank, which benefited Israeli companies that sold to Palestinian consumers but simultaneously had a severe impact on the average Palestinian household.⁷²

In this situation of weak local production and extremely high dependence on imports and foreign capital, the economic power of the Palestinian capitalist class did not stem from local industry but rather from proximity to the PA as the main conduit of external capital inflows. Through the Oslo years this class came together through the fusion of three distinct social groups: (1) "Returnee" capital, mostly from a Palestinian bourgeoisie that had emerged in the Gulf and held strong ties to the emerging PA (see chapter 6); (2) families and individuals who had traditionally dominated Palestinian society, often large landowners from the pre-1967 period (particularly in the northern areas of the West Bank); (3) those who had managed to accumulate wealth through their position as interlocutors with the occupation since 1967. The membership of these three groups overlapped considerably, but this new configuration of the capitalist class tended to draw its wealth from a privileged relationship with the PA, which assisted its growth through means such as granting monopolies for goods including cement, petrol, flour, steel, and cigarettes; issuing exclusive import permits and customs exemptions; giving sole rights to distribute goods in the West Bank/Gaza Strip; and distributing government-owned land at below market value.⁷³ In addition to these state-assisted forms of accumulation, much of the investment that came into the West Bank from foreign donors through the Oslo years—e.g., road and infrastructure construction, new building projects, agricultural and tourist developments—was also typically connected to this new capitalist class in some form.

In the context of the PA's fully subordinated position, the ability to accumulate was always tied to Israeli consent and thus came with a political price—one designed to buy compliance with ongoing colonization. It also meant that the key components of the Palestinian elite—the wealthiest businessmen, the PA's state bureaucracy, and the remnants of the PLO itself—came to share a common interest with Israel's political project. The rampant spread of patronage and corruption were the logical byproducts of this system, as individual survival depended upon personal relationships with the PA. The systemic corruption of the PA that Israel and Western governments regularly decried through the 1990s was, in other words, a necessary and inevitable consequence of the very system that these powers had established.

The Second Intifada

The ramifications of this system of control were to become fully apparent with the outbreak of a second uprising in September 2000. The Second Intifada, as it became known, lasted approximately five years and transformed the nature of life

in the West Bank/Gaza Strip. The root causes of the uprising were very much a consequence of the preceding decade: the disastrous deterioration in Palestinian living conditions and the ongoing consolidation of Israeli suzerainty. In July 2000, US president Bill Clinton had invited Israeli prime minister Ehud Barak and Palestinian president Yasser Arafat to Camp David to conclude negotiations on the Oslo Accord's long-overdue final status agreement, which aimed to bring to an end all the outstanding issues, including refugees, Jerusalem, borders, and settlements. Barak proclaimed his "red lines": Israel would not return to its pre-1967 borders, East Jerusalem with its 175,000 Jewish settlers would remain under Israeli control, Israel would annex settlement blocs in the West Bank containing some 80 percent of the 180,000 Jewish settlers, and Israel would accept no legal or moral responsibility for the seven million Palestinian refugees. The negotiations collapsed, with Arafat unwilling to sign away these basic rights. The failure of the Camp David negotiations was followed soon after by Ariel Sharon's provocative visit on September 28, 2000, to Haram Al Sharif (the Noble Sanctuary) in Jerusalem. His visit to a Muslim holy site, accompanied by one thousand armed guards, provoked large Palestinian protests.⁷⁴ Israeli soldiers killed six unarmed protesters during these demonstrations—igniting the Second Intifada.

The Second Intifada, in contrast to the First, was militarized relatively early on. After hundreds of Palestinians were shot dead by Israeli troops during protests, Palestinian factions increasingly began to launch armed attacks against soldiers and to conduct bombings inside Israeli towns. Israel responded with widespread collective punishment, assassination of Palestinian militants, and mass arrest campaigns. As repression grew, the Israeli military reentered Palestinian areas and enforced extended curfews on the population. Between December 18, 2002, and January 19, 2003, according to an estimate of the Palestinian Red Crescent, an average of 430,910 people were stuck in their houses each day.⁷⁵ Alongside this army-enforced lockup, the constant bombardment of cities and infrastructure by helicopter gunships and tank fire generated a humanitarian disaster, with almost 75 percent of the population living on less than the UN official poverty line of two dollars per day through 2003. Up to eighty thousand Palestinians lost their jobs inside Israel or the settlements due to border closures and Israel's refusal to issue permits. According to a study prepared for the World Food Program, the official level of unemployment in the West Bank almost tripled between 1999 and 2002, reaching 28.2 percent of the population.⁷⁶ In some areas of the Gaza Strip, the unemployment rate climbed to over 70 percent.⁷⁷ The human toll was also unprecedented, with over 3,700 Palestinians killed and 29,000 wounded throughout the uprising—the vast majority civilians attempting to go about their daily lives.

All these measures confirmed the degree to which the preceding decades of ban-

tustanization had enabled Israel to rapidly subjugate an entire population through the simple restriction of movement. This process intensified further with the announcement in November 2000 of Israel's plan to build a sprawling barrier through the West Bank, dubbed the Apartheid Wall by Palestinians. Construction began in June 2002, consisting of a network of concrete walls and electric fences, eventually extending to 730 kilometers, which demarcated three principal Palestinian ghettos in the West Bank and locked thousands of Palestinians inside their towns and villages. Its route closely corresponded to the maps elaborated in the Allon and Sharon Plans, confirming that it was envisaged as a final step in the bantustanization of the population. Its effects were demonstrated most sharply in the West Bank city of Qalqilya, which was completely surrounded by the wall in July 2002—an eight-meter concrete barrier, cutting off the 41,600 residents from the outside world.⁷⁸ An Israeli military checkpoint marked the only exit and entrance in and out of the city. The unemployment rate in Qalqilya rose to 67 percent in the wake of the wall's construction and 10 percent of the population were forced to leave the city in order to find livelihood elsewhere.⁷⁹

The effects of the wall and the unremitting repression against the civilian population meant that the Second Intifada began to lose steam in 2004–2005. Arafat, who had willingly signed the Oslo Accords and had generally acquiesced to Israeli diktats through the 1990s, proved reluctant and unable to play the role of Israeli gendarme. Despite the efforts of Israel and the United States—backed by Egypt and Jordan, which promised assistance in training an internal Palestinian security force to repress the uprising—Arafat continued to refuse a complete crackdown on the population. Following a long Israeli siege that held him captive for more than two years in his Ramallah headquarters, he died in November 2004.

The Gaza–West Bank Split

Arafat was succeeded by Mahmoud Abbas, otherwise known as Abu Mazen. Abu Mazen had been a founding member of Fatah, the major Palestinian political faction, and one of its major financial backers in the late 1960s. Since 1983 he had been a central proponent of normalizing relations with the Israeli government, and his accession to the Palestinian leadership was strongly supported by Israel, the United States, and the EU. His coming to power brought a definite end to the Second Intifada—to which he had been strongly opposed from the beginning—but it also cast into sharp relief the nature of Israel's control over the West Bank/Gaza Strip. Bantustanization was fully consolidated in the years following his accession to power, with all the various threads developed in the preceding years brought to bear on the nature of the PA and its policies in the areas it controlled. A principal element of this was the full embrace of neoliberal policies by the PA.

Following the death of Yasser Arafat, Palestinian politics began to fragment inside the bantustans. Fatah splintered into localized, small groups. Arafat's Fatah had been organized through a complicated network of individuals, each with their own localized bases of support. Arafat had sat atop this pyramid structure, controlling the distribution of funds, and each group held different allegiances to individuals within Fatah, which provided for little overall clarity in political program. With Arafat's death this system fractured along local and familial lines. Abu Mazen himself held a tenuous grip on power and spent much of his time traveling overseas. His government was split between competing centers of power and was unable to deliver any improvement in the economic situation or a semblance of order. There was widespread popular anger with the PA over the disorder and chaos in the cities, corruption, the worsening economic condition, and the lack of attention given to the thousands of Palestinians held in Israeli prisons.

In this context, Fatah was strongly rivaled by a second political faction, the Islamic Resistance Movement (Hamas). While a large number of its activists had been killed or arrested by occupation forces, Hamas had built a strong network of social institutions on which many Palestinians relied for survival. Its leadership was widely respected in the immediate aftermath of the Second Intifada and was viewed as untainted by the corruption of the PA, in which it had refused to participate. Hamas sought to convert the gains made during the Intifada into its own political power—and came out strongly against the path of Oslo-type negotiations with which Abu Mazen was so closely associated. The organization chose not to contest presidential elections for the PA in 2005 and, as a result, Abu Mazen won these comfortably. But Hamas did decide to contest the elections for the Palestinian Legislative Council (PLC), which were held in January 2006 after being initially postponed by Abu Mazen. Election results indicated a massive swing toward Hamas. Hamas won 74 out of the 132 seats, compared to 45 for Fatah. The secular-left Popular Front for the Liberation of Palestine (PFLP) managed 3 seats, and 2 seats each went to three smaller parties.⁸⁰ The popular vote for Hamas was a clear rejection of the Oslo process as well as the corruption, nepotism, and profiteering of the ruling party, Fatah.

In the months after the Hamas victory, a national unity government was set up between Hamas and Fatah. Abu Mazen dissolved this apparatus for joint rule, however, shortly after Hamas seized control of the Gaza Strip on June 14, 2007. Separate authorities formed in Gaza (Hamas-controlled) and the West Bank (Abu Mazen/PA-controlled). The complete separation of the two territories was sealed by an unprecedented Israeli blockade of Gaza, controlling all border crossings and the entry of goods and fuel supplies to the more than 1.4 million inhabitants of this "open-air prison."⁸¹ In December 2008, Israel launched a twenty-two-day war against Gaza that killed more

than 1,100 residents and left 50,000 homeless, up to 500,000 without running water, and one million without electricity.⁸² The cost of the damage was estimated to be around \$2 billion.⁸³

The Neoliberal Turn

The 2007 division of the West Bank and Gaza Strip into two completely separate entities merely consummated the long-standing trajectory of bantustanization that began with the occupation in 1967 and reached its zenith in the Oslo Accords. Despite claims to the contrary, the negotiations of the previous two decades had never aimed at achieving a genuinely independent state but were rather a mechanism designed to achieve Palestinian consent to the ongoing colonization of the West Bank and Gaza Strip. Israel's goal was a PA that would police the Palestinian population while allowing the encirclement and isolation of Palestinian towns and villages through the network of settlements, bypass roads, and checkpoints.⁸⁴ Palestinian transit between these isolated areas would be controlled by a complicated system of permits and movement restrictions. These population islands would be given the trappings of autonomy, but effective control would remain in the hands of the Israeli state.

Following the split between Fatah and Hamas in 2006–2007, Israel and other foreign states moved quickly to shore up their support for the PA in the West Bank. On December 17, 2007, at a one-day conference in Paris, more than ninety international representatives from various countries and donor organizations gathered to pledge aid to the PA government, headed by Abu Mazen as president and a former IMF official, Salam Fayyad, as prime minister. The conference was the largest of its kind since 1996, and was chaired by the French and Norwegian governments, then British prime minister Tony Blair (as representative of the Middle East Quartet),⁸⁵ and the European Commission. Following speeches by representatives of various EU member states, the PA, the IMF, and the Israeli government, attendees pledged over \$7.7 billion to the PA. The main impetus for this financial support was the new PA economic strategy, the *Palestine Reform and Development Plan for 2008–2010* (PRDP), which powerfully confirmed the realignment of class power that had occurred over the last decade.

The outlines of the PRDP were first presented in November 2007 and drew upon a detailed series of proposals written by the World Bank and other international financial institutions.⁸⁶ Since that time it has become the guiding framework for economic policy in the West Bank areas where the Abu Mazen–led PA has effective control. Its logic was explicitly neoliberal, pledging the PA to undertake a series of economic reforms in order to reach a “diversified and thriving free market economy led by a pioneering private sector that is in harmony with the Arab world, [and] is open to re-

gional and global markets.”⁸⁷ Echoing a worldview based upon the mutually reinforcing and necessarily compatible relationship between democracy and free markets, it noted that “The eventual Palestinian state . . . will protect human rights, religious tolerance and the rule of law, promote gender equality, create an enabling environment for a free and open market economy, and serve the needs of disadvantaged and vulnerable groups, enabling all citizens to fulfill their potential.”⁸⁸ In this vision, the unhindered operation of the market, coupled with the formal trappings of political democracy, would produce the best possible outcome. Rich and poor, Palestinians and Israelis—all would benefit from the increasing spread of market relations.

There were three main policy components to the PRDP: public sector fiscal reform, private sector-led development, and security. The reform component committed the PA to a program of fiscal tightening that exceeded measures imposed by the IMF and the World Bank on any other state in the region. This included a sharp reduction in the size of the public sector (where the PA committed itself to a 21 percent reduction in jobs by 2010⁸⁹; a promise not to increase public sector salaries, which in effect meant a sharp decrease in the real wage due to the high inflation in the West Bank; as well as an end to the subsidization of electricity and water bills through the requirement that citizens present a “certificate of payment” in order to receive any municipal or government services. This last measure had a dramatic impact on the poor because the subsidization of electricity and water bills (i.e., allowing these services to continue despite the nonpayment of bills) was a central means of survival for many people in an environment of rapidly spiraling poverty levels. Vital municipal services—including requests to obtain movement permits—could be denied if debts were outstanding. As the vast majority of these payments were destined for Israeli companies controlling the supply of water, electricity, and telephone access, the PA was, in essence, agreeing to become a debt collector for the Israeli occupation.

For the impact of these measures to be fully comprehended, they need to be placed in the context of the economic situation at the time. During the period 1999–2007, Palestinian GDP per capita declined by approximately two-thirds and personal savings were wiped out as a result of Israeli attacks on Palestinian areas. Poverty levels reached the worst on record, with around three-quarters of households in Gaza and 56 percent in the West Bank living under the poverty line. As poverty levels increased, so did inequality. One study noted that in 2007 the richest 10 percent of households in the West Bank accounted for 25.8 percent of total monthly consumption, up from 21.6 percent in 2006.⁹⁰ Combined with the high dependency on PA employment (around 20 percent of the labor force in the West Bank/Gaza Strip),⁹¹ the PRDP’s plan to gut the public sector labor force, impose a wage freeze as prices skyrocketed, and compel the poor to immediately pay millions of dollars in debt spelled out a profound attack on the living

standards of the population.

The same neoliberal logic was expressed in the PRDP's development component. The plan sought to utilize cheap labor in industrial zones and parks, located at the edges of the patchwork of Palestinian territories in the West Bank. Reminiscent of the QIZs in Egypt and Jordan, these zones would bring together Israeli, Palestinian, and regional investments in sectors such as traditional low value-added goods (such as textiles and garments) as well as high-tech sectors that could complement the Israeli economy.⁹² This development strategy confirmed how the structures of the occupation had been normalized and legitimated within the model pursued by the World Bank and the PA. Land for an industrial zone in Jenin, for example, had been twice confiscated from Palestinian farmers: in 1998, when the PA first proposed the idea for the industrial zone, and then again in 2003, when the Israeli military confiscated the land as part of construction for the Apartheid Wall "buffer-zone."⁹³ By 2010, there were four industrial zones under construction in the West Bank, with funding from a range of international donors.⁹⁴

Alongside these economic measures, the PA also began rebuilding its state apparatus in the West Bank. Essential to this was the reconstitution of its security forces, which took place with the open support of Western military and intelligence agencies. The PA security budget was allocated the largest portion of all funding in the PRDP (\$257 million), with money going to the training of new police and intelligence forces as well as the construction of new prisons. A US Army officer, Lieutenant General Keith Dayton—fresh from his position as head of the search for alleged "weapons of mass destruction" in Iraq, following the 2003 US-led invasion—was the key point person for the training of Palestinian police. Headquartered in Tel Aviv and supported by British, Canadian, and Turkish personnel, Dayton's mission involved running two training compounds in Jordan and the West Bank for Palestinian security forces.⁹⁵ Under Dayton's watch, these security forces were responsible for the torture of hundreds of Palestinian activists (often borrowing from techniques utilized in Israeli prisons), which led to the deaths in custody of at least three prisoners in 2009.⁹⁶

Absenting Power and the Neutrality of Markets

Much like the experiences in neighboring countries, the Palestinian neoliberal turn was accompanied by the close entwining of IFIs with the institutions of the PA. This is most starkly illustrated by the fact that the distribution of donor funding to the PA was made contingent on the implementation of the PRDP, and this would be administered through a trust fund that was headquartered in Washington, DC, and managed by the World Bank.⁹⁷ In this sense, IFIs came to fully oversee Palestinian economic development and policy making. Indeed, some Palestinian grassroots organizations have gone so far as to describe these financial institutions

as “a de facto ‘shadow government’ in the West Bank, dictating the development programme of the Salam Fayyad government.”⁹⁸

This penetration of the Palestinian state was enabled by a particular discursive framing that posited IFIs as neutral, objective “experts” on economic issues, simply aiming to provide sound advice on matters of policy and institutional governance. To this end, the term “technocrat” was frequently used to convey this sense of neutrality, describing someone allegedly disinterested in “politics” and therefore a supposedly more responsible leader. Fayyad was heralded as an outstanding example of such a technocrat—and his former employment with the IMF was actually used to endorse his economic program as one that was objectively the best course of action and in the interests of the Palestinian people. In this manner, the responsibility of institutions such as the IMF and World Bank for the disastrous social outcomes elsewhere in the region (as described in previous chapters) was largely erased from popular discourse.

This notion of being “apolitical” runs consistently through the PRDP and subsequent economic programs, emptying any consideration of colonization or Israeli power from Palestinian economic strategy. A 2010 World Bank report argued, for example, that “sustainable growth and robust institutions for the future Palestinian state” requires “a joint undertaking of the PA, GoI [Government of Israel], as well as the international community . . . all three have played their role in the recent growth that has taken place in WB&G . . . For the GoI, further actions to improve the conditions on the ground and allow a real take-off in private sector development are necessary.”⁹⁹ In this vision, policy-making by the PA and policy-making by Israel are treated as two distinct and autonomous spheres, and Israeli settler-colonialism is portrayed as merely a set of administrative regulations that may (or may not) “hinder” Palestinian development, rather than as a form of power that necessarily penetrates all aspects of Palestinian society. The occupation is framed as a *partner* of Palestinian development rather than its antithesis.

This absencing of power leads directly to the incorporation of Israeli colonialism into the process of development itself. Thus the World Bank was able to state that Palestinian development required an “easing of continued [Israeli] economic restrictions”¹⁰⁰—a phrasing that does not challenge Israel’s *right* to control movement as such but, in contrast, effectively asks Israel to exercise that power by deciding to what extent Palestinian goods and people are able to move. The absencing of Israeli power is also evident in the World Bank’s call for the PA to “continue to work with its Israeli counterparts to try and return Palestinian customs personnel to the Allenby Bridge where they can once again work alongside Israeli Customs and practice actual customs border procedures and gain needed experience.”¹⁰¹ Here, Israeli border personnel are portrayed as neutral experts in customs control rather than functionaries of a colonizing power. This process is even

more explicit in the World Bank's open acceptance of Israel's Apartheid Wall—declared illegal by the International Court of Justice in 2004—for which it has helped to fund Israeli checkpoints (as it also did throughout the wider West Bank).¹⁰²

The end result of this obfuscation of power is simple—those who hold it stand to benefit. Concurrently, as is typically the case with the neoliberal program, the bulk of the population suffered a worsening of living standards and increasing inequality. Much like the rest of the Middle East, the Palestinian territories experienced high levels of growth in the latter half of the first decade of the 2000s—averaging between 7.1 to 9.3 percent annually from 2008 to 2010.¹⁰³ In the West Bank, real per capita GDP increased from just over \$1,400 in 2007 to around \$1,900 in 2010, the fastest growth in a decade.¹⁰⁴ At the same time, however, the unemployment rate remained essentially constant in the West Bank—at around 20 percent, it was among the highest in the world.¹⁰⁵ One of the consequences of this was a profound level of poverty—around 20 percent of Palestinians in the West Bank were living on less than \$1.67 a day for a family of five in 2009 and 2010, and more than 10 percent on less than \$1.30 a day for a family of five.¹⁰⁶ Despite these poverty levels, the consumption of the richest 10 percent increased from 20.3 percent of total consumption in 2009 to 22.5 percent in 2010.¹⁰⁷

In these circumstances, growth has been based on prodigious increases in debt-based spending on services and real estate. According to the United Nations Conference on Trade and Development (UNCTAD), the hotel and restaurant sector grew by 46 percent in 2010 while construction increased by 36 percent.¹⁰⁸ At the same time, manufacturing decreased by 6 percent.¹⁰⁹ The massive levels of consumer-based debt are indicated in figures from the Palestinian Monetary Authority, which show that the amount of bank credit almost doubled from May 2008 to May 2010 (from \$1.72 billion to \$3.37 billion).¹¹⁰ Much of this involved consumer-based spending on residential real estate, automobile purchases, or credit cards—the amount of credit extended for these three sectors increased by a remarkable 245 percent from 2008 to 2011.¹¹¹ These figures are reflected spatially in the visual landscape of West Bank towns such as Ramallah, where advertisements for new condominiums, housing developments, and car loans have replaced the ubiquitous political graffiti of the last decade.

These forms of individual consumer and household debt had a deep impact on how people viewed their capacities for social struggle and their relation to society. Increasingly caught in the web of financial relationships, individuals are taught to satisfy needs through the market—usually through borrowing money—rather than through collective struggle for social rights. This also transforms the individual sense of self-worth, which is no longer measured by community solidarity or collective struggle but by individual possessions. The growth of these financial- and debt-based relations acted to individualize the nature of Palestinian society. It had a deeply conservatizing influence on

the Palestinian political project over the latter half of the 2000s—with much of the population becoming more concerned with “stability” and the ability to pay off debt rather than the possibility of popular resistance.¹¹²

Nonetheless, despite the relative success of this neoliberal project in the period immediately following the Second Intifada, it would be wrong to assume its permanent ability to pacify the Palestinian population. In many ways, these neoliberal structures act to undermine their own conditions of existence. Most notably, they have clarified the role of the PA to a degree not previously witnessed in the West Bank. The significance of this was confirmed in 2011 with the emergence of a range of new youth movements, which, although scattered, directly confronted the complicity of the PA and decried the deterioration of economic conditions. The development of such movements—connected to the growing success of global campaigns to isolate the Israeli state through boycotts and divestment, along with calls to reinvigorate the structures of the PLO—illustrate that the Palestinian people have not been defeated.

Conclusion

Since the first waves of colonization in Palestine there has been a conscious intent to splinter the Palestinian national identity into a patchwork of fragmented, dispersed territories that evolve as distinct social formations. This is clearly illustrated in the various categories that comprise the Palestinian people: Palestinian refugees, now the largest body of refugees in the world; Palestinians who remained on their land in 1948 and later became citizens of the Israeli state; those scattered in the cantons of the West Bank; and, most recently, others isolated in the Gaza Strip. All these groups of people constitute the Palestinian nation—but the denial of this unity has been the overriding logic of colonization since before 1948.

This fragmentation has been made possible by military power. Israel forcibly prevents Palestinian refugees from returning to their land, divides the West Bank and Gaza Strip from each other, places administrative restrictions on the movement of Palestinian citizens of Israel into the occupied territories, and completely controls movement in the West Bank itself. At the same time—and this is a crucial point that often goes unstated—dispossession and expulsion of Palestinians from their land continues in a slow-motion manner, confirming that *al-nakba* is ongoing.¹¹³ But fragmentation is not solely a spatial process; it necessarily rests upon a temporal disruption. The assault on history itself becomes an integral feature of how colonization functions, with the Palestinian experience dehistoricized and reduced to a recent narrative that accepts the results of fragmentation as permanent and given. It becomes possible to speak of “Gazans,” for example, around 70 percent of whom are actually refugees from 1948, with no reference to how this category was constructed through the forcible frag-

mentation of the Palestinian people as a whole—first during al-nakba, and then through the separation of the West Bank and Gaza Strip. Or to speak of “empty spaces” in the West Bank with no mention of the dispossession of one-fifth of the population in 1967. Because these categories are accepted as given—legitimized as the focus of political negotiations, financial aid packages, and development strategies—they continue to be reproduced. This process is normalized and sustained through the operational practices of foreign governments, NGOs, and a myriad of development agencies, thus providing a materiality to Israeli power.

At the same time as Israeli colonization was a military project aimed at the fragmentation and destruction of Palestinian identity, it also changed the Palestinian economy. In the West Bank, this has meant a type of “hothouse capitalism,” in which the power of the occupation generated many of the same processes of social transformation noted in previous chapters. Rural inhabitants were dispossessed from the land and forced to join migrant labor markets. A capitalist class developed through subcontracting and privileged trade relationships with the occupation. In more recent years, Palestinian policy makers eagerly embraced a neoliberal model of development in close partnership with IFIs. This is neoliberalism under occupation, one driven by an identical logic and reinforcing the same coincidence of poverty and enrichment as seen elsewhere in the region. In this sense, there is very little that is unique in the types of economic policies that are today being implemented by the PA—they have been the standard fare of governments across the Middle East for at least two decades.

Palestinian acquiescence to this process did not come about simply due to the corruption of individual leaders, misplaced political decisions, or an unfavorable international context. Indispensable to explaining the trajectory of the last forty-five years are these shifts that took place in the Palestinian political economy, in which the development of capitalism in the West Bank and Gaza Strip was accelerated by the whip of Israeli colonization, ensuring the ancillary integration of these areas into the Israeli economy. The profound transformation of Palestinian class structure that occurred in lockstep with Israel’s colonization underpins Palestinian submission to Oslo and the nature of the PA.

The specificity of the neoliberal experience in Palestine lies in the total subjugation of the population by an occupying force and the attempts of more than six decades to fragment and disperse a nation of people from their homeland. Neoliberalism works to reinforce this atomization—turning people away from collective struggle and toward individualized consumption, as mediated through finance. It has produced mass impoverishment alongside the enrichment of a tiny layer of Palestinians that acts as the interlocutor with Israeli and foreign capital. A society constructed along these princi-

ples weakens the capacity of the Palestinian people to resist. Most importantly, it means that the question of Palestine cannot be reduced to a purely “humanitarian” issue or simply an issue of national liberation; it is an essential component of the broader struggle against the uneven development and control of wealth across the Middle East. Capitalist development has always acted to consolidate and deepen Israel’s power over Palestine, generating a layer of Palestinian society that stands against the interests of most of the population. In this sense, understanding and confronting the political economy of Palestinian capitalism is very much entwined with a struggle of national liberation and return—the success of one fully depends upon the success of the other.

- as well as being the official supplier of poultry to the Egyptian military and the US Department of Defense in the Middle East. In addition to its poultry business, CPC also makes key food additives such as starch and glucose in a factory renovated with the help of a World Bank loan. CPC has a 25 percent market share in starch and 45 percent in glucose and exports both products around the MENA region from its factories in Egypt (Sigma Capital, *Cairo Poultry Company*, December 2011, 5).
92. Fernandez-Stark, Bamber, and Gereffi, *The Fruit and Vegetables Global Value Chain*, 34.
 93. Gálvez-Nogales, "The Rise of Agrifood Technopoles," v, 6.
 94. Invest in Morocco. *Emerging Morocco: A Gate to Opportunities* (Rabat: Royaume du Maroc—Agence Marocaine de Développement des Investissements, 2011). www.unido.or.jp/download/AMDLTokyo_Dec2011.pdf.
 95. Other examples of large holding companies involved in agriculture include the TTS Groupe (owning 1,400 hectares of land for cattle, sheep, and cereal farming; hotels; tourism; air transport), Groupe Ellami (food processing, including 100 percent of the frozen fruits market for yogurt and ice cream; cable and electrical component manufacturing for the auto industry; industrial cable production; real estate; consulting), Groupe Loukil (agricultural machinery and seeds, engineering, trading, automobiles), Groupe Soroubat (1,000 hectares of vegetables, cattle, sheep and 550 hectares of fruit; real estate; transportation; concrete; construction).
 96. The Ben Ali family itself has likely held a major stake in these companies although it is difficult to track these ownership relations due to the murkiness surrounding the former leader's business assets. Published material since the ousting of Ben Ali indicates, however, that their business interests were focused more on banking, real estate, automobiles, and transport.
 97. Data from Tunisian Industry Portal, Government of Tunisia, Ministry of Industry. www.tunisianindustry.nat.tn/en/mixtes.asp.
 98. One of the family members served on the central committee of Ben Ali's party, the RCD. In 2009, a member of the Ben Ayed family was the chief speaker at a gala event, attended by more than four thousand people, to celebrate the twenty-second anniversary of the coming to power of Ben Ali in 1987 (www.poulinagroupholding.com).
 99. The World Bank, for example, noted in 2005: "Charging for water is a political issue, and it is difficult to get the price right. In many cases, user fees cover the costs of operating and maintaining the infrastructure, but this price is well below water's scarcity value in agricultural or nonfarm uses. . . . The long-term goal for managing water resources should be a market-based system that allocates water through tradable water rights." World Bank, *Agricultural Growth for the Poor: An Agenda for Development* (Washington, DC: World Bank, 2005), 80.

Chapter 5: Class and State in the West Bank

1. The South African model actually had its roots in European policies toward the indigenous population in Canada. The Canadian Indian Act (1876) established reserves for indigenous people and codified in law the separate legal status of Indians and Canadian citizens. Any person who wished to leave the reserves required a permit from the "Indian Agent"—an individual appointed by the Canadian state as its proxy on the reserve. This permit system was directly transferred to 1950s South African apartheid. Furthermore, the 1876 act made it illegal for native people to sell or produce goods without written permission of the Indian Agent and permitted Indian children to be removed from the reserves to missionary schools. Dan Smith, *The Seventh Fire: The Struggle for Aboriginal Government* (Toronto: Key Porter Books, 1993), 39.
2. For a recent extensive discussion of settler colonialism in the case of Palestine, see the special

- issue of *Settler Colonial Studies* 2, no. 1 (2012).
3. Moreover, the patterns of control described in this chapter are not unique to the West Bank; see Tikva Honig-Parnass, "Zionist Principles of Separation and Ethnic Cleansing on Both Sides of the Green Line," in *Between the Lines: Readings on Israel, the Palestinians and the US "War on Terror,"* ed. Tikva Honig-Parnass and Toufic Haddad (Chicago: Haymarket Books, 2007).
 4. It is revealing that much of the recent commentary on the Arab uprisings has tended to sidestep this critical point, acknowledging Palestine as essentially a moral issue that might stir the populations of neighboring countries but one with little relationship to the nature of the region's political economy.
 5. Jordan annexed the West Bank and East Jerusalem on April 24, 1950, and gave all residents Jordanian citizenship. West Bank residents had already received the right to claim Jordanian citizenship in December 1949.
 6. Adel Samara, *The Political Economy of the West Bank 1967–1987: From Peripheralization to Development* (London: Khamsin Publications, 1988), 89.
 7. Philip Robbins, *A History of Jordan* (Cambridge: Cambridge University Press, 2004), 125.
 8. *Ibid.*
 9. Leila Farsakh, *Palestinian Labour Migration to Israel* (New York: Routledge, 2005), 100. These figures are from 1970 so very likely understate the weight of the large landowners in the pre-occupation period, given that much of the confiscated land came from large plots.
 10. Samara, *The Political Economy of the West Bank*, 89.
 11. Sarah Graham Brown, "Agriculture and Labour Transformation in Palestine," in Kathy and Pandeli Glavanis, *The Rural Middle East: Peasant Lives and Modes of Production* (London: Zed Books, 1990), 56.
 12. The United Nations Refugee Works Association (UNRWA) estimates that around two hundred thousand Palestinians were driven from their homes and fled the West Bank to Jordan during and immediately after the 1967 war. UNRWA, *Report of the Commissioner-General 1966–1967*, UN General Assembly (A/6713), 1967, 11. Half of this number had already been made refugees in 1948. Benjamin Schiff, *Refugees Unto the Third Generation—UN AID to Palestinians* (Syracuse, NY: Syracuse University Press, 1995), 67. Various estimates have been made of the West Bank population, most based upon the 1961 Jordanian census. Abu-Lughod estimates a population of 820,000 (excluding Jerusalem) by downwardly revising the Jordanian census by 100,000 to take into account out-migration, with estimates of 220,000 Palestinians expelled based upon an Israeli census that took place immediately after the war. Janet Abu-Lughod, *Demographic Consequences of the Occupation, MERIP Reports, The Palestinian Dilemma*, no. 115 (June 1983): 13–17. Gabriel and Sabatello give the slightly higher estimate of 845,000 for the West Bank population. Stuart A. Gabriel and Eitan F. Sabatello, "Palestinian Migration from the West Bank and Gaza: Economic and Demographic Analyses," *Economic Development and Cultural Change* 34, no. 2 (January 1986): 245–262. Population transfer continued in the years following the war, and by September 1968 more than 400,000 Palestinian refugees from the West Bank and Gaza Strip were living in Jordan (Peter Dodd and Halim Barakat, *River Without Bridges* [Beirut: The Institute for Palestine Studies, 1969], 5). According to the Higher Ministerial Committee for Relief in Amman, the figure of refugees in Jordan from the West Bank and Gaza reached 428,669 in 1970 (398,000 of whom were from the West Bank). "Palestinian Emigration and Israeli Land Expropriation in the Occupied Territories," Research Study, *Journal of Palestine Studies* 3, no. 1 (Autumn 1973): 106–118.
 13. Important exceptions to this include the work of Nur Masalha, who has documented the conscious manner in which this expulsion was carried out. See *Expulsion of the Palestinians: The Concept of*

- "Transfer" in *Zionist Political Thought* (Washington, DC: Institute for Palestine Studies, 1992), and Dodd and Barakat, *River Without Bridges*.
14. Gush Emunim was a religious movement formally established in 1974 that argued the land occupied in 1967 was given by god to the Jewish people. They believed that by settling this land they would hasten the coming of the Messiah.
 15. Farsakh, *Palestinian Labour Migration*, 33. This number includes Palestinians in East Jerusalem and the Gaza Strip.
 16. James Ron, *Frontiers and Ghettos: State Violence in Serbia and Israel* (Berkeley, CA: University of California Press), 128.
 17. Around one-quarter of the original Palestinian population living in historic Palestine remained on the land with the establishment of the state of Israel in 1948. These Palestinians gained Israeli citizenship, although they continue to be subject to laws that cast them as second-class residents. They were governed by military law until 1966.
 18. Allon himself believed that no such thing as a Palestinian nationality existed although he entertained the possibility that one could arise. As a key Zionist military commander, he oversaw and directed the expulsion of the first wave of more than seven hundred thousand Palestinians from their homes and lands in 1948. Writing two years after the 1967 occupation, Allon made his support for population transfer clear, stating, "A Palestinian nation . . . if it exists, could therefore be created in Transjordan [the state of Jordan], either as a monarchy or republic." Yigal Allon, *The Making of Israel's Army* (New York: Universe Books, 1970), 103.
 19. In some cases, such as the West Bank city of Hebron, Israeli settlements were built in the center of Palestinian towns.
 20. Allon's plan was first presented in July 1967 with amended versions in June 1968, December 1968, January 1969, and September 1970.
 21. Esther Goldberg, *Jewish Settlement in the West Bank and Gaza Strip* (Tel Aviv: International Center for Peace in the Middle East, 1993), 12.
 22. See Elisha Efrat, *Geography and Politics in Israel since 1967* (London: Frank Cass, 1988), for a survey of these plans.
 23. Haim Gvirtzman, *Maps of Israeli Interests in Judea and Samaria, Determining the Extent of the Additional Withdrawals*, Security and Policy Studies no. 34 (Tel Aviv: BESA Center for Strategic Studies, 1997), 7.
 24. Samara, *The Political Economy of the West Bank*, 86.
 25. *Ibid.*, 91.
 26. Graham Brown, "Agriculture and Labour Transformation," 68.
 27. Labor and GDP figures: Farsakh, *Palestinian Labour Migration*, 41–42, 98. It should be emphasized that population figures in the West Bank and Gaza Strip are somewhat suspect given that, until 1997, the only census conducted in the area was one performed by the Israeli military in 1967 immediately after the occupation began.
 28. Samara, *The Political Economy of the West Bank*, 88.
 29. As this process of class formation was taking place internal to the West Bank, a concurrent but no less significant development was the growth of Palestinian capital connected to the Gulf states (see chapter 6).
 30. Meron Benvenisti, *The West Bank Data Project: A Survey of Israel's Policies* (Washington, DC: American Enterprise Institute for Public Policy Research, 1984), 37–48.
 31. Yehuda Litani, "Village Leagues: What Kind of Carrot," *Journal of Palestine Studies* 11, no. 3 (Spring 1982): 174–178.
 32. Cited in Salim Tamari, "In League with Zion: Israel's Search for a Native Pillar," *Journal of Palestine*

- Studies* 12, no. 4 (Summer 1983): 41–56.
33. Hillel Cohen, "The Matrix of Surveillance," in *Surveillance and Control in Israel/Palestine: Population, Territory and Power*, eds. Elia Zuriek, David Lyon, and Yasmeen Abu-Laban (New York: Routledge, 2011), 108.
 34. Noah Lewin-Epstein and Moshe Semyonov, "Occupational Change in Israel: Bringing the Labor Market Back," *Israel Social Science Research* 2, no. 2 (1984): 3–18.
 35. Farsakh, *Palestinian Labour Migration*, 82 and 217, for labor figures.
 36. Moshe Semyonov and Noah Lewin-Epstein, *Hewers of Wood and Drawers of Water: Noncitizen Arabs in the Israeli Labor Market* (Ithaca, NY: ILR Press, 1987), 29. Cheap Palestinian labor also enabled parts of the African and Arab Jewish population inside Israel, the so-called Mizrahim, who had formed the bulk of Israel's proletariat in the decades following the establishment of the state in 1948, to move up the social ladder. This helped to ameliorate the considerable tensions that had arisen during the 1970s between Mizrahim and European Jews, graphically symbolized in the emergence of a "Black Panther" movement among Mizrahim.
 37. Farsakh, *Palestinian Labour Migration*, 88.
 38. *Ibid.*, 40.
 39. The number of Palestinians working in the Gulf in 1981 was approximately the same as those working in Israel (Farsakh, *Palestinian Labour Migration*, 84).
 40. Al-Haq, *Punishing a Nation: Human Rights Violations during the Palestinian Uprising, December 1987–1988* (Ramallah, West Bank: Al-Haq, 1989).
 41. According to B'Tselem, the First Intifada claimed a total of 1,489 Palestinian lives and 185 Israeli lives. Of the Palestinians, 1,376 were killed by the Israeli military, while 113 were killed by Israeli civilians. These numbers include a total of 304 Palestinians classified as minors (under eighteen years).
 42. According to the Palestinian Human Rights Information Center, around fifteen thousand curfews were placed on Palestinian areas with more than ten thousand people from the beginning of the First Intifada to December 31, 1993. Cited in Paul Findley, "Collective Acts of Complicity," *Speaking Out, Washington Report on Middle Eastern Affairs* (June 1994): 15, www.wrmea.com/backissues/0494/9404054.htm.
 43. The Provisions Concerning the Suspension of the General Entry permit (residents of Administered Territories) (no. 5) (Temporary Provision)(Judea and Samaria), signed March 17, 1988, and The Provisions Concerning the Suspension of the General Entry permit (residents of Administered Territories) (no. 5) (Temporary Provision)(Gaza District Area), signed March 14, 1988.
 44. See Al-Haq, *A Nation Under Siege, Annual Report on Human Rights in the Occupied Territories, 1989* (Ramallah: Al-Haq, 1990), 328.
 45. The cards also aimed at discouraging political activity against the occupation. A personal interview with an Israeli soldier was required to get the card and although people at first tried to boycott them, curfews were imposed street by street with soldiers moving from house to house to confiscate the old cards. (Anita Vitullo, "Uprising in Gaza," in *Intifada: The Palestinian Uprising*, eds. Zachary Lockman and Joel Beinin (Boston: South End Press, 1989), 51.
 46. These agreements were the Gaza Jericho Agreement (May 1994), the Interim Agreement (September 1995), the Hebron Accord (January 1997), and the Wye Memorandum (October 1998). An excellent account of the first few years of this process can be found in Graham Usher, *Palestine in Crisis: The Struggle for Peace and Political Independence after Oslo* (London: Pluto Press, 1995).
 47. Allan Retzky, "Peace in the Middle East: What Does It Really Mean for Israeli Business?" *Columbia Journal of World Business* 30, no. 3 (1995): 26–32; see also Markus E. Bouillon, *The Peace Business: Money and Power in the Palestine-Israel Conflict* (London: I.B. Taurus, 2006).

48. See Jonathan Nitzan and Shimshon Bichler, *The Global Political Economy of Israel* (London: Pluto Press, 2002), for a description of the development of the Israeli capitalist class through this period.
49. Ibid.
50. The other component to this was the transformation of the PLO into an apparatus dependent upon the support of other Arab governments and funding from the Gulf region. The PLO's isolation following its backing of Saddam Hussein in the 1990–1991 war also played a major role in its support for the Oslo process.
51. Sharon was minister of Housing and Construction from June 1990 to July 1992 under the Likud-led government of Yitzhak Shamir. Labor came to power in the 1992 elections.
52. Foundation for Middle East Peace, "Israeli Settlements in the Occupied Territories: A Guide," *Settlement Report* 12, no. 7 (March 2002).
53. B'Tselem, *Forbidden Roads: Israel's Discriminatory Road Regime in the West Bank* (Jerusalem: B'Tselem, 2004).
54. Samira Shah, "On the Road to Apartheid: The Bypass Road Network in the West Bank," *Columbia Human Rights Law Review* 29 (Fall 1997): 221.
55. Gvirtzman, *Maps of Israeli Interests*, 9.
56. Ahmad Qatamesh, "al-taghirat al-bunyawiya al'ati istajadat ala al-kuwa al-a'mila fi daffa wa gaza ma ba'ad Oslo" [The structural changes that have occurred to the labor force in the West Bank and Gaza after Oslo], in *Ashkaliya al'amal al-niqabi fi falastin* [Issues in Labour Organizing in Palestine] (Ramallah: Center for Human Rights and Democracy, 1999), 7.
57. David V. Bartram, "Foreign Workers in Israel: History and Theory," *International Migration Review* 32, no. 2 (Summer 1998): 303–325.
58. Farsakh, *Palestinian Labour Migration*, 210.
59. World Bank, "Trade Options for the Palestinian Economy," Working Paper no. 21 (English), March 2001.
60. Farsakh, *Palestinian Labour Migration*, 209–210.
61. See Manwal Abdel 'al, "tajrabat kutla jabhat al-'amal al-niqabi" [Experiences of the Progressive Workers Front], in *Ashkaliya al'amal al-niqabi fi falastin* [Issues in Labour Organizing in Palestine] (Ramallah: Center for Human Rights and Democracy, 1999), 100–119, for a description of the challenges of organizing workers in this context as well as a description of the proletarianization process that accords with the analysis in this chapter.
62. Palestinian Central Bureau of Statistics (PCBS), www.pcbs.gov.ps.
63. Ibid.
64. For an analysis of the Paris Protocol, see Sara Roy, "De-development Revisited: Palestinian Economy and Society Since Oslo," *Journal of Palestine Studies* 28, no. 3 (April 1, 1999): 64–82.
65. Palestinian Central Bureau of Statistics (PCBS), www.pcbs.gov.ps.
66. PCBS, "Total Value of Exports from Remaining West Bank and Gaza Strip by Country of Destination and SITC (Standard International Trade Classification)"; "Total Value of Imports for Remaining West Bank and Gaza Strip by Country of Origin and SITC," 2005. This dependency was only to increase with time.
67. The Paris Protocol was signed in 1994 and gave precise expectations of which goods Palestinians were allowed to export and import, as well as tax regulations and other economic issues.
68. This ratio reached a remarkable 49 percent in 2002 and has remained very high since that time, Shir Hever, *The Political Economy of Israel's Occupation: Repression Beyond Exploitation* (London: Pluto Press, 2010), 31.
69. A 2008 study financed by USAID estimated around 1,200 local Palestinian NGOs in the West Bank alone (USAID, *The NGO Mapping Project* [Washington, DC: Center for the Study of the Pres-

- idency, 2008]). A 2010 World Bank report estimated 2,100 NGOs registered in the West Bank and Gaza that received a total of \$258 million in external funding in 2008 (World Bank, Project Appraisal Document on a Proposed Grant of \$2 Million to the West Bank and Gaza for a Palestinian-NGO Project [Washington, DC: World Bank, May 27, 2010], 2). For a comprehensive critical overview of the sector, see Jamil Hilal, "Civil Society in Palestine: A Literature Review," *Research Papers for the Regional Conference on Research on Civil Society Organisations: Status and Prospects* (Amman: Foundation for Future, January 2010). The Palestine Economic Policy Research Unit (MAS) found that the number of NGOs active in the West Bank and Gaza Strip increased by an extraordinary 61.5 percent from 2000 to 2007 (MAS, "Mapping Palestinian Non-Governmental Organizations in the West Bank and the Gaza Strip" (Jerusalem: MAS, 2007).
70. Jamil Hilal notes that, according to a 2007 survey, Palestinian NGOs employed an average of twenty paid staff, "Civil Society in Palestine," 28. Extrapolating from this figure based on the size of the labor force (848,000) and an estimated 2,100 NGOs, approximately 5 percent of the labor force was directly employed in the NGO sector. To this needs to be added those Palestinians working for international NGOs and multilateral organizations.
 71. Hever, *Political Economy of Israel's Occupation*, 36.
 72. *Ibid.*, 42–45.
 73. An investigation into corruption by the Palestinian Legislative Council in 1997 documented all of these practices, including the involvement of Palestinian security forces in enforcing privileged routes of accumulation.
 74. As he was a key leader of the Israeli right wing, Palestinians held Sharon responsible (among many other crimes) for the deaths of thousands of civilians during Israel's invasion of Lebanon in 1982 when he served as defense minister.
 75. For a description of curfew during this period, see Adam Hanieh, "The Politics of Curfew in the Occupied Territories," in *The Struggle for Sovereignty in Israel/Palestine, 1993–2005*, eds. Joel Beinin and Rebecca Stein (Palo Alto, CA: Stanford University Press, 2006), 324–337.
 76. Amer Madi, Hassan Abu Hassan, Nabil Al-Ghool, Omar Abu Ghosh, *The Impact of Closure and High Food Prices on Performance of Imported Staple Foods and Vegetable and Fruits Market in the oPt* (Rome: UN World Food Programme, December 2009), 19.
 77. This economic deprivation had devastating effects upon the health of the population. A January 2003 study from CARE International reported that chronic malnutrition for children aged six to fifty-nine months stood at 17.5 percent in the Gaza Strip and 7.9 percent in the West Bank. The massive health problems facing the West Bank and Gaza Strip were further indicated by prevalence of anemia among children six to fifty-nine months of age, which stood at around 44 percent in both the West Bank and Gaza Strip. All aspects of daily life were affected. UNICEF reported that during the first term of the 2002–2003 school year more than 226,000 children and more than 9,300 teachers were unable to reach their regular classrooms. Over the same period, at least 580 schools were closed due to Israeli military curfews and closures.
 78. United Nations Development Programme, *Focus—Qalqilya and Tulkarem*, vol. 1 (Jerusalem: UNDP, 2003), 3–4.
 79. Negotiations Affairs Department, "Israel's Wall in the Qalqilya District," September 2004, www.nad-plo.org.
 80. These three parties were Independent Palestine, Badil, and the Third Way, and were largely associated with Palestinian NGO figures.
 81. While Israel's closure of the Gaza Strip has led to a disastrous humanitarian situation (maintained with the support of the Egyptian government), it is important not to overlook the nature of Hamas rule. Since gaining power in the area, Hamas has built a repressive and self-serving administra-

- tion. It has tortured and killed members of opposing factions (including those of the Left) and has led the implementation of conservative social norms, particularly against women. Over time, Hamas's political vision has also narrowed, and it remains largely supportive of the status quo. A very important source of Hamas's power is the lucrative and extensive tunnel trade that exists in the Gaza Strip. The trade through these tunnels is highly regulated, with a government ministry that administers ownership, licensing and the movement of goods in and out of the Gaza Strip. All goods are weighed and taxed by Hamas officials. This trade provides the material basis for an emerging class of entrepreneurs linked to the Hamas administration. It also provides an incentive for Hamas to maintain the current arrangement. Israel appears to be largely happy with this quid pro quo arrangement. Despite periodic attempts to close some of the tunnels, Israel is satisfied as long as Hamas maintains a tight political grip on the population and any resistance activities.
82. BBC News, "Gaza—Humanitarian Situation," January 30, 2009, http://news.bbc.co.uk/1/hi/world/middle_east/7845428.stm. Accessed April 14, 2012.
 83. Ibid.
 84. Sharif Kanaana and Nabil Alqam, *al-hawajz al'askariyya al'israiliyya* [Israeli Military Checkpoints] (Ramallah: Palestine Studies and Publishing Center, 2003) presents a detailed mapping of this system as it evolved through the 1990s and early 2000s.
 85. The Middle East Quartet was established in 2002 and is a group composed of the United Nations, United States, European Union, and Russia. It is a permanent forum intended to follow up on the Oslo process, with Tony Blair as chief envoy.
 86. See Adam Hanieh, "Palestine in the Middle East: Opposing Neoliberalism and US Power," in *MRzine*, July 19, 2008, www.monthlyreview.org/mrzine. For a recent critique of the PRDP, see Raja Khalidi and Sobhi Samour, "Neoliberalism as Liberation: The Statehood Program and the Remaking of the Palestinian National Movement," *Journal of Palestine Studies* 40, no. 2 (Winter 2011).
 87. Palestinian National Authority (PNA), *Building a Palestinian State: Towards Peace and Prosperity* (Paris: PNA, 2007), 18. <http://imeu.net/engine2/uploads/pna-full-report.pdf>.
 88. Palestinian National Authority, *Palestine Reform and Development Plan* (PRDP) (Ministry of Planning, 2007).
 89. PNA, *Building a Palestinian State*, 13.
 90. Jamil Hilal, *A Dangerous Decade: The 2nd Gender Profile of the Occupied West Bank and Gaza (2000–2010)* (Birzeit: Institute for Women's Studies, Birzeit University, 2010), 2.
 91. In an environment of increasingly high dependency ratios (an average of 5.3 people were dependent on each employed person in 2007), nearly one million people relied upon wages garnered from public sector employment (Palestinian Central Bureau of Statistics).
 92. Researchers at Bisan Center for Research and Development (www.bisan.org) have documented recent developments of industrial zones in some detail. See, for example, "Industrial Zone in Jalama . . . Sacrificing Agricultural Land in Exchange for Promises for Solving Unemployment Problem" in *Bada'el*, no. 2 (December 2010).
 93. Stop the Wall, "Development or Normalization? A Critique of West Bank Development Approaches and Projects," May 20, 2008. <http://stopthewall.org>.
 94. The al-Jalama zone, in the north near Jenin, supported by Germany and Turkey; the Bethlehem zone, led by France; the Jericho Agricultural Park in the Jordan Valley, led by Japan; the Tarqoumiyya Industrial Estate, in the south near Hebron, supported by the World Bank and Turkey. See Sam Bahour, "Economic Prison Zones," *Middle East Report Online*, November 19, 2010, www.merip.org/mero/mero111910.
 95. Keith Dayton, "Speech to The Washington Institute's 2009 Soref Symposium," Washington In-

- stitute for Near East Policy, May 7, 2009, www.washingtoninstitute.org/html/pdf/Dayton-Keynote.pdf.
96. Ian Cobain, "CIA Working with Palestinian Security Agents," *Guardian*, December 17, 2009, www.guardian.co.uk/world/2009/dec/17/cia-palestinian-security-agents. Accessed November 9, 2012.
 97. World Bank, "Trust Fund Details," <http://go.worldbank.org/JJUOZ8HYI0>.
 98. Stop the Wall, "National BDS Steering Committee: Bethlehem Investment Conference: Development or Normalization?" May 20, 2008, <http://stopthewall.org>.
 99. World Bank, *The Underpinnings of the Future Palestinian State: Sustainable Growth and Institutions, Economic Monitoring Report to the Ad Hoc Liaison Committee* (Washington, DC: World Bank, September 21, 2010), 30.
 100. World Bank, *The Economic Effects of Restricted Access to Land in the West Bank* (Washington, DC: World Bank, 2008), viii.
 101. World Bank, *Building the Palestinian State: Sustaining Growth, Institutions, and Service Delivery* (Washington, DC: World Bank, April 2011), 16.
 102. The funding of these checkpoints was carried out with the familiar neoliberal justification of improving trade and speeding up the movement of goods throughout the area. See World Bank, *The "Door to Door" Movement of Goods* (Washington, DC: World Bank, July 5, 2005), 6; Stop the Wall, "Development or Normalization?"
 103. United Nations Conference on Trade and Development (UNCTAD), *Report on UNCTAD Assistance to the Palestinian People: Developments in the Economy of the Occupied Palestinian Territory* (Geneva: UNCTAD, July 15, 2011), http://unctad.org/en/Docs/tdb58d4_en.pdf.
 104. *Ibid.*, 3. GDP/per capita figures in 2004 dollars.
 105. *Ibid.*, 5.
 106. Palestinian Central Bureau of Statistics (PCBS), *Poverty in the Palestinian Territory: Main Findings 2009–2010* (Ramallah: PCBS, 2011), 19 and 24, http://pcbs.gov.ps/Portals/_PCBS/Downloads/book1789.pdf.
 107. *Ibid.*, 18.
 108. UNCTAD, *Report on UNCTAD Assistance to the Palestinian People*, 2.
 109. *Ibid.*, 2.
 110. Palestine Monetary Authority, *Monthly Statistical Bulletin* (Ramallah: May 2011), 13.
 111. *Ibid.*, 17.
 112. For further discussion of how finance-led neoliberalism has transformed forms of social solidarity and political struggle, see Greg Albo, Leo Panitch, and Sam Gindin, *In and Out of Crisis: The Global Financial Meltdown and Left Alternatives* (Oakland, CA: PM Press, 2010).
 113. One recent example of this is the Praver Plan, which was approved by the Israeli government in September 2011. If fully carried out, this plan will result in the expulsion of up to seventy thousand Palestinian Bedouin from their villages in the Naqab (Negev) Desert (these Palestinians hold Israeli citizenship). More than one thousand homes were demolished in 2011 as part of this plan.

Chapter 6: The Regional Scale

1. For further detail and development of many of the arguments made in this chapter, please see Adam Hanieh, *Capitalism and Class in the Gulf Arab States* (New York: Palgrave-Macmillan, 2011).
2. See Kiren Chaudry, *The Price of Wealth: Economies and Institutions in the Middle East* (Ithaca, NY: Cornell University Press, 1997); Jill Crystal, *Oil and Politics in the Gulf: Rulers and Merchants in Kuwait and Qatar* (Glasgow: Cambridge University Press, 1995); Rosemary Said-Zahlan, *The Mak-*

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