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Re-reading the Myth of *Fayyadism*: A Critical Analysis of the Palestinian Authority's Reform and State-building Agenda, 2008-2011

Philip Leech | April 2012

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Abstract

Fayyadism is a term coined by *New York Times* columnist Tom Friedman that has gained widespread usage in the media and the quasi-academic literature emanating from various high-profile English-language think tanks. The term is named after the current prime minister of the Palestinian Authority (PA), Dr. Salam Fayyad, formally an economist at the IMF, and is used to describe the raft of political and economic reforms that have been central to the PA's state-building agenda. Supporters of this agenda from all sides have promoted it in orientalist terms (i.e., as a reasonable method for Palestinians to achieve their national goals), in contrast to uncivilized armed resistance and/or Islamism. This paper argues that *Fayyadism* does not, in fact, constitute a radical new approach to ending the occupation or liberating Palestinians. Rather, Palestinian agency remains contingent on the same basic dynamics as it has since the beginning of the Oslo process. If *Fayyadism* has had any effect at all on this arrangement of power, it has been to entrench the occupation rather than to end it.

Fayyadism, according to Thomas Friedman, “is based on the simple but all-too-rare notion that an Arab leader’s legitimacy should be based not on slogans or rejectionism or personality cults or security services, but on delivering transparent, accountable administration and services.”¹ However, since the *New York Times* columnist produced this orientalist (if not outright racist) definition, the term has been developed by other commentators and has been used as shorthand to describe a program of reforms to the PA and its infrastructure since 2008.² These reforms have been promoted in the wake of the 2007 schism between Palestine’s two largest political factions, Hamas and Fatah, which led to the antagonistic division between the West Bank and the Gaza Strip, the two territorial areas that comprise the Occupied Palestinian Territories (OPTs). Following the vicious fighting between the PA and Fatah forces (operating with the support and guidance of British and US secret services³) and Hamas, President Mahmoud Abbas, who remained in control of the West Bank, appointed a new government, made up of independents, under the leadership of a former International Monetary Fund (IMF) economist, Dr. Salam Fayyad.

¹ Thomas L. Friedman, “Green shoots in Palestine,” *The New York Times*, August 5, 2009, <http://www.nytimes.com/2009/08/05/opinion/05friedman.html>.

² See: N.J. Brown, “Fayyad Is Not the Problem, but Fayyadism Is Not the Solution to Palestine’s Political Crisis,” *Carnegie Endowment for International Peace*, September 17, 2010, <http://carnegieendowment.org/2010/09/17/fayyad-is-not-problem-but-fayyadism-is-not-solution-to-palestine-s-political-crisis/1lu4>; Jonathan Schanzer, “The End of Fayyadism,” *Foreign Policy*, December 14, 2011, http://www.foreignpolicy.com/articles/2011/12/14/the_end_of_fayyadism; Philip Leech, “Fayyadism’s End? It Is Time to Return to First Principles,” *I Think Therefore IR*, 2012, <http://www.thinkir.co.uk/fayyadisms-end-it-is-time-to-return-to-first-principles/>; Jeffrey Goldberg and Hussein Ibish, N.J. Brown, “Fayyad Is Not the Problem, but Fayyadism Is Not the Solution to Palestine’s Political Crisis,” *Carnegie Endowment for International Peace*, September 17, 2010, <http://carnegieendowment.org/2010/09/17/fayyad-is-not-problem-but-fayyadism-is-not-solution-to-palestine-s-political-crisis/1lu4>; Jonathan Schanzer, “The End of Fayyadism,” *Foreign Policy*, December 14, 2011, http://www.foreignpolicy.com/articles/2011/12/14/the_end_of_fayyadism; Philip Leech, “Fayyadism’s End? It Is Time to Return to First Principles,” *I Think Therefore IR*, 2012, <http://www.thinkir.co.uk/fayyadisms-end-it-is-time-to-return-to-first-principles/>; Jeffrey Goldberg and Hussein Ibish, “Good News From the Middle East (Really),” *The New York Times*, January 25, 2011, <http://www.nytimes.com/2011/01/26/opinion/26goldberg.html>.

³ See: David Rose, “The Gaza Bombshell,” *Vanity Fair*, April 1, 2008, <http://www.vanityfair.com/politics/features/2008/04/gaza200804>; Ian Black and Seumas Milne, “Palestine Papers reveal MI6 drew up plan for crackdown on Hamas,” *The Guardian*, January 25, 2011, <http://www.guardian.co.uk/world/2011/jan/25/palestine-papers-mi6-hamas-crackdown>.

The Fayyad government, after whom Fayyadism is named, has been specific in identifying and outlining a political and economic agenda since it came into office. These have been detailed in the following three documents⁴:

1. The Palestinian Reform and Development Plan (PRDP)
2. Palestine: Ending the Occupation, Establishing the State
3. Homestretch to Freedom

Through the reform programs, the PA claims to be taking,

*... positive and proactive steps, both nationally and internationally, in order to end the occupation and reach a just and lasting political settlement in our region. For our part, we have to dedicate ourselves to the task of state-building. This will be critical to our success. In parallel, we have to be fully engaged with the international community, and we should work to secure the full backing of our Arab brethren and the political and economic support of our friends around the world.*⁵

Therefore, the PA claimed that it intended to secure Palestinian national liberation through the pursuit of domestic reforms and a political agenda that focused on peaceful institution building. This would be developed in line with both the letter and spirit of previous agreements and international law. As a product of this, the PA would capitalize on international and regional support that would, in turn, encourage Israel to engage more productively with the principle of a two-state solution. Supporters of Fayyadism, ranging from various traditionally pro-Israeli journalists to advocates within Palestinian society itself, encouraged the notion that these particular reforms provided the Palestinian population with the best, if not the only remaining means to achieve short-term improvements in conditions and, in the longer term, the reward of independence.

⁴ The full texts of all of these documents are available online via the Palestinian Authority's Ministry of Planning website: www.mopad.pna.ps/en/ (accessed March 7, 2012). See also: *Talk to Jazeera - Salam Fayyad*, 2011, http://www.youtube.com/watch?v=wCVWzP78X40&feature=youtube_gdata_player; *PM Salam Fayyad Delivers Keynote Address at ATFP 6th Gala*, 2011, http://www.youtube.com/watch?v=XwUOknqSR0c&feature=youtube_gdata_player.; Farraj, Mansour, and Tamari, n.d.

⁵ "Ending the Occupation, Establishing a State. The Program of the Thirteenth Government," (Ministry of Planning, Palestinian Authority, n.d.), http://www.mop-gov.ps/issues_main.php?id=13.

However, it is worth noting that, for the most part, the debate over the value of Fayyadism, scarce as it is, occurred outside Palestine itself, in the international media or in academic/quasi-academic publications. Further, the plans that are central to the Fayyadism agenda are written (a) in language that appeals to the concerns of international donor organizations and (b) with a vague set of goals that reference few discernible objective criteria by which its success or failure may be judged. However, where goals were implied, the most profound was the promise of a major new challenge to the nature of Palestine's existing relationship with Israel. This, it was suggested, meant that as a result of Fayyadism's reforms and state-building on the domestic front, the Palestine Liberation Organization (PLO) would be better equipped to challenge Israel's occupation through the apparatus of international agreements, as Kanafani explains:

*Fayyad's political vision, underwritten by 'Abbas, is to reverse the time-honored sequence of priorities for the Palestinian national movement ... The new strategy has several elements, including the creation of state institutions before the attainment of sovereignty. The idea is that having properly functioning institutions is a precondition for, rather than a consequence of, political independence. National rights can be secured by a proven record of discipline in building and maintaining these institutions and by honoring signed agreements.*⁶

However, while the PLO leadership under Chairman Mahmoud Abbas has pursued this, Fayyad has publicly disassociated himself from it, stating at a public lecture in Amman, "conditions are not ripe for resumption of a political process capable of delivering an end to the Israeli occupation."⁷

According to critics of Fayyadism, the deficiencies in the agenda are much more significant than the simple failure of Fayyad himself to remain committed to the course as it was laid out. Rather, according to Hanieh,⁸ Fayyad's reform program has had an

⁶ Numan Kanafani, "As If There Is No Occupation," *Middle East Research and Information Project*, September 22, 2011, http://www.merip.org/mero/mero092211?ip_login_no_cache=ad6e9318ea0d82b8d4ca8cbb7da48473.

⁷ Taylor Luck, "Politics not ripe for Palestinian statehood bid - Fayyad," *Jordan Times*, December 21, 2011, <http://archive.jordantimes.com/?news=43959>.

⁸ "In reality, these measures will only act to strengthen that occupation by conferring on it the supposed legitimacy and blessing of the Palestinian Authority leadership. The vast majority of the population in these areas will find their living conditions worsen as a direct result of these plans." Adam Hanieh, "Palestine in the Middle East: Opposing

extremely deleterious effect on Palestinian society and Palestinian national claims. Instead of furthering an agenda of Palestinian national liberation, in practice Fayyadism has entrenched the occupation, abandoned most, if not all, of Palestinians' basic rights against Israel in pursuit of what could only ever be a symbolic panacea, and complied with the vision of a "new Middle East" under US hegemony.

Thus, both advocates and critics tend to start with the premise that Fayyadism constitutes something radical and new in the recent history of Palestinian politics. While the argument of this paper is much more sympathetic to the perspective of Fayyadism's critics, for the reasons presented below, it begins by disputing the claim of Fayyadism's originality that apparently underlies the positions of both advocates and critics of this reform agenda. Rather, it contends that while in some respects the PA under Fayyadism is methodologically different from what it was during the Arafat-era (1994-2004), at a deeper level it remains constrained by many of the same basic determinant factors that constrained the PA during the 1990s.

Therefore, when viewed through an analysis of the basic power dynamics that underlie Palestinian agency in relation to Israel, its Western allies, and internal Palestinian society, it is clear that while Fayyadism is a new phenomenon in some senses, the factors that make it unique are largely environmental or superficial. The basic arrangement of power that underlies Palestinian agency remains unaffected by it. Therefore, Fayyadism does not constitute a distinct historical moment (or, in Gramscian terms, a "historic bloc").

In other words, this paper contends that Palestinian agency remains contingent on the same basic determinants as during the 1990s. The reform program executed by the Fayyad government has done nothing to challenge this. Rather, evidence presented below demonstrates that in fact some of the PA's policies, particularly those that can be described as security-sector reform or neo-liberal economic reorganization, have in fact worsened the situation and made Palestinian agency even more dependent on the will of Israel and international donors.

Neoliberalism and US Power Part 1," *MRZine*, July 19, 2008,
<http://mrzine.monthlyreview.org/2008/hanieh190708a.html>.

This paper presents this argument in the following ways. First, it identifies and defines the two major underlying dynamics upon which Palestinian agency has remained contingent since the outset of the Oslo process, including (a) “asymmetric containment,”⁹ which describes the primary product of Israeli policy toward Palestinians in the OPTs, and (b) the concentration of power and capital within a small group of Palestinian elites and their close relationship with the PA. This is discussed with reference to what Henry and Springborg¹⁰ called the “bully praetorian republic” during the Arafat regime, and it is argued that the PA under Fayyad still operates along basically the same lines as it did during that period. Both of these terms are discussed in relation to a third concept: that of “holding power,”¹¹ which can be understood in broader terms than merely a negotiating strategy, and – following from Gramsci’s concept of a war of position – can be interpreted as a means to confront the essential arrangement of power underlying the conflict in its current form.¹²

Second, the discussion examines how, in spite of the tumultuous and catastrophic events of the early and mid-2000s, Palestinian agency in the era of Fayyad remained confined by those same underlying determinants, different only in the sense that they were made more overt. This section goes on to discuss how, as a product of particular policies – primarily those within the brackets of reform of the security sector and the neo-liberal reorganization of the economy – Fayyadism has in fact lead to the deeper entrenchment of the occupation and the weakening of Palestinian “holding power”.

Finally, the paper concludes that where Fayyadism has failed to confront the basic dynamics that confine Palestinian agency, various seeds of an alternative strategy are emerging in Palestinian and international civil society. In this final section, this paper offers a tentative recommendation that these various branches of a counter-strategy can better serve the goal of increasing Palestinian “holding power” by coalescing their activities around a central axiom: to promote any activity that helps maintain a Palestinian presence in the Occupied Territories over the period of the next 5-10 years. Any activity that, in any way, hinders that prospect should be opposed.

⁹ Hilal and Khan, 2004; Khan, 2005.

¹⁰ Clement Moore Henry and Robert Springborg, 2010.

¹¹ Khan, 2005.

¹² Gramsci, 1998; Jones, 2006; Ransome, 1992.

The basic determinants that underlie Palestinian agency in relation to Israel and the arrangement of power within Palestinian society were established as a product of the negotiations between the PLO and Israel throughout the early 1990s. These negotiations, collectively known as the Oslo process, produced a number of one-sided agreements that, while granting the PLO various concessions that were unprecedented in the history of the conflict, also drew the Palestinian leadership into a position of institutionalized weakness. The key documents that articulated this relationship were the Declaration of Principles (1993), The Paris Protocol on Economic Relations (1994) and the Oslo II agreement (1995).¹³ Taken together, these agreements established the groundwork for a relationship characterized by Palestinian dependency on Israeli goodwill and donor aid.

According to Sara Roy,¹⁴ this relationship rested on three critical elements of the agreements, these being:

1. "The retention of Israeli military law (and the economic restrictions therein) during the interim phase";
2. "Israel's full control over key factors of production, such as land, water, labor, and capital"; and
3. "Israel's complete control over external borders and the perimeters of Palestinian areas".

In combination, these three factors developed into a general trend in Israeli policy toward Palestinians in the OPTs, whereby Israel would exploit its position of dominance in order to establish a hold on the territories in spite of the presence of the local population by creating a framework for control over vital and important resources, thus curtailing any potential Palestinian capacity to confront Israel's position of superiority and effectively nullifying any meaningful progress toward independence. It is this process that Hilal and Khan have termed "asymmetric containment".

¹³ The full texts of these agreements, along with most other major documents relating to the conflict, can be found online at: <http://israelipalestinian.procon.org/view.resource.php?resourceID=000638> (accessed March 13, 2012).

¹⁴ Roy, 1999. For more of Roy's analysis of Israeli policy and the development of a relationship of dependence see Roy, 2006.

In practical terms, “asymmetric containment” describes Israel’s policy of asserting control over important strategic assets and locations in order to establish and maintain order among the population within those spaces and enable the colonization of lands elsewhere in the West Bank. Hilal and Khan use a metaphor to put this more eloquently: “Palestinian negotiators frequently pointed out that in a prison, the prisoners control 95 per cent of the space.”¹⁵ Furthermore, because the PA took over responsibility for the day-to-day management of Palestinians in parts of the OPTs designated “Area A,” the asymmetric containment policy pursued by Israel effectively produced the equivalent of prisoners both policing themselves and organizing their own welfare services.

“Asymmetric containment” has its roots in various Israeli plans to annex and colonize the West Bank since the Allon Plan of 1967.¹⁶ However, the actual impetus for material change in Israel’s policy came only from the rupture in its methodology of control over the territories affected by the Palestinian popular uprising, known as the First Intifada (1987-1993). To Israel’s military and civilian leadership, this demonstrated that the strategy employed in an effort to co-opt the Palestinian elite inside the OPTs and inculcate a challenge to the leadership of the PLO, had failed. In response (and under US pressure), Israel’s leadership adopted a new track of engaging in negotiations with Palestinians at the Madrid Conference in 1991.

Various terms have been used to describe this phenomenon. For instance, Roy¹⁷ and Hass¹⁸ discuss the impact of “closure” since it became a recognized Israeli policy during the Gulf crisis in 1990-1991, while others such as Usher,¹⁹ Khalidi,²⁰ and Veracini²¹ have

¹⁵ Hilal and Khan, 2004, 5.

¹⁶ For a map of the Allon Plan, see: http://www.passia.org/palestine_facts/MAPS/1967-allon-plan.html, and for a discussion of its impact in the context of Israel’s broader approach to the occupation since 1967, see Weizman, 2007.

¹⁷ Roy, 2006.

¹⁸ Hass, 2002; Amira Hass, “Otherwise Occupied/Access Denied,” *Haaretz.com*, April 10, 2010, <http://www.haaretz.com/weekend/week-s-end/otherwise-occupied-access-denied-1.284725>.

¹⁹ Graham Usher, “Closures, Cantons and the Palestinian Covenant,” *Middle East Research and Information Project*, April 24, 1996, <http://www.merip.org/mer/mer199/closures-cantons-palestinian-covenant>.

²⁰ Khalidi, 2006.

²¹ Veracini, 2006.

invoked comparisons with the apartheid regime in South Africa with the use of terms such as Bantustanization and the creation of “cantons”. Following from Khan²² and Turner,²³ the preference in this paper for the term “asymmetric containment” stems from Hilal and Khan’s particularly careful analysis of Israeli and PLO motivations during this period. Hilal and Khan argue that the phenomenon of “asymmetric containment”²⁴ is neither a single policy writ large, nor a pre-planned transition to a new phase in the occupation. Rather, it is the organic product of Israel’s rational exploitation of its position of superiority relative to the Palestinians.

Nonetheless, it is evident that, for Israel, the goals of engaging in the negotiations were three-fold: first, to end the intifada while maintaining Israel’s qualitative superiority across a full spectrum of soft and hard power; second, to outsource the welfare of, and administrative responsibilities for, the occupied population to the Palestinians themselves, which would ultimately be backed up by international donors, while ensuring its own security against any possible Palestinian threat through various means; and third, to circumvent the Arab boycott of Israel in order to benefit more effectively from the rapid transformations and developments brought about through post-Cold War globalization.²⁵

The PLO leadership also had its own alternative motives for entering the negotiations, which can help explain why it allowed Israel to establish the framework for “asymmetric containment” throughout the 1990s with such little resistance. It too had been taken by surprise by the outbreak of the intifada, and although not directly challenged in its leadership by any other elite group, it initially struggled to assert its leadership over the uprising from its exile, more than 2,000 kilometers away in Tunis. This position of weakness was compounded when, in 1990 – in what retrospectively can be seen as its most significant strategic error of the period – the PLO sided with Saddam Hussein’s Iraq during the Gulf crisis. At a stroke, the PLO found itself on the wrong side of

²² Hilal and Khan, 2004.

²³ Turner, 2011.

²⁴ Hilal and Khan, 2004. It is worth noting that Jeff Halper’s concept of the “Matrix of Control” maps out what various layers of apparatus that comprise Israel’s domination of the OPTs. See: Halper, 2000; and J. Halper, “The Key to Peace: Dismantling the Matrix of Control,” *Israeli Committee Against House Demolitions*, 2001, <http://www.icahd.org/eng/articles.Asp>.

²⁵ Bouillon, 2004.

history, with regard to America's emerging regional hegemony, and in dire financial straits after its Gulf-based financial backers suspended their aid.

The PLO employed a sweeping maneuver in order to try and rectify this dilemma and outflank its potential rivals inside the OPTs. It built on groundwork it had already established toward a two-state solution during the late 1980s, and sent delegates to engage in the regional peace conference at Madrid, then later to talks in Washington and – in secret – Oslo. While what was actually happening within the negotiations themselves and within the inner workings of the PLO leadership continues to be the subject of debate and differing political analyses, the most significant outcomes of these discussions were clearly the establishment of the PA and the reorganization of the occupation around it.

"Asymmetric containment," then, is rooted in the early 1990s transitional period. It represents the monopolization of certain critical powers by Israel that gave it the capacity to manipulate the activities of PA officials²⁶ and, at a very basic level, to control the environment within which Palestinian agency functions in the OPTs. During the Second (al-Aqsa) Intifada, many of the powers reserved by Israel through this process were invoked during its re-invasion of the West Bank, what it called "Operation Defensive Shield". The myriad of restrictions on movement that were imposed wrecked the Palestinian economy, and the various Palestinian paramilitary organizations were easily neutralized by Israel's military.

In addition to this, Israeli officials announced, and began executing, a program of disengagement from the Gaza Strip and a convergence of its security apparatus in the West Bank. This, although cited by some commentators as a dramatic shift in Israel's attitude and a significant move toward peace, has been proven over time – particularly in relation to Israel's blockade and military campaigns in Gaza²⁷ – to be the simple escalation and acceleration of "asymmetric containment."²⁸

²⁶ See Bishara, 1998.

²⁷ Chomsky and Pappé, 2010; Mehdi Hasan, "No End to the Strangulation of Gaza," *New Statesman*, January 6, 2011, <http://www.newstatesman.com/middle-east/2011/01/gaza-israeli-documents-strip>; "WikiLeaks: Israel aimed to keep Gaza economy on brink of collapse," *Haaretz.com*, n.d., <http://www.haaretz.com/news/diplomacy-defense/wikileaks-israel-aimed-to-keep-gaza-economy-on-brink-of-collapse-1.335354>; Weizman, 2009.

²⁸ Beyond the hyperbole that surrounded Israel's declaration of the original disengagement plan, it is clear from the language used by then-Prime Minister Ariel Sharon that the plan was not intended to constitute genuine progress

The other most significant dynamic that emerged from this transitional era was the arrangement of power and governance within the PA itself. This, as explained by Henry and Springborg,²⁹ constituted a “bully praetorian republic,” or, in other words, a system of governance in which the power of the ruling elite rests almost exclusively on the operations of the “military/security/party apparatus”.³⁰ However, unlike in other “bunker”³¹ states (e.g., Saddam’s Iraq, Gaddafi’s Libya, or Saleh’s Yemen), these elites are not drawn from a clearly identifiable societal group but are in fact separated from the general population through the exclusivity of their access to, and dependence on, the institutions and apparatus of the regime. Further, although “bully praetorians”³² often tend toward the use of coercion, particularly in times of crisis, they more readily depend on rent, seeking arrangements in order to co-opt other elites, or crony capitalists.

In Palestine, it was again as a result of the environment of the Oslo process that this arrangement of power emerged. The dominant political elite comprised the top tiers of the PLO and Fatah, which enabled the return of several thousand lower-ranking cadres, including a 7,000-strong contingent of the Palestine Liberation Army, which was reorganized and became the Palestinian National Guard. According to estimates at the time, the top-tier group was made up of a mere few hundred persons, although it was surrounded by larger a network of beneficiaries.³³ However, this political elite was also

toward Palestinian independence but rather a reorganization of Israel’s military deployment in order to contain the Palestinian population. At the 2003 Herzliya Conference, Sharon stated: “The relocation of settlements will be made, first and foremost, in order to draw the most efficient security line possible, thereby creating this disengagement between Israel and the Palestinians. This security line will not constitute the permanent border of the State of Israel, however, as long as implementation of the Roadmap is not resumed, the IDF will be deployed along that line.” Full text of the speech is available here, “Prime Minister’s speech at the Herzliya Conference,” *Haaretz.com*, December 18, 2003, <http://www.haaretz.com/news/prime-minister-s-speech-at-the-herzliya-conference-1.109089>. For further analysis, see Khalidi, 2006, esp. Chapter 1: “Introduction: Writing Middle Eastern History in a Time of Historical Amnesia,” and Ben-Ami, 2006, esp. Chapter 11 “The Politics of Doomsday”.

²⁹ Henry and Springborg, 2010, Chapter 5.

³⁰ *Ibid.*, 162.

³¹ *Ibid.*, Chapter 4.

³² *Ibid.*

³³ Bishara, 1998.

dependent on the help and financial investments of another, even smaller, group of capitalists who, along with huge levels of international aid, essentially paid for the establishment of the PA's infrastructure and enabled it to pursue its primary short-term goal: to raise the level of employment in the Occupied Territories.³⁴

These capitalists comprised a very small and tightly knit group, most of whom had been extremely successful in Gulf-based industries after having been forced into exile by the Nakbah. When they returned to the OPTs in the 1990s, they proved their worth by providing the basis for the PA's legitimacy with their financial support and were rewarded handsomely with the allocation of rents. By the end of the 1990s, it is estimated that "there [were] at least thirteen known monopolies under the control of no more than five individuals who were members of the PA's inner circle."³⁵

As this rent-seeking relationship developed, it became clear that its impact was extremely damaging to the Palestinian economy. In combination with the impact of "asymmetric containment," and the swollen public sector (particularly in terms of security services), Palestine's private sector was almost entirely stifled. Locked as it was in a vicious cycle of non-productive rents buying legitimacy, the PA became even more dependent on international aid and even more reliant on various forms of corruption as a means to obtain and redistribute it.³⁶

This process and its product, a vastly wealthy and powerful group of monopoly-owning elites, became deeply entrenched throughout the 1990s and despite the widespread traumatic and even existential changes that took place in the lives of Palestinians throughout the OPTs during the intifada, and its lawless aftermath (particularly on the streets of Nablus), the same network of elites, separated from the rest of society by a wide gulf in terms of wealth and power, remains evident today.

³⁴ See Khatib, 2011; Bouillon, 2004.

³⁵ Samara, 2000.

³⁶ Brynen, 1996; Samara, 2000; Roy, 2006; Khatib, 2011.

Indeed, as Hanieh³⁷ explains, the majority of private enterprise in the West Bank can now be traced through a series of holding companies to the Masri and Khoury families. These two families directly own a considerable range of property and organizations operating in the West Bank. In short, this collection of capitalists “completely dominate the political economy of the Palestinian territories”³⁸ to such an extent that it is “almost impossible to find a large or medium-sized company in which they do not own a significant stake.”³⁹

That so much power and wealth was, and remains, concentrated in the hands of such a small elite, and that the elite is apparently motivated by myriad short-term and personal interests, is clearly a problem, and one that has exercised various commentators since the Oslo era.⁴⁰ However, Khatib’s⁴¹ conclusion perhaps captures the basic contradiction underlying these relationships most succinctly:

The agreement, together with the style of governance adopted by the PA, led to the creation of a group of individuals who had narrow interests that did not necessarily conform to those of the nation and the public. Better relations with Israel better served these narrow interests, and Israel used this leverage in order to extract concessions from this group.

The extent to which Palestinian society is deeply fractured – both geographically and in terms of class – has had obvious repercussions in terms of weakening the ability of any

³⁷ Further to this, there is also a second tier of asset ownership through a network of holding companies. These, in effect, connect the companies operating within the West Bank with their transnational parent companies. Hanieh, 2011, esp. charts on p. 92 and tables across pp. 94-5 and 97-8.

³⁸ Ibid., 92.

³⁹ Ibid.

⁴⁰ On the motivations behind the Hebron Agreements, see: Said, 1997; on the manipulation of PA elites through the use of permits, see also: Bishara, 1998; Hass, “The VIPs’ Hush Money,” *Haaretz.com*, January 18, 2012, <http://www.haaretz.com/print-edition/opinion/the-vips-hush-money-1.407887>; Gordon, 2008. Also, on the creation of an NGO class, see: Hanafi and Tabar, 2005; Brynen, 2000.

⁴¹ Khatib, 2011, 150.

form of Palestinian agency to gain genuine purchase in resistance to Israel.⁴² Khan's discussion of "holding power" theorizes this dynamic in the following way:

[Holding power] is the power to engage in a conflict and take pain ... When we talk about bargaining power in a conflict we are technically referring to holding power. A common way of establishing holding power is to establish that there are some non-negotiable claims that you will not give up on.

Prima facie, the willingness to "take pain" in order to improve a national bargaining position suggests a certain level of irrationality in the behavior of the antagonists. However, in the context of Palestinian pursuit of national liberation, other broader forms of social and symbolic capital should also be factored into the equation. In essence, Khan's concept of "holding power" is prescriptive. It asks Palestinian agency to coalesce around a single strategy that focuses on maintaining its grip on the basic factors of value in the conflict. In practical terms this amounts to (a) legal and moral claims that are non-negotiable and (b) land, particularly in areas immediately vulnerable to Israeli colonization.

The major problem with the record of the Fayyad government is that while it has, in a superficial sense, pursued the first of these criteria at the same time as the neo-liberal reorganization of the economy, it has made conditions much harder for Palestinians to remain tied to the land, particularly in vulnerable parts of Area C.⁴³ Additionally, through

⁴² Where other forms of resistance outside this framework have taken place – for instance, the violent resistance struggle undertaken throughout the 1990s and during the intifada by Hamas, Palestinian Islamic Jihad, and, to a lesser extent, various groups aligned to Fatah or the leftist parties in the PLO and/or the long and deeply rooted non-violent practices undertaken by myriad aspects of civil society (See Qumsiyeh, 2010 – the genuine grievances they represent have frequently been marginalized by emphasizing the deleterious impact of their methodology, their irrelevance to the "peace process," or simple lack of coverage.

⁴³ The PA has tied some organized protests against Israel's colonization to rhetoric that demands the return of the full territories occupied in 1967, although this was more or less completely undermined by the concessions subsequently revealed to have been offered in direct negotiations between Israel and the PLO by the release of the so called "Palestine Papers". Fayyad himself has been extremely active, visiting various towns and villages throughout the West Bank, and has claimed to be planning in the long-term to build an airport in the Jordan Valley, yet the most prominent form for this resistance is the PA's boycott of settlement goods. See Ali Abunimah, "The PA's Disingenuous Boycott Campaign," *The Electronic Intifada*, May 25, 2010, <http://electronicintifada.net/content/pas-disingenuous-boycott-campaign/8841>.; "Palestine: Salvaging Fatah," *International Crisis Group*, n.d., <http://www.crisisgroup.org/en/regions/middle-east-north-africa/israel-palestine/091-palestine-salvaging-fatah.aspx>.; Swisher, 2011.

its reform of the security apparatus, the Fayyad government has harmed the democratic institutions. Thus, it has damaged the domestic space where alternative discourses can be propagated and the means for the general population to challenge the dominance, or hold to account, the elite group.

Primary among the neo-liberal reforms is the adoption of a good governance agenda by the Fayyad government. When reading through the key documents that outline the reforms (see above), it is evident that many of the measures undertaken by the government are similar to those that one might be expected to find in a “structural adjustment plan” elsewhere in the developing world. Fayyadism’s reforms fail to distinguish between rents that are potentially productive and those that are damaging.⁴⁴ Rather, in an effort to satisfy the concerns of donor states, it has, in an official sense, removed itself from the equation and adopted market-based solutions for virtually all its problems.

One area where this has been particularly damaging for the ability of Palestinians to endure the already difficult conditions they experience in Area C has been the privatization of the electricity network and the adoption of a pre-pay system.⁴⁵ This, when considered in the context of the devastating poverty prevailing in parts of the West Bank,⁴⁶ clearly lays further hardship on Palestinians, creating an apparently insurmountable obstacle to daily life.

What was also evident, during field research in villages of the Nablus municipality, was that while the Fayyad government championed its various efficiency and anti-corruption,⁴⁷ this kind of rhetoric remained completely detached from the experiences of ordinary people and their interactions with local government. In the tiny village of Yanoun, in the Jordan Valley, for instance, the inability of the local mayor to obtain enough money to conduct repairs on the school bus from local government institutions

⁴⁴ Hilal and Khan, 2004; Khalidi and Samour, 2011.

⁴⁵ This issue was often the first topic raised during my own fieldwork interviews in villages of the Nablus municipality. However, it is also discussed in Hanieh, 2008.

⁴⁶ “West Bank poverty ‘worse than Gaza’,” *Al Jazeera*, July 30, 2010, <http://www.aljazeera.com/news/middleeast/2010/06/201062916845576597.html>.

⁴⁷ Stephanie Twigg, “Palestine Celebrates International Anti-Corruption Day,” *Transparency International*, December 21, 2011, <http://blog.transparency.org/2011/12/21/palestine-celebrates-international-anti-corruption-day/>.

meant that the provision of this service was likely to halt for the forthcoming school year.⁴⁸

More broadly, the impact of Fayyadism's reforms has been failure to break the vicious cycle of elite dominance, rent-seeking behavior, and a stifled private sector. Various reports issued by Palestinian and international agencies have shown that beyond the prima facie appearance of progress (i.e., the GDP growth of 7% in 2008), the true nature of Palestine's economy remains deep fragility.⁴⁹ In the words of Tartir, Bahour, and Abdelnour⁵⁰:

Although the neo-liberal economic policies accelerated under Fayyad brought wealth and spending power to small segments of the West Bank, this was doomed to be a temporary phenomenon that has now been replaced with spiraling costs and deficits that the government is seeking to address through the same kind of austerity measures – public sector downsizing, higher taxes, and reduced incentives for investments – the same kinds of policies imposed upon many developing countries.

The Fayyad government's reform of the security institutions was also tied to the discourse of efficiency, anti-corruption, and private sector development, explained by the PRDP as:

⁴⁸ Research interviews, January 2012.

⁴⁹ "Report on UNCTAD Assistance to the Palestinian People: Developments in the Economy of the Occupied Palestinian Territory" (United Nations Conference on Trade and Development, July 13, 2010); Issacharoff Avi, "World Bank: Economic Slowdown in Palestinian Authority Endangers State-building Efforts," *Haaretz.com*, March 15, 2012, <http://www.haaretz.com/news/middle-east/world-bank-economic-slowdown-in-palestinian-authority-endangers-state-building-efforts-1.418808>.

⁵⁰ Alaa Tartir, Sam Bahour, and Samer Abdelnour, "Defeating Dependency, Creating a Resistance Economy," *Al Shabaka: The Palestinian Policy Network*, February 2012, <http://www.al-shabaka.org/policy-brief/defeating-dependency-creating-resistance-economy>. A further development promoted by the Fayyad administration is the controversial project to create a version of the Qualified Industrial Zones (QIZs) that exist in Egypt and Jordan. This idea has been deeply criticized in its own right by various analysts who cite its consistency with Israel's colonial practices and the prioritization of corporate interests over Palestinian welfare and in relation to the examples of QIZs in Jordan and Egypt, such as their disconnectedness from the rest of the economy and poor labor rights. See: Saif, 2006; Abdel-Latif, 2006; Sam Bahour, "Economic prison zones," *Haaretz.com*, November 26, 2010, <http://www.haaretz.com/print-edition/opinion/economic-prison-zones-1.326933>.

If a combination of political progress and an improved security environment accelerates the lifting of the occupation regime beyond current expectations, the level of public investment and private sector activity could increase significantly.⁵¹

However, perhaps given that the PRDP and other basic documents outlining the agenda of Fayyadism have been written in the shadow of both the intifada and the period of lawlessness that followed, it should be unsurprising that security is considered a top priority for the government. These reforms have been undertaken in concert with training provided by international military forces under the command of a US officer.⁵²

However, while these reforms reorganized the structures of the police and security forces, they failed to implement any major improvements in terms of accountability or

⁵¹ From *The Palestinian Reform and Development Plan*, 2008. This has included high-profile changes in leadership roles, the tackling of the nepotistic appointment process, a cut in artificially large salaries budget, and improvements to internal efficiency. These changes were instigated at the lower levels of the security forces. In a research interview with a senior official in the PA Department of Interior, I was given the example that prior to the municipal elections in 2006 the PA had, in an effort to shore up support for Fatah, particularly in the Gaza Strip, used recruitment to the security forces as a bribe to encourage support. One of Fayyad's first acts in government was to terminate the employment of any recruits taken on in this period who had not yet completed their training. However, in an interview with an international analyst, I was told that there was significant suspicion that Fayyad had been forced to act more sympathetically toward the personal interests (financial or otherwise) of senior officers in the security forces in order to "encourage" them to assert a greater degree of loyalty to the PA rather than to Fatah. Research interview, PA Ministry of the Interior, Ramallah, July 6, 2010, and research interview with international analyst, Ambassador Hotel, Jerusalem, July 23, 2010.

⁵¹ Various US and European forces had played some role relating to support for the PA security forces since the PA was created in 1993. (See Brynjar Lia: *A Police Force without a State: A History of the Palestinian Security Forces in the West Bank and Gaza*, (Reading, UK: Ithaca Press, 2006) and *Building Arafat's Police: The Politics of International Police Assistance in the Palestinian Territories after the Oslo Agreement*, (Reading, UK: Ithaca Press, 2007).

⁵² Following the death of Yasser Arafat in 2004, and the advent of the "Roadmap," the US and its allies renewed their support to the Palestinian security forces through the office of the United States Security Coordinator (USSC). This has been commanded by US Army Lt. Gen. Kip Ward (2005), US Marine Corps Lt. Gen. Keith Dayton (2005-2010), and US Air Force Lt. Gen. Michael Moeller (2010-present). Most high-profile among these was Gen. Dayton. For more details, see: Mohammed Herzallah, "Why Obama Should Fire General Dayton," *The Electronic Intifada*, July 2, 2009, <http://electronicintifada.net/content/why-obama-should-fire-general-dayton/8327>; "Speech to the Washington Institute for Near East Policy by Lt. Gen Keith Dayton" (Washington Institute for Near East Policy, May 7, 2009), <http://www.washingtoninstitute.org/html/pdf/DaytonKeynote.pdf>; Blecher, 2009.

judicial oversight.⁵³ Rather, in their efforts to assert dominance in the West Bank, particularly during the violent schism with Hamas in 2007, the PA security forces employed a myriad of tactics and practices that violated existing laws and internationally recognized human rights.⁵⁴ They have also enforced a number of executive orders that curtail freedom of expression in public spaces and cracked down on protest against Israel.⁵⁵ Furthermore, the complex relationship of power, intimidation, and familiarity muddies the water in terms of the ability of even the most well-established domestic civil society organizations to act as a check on the PA's power.⁵⁶

The principal dilemma facing ordinary Palestinians in relation to the present only really comes into view, however, when seen from a perspective slightly removed from the day-to-day reality of life in the OPTs. Taken together, it becomes clear that the impact of the neo-liberal economic reforms and the reorganization of the security sector fit in with the broader pattern of restrictions on Palestinian agency since the outset of the Oslo process in the early 1990s. When considered in relation to various plans and outlines produced by a number of particularly well-connected think tanks based in the US, it is apparent that considerable effort has been expended in planning and detailing what Palestine and Palestinian life might look like in a dystopian future should the kind of neo-liberalism brought about through Fayyadism continue and "asymmetric containment" persist.⁵⁷

⁵³ Yezid Sayigh, "Fixing Broken Windows': Security Sector Reform in Palestine, Lebanon, and Yemen," *Carnegie Endowment for International Peace*, October 2009, <http://carnegieendowment.org/2009/10/27/fixing-broken-windows-security-sector-reform-in-palestine-lebanon-and-yemen/1w9o>.

⁵⁴ Anon, "Internal Fight Palestinian Abuses in Gaza and the West Bank" (Human Rights Watch, July 30, 2008), <http://www.hrw.org/reports/2008/07/29/internal-fight>.

⁵⁵ "Squaring the Circle: Palestinian Security Reform Under Occupation - International Crisis Group", n.d., <http://www.crisisgroup.org/en/regions/middle-east-north-africa/israel-palestine/98-squaring-the-circle-palestinian-security-reform-under-occupation.aspx>; Blecher, 2009; Aisling Byrne, "Building a Police State in Palestine," *Foreign Policy Blogs*, January 18, 2011, http://mideast.foreignpolicy.com/posts/2011/01/18/building_a_police_state_in_palestine.

⁵⁶ Research interview, Al Haq, Ramallah, September 2010.

⁵⁷ "RAND Palestine Initiative," *RAND Corporation*, May 23, 2011, <http://www.rand.org/palestine.html>; Exum et al., 2010.

Thus, if Palestinians really want to increase their “holding power,” it must be accepted that through Fayyadism, or similar programs offering apparently “non-political” or “technocratic reforms,” this will not be achieved, even though there may be no realistic ideological alternative to counter the philosophy of neo-liberalism at the national level. Instead, however, it is better to begin by conceptualizing an alternative in the form of seeds germinating in Palestinian and international civil society. These are already evident in the form of the international Boycott, Divestment and Sanctions movement, the Palestinian Campaign for the Academic and Cultural Boycott of Israel, through the various Right to Education campaigns at universities in Birzeit, Nablus, and Bethlehem, and the regular popular protests that take place all over the West Bank and in Gaza.

In each of these cases ordinary Palestinians have shown that they are committed to the cause of their own liberation and are willing to “take pain” and overlook what might be opportunities to pursue their own interests in the short term. Further, the works of institutions such as Bisan, Al-Shabak, and the Birzeit University Center for Development Studies – along with the various other rich and important contributions made by Palestinian academics and scholars – have been essential in mapping out the effects of both Israeli policy and the activities of the PA.

In conclusion, this paper makes one tentative suggestion to these organizations and others that are already operating in such a way that challenges the basic structures of the occupation and promoting Palestinian “holding power.” This is, as much as possible, to publicly coalesce their activity, organizational structures, and public messages around a single, central axiom that prioritizes the needs of those in the most vulnerable environments and seeks to reaffirm their ability to remain on the land they currently occupy through material, political, or social support (or otherwise), the specific nature of which should be judged on a case-by-case basis. Additionally, all further activism shall be reassessed through the adoption of a simple calculus: If the activity helps maintain a Palestinian presence in the occupied territories over the period of the next 5-10 years, then this policy should be supported. If in anyway a policy hinders that prospect, then it should be rejected.

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