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ABSTRACT
Examining the *Journal's* fifty-year trajectory documenting the political economy of Palestine and of the Palestinians (not one and the same), author Leila Farsakh highlights contributions by a rich mix of economists, anthropologists, and other scholars: from Yusif and Rosemary Sayigh, Sara Roy, George Abed, Raja Khalidi, and Linda Tabar to Darryl Li, Judith Gabriel, Nicholas Pelham, Sobhi Samour, Omar Jabari Salamanca, and Helga Tawil-Souri (to name only some). Taken together, Farsakh argues, their writings expose "the diversity of Palestinian economic realities," and highlight the continuing relevance of the settler-colonial paradigm as "the most useful analytic for understanding the Palestinian economic predicament." Far from being a neutral technocratic process, economic development is "embedded in power structures that need to be dissected and understood at both macro and micro levels."

KEYWORDS
Economic development; settler colonialism; occupation; pauperization; Palestinian economy; de-development

By any objective criteria, the economic reality of Palestinians today is grim. According to the latest available data at the time of writing, the economy of the West Bank and Gaza grew by only 1 percent in 2019 and was expected to shrink by as much as 11 percent in 2020 due to the coronavirus (Covid-19) pandemic. Poverty, which already touched more than one quarter of the Palestinian population in 2019, is expected to increase, affecting 30 percent of people in the West Bank and over 64 percent in the Gaza Strip. Unemployment, moreover, is expected to rise from a 2019 high of 43 percent in Gaza and 14 percent in the West Bank in 2019,[1] hitting young people particularly hard. And despite the touted promise of more than $50 billion worth of investments in the West Bank and Gaza over the next ten years, under the U.S. administration's much-trumpeted peace plan, also known as the "deal of the century,"[2] Palestinians continue to have their lands expropriated and annexed. The fragmentation of the Palestinian polity and its lack of economic viability persist despite far-reaching international recognition of the State of Palestine since 2012.[3] Meanwhile, the economic conditions of Palestinians living in the diaspora have also deteriorated, as the coronavirus pandemic plays havoc with the economies of rich and poor countries alike, raising the specter of poverty, if not mass return migration, for those Palestinians living in Gulf countries, Lebanon, and Syria.

The *Journal of Palestine Studies* (*JPS*) is undoubtedly a prime resource for understanding the Palestinians' dismal economic reality. Browsing through the fifty volumes of the *Journal* makes clear that today's economic crisis cannot be attributed simply to the Covid-19 pandemic, or that a quick economic recovery is possible by developing the digital economy, as the most recent World Bank report suggests.[4] While the global pandemic has undoubtedly aggravated an already dire economic situation, it is not the underlying cause of what Yusif Sayigh described in 1986 as the "pauperization" of the Palestinian people.[5] As Sayigh pointed out, Israel's colonial occupation has undermined Palestine's economic growth by expropriating Palestinians' land and transforming their agrarian-based economy into one made of precarious wage labor heavily dependent on access to the Israeli economy and other host economies. This process of turning peasants into a proletariat was one also shared by the Palestinians who found themselves in Lebanon or Syria, as well as those who remained inside Israel or in the occupied Palestinian territories (oPt), as documented by Rosemary Sayigh, Elia Zureik, and Salim Tamari in the late 1970s and early 1980s.[6]

Rereading these articles together today is particularly illuminating: they not only highlight the commonality of the Palestinian condition of economic displacement but also deploy a class analysis that all but disappeared from most writing on the Palestinian economy during the Oslo years. A critical political economy perspective remains particularly useful for exposing who stood to lose the most from the structural economic transformation caused by the Nakba, as the Palestinian population has experienced—at both micro and macro levels—changes that were caused not by "the working of the 'invisible' hand of market forces but through imposition by the visible hand of the occupying power," in the words of Yusif Sayigh.[7]

It has remained a challenge for most economic researchers to provide an overarching economic framework for understanding the Palestinian economic predicament, let alone outlining how it might be reversed. This challenge stems in part from the fact that not only was the Palestinian population displaced in 1948 but it was also fragmented into at least four different geospatial categories, experiencing quite diverse economic conditions and opportunities across class and gender lines. Thus, analyzing the political economy of *the Palestinians* is not necessarily synonymous with explaining the political economy of *Palestine*. The focus on the latter, which has consumed the bulk of knowledge production since the Palestine Liberation Organization (PLO) recognized Israel in 1988, has tended to emphasize the economy of the West Bank and Gaza Strip and to ignore the economy of *Palestinians* living outside the oPt.

The boundaries of the Palestinian economy, meanwhile, continue to be contested, both practically and conceptually, given the ongoing reality of fragmentation, annexation, and siege that Palestinians live under. For a whole generation of national leaders (and their economic advisors) who have upheld the two-state solution as the only means to fulfill the Palestinian right to self-determination, the Palestinian economy resides in the West Bank and Gaza—a conception central to affirming Palestinian agency and the viability of a Palestinian state. But for a new generation of Palestinian political economists, the Palestinian economy is a fetish, if not an absurdity, given the unrelenting nature of Israeli settler colonialism which, like all other settler colonialisms, is based on the "elimination of the native,"[8] including the native's economy.

Thankfully, the plethora of articles produced by the *Journal* over the past fifty years is appreciable both in exposing the diversity of Palestinian economic realities and in tracing the continuities and ruptures in the Palestinians' struggle for economic and political liberation. While it is not easy to do justice to the body of knowledge produced by *JPS* over the past five decades, it is possible to identify some key articles, in addition to those mentioned above, that a reader might consult in an attempt to understand the Palestinian economic predicament.

The work of Sara Roy stands out in this regard, as it pioneered the use of a novel framework, which she termed "de-development," to explain the process of Palestinian pauperization.[9] As she explains in her 1987 article, and more comprehensively in her 1999 piece, de-development entails the disarticulation and destruction of a native economy by a settler-colonial power in order to prevent the development of an independent Indigenous existence.[10] It is a process that entails displacing the Palestinians from their land by various regulatory and economic mechanisms, rendering them dependent on Israel for employment and access to the outside world, while simultaneously stifling any possibility for sustainable Indigenous economic production. That de-development did not end with the Oslo peace process, despite the determination of the Palestinian Authority (PA), with the international community's support, to create the foundation of a viable Palestinian economy in the West Bank and Gaza. Rather, de-development has deepened as the Oslo Accords redefined, rather than ended, Israeli colonial domination through the institutionalization of Israel's closure and permit policies, the dissection of the oPt into Areas A, B, and C, and the expansion of settlement construction. It has led to the destitution of the Gaza Strip as we know it today, a process to which the West Bank is not immune, as Darryl Li's poignant "The Gaza Strip as Laboratory: Notes in the Wake of Disengagement" suggests.[11]

Palestinians have, of course, continued to resist their pauperization, both economically and politically. The Great Revolt of 1936–39, as much as the 1987 intifada, relied on economic strategies that sought to counter Israel's settler-colonial dispossession by encouraging economic self-reliance. Judith Gabriel's 1988 article is insightful in this regard, as it exposes the elements of economic resistance during the First Intifada, which was led mainly by community-based grassroot activism.[12] It was a bottom-up resistance strategy that entailed boycotting Israeli taxes and markets, as well as a return to domestic economic production in ways the Boycott, Divestment, Sanctions (BDS) movement has been trying to emulate since 2005. Nicolas Pelham's article on the Gaza tunnel economy, published in 2011, is also notably significant in this regard for highlighting the resourcefulness of Palestinians' resistance in the face of deepening strangulation of their lives by Israel.[13] It explains how Palestinians in Gaza sought to circumvent the economic devastation of the Israeli blockade by transforming the tunnel industry from a clandestine operation into a major commercial enterprise that meets the Strip's economic needs as much as it sustains its ruling establishment, Hamas. Pelham's analysis is particularly astute in explaining how Hamas consolidated its rule by regulating and taxing the myriad tunnels that mushroomed after 2006 while also recalibrating Gaza's economy toward Egypt and, through it, to the outside world. The tunnel economy meanwhile altered the territory's socioeconomic hierarchy, giving rise to a new class of economic beneficiaries, who reaped enormous profits, and marginalizing others. Its sustainability, though, remained questionable, as it placed Palestinians in Gaza at the mercy of regional powers such as Egypt without necessarily loosening Israel's suffocating grip. This was most evident when the tunnel economy was destroyed following the consolidation, in 2014, of the Abdel Fattah al-Sisi government in Egypt and Israel's war on Gaza.[14]

For the PA and its international advisors, however, laying the economic foundation of a viable Palestinian state has remained the path to national liberation. As is evident from George Abed's 1990 piece, and in the interview with then-prime minister Salam Fayyad in 2009 explaining how the PA's Development and Reform Plan would provide the final push to statehood, the Palestinian leadership sought to reverse de-development by gradually ending Palestinian dependence on Israel.[15] The plan sought to capitalize on Palestinians' rich human and financial resources, seeded from the diaspora and nourished in the oPt, to create a twenty-first century globalized Palestinian economy. It adopted a development agenda that considered the private sector as the engine of economic growth, sought to develop export-oriented local industries to absorb the growing Palestinian labor force, and would rely on the establishment of a fiscally responsible but small public sector whose role would be to ensure the smooth functioning of the economy by securing law and order. Such a strategy prioritized what Palestinians could do for themselves, despite Israeli restrictions on Palestinian labor and commercial mobility imposed by the 1994 Paris Protocol (incorporated into the Oslo II Accord of September 1995), which were clearly analyzed in Sharif S. Elmusa and Mahmud El-Jaafari's 1995 article.[16]

One of the best critiques of this development strategy and its implications for Palestinian liberation can be found in Raja Khalidi and Sobhi Samour's much cited article "Neoliberalism as Liberation: The Statehood Program and the Remaking of the Palestinian National Movement," published by *JPS* in 2011.[17] By situating the PA's development strategy within the neoliberal economic paradigm that has dominated international development discourse since the 1990s, the authors show how Palestinian development cannot be understood without an examination of the international and regional context in which it is embedded. That discourse encouraged the PA to regard economic growth as a technical matter whose goal was to increase individual purchasing power rather than enhance collective resistance to dispossession. It also required the PA to acquiesce to the reality of occupation, especially after the failure of the Second Intifada (2001–5) to bring about Israel's withdrawal from the oPt.

The outcome of this neoliberal approach though, was to render the Palestinian economy entirely dependent on international aid and on the growth of a domestic financial sector to induce economic activity. It inevitably resulted in creating a heavily indebted population and aggravating income inequality—not only between social classes, but also between regions and cities—to unprecedented levels. As Khalidi and Samour succinctly put it, underlying such a development strategy and "its technical, neutral vocabulary is the *desire to escape politics* and, indeed, the very political nature of the question of Palestine. The statehood program encourages the idea that citizens may have to acquiesce in occupation but will not be denied the benefits of smoother running traffic, a liberal education curriculum, investor-friendly institutions, efficient public service delivery, and, for the middle class, access to luxury hotel chains."[18]

Since 2010, the PA's development discourse has been challenged by a rising generation of Palestinian political economists. Some of their writings appear in the *Journal*'s special Summer 2016 issue, titled "Palestinian Economic Development." That issue is uniquely valuable for unpacking the political economy of international aid in light of its preponderant role in entrenching Palestinian economic dependence on the Israeli economy. As the four articles and the introduction to the special issue demonstrate, the West Bank and Gaza Strip are among the highest recipients of international aid in the world, positioning the aid industry as an important source of employment in its attempt to subvert Palestinian dependency on the Israeli labor market. Yet, for all its emphasis on empowerment, good governance, and transparent institutions, international aid has *dis*empowered the Palestinian people and their economy, even if it slowed the downward spiral toward poverty.[19] The article by Linda Tabar, in particular, outlines how humanitarianism, as she refers to it, disrupted development by turning Palestinians into passive recipients of aid and undermined grassroots initiatives by farmers to rebuild local food production.[20] For his part, Omar Jabari Salamanca argues that the development of infrastructural projects, sponsored by international donors, as a means to enhance growth through local private-public ventures—entrenched Israeli settler-colonial road systems, for instance—further de-territorialized the Palestinians.[21] As to the idea that the Palestinian economy can escape its entrapment, whether Israel- or pandemic-induced, by expanding the digital economy per the World Bank report earlier discussed,[22] it suffices to read Helga Tawil-Souri to understand the limits of such an approach.[23] As Tawil-Souri demonstrates in a brilliant 2012 article titled "Digital Occupation: Gaza's High-Tech Enclosure," the scope of growth for the Palestinian telecommunication and internet sector remains strictly delineated by Israel's purported security concerns and its "enclosure" of digital space in the oPt, further deepening economic dependence on Israel as Palestinian tech firms became subcontractors to Israeli ones. Above all, the so-called digital economy has enhanced Israel's surveillance and control of the Palestinian population that no amount of international aid has been able to counter.

Taken together, the articles discussed in this essay highlight the importance of returning to the paradigm of settler colonialism as the most useful analytic for understanding the Palestinian economic predicament.[24] These works also show how regional and international economic forces continue to impact the prospects for Palestinian growth, and help us appreciate that economic development is not a neutral technocratic process but one embedded in power structures that need to be dissected and understood at both macro and micro levels. If there is one lesson to be drawn from the successes and failures of the Palestinian economic struggle over the past fifty years, it is one that points to the need to transcend the limits of nationalist discourse in order to uncover the inequalities between capital and workers, Gazans and West Bankers, and women and men, among other categories. Only then can Palestinians protect their inalienable collective rights and halt their economic negation moving forward.

About the Author

Leila Farsakh is associate professor and chair of the Political Science Department at the University of Massachusetts Boston. She is the author of *Palestinian Labour Migration to Israel: Labour, Land and Occupation* (London: Routledge, second edition, 2012) and coeditor of *The Arab and Jewish Questions: Geographies of Engagement in Palestine and Beyond* (New York: Columbia University Press, 2020).

Endnotes

1. World Bank, "Palestinian Economy Struggles as Coronavirus Inflicts Losses," press release, 1 June 2020, https://www.worldbank.org/en/news/press-release/2020/06/01/palestinian-economy-struggles-as-coronavirus-inflicts-losses.
2. "Peace to Prosperity," the economic tranche of the "peace plan," was unveiled in June 2019. In January 2020, U.S. president Donald Trump announced the political plan, comprised of a Swiss cheese arrangement of Palestinian areas, with Benjamin Netanyahu at his side. At the same press conference, the Israeli prime minister announced that Israel would be annexing the Jordan Valley and all the (illegal) settlements of the West Bank.
3. In 2012, the State of Palestine was admitted to the United Nations as a non-member observer state and recognized by 138 states.
4. World Bank, "Palestinian Economy Struggles."
5. Yusif A. Sayigh, "The Palestinian Economy under Occupation: Dependency and Pauperization," *JPS* 15, no. 4 (Summer 1986): pp. 46–67, https://doi.org/10.2307/2536611.
6. Rosemary Sayigh, "The Struggle for Survival: The Economic Conditions of Palestinian Camp Residents in Lebanon," *JPS* 7, no. 2 (Winter 1978): pp. 101–19, https://doi.org/10.2307/2536441; Elia T. Zureik, "Transformation of Class Structure among the Arabs in Israel: From Peasantry to Proletariat," *JPS* 6, no. 1 (Autumn 1976): pp. 39–66, https://doi.org/10.2307/2535718; Salim Tamari, "Building Other People's Homes: The Palestinian Peasant's Household and Work in Israel," *JPS* 11, no. 1 (Autumn 1981): pp. 31–66, https://doi.org/10.2307/2536046.
7. Yusif A. Sayigh, "The Palestinian Economy under Occupation," p. 53.

8. Patrick Wolfe's famed phrase. See Patrick Wolfe, "Settler Colonialism and the Elimination of the Native," *Journal of Genocide Research* 8, no. 4 (2006): pp. 387–409, https://www.tandfonline.com/doi/full/10.1080/14623520601056240.
9. Sara Roy, "The Gaza Strip: A Case of Economic De-Development," *JPS* 17, no. 1 (Autumn 1987), pp. 56–88, https://doi.org/10.2307/2536651.
10. Sara Roy, "De-development Revisited: Palestinian Economy and Society since Oslo," *JPS* 28, no. 3 (Spring 1999): pp. 64–82, https://doi.org/10.2307/2538308.
11. Darryl Li, "The Gaza Strip as Laboratory: Notes in the Wake of Disengagement," *JPS* 35, no. 2 (Winter 2006): pp. 38–55, https://doi.org/10.1525/jps.2006.35.2.38.
12. Judith Gabriel, "The Economic Side of the Intifadah," *JPS* 18, no. 1 (Autumn 1988): pp. 198–213, https://doi.org/10.2307/2537606.
13. Nicolas Pelham, "Gaza's Tunnel Phenomenon: The Unintended Dynamics of Israel's Siege," *JPS* 41, no. 4 (Summer 2012), pp. 6–31, https://doi.org/10.1525/jps.2012.XLI.4.6.
14. James Verini, "Gaza's Tunnels, Now Used to Attack Israel, Began as Economic Lifelines," *National Geographic*, 21 July 2014, https://www.nationalgeographic.com/news/2014/7/140721-gaza-strip-tunnels-israel-hamas-palestinians/.
15. George T. Abed, "The Economic Viability of a Palestinian State," *JPS* 19, no. 2 (Winter 1990): pp. 3–28, https://doi.org/10.2307/2537410; "'A Palestinian State in Two Years': Interview with Salam Fayyad, Palestinian Prime Minister," *JPS* 39, no. 1 (Autumn 2009): pp. 58–74, https://doi.org/10.1525/jps.2010.XXXIX.1.58.
16. For an excellent critique of the Paris Protocol, see Sharif S. Elmusa and Mahmud El-Jaafari, "Power and Trade: The Israeli-Palestinian Economic Protocol," *JPS* 24, no. 2 (Winter 1995): pp. 14–32, https://doi.org/10.2307/2537730.
17. Raja Khalidi and Sobhi Samour, "Neoliberalism as Liberation: The Statehood Program and the Remaking of the Palestinian National Movement," *JPS* 40, no. 2 (Winter 2011): pp. 6–25, https://doi.org/10.1525/jps.2011.XL.2.6.
18. Khalidi and Samour, "Neoliberalism as Liberation," pp. 15–16 (italics in the original).
19. See Adam Hanieh "Development as Struggle: Confronting the Reality of Power in Palestine," *JPS* 45, no. 4 (Summer 2016): pp. 32–47, https://doi.org/10.1525/jps.2016.45.4.32; and Leila Farsakh, "Undermining Democracy in Palestine: The Politics of International Aid since Oslo," *JPS* 45, no. 4 (Summer 2016): pp. 48–63, https://doi.org/10.1525/jps.2016.45.4.48.
20. Linda Tabar, "Disrupting Development, Reclaiming Solidarity: The Anti-politics of Humanitarianism," *JPS* 45, no. 4 (Summer 2016): pp. 16–31, https://doi.org/10.1525/jps.2016.45.4.16.
21. Omar Jabary Salamanca, "Assembling the Fabric of Life: When Settler Colonialism Becomes Development," *JPS* 45, no. 4 (Summer 2016): pp. 64–80, https://doi.org/10.1525/jps.2016.45.4.64.
22. World Bank, "The Palestinian Economy Struggles as Coronavirus Inflicts Losses."
23. Helga Tawil-Souri, "Digital Occupation: Gaza's High-Tech Enclosure," *JPS* 41, no. 2 (Winter 2012): pp. 27–43, https://doi.org/10.1525/jps.2012.XLI.2.27.
24. To understand the paradigm's genealogy, its obfuscation during the Oslo years, and its revival after 2008, see Leila Farsakh, "Palestinian Economic Development: Paradigm Shift since the First Intifada," *JPS* 45, no. 2 (Winter 2016): pp. 55–71, https://doi.org/10.1525/jps.2016.45.2.55. The article traces the paradigm shifts between the two most commonly used theoretical frameworks—neoliberalism and colonialism—to explain the determinants of Palestinian economic growth; it also demonstrates the limitations of nationalist discourse in articulating the means for economic and political liberation in the twenty-first century.