

Manifestations of Neoliberal Policies in the Occupied Palestinian Territories

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Since the establishment of the Palestinian Authority (PA) in 1994, the PA has applied neoliberal policies on the areas which fall under its control. Moreover, all development plans have been created for the Palestinian Authority with the help of international organizations and institutions that promote neoliberal policies. This study addresses neoliberalism in Palestine and its consequences on the Palestinian people. Thus, we will attempt to answer the following main question: What are the manifestations of neoliberal policies in the occupied Palestinian territories? To answer this question, I will use the inductive approach to present my topic, where I will introduce the term of neoliberalism in the Palestinian context, then move to its initial appearance in the Palestinian territories, and its political, economic and social manifestations.

Keywords: Neoliberalism, Palestine, Development, Colonialism, West Bank, Palestinian Authority and Israel

Introduction

Since the beginning of the twentieth century, the entire Palestine has been subjected to a unique colonization, colonization by settlers, where colonist Zionist settlers worked consistently to displace the indigenous people and loot their lands and natural resources, first under the British Mandate then as the State of Israel.

The pace of displacement and looting increased with the occupation of the West Bank and the Gaza Strip in 1967, particularly since the launch of the "peace process" in 1993. However, this ongoing process is characterized by a new form of colonialism based on neoliberalism, promoted by international financial institutions that the United States led to the Global South (and imposed upon it) in the late seventies and the eighties of the last century. In this context, it formed the name of "economic neocolonialism" to the process, which mates between colonialism and neoliberalism.

The Palestinian experience in the application of neoliberal policies is a unique one as policies are applied in areas characterized by being sovereign and independent despite the fact that the Palestinian territories lack both these characteristics and are rather completely under colonization, in all facets. Hence, this makes the Palestinian case with the neoliberal system worthy of consideration, especially when noting the impact these policies may have on the movement of national liberation from occupation.

In this study, we will learn about the political and social impacts of neoliberal policies in the Palestinian territories. To do this, we ask some exploratory questions: When did Neoliberal policies enter the region? Why did Israel allow the application of neoliberal policies in the Palestinian territories? What are the manifestations of these policies on the Palestinians?

In the occupied territories

Re-arrange the occupation and re-draw the economic neoliberalism for the Israeli economy is one process in the transformation approach. (Clarno, 2011: 15)

Before we address the appearance of neoliberal policies in the Palestinian territories, we need to know how these policies entered the region, and why the Israeli government adopted these policies and sought to apply them in the occupied territories.

Neoliberalism has become a tactical process that aims to reproduce the occupation in new ways that commensurate with the global economic transformation that began in the late 20th century.

In 1985, Israel began to shift to neoliberalism, when it signed a free trade agreement with the United States, and started to reduce the welfare state policies, salaries and expenses, in order to be able to control the economy. However, the full integration process in the transformation to neoliberalism was tainted by the dilemma of occupying other people in the West Bank and the Gaza Strip. That prevented Israel at that time from full integration into the global market, with the continuity of boycotts by the Arab countries on Israel. The first Palestinian uprising (Intifada) (1987 – 1993) got stronger and the Palestinian voice became heard in the international corridors, adding to fears in Israel that the South African model was rising up through economic and political boycotts. (Beinin, 1998: 25)

The new strategy of Israel came by managing the occupied territories, so as to get rid of the burden through obliging Palestinians without giving them their political rights. Then, it was the right time for that, especially with the incapability of the "Palestine Liberation Organization" (PLO), were the Gulf States boycotting the PLO, and the increasing pressure on it financially. The PLO accepted direct dialogue with Israel, under the name of "peace offensive". The peace process came as a result of the will of the American-Israeli compatibility on the principle of economic neoliberalism, the importance of full integration and authorizing a third-party to manage it. So, "the Oslo agreement," drew the beginnings of repositioning the Israeli forces and withdrawal from the streets of Gaza, Ramallah and Hebron to the checkpoints and settlements around the cities of the West Bank and the Gaza Strip. (Ibid)

Palestinian capitalists and the national project

Palestine has become a profitable business relationship for all participants (Haddad, 2016: 92)

Since Oslo, the influence of Palestinian capitalists has been growing in an unprecedented manner in the occupied territories, especially in recent years. (Turner, and Shweiki, 2014: 193)

During the nineties, a special relationship between some Palestinian capitalists and political circles in the Palestinian Authority (PA) led to a concentration of political and economic power in the hands of a few individuals that were quickly able to convert the national political project to a game based on

interests. (Merz, 2012: 62) This was the situation, particularly with regard to the complicity of the political and security elite in the PA with groups of businessmen in the Diaspora to manage monopolies of the public and private sectors. Those monopolies protected by the Palestinian Authority included more than 25 major imported goods, such as flour, sugar, oil, frozen meat, cigarettes, living animals, cement, gravel, steel, wood, tobacco and petroleum. (Dana, 2014)

These monopolies were not only an early indication of the corruption of the PA but also the clearest sign of the emerging political-economic alliance which created an effective political mechanism within the PA to achieve private economic interests. Moreover, the monopolies were granted selectively to political and economic actors exclusive to Israeli companies. In total, the monopolies led to a destructive impact on the Palestinian economy and small businesses, and benefited the Israeli economy. (Clarno, 2017: 63) A number of former Israeli political and military officials, after their retirement, became business partners to some of the Palestinian capitalists and political elites of the PA. In return, Israel granted the Palestinian businessmen and politicians special privileges, such as obtaining permits, more freedom of movement, and trade and VIP free passes and so on.

With the appointment of the former Prime Minister Salam Fayyad and the implementation of government programs since 2007, the influence of capitalists increased in the political institutions. In most cases, businessmen and technocrats who support capitalism got the key cabinet positions in the governments of Fayyad (Khalidi, Samour, 2011: 7).

Furthermore, the process of "banking sector reform which took place during the reign of Fayyad" formed an important aspect in increasing the political influence of capitalism. Those reforms enabled the government in signing long-term contracts amounting to about USD 4.2 billion in 2013 (up to 50% of GDP) with annual interest amounting to USD 200 million. This high public debt for an economy that largely depends on international aid constitutes a real concern. So far, it is unclear how that money was spent and how the Palestinian Authority will pay its debts. (Haddad, 2015: 62)

Through the high level of public debt, the capitalists can put pressure on the PA to change its policies to be in line with the interests of large private companies, whereby they threaten to withdraw some investments or to refrain from entering into other investments (Tartir, 2013). Needless to say, the people are paying the price, as happened when the Palestinian Authority raised the income tax and cut spending in early 2012.

The role of these Palestinian capitalists has increased even at the international political level. They support any efforts to develop a peaceful settlement through the Palestinian-Israeli joint plan called "break the deadlock" despite its severe impact on the Palestinian rights as a result. This indicates that the Palestinians' crony capitalists have become the first receivers of international peace initiatives. It is hard to believe that the peace plan managed by such people will contribute to the push for self-determination, freedom and justice for the Palestinian issue. Rather, it is more likely that it will pose another opportunity for these beneficiaries to gain profits from the status quo.

As in other parts of the world, the neoliberal system is based on different mechanisms of social control in order to subdue individual and society as a whole, to ensure the continuity of the existing system regardless of its unfairness. In the Palestinian issue, tools of social control primarily aim to normalize the occupation, and to penetrate groups that seek to resist it using different means, in order to contain them and subject them. Practicing social control in Palestine has a destructive

impact because it is linked to a set of colonial controls designed by the occupier (Khalidi and Samour, 2011: 9).

The crony capitalists have sought to apply social control by harnessing civil society to serve their goals, and to work together with the major international donors. One of their tactics is establishing large non-governmental organizations that tend to penetrate the social fabric by encouraging certain values designed by financial institutions and international development agencies to sustain the neoliberal system. (Barata, 2017) The values of those non-governmental organizations are thereby expected to move up to the authentic civil society organizations through capacity building projects and other projects.

Manifestations of neoliberal policies in Palestine

Palestine now is in the era of neocolonialism where it has received about USD 23 billion between 1994 and 2015, yet is currently suffering from foreign and local debts of at least USD 4.3 billion. Moreover, at the end of every month, the Palestinian Authority fails to pay the salaries of the public sector's employees, numbered 170,000, on time. To exacerbate matters, the growing unemployment rates among college graduates and those who are below the age of thirty is more than 45 percent. Thus, the Palestinian economy has become totally dependent on the occupier and foreign aids. (Barata, 2017)

Normalizing occupation through economy

Economic normalization has become institutionalized in a wide range of joint activities, such as joint industrial zones, joint Palestinian-Israeli business forums, Palestinian investments in Israel and its settlements, and joint administration of water resources. This represents the highest levels of normalization activity in the history of the Palestinian struggle for national liberation (Tartir, 2013).

Industrial zones in the occupied territories apply the same logic followed in the industrial zones in Jordan and Egypt. It embodies the Shimon Peres' ambition whereby Israel leads as the dominant economic centre in the region in the "New Middle East". (Ibid) Industrial areas also represent a big problem because they incorporate the Israeli, Palestinian and regional capital in a ruthless mechanism to exploit cheap Palestinian and foreign labor alike. Although these regions benefit a few elite groups of local businessmen, they also enhance the Israeli control system and devote the occupation (Shlaim, 2000: 527).

In the occupied West Bank, the economic peace concept emerges in a composite and complex way to maintain the status quo. On the one hand, this power works to strengthen the colonial soldier, and on the other hand, it works to strengthen its capital. Hence, all facets collectively come in the context of the creation of a class in the Palestinian community to defend the status quo rather than resist it.

Absence of sovereignty

The Oslo process entrenches the absence of sovereignty experienced by Palestine. By sovereignty, we are not merely referring to Palestine's lack of political sovereignty, but to the concept of sovereignty in its comprehensive sense, which includes economy, food, education, health, water and other resources necessary for sustainable human development. Palestinian territories have never had a real sovereignty and at the moment they are witnessing an unprecedented absence of

sovereignty in all areas mentioned above, because of the self-rule authority which came with the Oslo accord.

There is a formal and absolute economic Palestinian dependence on Israel, where the Palestinian economy has become a captive market for Israel. As Sam Bahour says briefly: "They (Israelis) have total control over all of our strategic economic assets, like land, water, movement, energy, frequencies, etc. The alternative to acting in the economic sphere is to surrender to total Israeli dominance over every aspect of our life. This we can never accept." (Bahour, 2016)

New middle class

In addition to the absence of sovereignty, Neoliberalism works as an incubator for "predatory layers" as its agents use their political privileges and donor funds to thrive on vulnerable groups. They also legitimize the normalization of the Israeli occupation, hence, working as sub-agents of the occupation. (Haddad, 2016: 90)

Such elements came in a complex template which led to the emergence of a new Palestinian layer, evident by the rapid urban development in the Palestinian areas. These developments are linked with the return of Palestinian economic and political elites to the occupied territories since 1993. These elites had preferences to areas and housing that were different from the existing style of housing that reflects the history and culture of the Palestinians in the occupied territories, whether in villages, cities or refugee camps. Therefore, the Palestinian economic elite decided to create the city "Rawabi" in the West Bank, just a few kilometers from Ramallah.

Rawabi city is a symbol of "Fayyadism", which is an economic and political process that aims to depoliticize the Palestinian economy and Palestinian economic development, connecting the latter to the Israeli economy, and strengthening the relationships between the Palestinian and Israeli economic elites in a roundabout way or under development mottos. Moreover, as being a symbol for "Fayyadism", "Rawabi" fashioned the new middle class in the Palestinian society, which appeared surprisingly after the year 2007, with the beginnings of the Palestinian split. The Palestinian Authority facilitated the emergence of this new middle class in Ramallah, consisting mostly of the PA employees and senior business people, in addition to the staff of international institutions and foreign officials and civil society institutions based in Ramallah. (Yacobi, 2014: 14) That made Ramallah greatly different from the overall appearance of the urban landscape.

The new class preferred to isolate itself from the traditional life of neighborhoods or other cities nearby and conform to life which is favored by the middle class in both the United States and Israel. This means that there is a similarity in the re-production of the middle class, and preferences on the level of economic and community products. (Haddad, 2016: 108)

Individualism VS collectivism

"Rawabi city," reflects the dividing capitalism; it is designed on the basis of "Individualism" rather than the usual "collectivism", which the Palestinian society was accustomed to. The first component of capitalism is to break up the group into consumers, which makes the middle class multi-layered and thus begin the conflict of consumption among residents. (Yacobi, 2012: 2712)

Many pro-Palestinian right groups charged the company which operates the city, with importing the construction materials and insisted on the company's cooperation with Israeli contractors and suppliers to build the city (Abunimah, 2010). Tens of millions of dollars go to the Israeli economy weekly, reflecting the consumptive neoliberal approach adopted by the company and investors, which are far from the national considerations and the calls of the global boycott.

Nonetheless, the city's middle class is trying to defend itself by saying that the goal is not to give up resistance but enhancing resilience away from violence and armed resistance. Furthermore, this class looks to the current means of resistance with an inferior look, trying to change the concepts of resilience through economic development, promotion of domestic production, and to demonstrate progress and urbanization in front of the world and the international community. Bashar Almasri, the key investor in "Rawabi" Says: "We need to become more sophisticated by using smart ways of fighting the occupation." (Aljazeera, 2013) Here, the company uses Israeli obstacles to prove that "Rawabi" is a symbol of steadfastness. (Ibid)

It is worth recalling that "Rawabi", as a city, was a political and economic decision, and a project for economic peace or "Fayyadism" that would be key to enhancing the chances for peace. "Rawabi" and the neoliberal policies behind it remain important factors in increasing the fragmentation of the Palestinian community, through the isolation of the new middle class from the manifestations of the repressive occupation in villages, towns and camps. (Haddad, 2012: 12) The occupation tries to control the Palestinians public and private space on a daily basis. The attempt to show "Rawabi" as a model of resistance contradicts reality. (Shakaki, and Springer, 2015: 83)

Thus, the occupied Palestinian territories have been turned into a "laboratory for controlled technologies", which not only tests the experience of military technologies but extends to governance, social engineering and the institutionalization process by practitioners highly invested in this agenda.

Conclusion

The current system in which Palestinians operate in the occupied territories was established as one of the functions of the extended agenda of the United States, which uses neoliberal concepts to privatize the national project to be just a tool for profit by businessmen.

The facts that have been shown in this study suggest that the decision makers in Palestine should reconsider the existing neoliberal policies, and if the decision makers are not ready to reconsider these policies, the role of civil society here is to press for fair economic and social policies that take into account the national project away from obedience to the colonial power. This cannot be achieved without a comprehensive critical view of the existing socio-economic situation and the policies of governments, without awareness of the objectives envisaged, and without an understanding of the methods of pressure.

Despite all the signs of not only the failure of the neoliberal policies in Palestine supported by the international institutions, but also the destructive effects of them, we still await the world to raise its voice for fair global economic policies away from the control of international financial institutions. This is dependent on the creation of a global social bloc capable of stemming the deterioration in the

logic of social justice in the world, and it is a vital task in the face of neoliberalism throughout the world.

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