



Center for Development Studies



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## **Development as Struggle: Confronting the Reality of Power in Palestine**

Adam Hanieh

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## Development as Struggle: Confronting the Reality of Power in Palestine<sup>1</sup>

The Occupied Palestinian Territory (OPT) is among the most ‘aid dependent’ (aid measured as a percentage of Gross National Income) of all regions in the world (reaching 49% in 2002 and remaining high through subsequent years).<sup>2</sup> Alongside the Palestinian Authority (PA), literally thousands of development organizations are involved in receiving and distributing this aid, including local and international non-governmental organizations (NGOs), multilateral agencies such as the World Bank and the United Nations Development Programme (UNDP), and other bilateral funders such as USAID, Canadian International Development Agency (CIDA) and the UK’s Department for International Development (DFID).<sup>3</sup> In addition to the direct funding provided by these organizations, they employ a significant number of Palestinians and thus, in their own right, are a central component of the Palestinian economy.<sup>4</sup>

Given the intensity of aid and the enormous attention shown to the question of ‘development’ in the OPT – massively disproportionate to other areas around the world – it is nonetheless striking how apparently ineffective these activities have proven. CIDA notes, for example, that “Despite large aid flows [to the OPT], progress toward the Millennium Development Goals is negligible and in some cases regressing, especially with respect to poverty, hunger, health, education, and the environment.”<sup>5</sup> Palestinians remain among the poorest people in the Middle East and inequality levels are growing rapidly. Israel’s effective control over the Palestinian population has increased, despite the establishment of the Palestinian Authority and the vast amount of foreign technical and financial support given to build its institutions. The billions of dollars spent on aid have not led to any appreciable lessening of Israeli suzerainty – in fact, the result is perhaps better described as one of ‘de-development’.<sup>6</sup> Moreover, alongside worsening development indicators, it has been argued that those involved in the ‘aid industry’ have been transformed into a new elite within Palestinian society, aligned to globalized networks of external aid flows.<sup>7</sup>

This paper contends that a central reason for this de-development has been the failure to understand and fully confront the nature of Israeli power in the OPT. In the final analysis, Israel’s control over the area is designed to facilitate the transfer of wealth and resources from the Palestinian population,

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<sup>1</sup> This working paper is based upon a talk given at ‘Development in the Occupied Palestinian Territory: Critical Reflections on Current Practices and Opening the Space for Debating Alternative Approaches’ Workshop, Center for Development Studies, Birzeit University, Ramallah, Palestine, 23 June 2011. The author thanks the organizers and participants of the workshop for valuable feedback and discussion, and welcomes any comments at ah92@soas.ac.uk.

<sup>2</sup> Shir Hever (2010). *The Political Economy of Israel’s Occupation: Repression Beyond Exploitation*. Pluto Press: London. p.31.

<sup>3</sup> A 2008 study financed by USAID estimated around 1200 local Palestinian NGOs in the West Bank alone (The NGO Mapping Project, 2008, USAID). A 2010 World Bank report estimated 2,100 NGOs registered in the West Bank and Gaza that received a total of US\$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”, May 27 2010, 2). The Palestine Economic Policy Research Unit (MAS) found that the number of NGOs active in the OPT increased by an extraordinary 61.5% from 2000-2007 (MAS “Mapping Palestinian Non-Governmental Organizations in the West Bank and the Gaza Strip” 2007.) 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, January 2010).

<sup>4</sup> Hilal (2010, p.28) notes that, according to a 2007 survey, Palestinian NGOs employed an average of 20 paid staff. Extrapolating this figure based on the size of the labour force (848,000) and an estimated 2100 NGOs, means that approximately 5% of the labour force was directly employed in the NGO sector. To this needs to be added those Palestinians working for international NGOs and multilateral organizations.

<sup>5</sup> CIDA, West Bank and Gaza, <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/Eng/JUD-124144933-R9J>

<sup>6</sup> Roy, S. 1995. *The Gaza Strip: The Political Economy of De-Development*. Washington, D.C.: The Institute for Palestine Studies; Samara, A. 2001. *Epidemic of Globalization: Ventures in World Order, Arab Nation and Zionism*. Glendale, CA: Palestine Research and Publishing Foundation.

<sup>7</sup> Sari Hanafi and Linda Tabar (2005). *The Emergence of a Palestinian Globalized Elite: Donors, International Organizations and Local NGOs*. Jerusalem: Institute of Jerusalem Studies.

while ensuring the ongoing settlement of a section of the Israeli population in the West Bank and the permanent subjugation of the Palestinian population. This is the essence of settler-colonialism. While Israel's control might take different bureaucratic, juridical and economic forms, all attempts at development take place in this context. The dominant approach to development in the OPT, however, fails to incorporate an understanding of these relations of power into its framework. Development is conceived as a neutral, technocratic process that requires the continued support of donors, a negotiated lessening of Israeli-imposed restrictions in the OPT, and the right mix of institutional policies on behalf of the PA. This process is considered absent from relations of power - a positive-sum game that is blocked by the lack of coordination between 'stakeholders', rather than completely structured by Israel's ongoing colonization of the area.

This conception of development reflects, and has been reinforced by, the neoliberal economic program embraced by the Palestinian Authority. Neoliberalism is a set of policies that first rose to prominence in the 1980s, and is now dominant within official development thinking at the global level. It is an economic program that locates the problems of the South in the supposed weakness of the private sector and the 'rent-seeking' of state officials. In doing so, neoliberalism internalizes the causes of under-development within the individual societies of the South, and posits a non-exploitative world market in which flows of capital and goods between countries are mutually beneficial (succinctly expressed, for example, in the economic doctrine of comparative advantage).<sup>8</sup> The solution to the development problems of the South is to open markets to the outside world, lift restrictions on investment in key sectors of the economy, liberalize ownership laws, end subsidies to the poor for food and other necessities, and increase market competition. By allowing unfettered markets to operate freely, the private sector will be the key engine of growth and, through this harnessing of entrepreneurial initiative, lead to the creation of jobs and prosperity.

This paper presents a critical assessment of this neoliberal development framework, arguing that it acts to obfuscate, and thereby reinforce, the reality of Israeli settler-colonial power in the OPT. Denial of these relations of power occurs even in cases where development agencies speak explicitly of the 'Israeli occupation', and is based upon three elements that act to redefine and obscure its reality:

- First, a process of de-historicization, in which Israel's occupation of the West Bank and Gaza Strip is completely detached from the broader project of Israeli colonialism. This project, since 1948, remains one of fragmenting the Palestinian people as a whole.
- Second, power itself has been absented from analysis of Israeli practices in the OPT, to the extent that the structures of the occupation have actually been incorporated into official Palestinian development strategy.
- And, finally, the Palestinian Authority's embrace of neoliberalism, based open a projection of market neutrality and private-sector led growth, casts economic development as an objective and disinterested process that stands above relations of power.

It is a supreme irony that a region of the Middle East that is so affected by the deployment of power has seen an analysis of its workings so thoroughly displaced from the discourse and understanding of development. An understanding of power needs to be brought back into the conceptualization of development in the OPT, and an alternative model advanced that casts development as struggle. To this end, the paper begins by discussing what is meant by 'power' and its relationship to neoliberalism. It then moves on to discuss how the ongoing reality of Israeli settler-colonialism has been ignored through the lens of the three points outlined above. It concludes with some brief remarks on how this critique can be used to reframe and articulate an alternative strategy.

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<sup>8</sup> See Saad-Filho, A., and D. Johnston. (1995). *Neoliberalism: A Critical Reader*. London: Pluto Press.

## ‘Empowerment’ Without Power

A ubiquitous theme of NGO and multi-lateral projects in the OPT is the headlining of ‘empowerment’ as a key development goal. The World Bank openly urges ‘citizen empowerment’ as a major prerequisite for development across the Middle East<sup>9</sup>, providing tens of millions of dollars in funding for projects that attempt to operationalize the idea.<sup>10</sup> Local and international NGOs echo this in their project titles and strategic documents. A Palestinian microfinance institution, for example, speaks of “the need for economic empowerment of all segments of society ... with a special need to focus on women and include women actively in the process”<sup>11</sup>. The US Department of State, through its Middle East Partnership Initiative (MEPI), funds a ‘Leadership Empowerment Program’, that has provided \$2.2 million in grants “to strengthen targeted communities’ trust and confidence in local grassroots leaders by providing safe community spaces and increasing community-based activism”.<sup>12</sup> UNICEF and the Canadian International Development Agency (CIDA) fund ‘Children’s Municipal Councils’ in the West Bank in order to “give children a sense of empowerment.”<sup>13</sup> USAID funds Palestinian NGOs to “to empower Palestinian youth and the adults who serve them, so that both groups can become strong local leaders and change-makers”<sup>14</sup>

This promotion of a seemingly activist orientation is part of a broader global shift in development practice. From the 1980s onwards, governmental and multilateral donors have gradually embraced the notion of ‘empowerment’ – along with other terms such as ‘decentralization’, ‘governance’ and ‘participation’ – as a key feature of development aid to the South. This has coincided with a move towards a market-driven, neoliberal developmental model and, in a directly consequential fashion, the view of NGOs as the primary agents of development.<sup>15</sup> The championing of empowerment – and related themes such as good governance and de-centralization – places the emphasis of the development process on the choices of the individual (e.g. microfinance scheme) or those of a mythical ‘community’ (from which any internal differences of power are abstracted). State spending on social programmes could be portrayed as inefficient and an affront to the ‘freedom’ of markets and individuals. Limiting democracy to the political sphere and expanding the notion of freedom to include markets acted to veil the necessary relations of power inherent to capitalism, and explicitly blocked the ability of states to determine the use, ownership and distribution of their economic resources. Any form of democratic state-led control of the economy which, by definition, would need to *restrict* the activities of the private sector, was thus precluded as a violation of ‘good governance’. By setting up the individual (or the community) in opposition to an inherently predatory state, it

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<sup>9</sup> A recent example of this is World Bank President Robert Zoellick’s 6 April 2011, speech “Citizen Empowerment, Governance, Key for Middle East” <http://go.worldbank.org/HOECHJLHM0>.

<sup>10</sup> For one example, see the 2008 Village and Neighborhood Development Project, <http://web.worldbank.org/external/projects/main?pagePK=64312881&piPK=64302848&theSitePK=40941&Projectid=P104257>

<sup>11</sup> Asala, The Palestinian Businesswomen’s Association, “Women’s Economic Empowerment in the West Bank, Palestine”, p.9, October 2010.

<sup>12</sup> <http://www.medregion.mepi.state.gov/leadership-empowerment-program.html>.

<sup>13</sup> [http://www.unicef.org/infobycountry/oPt\\_24557.html](http://www.unicef.org/infobycountry/oPt_24557.html)

<sup>14</sup> <http://www.equip123.net/webarticles/anmviewer.asp?a=639>.

<sup>15</sup> Katie Willis (2005), *Theories and Practices of Development*, Routledge, p.97. Theoretically, the turn to NGOs was justified through their perceived connection and accountability with local communities, their greater responsiveness to ‘community’ need, and their greater efficiency in project implementation (Willis 2005, pp. 98-99). The New Policy Agenda – as Robinson described the development strategy embraced by the World Bank and other multilateral organizations in the early 1980s – drew a clear link between neoliberal economic policy and the focus on institutional governance (Robinson, M. (1994) “Governance, Democracy and Conditionality: NGOs and the New Policy Agenda”, in A. Clayton (ed), *Governance, Democracy and Conditionality: What Role for NGOs?* (Oxford, Intrac). In turn, this strategy opened the space to NGOs as the new mode of service-delivery (See Hulme, D., M Edwards. (1997) *NGOs, States and Donors: Too Close for Comfort?*. Basingstoke: Macmillan, for an early discussion of these themes).

became easier to legitimate calls to remove the ability of the state to intervene in the functioning of the market.

This link between an apparently progressive-sounding language and neoliberalism has been well observed in the literature on development. Mohan and Stokke note, for example, that the employment of terms such as empowerment by International Financial Institutions (IFIs) acts to appropriate – and thus neutralize – the critical language of the Left (particularly that of feminist activists). The result is a blunting of resistance to the broader IFI neoliberal program by producing “albeit with very different agendas, a high level of agreement between actors and institutions of the ‘new’ Left and those of the ‘new’ Right.” A radical critique of the state has been replaced by “the emergence of ‘the local’ as the site of empowerment and hence as a locus of knowledge generation and development intervention.”<sup>16</sup> Likewise, in the case of gender-focused programmes in India, Sharma comments that: “Tempered by current emphasis on dismantling welfare, exerting fiscal discipline, and privatizing state services, the neoliberally imagined empowerment logic seeks to enable grassroots actors, and especially women, to fulfill their own needs through market mechanisms instead of relying on state largesse.”<sup>17</sup> This understanding alerts us to the importance of interrogating the actual meaning of “the fine-sounding words that are used in development policies”, and realize that they “do more than provide a sense of direction: they lend the legitimacy that development actors need to justify their interventions.”<sup>18</sup>

The character of neoliberalism in the OPT is discussed further below. At this stage though, it is important to highlight a phenomenon that has accompanied the growing use of ‘fine-sounding words’. That is, concurrent with the focus on empowerment, community involvement and issues of governance, there has been an increasing reluctance to recognize and discuss the various dimensions of structural power that shape all developmental processes in the South. At first glance this may appear contradictory, but what it reveals is that the focus on the ‘local’ acts to downplay the totality of social relations in which all societies are necessarily situated. The issue of development has become a problem that is internal to the individual (or the community), which can best be solved through the mysterious mantra of ‘empowerment’. Underdevelopment is the fault of the oppressed themselves – not something that is primarily conditioned by the prevailing structures of power – and the challenge becomes one of unlocking the potential for development that supposedly exists inherently inside of us. A Palestinian NGO unwittingly captures this sentiment, noting that “Palestinian youth are already empowered, carrying within themselves creative capacities for change ... the program’s role is to provide platforms for youth to incubate their ideas and dreams and launch them into reality”.<sup>19</sup>

Of course this is not to deny that people *do* possess the capacity to resist and challenge their oppression – this is nowhere better illustrated than by the Palestinian people. But to do so means recognizing that relations of power are necessarily inherent to all development processes, and that the primary challenge must be to overturn and end these relations of power. To believe – and this is most strikingly confirmed in the Palestinian context – that it is possible to engage in development without overthrowing these structures of power is more than misguided, it actually serves to reinforce and uphold the existing social order and hides the very practice of power itself. Empowerment makes no sense unless it is in confrontation and conflict with systemic power. This is not the approach of most developmental work in the OPT, which tends to ignore the broader question of power completely. It thereby projects a development model that attempts to co-exist with the structural determinants of

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<sup>16</sup> Giles Mohan and Kristian Stokke (2000). “Participatory development and empowerment: the dangers of localism”, *Third World Quarterly*, Vol 21, No 2, p.247.

<sup>17</sup> Aradhana Sharma (2008) *Logics of empowerment: development, gender, and governance in neoliberal India*, (Minneapolis: University of Minnesota Press). p. xvi.

<sup>18</sup> Andrea Cornwall and Karen Brock (2005), “What do Buzzwords do for Development Policy? A critical look at ‘participation’, ‘empowerment’ and ‘poverty reduction’” *Third World Quarterly*, Vol. 26, No. 7, p.1044. Cornwall and Brock go on to note that empowerment has thus lost “its original emphasis on building personal and collective power in the struggle for a more just and equitable world” (p.1046).

<sup>19</sup> Ruwwad, About Us. <http://www.ruwwad.org/?rt=SitePages/AboutUs>

Israeli colonialism. In the very worst examples, these development models actually attempt to incorporate Israeli colonialism into the very practice of development itself.

Mohan and Stokke observe that this conceptualization is common to much development practice in the South, and is ultimately based upon “a harmony model of power” in which “power resides with individual members of a community and can increase with the successful pursuit of individual and collective goals. This implies that the empowerment of the powerless could be achieved within the existing social order without any significant negative effects upon the power of the powerful.”<sup>20</sup> The result of this orientation, is that development practice tends to “aim at improving those at the margins within the existing systems without really questioning the unequal power dynamics that creates inequality in the first place”.<sup>21</sup>

The remainder of this paper is concerned with discussing some of the features of Israeli settler colonial power on the Palestinian population in the OPT and its implications for development. Before moving to this discussion, however, it is necessary to briefly state how the concept of ‘power’ is understood in what follows. Drawing upon some of the vast discussion of this concept within development literature, there are three basic, interconnected meanings of power employed below.<sup>22</sup> The first is the standard understanding of power as ‘the ability to dominate’. In this sense, power is something that contains a sense of compulsion, forcing people to act in a particular fashion. This might result from military superiority, the control of economic resources and borders, or restrictions on movement of goods and people.

A second meaning employed below conceives of power in an indirect sense. People may act in particular ways not because of a physical threat or compulsion, but because they believe that it is in their best interests to do so or because they fail to see alternatives. In this sense, their domination arises from the lack of ‘ability to see and conceive alternatives’. It is a form of psychological domination. There will be structural reasons for this, but the effect is that people follow a direction because they think that there are no other possibilities – even though these may exist.<sup>23</sup> As will be discussed further below, this concept of power is inextricably linked with how conceptions of historical narrative and national identity are constructed. An alternative development strategy needs to consciously reject this framing.

In a closely related sense, the third meaning of power conveys the feelings ‘of self-worth and self-esteem that people hold in themselves’. These feelings may be held at the individual level, as well as generalized across different groups in society. Clearly this is very much related to the ways in which the first two types of power are articulated. Here power is also something that is more psychological in effect. Without feelings of self-worth and self-esteem – and this, it is important to emphasize, does not solely refer to an *individual* sense but very much a collective spirit – it becomes difficult to believe in, conceive of, and struggle for different alternatives. The effects of colonial domination – as Frantz Fanon noted many decades ago – is distinguished by its ability to produce a “people in whose soul an inferiority complex has been created”.<sup>24</sup>

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<sup>20</sup> Mohan and Stokke (2000), p.248.

<sup>21</sup> Saraswati Raju (2005). “Limited Options—Rethinking Women's Empowerment ‘Projects’ in Development Discourses: A Case from Rural India”, *Gender Technology and Development* July vol. 9 no. 2 p.255.

<sup>22</sup> These definitions are drawn from Willis (2005), p.102. For more discussion of these themes and their relationship to development theory and practice, see Jo Rowlands, 1995, “Empowerment examined”, *Development in Practice* 5 (2), Oxfam, Oxford; Naila Kabeer, 1994, *Reversed Realities*, Verso, London; Steven Lukes, (1974), *Power: A Radical View* London, Macmillan; Zoe Oxaal and Sally Baden (1997). *Gender and empowerment: definitions, approaches and implications for policy – briefing for Swedish International Development Cooperation Agency (Sida)* Institute for Development Studies, University of Sussex.

<sup>23</sup> This version of power echoes Gramsci’s observation about ruling class *hegemony*. In any society, the ruling elite – what Gramsci described as the historic bloc – functions not solely through the naked exercise of power, but also through projecting its interests as coincident with those of the entire society.

<sup>24</sup> Frantz Fanon (1967) *Black Skin White Masks*, Grove Press, New York, p.18.

Palestinians need to contend with all these forms of power when attempting to understand the effects of Israeli colonialism in the OPT. The remainder of this paper will focus upon discussing three examples of how these forms of power operate – and are hidden – within the dominant approach to development in the OPT.

### **Fragmentation and De-Historicization**

For over six decades, Israeli settler-colonialism has acted to divide and fracture the Palestinian people from one another. Since the first waves of colonization in Palestine, there has been a conscious project to splinter the Palestinian national identity through separating Palestinians into a patchwork of fragmented, dispersed territories which evolve as distinct social formations.<sup>25</sup> This is clearly illustrated in the various categories used to describe 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; the fragmentation of the West Bank into isolated cantons; and now the separation of WB and Gaza Strip. All of 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 logic of fragmentation needs to be incorporated into how ‘development’ in the OPT is conceived and implemented. The ways in which Israeli power operates in the OPT is one element of a broader project, and thus a theorization and understanding of the logic of fragmentation must be viewed as internal to the nature of colonial strategy in the OPT.<sup>26</sup>

Fragmentation is not solely a spatial process; it necessarily rests upon a temporal disruption. In other words, the assault on history itself becomes an integral feature of how Israeli power functions. The Palestinian experience is de-historicized 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, with no reference to how this category itself was constructed through the forcible fragmentation of the Palestinian people as a whole (first in 1948, and then through the separation of the West Bank and Gaza Strip). Because these categories are accepted as given, and become the legitimate (and sole) focus of development intervention, they continue to be reproduced. In this sense, the fragmentation process is sustained by an uncritical and de-historicized developmental strategy that gives materiality to Israeli power.

This process of fragmentation – both its spatial and temporal aspects – is clearly underpinned by the first form of power described above. Israel forcibly prevents Palestinian refugees from returning to their land, divides the West Bank and Gaza Strip from one another, places administrative restrictions on the movement of Palestinian citizens of Israel into the OPT, and completely controls movement in the West Bank itself. But fragmentation is also reflected in the sense of ‘power to see and conceive options for change’. This can be seen in the way that the fragmentation of the Palestinian people is fully internalized within the development discourse. With few notable exceptions, NGOs in the OPT operate as though the Palestinian people consists entirely of those living in the West Bank and Gaza Strip (and, increasingly, in only one of these territories). It is rare to find developmental work that openly confronts and rejects this process of fragmentation, conceiving the Palestinian people in their unity. This is particular pertinent in the case of projects to link with Palestinian citizens of Israel, whose identity as Palestinians has been a long-standing target of the Israeli state.

Within the broader Palestinian population, this process of fragmentation generates a narrowing of political vision and imagination. It is an illustration of the second and third forms of power discussed above. There is a loss of collective identity and a contraction of the social horizon to the confined

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<sup>25</sup> See Tikva Hornig-Parnass (2007), “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 Hornig-Parnass and Toufic Haddad, Haymarket Press: Chicago.

<sup>26</sup> One of the clear weaknesses of the Oslo Accords and the ongoing negotiations framework was the acceptance of this fragmentation. See Hornig-Parnass and Haddad (2007) particularly Chapters 1 and 3.

borders of those fragments of territory in which people happen to operate. Ramallah is a striking example of this – as the headquarters of PA ministries, international donors and local NGOs it has taken on a life of its own. This has a deep impact on the ability of people to conceive of alternative paths of resistance, and also generates a lack of social cohesion that is reflected psychologically in feelings of self-worth and self-esteem. This narrowing of vision is normalized and sustained in the operational practice of NGOs and other development agencies.

### **Absenting Power, Incorporating the Occupation**

In the West Bank and Gaza Strip, the process of fragmentation has unfolded through a strategy aimed at achieving a situation of ‘remote control’ – i.e. Israeli control over a fragmented Palestinian population but without the attendant costs of a direct military presence in Palestinian towns and villages. This is not new – the 1967 Allon Plan explicitly conceived of this method of domination in the West Bank – and it is striking how the borders of the Allon Plan continue to be seen in various maps discussing ‘final status’ today.<sup>27</sup> Through the 1990s this system of remote control developed into a complex bureaucratic structure of permits, checkpoints and different zoning laws that controlled the movement of people and goods between the different patchworks of territories in the West Bank (with Gaza constituting its own self-contained ‘fragment’). The system of military orders that has governed Palestinian life since 1967 continues to exist. Moreover, Israel controls the electricity, water, cellular communications and even the Internet – this infrastructure may be marketed by Palestinian companies but in the final analysis it is ultimately supplied and controlled by Israel. These are all illustrations of the first form of power – the ability to compel Palestinians to act in particular ways. The point to note is that the 1990s Oslo Process, despite the apparent veneer of Palestinian ‘autonomy’, did not lead to a lessening of Israeli power but rather, a change in its form. Israeli control has been sharpened and re-articulated through the Oslo years and, as a consequence, Palestinian development is *more* subject to Israeli power than at any point in history.

One of the most important forms of this control is the economic system that has developed under colonization. The Palestinian economy is fundamentally structured by its dependency on Israel. Through the 1970s and 1980s this was through the form of military orders that prevented Palestinian industrial and agricultural development and connected Palestinians as a cheap labour force to the Israeli economy.<sup>28</sup> Today it exists through the control of essential goods into the WB and GS. This structure helps to strengthen the profits of Israel’s largest companies through a variety of mechanisms. First, the WB acts as a key market for many Israeli goods – and because Palestinian consumption is essentially funded through external capital flows – it is an extremely profitable market.<sup>29</sup> It also means that the forms of development that today are so ubiquitous across some parts of the WB – such as new buildings, cafes, housing complexes, malls, industrial zones etc – primarily benefit Israeli business and a very small layer of Palestinians (see below for further discussion). There are additional aspects to this economic control; for example, the fact that there is no Palestinian currency means that the Palestinian monetary system is tied to decisions of the Israeli central bank. One of the consequences of this has been the very high inflation in the OPT which, once again, benefits Israeli companies but acts to drain wealth from the Palestinian population.<sup>30</sup>

These structural considerations need to be incorporated into any analysis of the development process. To speak of development, in particular economic policy making, without starting from the fact that the Palestinian economy operates essentially as a dependent adjunct to Israel, hides the exploitative relationship at the core of Israel’s occupation. This approach, however, runs almost unquestioned through all the major multilateral agency reports on Palestinian economic development. The World Bank, for example, devotes thousands of pages of analysis to outlining the necessary steps for

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<sup>27</sup> The failed ‘Village Leagues’ of the 1970s was another example of this.

<sup>28</sup> Farsakh, L. 2005. *Palestinian Labour Migration to Israel: Labour, Land and Occupation*. New York: Routledge.

<sup>29</sup> Hever 2010, p. 36.

<sup>30</sup> Hever 2010, pp. 42-45.



Palestinian ‘state building’, in which the emphasis is placed on the measures that the Palestinian Authority must implement in order to build a ‘modern state’. It does so by treating policy making by the Palestinian Authority and Israel as two distinct and autonomous spheres, and treats Israeli settler-colonialism as merely a set of administrative regulations that may (or may not) ‘hinder’ Palestinian development, rather than a form of power that necessarily penetrates all aspects of Palestinian society. In doing so, the focus is placed on encouraging Israel to modify certain limited aspects of its policy so as to allow the Palestinian Authority to operate effectively. Israel is thus incorporated as a partner to Palestinian development, rather than viewed as its antithesis. A 2010 World Bank report states, for example:

The twin pillars of sustainable growth and robust institutions for the future Palestinian state must be a joint undertaking of the PA, GoI [Government of Israel], as well as the international community. As this report has laid out, all three have played their role in the recent growth that has taken place in WB&G: the GoI by easing movement and access restrictions, and the donors by funding the PA’s spending. All three actors continue to have important roles to play for this recent growth to transform into sustainable growth, and for the sustainable growth to support further progress for robust institution-building. For the GoI, further actions to improve the conditions on the ground and allow a real take-off in private sector development are necessary. For the PA, a continuation on the path of improving the business environment is key, as are the measures it is taking to strengthen its fiscal position and thereby bolster its institutions. And for the donor community, continued generosity is of the essence to consolidate the substantial gains made by the PA and allow it to reduce its reliance on external support without compromising basic service delivery to the Palestinian population.<sup>31</sup>

This quote presents a succinct summation of how Israeli power is disappeared from the discourse of development in the OPT. Within the Bank’s perspective, the problem of economic development can be solved through the joint efforts of the Israeli government, the Palestinian Authority and the ‘international community’. All three parties must contribute to this process – Israel through the “easing movement and access restrictions”, the PA through building the right institutional framework, and donors through funding the overall process. Confirming the dominant neoliberal outlook of the World Bank, these three activities are aimed primarily at enabling the Palestinian private sector to grow, which will lead to a sustainable economic future for the Palestinian population in these areas. Within this perspective, there is no structural relationship of exploitation and domination that exists between Israel and the Palestinian population in the OPT. In a similar fashion, the term ‘international community’ also acts to empty the global economy of its sharply hierarchical relations of power, framing it as a neutral, homogenous and disinterested body that is concerned simply with the welfare of the Palestinian people.

This absenting of power leads in practice to the incorporation of Israeli colonialism into the process of development itself. Thus the World Bank is able to state that Palestinian development requires an “easing of continued [Israeli] economic restrictions”<sup>32</sup> – a phrasing that does not challenge Israel’s *right* to control movement as such but, in contrast, effectively asks Israel to exercise that power through deciding to what extent Palestinian goods and people are able to move. The absenting of Israeli power is also evident in the World Bank’s call on the Palestinian Authority to “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.”<sup>33</sup> Here, Israeli border personnel are framed as neutral

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<sup>31</sup> World Bank (2010). *The Underpinnings of the Future Palestinian State: Sustainable Growth and Institutions, Economic Monitoring Report to the Ad Hoc Liaison Committee* September 21, p.30.

<sup>32</sup> World Bank (2008). *The Economic Effects of Restricted Access to Land in the West Bank*, p.viii.

<sup>33</sup> World Bank (2011). “Building the Palestinian State: Sustaining Growth, Institutions, and Service Delivery”, April. p.16. Available at <http://www.worldbank.org>.

experts in customs control, rather than functionaries of a colonizing power. The occupation is thereby framed *as a partner* of Palestinian development. 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 – demonstrated in its funding of Israeli checkpoints in the Wall (as well as throughout the wider West Bank).<sup>34</sup>

Some may attempt to justify this approach as a means of dealing with the status quo in order to improve the day-to-day conditions of Palestinians on the ground. The problem with this perspective, however, is that the incorporation of Israeli power into the process of development acts to reinforce and strengthen that same power. By presenting Israel as a neutral partner or another 'stakeholder', it becomes more difficult to confront Israeli settler-colonialism in any meaningful fashion because the structures of the occupation become increasingly integrated with Palestinian development itself. This may certainly entail a change in the form of Israel's control – the move away from direct military presence towards a greater reliance upon the bureaucratic-judicial-economic exercise of power is indicative of this – but it does not fundamentally alter the relationship that exists between Israel and Palestinian society in the OPT.

### **Neoliberalism and the Neutrality of Markets**

The economic framework adopted by the Palestinian Authority, the Palestinian Reform and Development Program (PRDP), is an additional confirmation of how a framing of power has been emptied from development strategy – with the result that the relations of power typifying the status quo are actually consolidated and strengthened. 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.<sup>35</sup> Since that time it has become the guiding framework for economic policy, particularly in the West Bank areas where the Abu Mazen-led PA has effective control. The argument behind the PRDP is explicitly neoliberal, pledging the PA to undertake a series of fiscal 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 regional and global markets.”<sup>36</sup> 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% reduction in jobs by 2010)<sup>37</sup>, 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 OPT; as well as an end to 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.<sup>38</sup>

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<sup>34</sup> World Bank (2005), *The “Door to Door” Movement of Goods*, July 5. p.6; Stop the Wall, “Development or normalization? A critique of West Bank development approaches and projects” <http://stopthewall.org>. See below for further examples of this process of incorporation of the occupation into development practice.

<sup>35</sup> See Hanieh, Adam. (2008). “Palestine in the Middle East: Opposing Neoliberalism and US Power,” in MRzine, 19 July. <http://www.monthlyreview.org/mrzine>. For an excellent recent critique of the PRDP, see Raja Khalidi and Sobhi Samour (2011), “Neoliberalism as Liberation: The Statehood Program and the Remaking of the Palestinian National Movement” *Journal of Palestine Studies*, Vol 40, no. 2 (Winter 2011), p. 6.

<sup>36</sup> Palestinian National Authority (2007). *Building a Palestinian State: Towards peace and prosperity*, December, p.18. Available at, <http://imeu.net/engine2/uploads/pna-full-report.pdf>

<sup>37</sup> PNA (2007), p.13.

<sup>38</sup> This measure has a dramatic impact on the poor, as the subsidization of electricity and water bills (i.e. allowing these services to continue despite the non-payment of bills) was a central means of survival for millions of people in an environment of rapidly spiraling poverty levels. This new measure meant that individuals applying for various services -- including requests for ID cards, car licenses, building permits, etc. -- would be denied if these debts are outstanding. Public sector employees have utility debts docked from their salaries.

In regards to its development component, the PRDP aims at utilizing cheap labor in industrial zones and parks, located at the edges of the patchwork of Palestinian territories in the West Bank. These zones would bring together Israeli, Palestinian and regional investments in sectors such as traditional low value-added goods (e.g. textiles and garments) as well as high tech sectors that could complement the Israeli economy. They provide a further example of how the structures of the occupation are normalized and legitimated within the development model pursued by the World Bank and the PA.<sup>39</sup> Land for the Jenin Industrial Estate (JIE), for example, has twice been confiscated from Palestinian farmers: in 1998 when the PA first mooted the idea for the industrial zone, and then once again in 2003, when the Israeli military confiscated the land as part of construction for the Apartheid Wall "buffer-zone."<sup>40</sup> The confiscation of land – a key element of Israel's colonization strategy in the West Bank – has thus been integrated into the 'development' component of the PRDP. Moreover, Israel's Apartheid Wall is expected to form the northern border of the JIE.

The content of the PRDP has been critiqued elsewhere<sup>41</sup>; the pertinent issue for this paper is the manner in which the broader PA economic strategy posits the neutrality of international financial institutions and, most importantly, of markets themselves. In the former case, IFIs present themselves as neutral, technocratic 'experts' on economic issues, which aim to simply provide sound advice on matters of economic policy and institutional governance.<sup>42</sup> In reality, however, the World Bank and IMF have been key institutions in the promotion of neoliberalism at a global level – enforcing this economic program through the mechanism of debt. In the situation of Palestine, the power of the IFIs is starkly confirmed by the fact that donor funding to the Palestinian Authority runs through a Trust Fund that is headquartered in Washington D.C. and managed by the World Bank.<sup>43</sup> The distribution of this money is contingent on the implementation of the PRDP. In this sense, international financial institutions directly control Palestinian economic development – any understanding of development processes in the OPT thus requires a full interrogation of the relations of power inherent to institutions such as the World Bank.<sup>44</sup>

The claim that markets themselves are neutral, and will automatically produce the best possible outcome, is a further basic assumption of the PA/IFI economic programme. Thus on the question of trade, the World Bank writes:

As a small open economy, the future Palestinian state will depend upon increasing trade ... Increasing trade and integration into the international markets will provide consumers access to a wider range of products at lower prices, while producers will benefit from higher prices found on the world market ... In addition, becoming competitive on the export market will force Palestinian producers to improve their productivity, thereby increasing employment, raising wages, and lowering poverty ... [trade in intermediate inputs] provides an important opportunity for a future

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<sup>39</sup> Researchers at Bisan Center for Research and Development ([www.bisan.org](http://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, Issue 2, December 2010.

<sup>40</sup> Stop the Wall, "Development or normalization? A Critique of West Bank Development Approaches and Projects," 20 May 2008.

<sup>41</sup> Hanieh (2008); Khalidi and Samour (2011).

<sup>42</sup> It is interesting to note how the word 'technocrat' is frequently used to convey this sense of a neutral expert who is disinterested in 'politics' and is therefore held to be a more responsible leader. Palestinian Prime Minister, Salam Fayyad, is very often heralded as an outstanding example of a 'technocrat' – a linguistic device that, in this case, serves to portray the World Bank economic programme (which Fayyad has been the most enthusiastic advocate of) as a neutral and objectively correct project.

<sup>43</sup> <http://go.worldbank.org/JJUOZ8HYI0>

<sup>44</sup> 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." (Stop the Wall (2008) "National BDS Steering Committee: Bethlehem Investment Conference: Development or Normalization?" 20 May).

Palestinian state, located as it is close to both the highly developed Israeli and European economies.<sup>45</sup>

This perspective is remarkable for the way in which the unhindered operation of the market<sup>46</sup> is held up to produce the best possible outcome (increasing employment, higher wages, lowered poverty and so forth). It is a further example of the ‘harmony model of power’ – all participants, whether rich or poor, Palestinian or Israeli – benefit from the increasing spread of market relations. Power is disappeared, and there is no recognition that those who wield it have the ability to shape outcomes to their own ends. Indeed, the much more likely outcome of the World Bank scenario – precisely because of Palestinian proximity to “the highly developed Israeli and European economies” – is the development of a low-waged, highly-exploited work force (a prerequisite to “becoming competitive on the export market” and “impro[ving] productivity”). Impoverishment of the majority would likely occur alongside the enrichment of a tiny layer of Palestinian society that acts as the interlocutor with Israeli and foreign capital. An end-point that will, as Khalidi and Samour put it, “perpetuate Palestinian dependence on Israel and allow personal prosperity for some but communal impoverishment for all.”<sup>47</sup>

There are many other examples that could be given of this obfuscation of power within the market. The key point, however, is that the assumption of market neutrality means that those who have power will benefit – which, in the case of Palestine, inevitably means Israeli companies and a narrow layer of the Palestinian elite – while the vast majority of the population will see a worsening of their living standards. A likely result of the PA’s economic programme, which has been fully and starkly confirmed by recent poverty statistics, is thus the growth in inequality within Palestinian society.<sup>48</sup> One of the implications of this for understanding and assessing Palestinian development is the necessity to go beyond simple aggregate measures of economic ‘growth’ (such as GDP) in order to be able to truly capture the winners and losers of the process.

There is one final aspect of neoliberalism that it is important to highlight – the massive expansion of financial markets that have become apparent in the WB over the past period. According to the Palestinian Monetary Authority, the amount of bank credit almost doubled from 2008 to May 2010 (from \$1.72 billion to \$3.37 billion).<sup>49</sup> Much of this involves consumer-based spending on residential real estate, automobile purchases or consumption such as credit cards – the amount of credit extended for these three sectors increased by a remarkable 245% from 2008 to 2011 (reaching \$466 million in Q1, 2011).<sup>50</sup> These figures need to be placed alongside the widespread poverty in the OPT – unemployment in 2010 was close to one-quarter of the workforce (23.7%) and per capita GDP was only \$1847. The expansion of the financial markets underscores the fact that much of the development that appears to be taking place across the WB (most notably Ramallah) is debt-fuelled. It is reflected in the striking spatial transformation of the Ramallah landscape over the past few years,

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<sup>45</sup> World Bank (2011). “Building the Palestinian State: Sustaining Growth, Institutions, and Service Delivery”, April. p.13.

<sup>46</sup> Later on in the report, the World Bank outlines what this means: ““The policy must be set to facilitate trade, not to raise government revenues, redistribute resources, or favor one sector over another. Tariffs must be low and there should be no quantitative restrictions or other nontariff barriers to trade. Given the vital importance of trade, the government of a future Palestinian state might consider eventually moving to a policy of free trade as Estonia, Hong Kong, and Singapore have done.” World Bank (2011), p.14.

<sup>47</sup> Khalidi and Samour (2011).

<sup>48</sup> Jamil Hilal documents that “The richest 10% households consumed 26.6% of total monthly consumption in 2007 compared to 20.7% in 2006. In the WB the increase was from 21.6% in 2006 to 25.8% in 2007, and in GS it jumped from 17.2% in 2006 to 31.8% in 2007. In other words the richest 10% of households in the WBGS consumed in 2007 eight times more than the poorest 10% of the households” Jamil Hilal (2010). *A Dangerous Decade: The 2nd Gender Profile of the Occupied West Bank and Gaza (2000 – 2010)* Institute for Women’s Studies, Birzeit University The Pauperization of Women, Men and Children in the WBGS, p.2.

<sup>49</sup> Palestine Monetary Authority, Monthly Statistical Bulletin May 2011, p.13 (Table (14): Distribution of Credit Facilities by Type and Currency).

<sup>50</sup> Table (16): Credit Distribution by Economic Sector, p.17.

and the proliferation of billboards promoting banks and the ability to purchase items such as houses, cars and other merchandise through taking on debt.

The growth of finance is an integral feature of neoliberalism – described in the nomenclature of IFIs as ‘financial deepening’ – and plays a very significant role in how power is articulated in the OPT.<sup>51</sup> These forms of individual consumer and household debt have a deep impact on how people view their capacities for social struggle and their relation to society (the second and third forms of power). Most particularly, they act to change the ways that individuals behave – by promoting the idea that the solutions to our problems are individual in nature, rather than collective. This fits neatly with the decline in provision of social services under neoliberalism, with private finance now used to meet basic needs that may previously have been provided outside of the market.<sup>52</sup> 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 not measured by community solidarity or collective struggle, but individual possessions. The establishment of these financial relations of debt thus acts to individualize the nature of our relationship with society. It has a deeply conservatizing influence in terms of a broader political project – people become concerned with ‘stability’ and the ability to pay off debt – and it corrodes the possibility of collective struggle.<sup>53</sup>

One striking example of this process is the nature of the struggle around Palestinian political prisoners in Israeli detention. The transformation over the last decade by which the Israeli prison administration has essentially ‘privatized’ and individualized the provision of the daily necessities of life for prisoners – allowing prisoners to purchase whatever they want (clothing, electrical appliances, entertainment items and so forth) through the prison *canteena* – appears to have profoundly deflected the collective struggle for rights.<sup>54</sup> Prisoners seek to improve their conditions through individual consumption, and the orientation of the external struggle becomes focused around individual families raising money to satisfy these needs (often through taking on debt). Of course this is not the sole fault of prisoners, but rather a reflection of the broader social and political changes outside the prisons. It does reveal, however, the nature of neoliberalism as a form of social power, transforming the ways that people imagine their potential for struggle and construct their sense of self-worth.

This argument is not meant to project a closed-ended pessimism about the possibility for collective struggle but rather to register the ways in which the ‘neoliberalization’ of the economy also partially generates a tendency towards the ‘neoliberalization’ of the political struggle. At the same time, it also leads to new points of struggle. Immanent to finance-led neoliberalism is a very deep unevenness in the patterns and forms of accumulation between different sectors of the population and geographic areas; and thus neoliberalism also produces sharper contradictions *within* Palestinian society. Recognition of these contradictions is necessary to assessing the various possibilities of development and the capacity for injecting a dynamic of struggle into this process.

## Conclusion

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<sup>51</sup> See Anne Sassoon (1991), “Globalisation, Hegemony and Passive Revolution” *New Political Economy*, 6:1; Gérard Duménil and Dominique Lévy (2001). “Costs and benefits of neoliberalism. A class analysis,” *Review of International Political Economy* 8:4 Winter: pp.578–60; David Harvey (2005), *A Brief History of Neoliberalism*, Oxford University Press, for various perspectives on neoliberalism, finance and political power.

<sup>52</sup> Costas Lapavistas makes this point strongly in his theorization of financialization. See Lapavistas, Costas (2009). “Financialised Capitalism: Crisis and Financial Expropriation”, *Historical Materialism*, 17, pp.114–14.

<sup>53</sup> 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 (2010) *In and Out of Crisis: The Global Financial Meltdown and Left Alternatives*, PM Press: Oakland, US.

<sup>54</sup> This observation is based upon conversations with two former political prisoners (and current activists around prisoner issues) in Ramallah, June 2011.

This paper has argued that because Israel's rule over the OPT is essentially a form of settler-colonialism it is impossible for development in the OPT to take place absent a confrontation with power. Development is always interlaced with forms of power that structure the capacity of Palestinians to resist and also has psychological implications for the way that people behave and think about themselves and their relationship to society. Any notion of development needs to be conceived within this context – understanding how power operates, how it reproduces itself, and what can be done to challenge it. This means understanding that one of the ways in which power operates is by making people believe that it is not there, by attempting to convince us of the neutrality of development. To accept this, and to treat development simply as a technocratic and apolitical process, means to reinforce and support the dominant forms of power. There is thus an urgency to expose and reveal power – to think more consciously about the way that relations of power are intrinsic to all development practice within the OPT.

Given these general points, how can development be conceived not as a question of 'growth', 'governance' or 'participation' – but rather a form of resistance and struggle? Linked to the features of power outlined above, there are three brief points that can be made in conclusion to this paper.

First, if the essence of Israeli settler-colonialism is the ongoing attempt to fragment and de-historicize the Palestinian people, then fundamental to reframing development is to confront this process and assert the unity of the people as a whole. This means looking at ways to build connections across the borders that have been constructed – both physical and mental – by colonization. How much development thinking, for example, look at strengthening connections between Palestinian citizens of 1948 and those living in the West Bank or in the Diaspora? Of course there are practical problems involved here – precisely because fragmentation is actualized through legal and administrative measures – but the point is that this process of fragmentation is essential to how the power of colonialism works.

Second, a critical element to resisting power means refusing to legitimate it. As has been discussed above, much of the dominant framework of development actually consists of integrating the structures of the occupation into development itself. This can be most clearly seen in the economic framework promoted by the IFIs and adopted by the Palestinian Authority – the industrial zone development model being the starkest example of this. 'Development as struggle' means adopting a framework that refuses to normalize colonial power in this way. A very strong example of this is the boycotts, divestment and sanctions (BDS) movement, which rejects any joint activities with Israeli state institutions, or projects that attempt to normalize colonial power and present the situation of Palestinians as simply a 'conflict' between two parties. The success of the BDS movement originates in the way it highlights and exposes the reality of power, and refuses to legitimize and normalize it. To say 'no' can be an enormously powerful act. It should also be emphasized that this notion of anti-normalization is not a recent invention or a foreign import, but has played a prominent role in the history of the Palestinian struggle for decades.

Finally, the neoliberal development strategy encapsulated in the PRDP has generated increasingly sharp inequality within Palestinian society itself. Neoliberalism acts to atomize and fragment Palestinian society – turning people away from collective struggle towards individualized consumption mediated through finance. A society constructed along these principles weakens the capacity of the Palestinian people to resist. For this reason, the *internal* struggle against neoliberalism is inextricably connected to the broader struggle against Israeli power. Practically, this implies an emphasis on defending and extending social rights and rejecting the myth of market neutrality. Jamil Hilal has emphasized precisely this point, noting that: "empowering of Palestinians in the WBGS to organize themselves to defy and challenge the colonizing apartheid state, requires being guided by the principles of equality and social justice in fashioning their society, and not leaving it to the whims of the colonial power, the donors, or the market." He goes on to suggest possible campaigns, such as "legislation to establish a decent minimum wage, to provide formal protection to the unemployed, and to re-activate the social insurance law to be implemented in accordance to resources available with special attention to those with special needs. A strategy of widening the free provision of health care

and education to cover all citizens would be an empowering strategy. Such a strategy should be based on an appreciation of women's role in the provision of care and right to participate in the paid labour force".<sup>55</sup>

A reframing of development as a means of struggle and resistance, which incorporates a full understanding of Israeli power – consciously confronting fragmentation, refusing to legitimize or normalize with the Israeli state, and rejecting neoliberalism – gives real meaning to ‘empowerment’. The history of the Palestinian people shows that it is only at times of mass, collective struggle, in which Israeli power is confronted in all its manifestations, that a glimpse of real human development becomes possible.

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<sup>55</sup> Hilal (2010), p.12.