

# Effects of Globalization on Occupied Palestine: the Palestine Development Project

by Mohammed Jadallah MD

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**Description:** In its prolonged struggle to become an independent political entity with a viable society and economy, Palestine finds itself in the phase where the development of the 1960's—defined as the promotion of economic growth in poor countries by methods consistent with the expansion of a liberal world economy—has been supplanted by globalization and trans-materialization. There are two simultaneous processes: the globalization of production and the trans-materialization of capital. Both demand certain prerequisites, and both produce results by which we are directly affected. The process of globalization did not supersede the existing relations of asymmetry and dependency. Furthermore, it redefined the function of the nation-state, and, if its function is redefined in the context of globalization, then the entire concept of national sovereignty and national interests needs rethinking.

**Keywords:** aid, Arab oil resources, Camp David Accords, developing Palestine, education, external food assistance, Gaza, globalization, health, human resources, indigenous land resources, intifada, national sovereignty, natural resources management, Oslo Accord, Palestine's economy, Palestinian Authority, Palestinian formula, Palestinian Liberation Organization, poverty, schools, settler-colonialism, severe recession, state of dependency, unemployment, UNRWA, USAID, West Bank, WHO, World Bank

## Political Aid has Failed to Develop Palestine

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Without superseding the relations of asymmetry and dependency, and without diluting the hegemonic global position of the North, the category of transnational elite is structured around the principle of having senior and junior partners. Where the senior partners in the North engage in global decisions and global management, their Southern contingents engage in local decisions and the local management of global capital; they are agents in their respective countries and regions, of the interests of hegemonic transnational capital, casting this phenomenon in the emerging framework of world order.

The new transnational technocratic elite is not limited to the formal state structure (the government, or the authority); they are recruited from the private sector, as well as from the civil society. Even in certain areas of intervention, e.g., the promotion of democracy, the targeted elite is found almost exclusively in civil society organizations, such as political parties, trade unions, the media, etc. It is clear that globalization altered the nature of hegemony within and between countries in terms of the type of interventions necessary and the mechanisms to be used to maintain global hegemonic control. The rise of prominence of civil society institutions and non-governmental organizations (NGO) becomes very noticeable. In the book, *Against Empire*, Michael Parenti describes this change:

Rather than being directly colonized by the imperial power, the weaker countries have been granted the trapping of sovereignty while Western finance capital retains control of the lion's share of their profitable resources. This relationship has gone under various names: informal empire, colonization without colonies, neocolonialism, and neoimperialism; the flag stays home, while the dollar goes everywhere.—*Against Empire*, p. 15.

In our region, the Arab world, the sword assists the flag.

### The Case that is Palestine

In effect, Palestine is part of the sweeping globalization and trans-materialization, not necessarily by choice, irrespective of whether it is a sovereign political state, or a semi-autonomous material authority, and under a continuous threat of oscillating and escalating military occupation and repression. Actually, one can argue that specifically because of this status, granted by international consensus, in the context of the Oslo Accord and accepted by the Palestinian Liberation Organization (PLO) on behalf of the Palestinian people, Palestine opened itself up for internationally sanctioned interventions in 1933, for the overall purpose of achieving stability and security in the region, under the code name: developing Palestine. The international community, for the period 1994 until 2001, granted of total of 5.162 billion dollars for Palestine's so-called reconstruction and development, allocated as follows:

- Nearly 40% was earmarked for infrastructure and natural resources management as: energy, environment, housing, infrastructure, solid waste, telecommunications, transportation, water and sanitation;
- About 12% for productive sector development as: agriculture, industrial development, private sector, productive sector development; tourism and cultural resources;
- About 24% for human resources and social development as: children and youth, detainees/returnees, education, health, humanitarian aid, women, human and social development, and
- About 20% for institutional capacity building as: police, institution building, legal affairs, and democracy development).

Overall, slightly more than 87% of all donor assistance went to the following categories (in descending order): public investment, technical assistance, budgetary assistance, equipment, and various other needs. About 92% of all assistance was directed to the government apparatus, the Palestinian Authority (PA) and the rest to civil society organizations. Furthermore, about 90% of all assistance came from the West, or countries of the North.

The main areas where critical knowledge, skills, and experience are completely lacking or deficient are areas connected to the establishing of new state structures, such as an airport, seaport, national tax administration, national statistical system; here, technical assistance was highly needed to impart knowledge, basic skills, and experience. Nev-

ertheless, genuine development intervention through the provision of missing technical expertise in these areas would have assured that those skills were imparted, while being simultaneously institutionalized and sustained in the society, to minimize dependency. Thus, genuine and sustainable developmental intervention, in this case, would entail medium to long-term commitment to establishing programs that are capable of imparting this knowledge and training for these skills, while for the immediate term, it would utilize the approach of coupling between Palestinian and international expertise as a matter of course in every intervention. Overall, if such intervention really intends to effect Palestinian development, it should target squarely the issue of human resources development, in its most comprehensive form, by supporting the establishment of academic and scientific training programs, vocational training programs, research, and opportunity for experiential knowledge. Nevertheless, this is rarely done.

Two factors are at work here, one of which is national and the other transnational. It is of general knowledge that the insistence on the provision of technical assistance in most areas of intervention came from the source of financial aid itself euphemistically called the donor. In one particular intervention involving the Palestinian Bureau of Statistics (PCBS), where management of the institution identified a need for certain special skills, the European Community (EC), agreed to assist in enhancing the capacity of the PCBS, but insisted in the financing agreement that slightly more than one half of the budget allocated for that intervention would be earmarked for the provision of European technical assistance. In another case, involving research and strategic planning in East Jerusalem, although most of the work could be done—and was done—by Palestinian experts, the EC insisted in the financing agreement, that more than one half of the allocated budget for that intervention would be earmarked for the provision of European technical assistance.

### Human Resources and Social Development

The main targets for intervention in this general area, based on the volume of financial commitments, have been the education and health sectors. On the other hand, the sectors with the least commitments are children and youth, and women. How do we explain this discrepancy? How was targeting done in this case?

The national dimension factor is largely responsible for targeting the current interventions and allocations in this area: large allocations for education and health and low allocations for children, youth and women. This bulk of commitments in education were di-

rected to paying the salaries of teachers in elementary, secondary, and post-secondary institutions and indirect form of budget support. Currently, the bulk of commitments go to the construction and rehabilitation of schools, likewise in health, the bulk of commitments are directed towards the construction of primary and secondary health facilities, in addition to the provision of equipment and ambulances. This type of intervention is safe, visible, predictable, and involves already established and tested detailed procedures. It responds clearly to an obvious and continuous need, due, on the one hand, to the high rate of natural increase of the Palestinian population, and, on the other, to the ongoing process of destruction and discrimination of Israeli occupying forces. In terms of need for basic schools, for example, it is estimated that, at the current net annual rate (in excess of 6 %), there is a need for approximately forty to fifty new schools, with a capacity of seven hundred to eight hundred pupils, each year. To accommodate natural increase, the transfer from other schools (both private schools and those of the U.N. Relief and Work's Agency for Palestine refugees in the Near East: UNRWA), and including potential returnees, it is estimated that the general educational system will need eighty-four hundred new classrooms in 2005. Please note, however, that this estimate was made prior to the current onslaught of destruction by the Israeli military.

Interventions in these two areas of education and health is considered a high priority by the PA and rated by the general public as the most important areas for future donor assistance whilst being very agreeable to aid agencies. However, the essence of this intervention is not human resource development, nor is the intervention sustainable. It is basically an emergency response—albeit one that is very much needed—whose implementation can easily be controlled through the utilization of the new mercenaries.

In order to generate a process of development that is self-reliant, equitable, participatory, and sustainable, major discrepancies in the intervention pattern in this area of human resources and social development have to be rectified. For example, there is no serious intervention in the sectors of higher education and scientific research, or children and youth and women. In other words, the areas that possess the necessary potential in terms of producing, on the one hand, Palestinian human resources with advanced academic and scientific training, considered imperative for enhancing intellectual and technological capabilities, the generation of knowledge, and economic advancement of the society and its capacity to compete globally, and on the other, the areas that possess the components of ensuring progressive, democratic and participatory Palestinian society are ignored.

### **Institutional Capacity Building**

The main target for current interventions in this area is focusing on preventing the actual financial collapse of the public sector. This involves direct budgeting support to cover the salaries of public sector employees, with an estimated monthly deficit of approximately seventy million dollars. The priorities of the PA and those of the aid agencies converge here: the survival of the PA and stability in the region are now achieved.

The puzzling thing, though, is the very low level of attention given to the legal affairs sector, if we consider the fact that the Palestinian judicial system is in complete shambles, on the one hand, and that the most often reiterated stanza by aid agencies is the rule of the law and good governance. How is this reconciled? It is clear that developing a strong, honest and confidence-generating Palestinian judicial system requires a high and sustained level of intervention, both financial and technical, at the different layers of the system such as: construction of courthouses, professionally appointed and independent legal personnel, training, and this is not being done? Notwithstanding recurrent official Palestinian clichés about the rule of law and citizen rights, and the like, there is no real Palestinian priority.

Furthermore, in spite of the numerous reiterations by aid agencies about the absolute importance of a viable Palestinian rule of law system, one must conclude that their concern in this matter remains largely at the level of declaration and lip service. If transnational aid is being committed to Palestine in the context of the peace process, for the primary objective of main stability in the region, then there is a clear difference between helping the PA to become the strong and indisputable authority in charge, and assisting in developing a vibrantly democratic Palestinian society, under a credible and independent ceiling of the rule of the law. The former, rather than the latter, seems to be the order of the day.

The pattern of intervention in the promotion democracy is revealing. Nearly one-half of the commitments for these activities were made over the last five years, with the U.S. committing about three-fourths of it. Most of the activities supported involved the provision of technical assistance to allow the Palestinian side to benefit by establishing a representative governance process. The foci of these interventions were: The Palestinian Legislative Council (PLC), the Executive Authority, Local government, the management of the electoral process, etcetera; additionally, actual interventions targeted human rights organizations, democracy and media, peace education research and democracy, public awareness, and so forth.



### Infrastructure and Natural Resources Management

Nearly one-half of the total financial commitments were allocated to this area targeting, primarily, two sectors: infrastructure and water and sanitation. In this area, sectors like environment, telecommunications, solid waste, energy, housing, and transportation, were either totally neglected, or else received low allocations. This lion's share, in terms of the volume of commitments, was earmarked for immediate short-term employment generation activities, municipal and rural support programs, which included the construction of roads and other physical facilities, sewage treatments and network for sewage and water, potable water supply, equipment and other construction and equipping projects, e.g., the airport.

One explanation for this uneven pattern of intervention lies in the ease or difficulty of implementation, as perceived by those giving the aid, under the context of the Oslo Accords, which, in a way, provided the key of international interventions in Palestine. Since the status of the Palestinian areas, within this framework is determined by whether a specific location is situated in Area A, under exclusive, under exclusive Palestinian jurisdiction (initially and prior to the current onslaught), Area B, under mixed Palestinian and Israeli jurisdiction, or Area C, under exclusive Israeli jurisdiction, the implementation of certain projects, which must cut across them imagining lines, e.g., water and sewage networks, sewage treatment plants, solid waste dumps, and so forth, depends on the prior approval of the Israeli side, which was not always forthcoming, being obtained. This situation offers discouraged aid agencies from committing funds to these uncertain activities, in spite of the high priority given to them by the Palestinian side. In reality, aid agencies were never willing to challenge Israeli dominance in the Occupied Territories. Areas requiring critical intervention, from a Palestinian development perspective, were completely ignored by the agencies because of the pretext that they were in Area C, e.g., the Jordan Valley, despite their being urged to intervene by the Palestinian side. For a project to be located in Area C became the *prima facie* reason for not funding it.

This is only part of the explanation. The other part has to do with the heading of this category of interventions, namely: natural resource management. On the whole, strategic natural resources, mainly water, land and physical environment, are not under the control of the PA, and, therefore, the Authority is not the final decision maker regarding the control and management of these resources. As a result, it takes the easy way out, by either: not prioritizing such interventions, or, if they are prioritized, not pushing and insisting that aid agencies intervene. On another level, preventing, safeguarding, and sustaining a clean and healthy environment has not been shown to be a top Palestinian priority.

It is fair to conclude that right now, at least, Palestinian decision-makers genuinely want comprehensive development, as it has been delineated above, for Palestinian society. The top priority is focused on surgical and immediate interventions that respond to "burning issues": it is a "fire extinguishing" approach of

- Budget support to cover public sector salaries, the construction of new schools, clinics and hospitals,
  - The construction of new roads and the rehabilitation of destroyed ones, the construction of sewage networks, and
  - The drilling of water wells and the construction of water supply networks, the instituting of the formal trappings of a state, such as: an airport, seaport, security services, etc.
- In the context of globalization this Palestinian agenda also meets a positive response from the agenda of transnational aid agencies. Stability in the region, the creation of conducive conditions for globalized production, and the mobility of transnational capital are the primary objectives and concern of these interventions, not genuine Palestinian management.

At least since the turn of the century until now, Palestine has been the target for interventions from outside. Yet no development has taken place. Actually, in some cases, interventions produced a negative development. The context of interventions has always been defined from outside. Palestinian society was always at the receiving end and never the initiator of developmental interventions.

The Zionist settler-colonialist enterprises in Palestine, with the beginning of the 20th century, spearheaded this process. Framed by the concept of national liberation and self-determination for an oppressed people, the imported settler-colonialist enterprise in Palestine transplanted structures to allow it to achieve control over the main ingredients of globalized production. It targeted transnational capital (mainly Jewish money), skilled and technocratic labor, and persisted with methods to claim and seize indigenous land and water resources. This settler-colonialist enterprise was based on the exclusion of the indigenous population. It reinforced the existing relation of a system between it and the indigenous Palestinian population, and within the Palestinian population itself, and restructured them towards increased impoverishment and dependency. Indigenous land resources were purchased, at the beginning of enterprise, and later were confiscated through a complex web of legal justifications, created by the enterprise itself.

This internationally sanctioned and massive intervention in Palestine, during the first half of the 20<sup>th</sup> century, resulted in the harsh impoverishment of the indigenous Palestinian population; moreover, it destroyed the Palestinian cohesive social fabric, which

weekend the society from within.

With French settler-colonialism in Algeria, the French were just as determined to destroy existing social relations to facilitate the establishment of a hegemonic colonial rule; thus, after invading the city of Algiers, they started implementing a policy aiming at the systematic destruction of Algerian society.

The settler-colonialist enterprise is one and the same. In our case, the Zionist settler-colonialist enterprise, which started during the first half of the 20<sup>th</sup> century, prior to its embodiment as the state of Israel, was consolidated and expanded, without much transmutation, through the occupation of the remainder of Palestinian territory, i.e., the West Bank and Gaza Strip, in 1967. Thus again, the newly occupied areas became the target of intervention from outside. In the meantime, the global international powers created a supra-national structure, UNRWA, and provided it with an international sanction and legitimacy for humanitarian intervention in special segments of the Palestinian population, i.e., the refugees wherever they are in the region.

From the mid-1970s until the late 1980s, the context of intervention in Palestine became more globalized, as major global economic powers perceived that the strategic Arab oil resources could be threatened, following the 1973 October war and the ensuing Arab oil boycott. The expansion of the Zionist settler-colonialist enterprise in the WBGS, through military occupation and the continued suppression of the indigenous Palestinian population, involved, among other things, their being dispossessed of land, water, and political freedom. Such expansion was perceived to have the potential of destabilizing the region, with its strategic oil resources, unless settled to the satisfaction of the people. Again, all the mechanics necessary for this type of intervention, as well as the when and the how of the proposed interventions, were external to the indigenous Palestinian population. They were done, supposedly on their behalf and for their well-being.

At this juncture, the involvement of the U.S. was open and direct. In the Camp David framework, initiated by the U.S. in 1978, the Palestinian formula had two elements, which came to define the context of intervention, at least until the beginning of the first Intifada, at the end of 1978. The first element was that the neighboring states of Egypt and Jordan would negotiate on behalf of the Palestinians. The record, meanwhile, emphasized the need for immediate intervention to improve the quality of life of the Palestinians under occupation. Defining the context in this way was premised, presumably on the assumption that happy Palestinians, with jobs and steady income

from employment, particularly in the colonial settler enterprise, and with a functioning administrative structure at the local level, would be willing to negotiate for a political settlement, even though under occupation. In support of this premise, the U.S. invested through its own elements—U.S. PVOs—nearly seventy-seven million dollars in official aid during this period.

The spontaneous eruption of the first Intifada succeeded in reclaiming the context, at least, for the better part of the first year. Until it was reclaimed from the outside by a host of forces, including the PLO, Jordan, the U.S., the EU, and others, which coalesced in this regard for different, and often contradictory purposes, the indigenously generated context for the intervention could have had positive elements for development, building on, for example, people's participation and involvement in defining their need for development *cum* occupation, the level of appropriate technology to be used, the interconnection between fulfilling immediate basic needs, and longer-term developmental needs, etc.

### **Impact on the economy and daily life**

All of the reports from the various aid agencies, news sources, UN observers, and financial and security monitors seem to share in the following general characterization of the economic plight in Palestine today:

- Palestine's economy is in severe recession.
- The PA is effectively bankrupt, since its revenue-making capacity has dropped to about 75% of its pre-Intifada level. Its revenues declined by 87%.
- Government spending was cut in half. The major lifeline for Palestine is the forty to fifty million dollars per month of support to finance the salaries of the public sector. To avert its collapse, the PA would need some nine hundred million dollars in external budgetary assistance every year.
- More than 40% reduction in domestic production levels, unprecedented levels of unemployment, a 45% decline in per capita income, a more than doubling of the poverty rate to reach some 60 to 70% of the Palestinian population.
- Visible physical damage inflicted on Palestinian infrastructure and private property. The economic losses resulting from the repeating invasion have been estimated between ten to fifteen billion dollars.
- Total Palestinian exports have dropped by 75%, and
- Palestinian economic sectors have been hit hard: 90% of tourism and construction companies have come to a standstill.

Poverty is widespread in Palestine. According to the World Bank, 70% of the Palestinians in the West Bank and Gaza Strip live below the poverty line of less than two dollars per day. The UN defines 62% of the Palestinians as vulnerable: in need of food and shelter and/or access to health services. According to the USAID more than 30% of the 3.5 million Palestinians are dependent upon food handouts. Approximately 50% require external food assistance. According to the WHO the health system in Palestine is in danger of collapse. The crisis is reflected in a shortage of

- Medicine and ambulances
- The inability of health personnel and patients to access health facilities; the lack of food, water, electricity , and
- Access to services and access to dead bodies.

This is the situation in Palestine today. We cannot say that Palestine has been reconstructed and developed. We can say that it continues in a state of dependency, despite the fact that Palestinian decision-makers genuinely want comprehensive development. Instead, we continue to receive emergency aid, which fails to develop human resources in critical areas. Yet this scenario serves the needs of the North and facilitates the process of globalization rather than the state-building, which is vital.

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