

Palestinian Economic Development Under Zionist Settler Colonialism

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The following research article deals with the entanglement of some Palestinian capitalist interests and Zionist colonial interests inside the Israeli market and also inside the Zionist colonial settlements. It further explores the economic and political dimensions of the collaboration of a segment of the Palestinian “business elites” with the Zionist colonial project in the Palestinian colonized territories.

The Capitalist Choice

Capitalism in Palestine was not a choice but rather a dictat that was imposed by the Ottoman Empire (1516-1919) in its final stages. It was reinforced by British colonial rule in Palestine, known falsely as the British Mandate, during the period 1917-1948. Capitalism was followed, in a stagnant way, by both, the brief Jordanian rule of the West Bank and the brief Egyptian rule of the Gaza Strip in the period 1948-1967. Later on, Capitalism was strongly reinforced in 1967 by the Zionist settler colonial rule of the Palestinian territories of the West Bank and the Gaza Strip.

In 2003, the Palestinian Authority officially adopted its so-called Amended Basic Law. Article 21 section 1 of it stated that “The economic system in Palestine shall be based on the principles of a free market economy...”[1]

Consequently, capitalism in Palestine was the accumulated result of four successive capitalist regimes that bequeathed it to Palestine through the barrel of the gun and not as a result of the internal socio-economic development and class conflict of private property.

Moreover, capitalist development has had a strong impact on both the development of the Palestinian nationalist movement and the political options it was forced to adopt. The aspiration for freedom and national liberation was heavily influenced by the capitalist orientation that dominated the PLO.

The Political Imperative of a Colonial Development

The Palestinian nationalist movement under the leadership of the Palestine Liberation Organization (the PLO) has aspired to liberate Palestine from foreign rule and then to create a free and sovereign state of Palestine. The war of liberation was frustrated by a united alliance of the ruling Arab regimes, the Zionist settler regime and Western imperialism.

After the 1982 Zionist invasion of Lebanon, PLO forces lost their military base in Lebanon. The right wing leadership of the PLO agreed to evacuate its forces from Lebanon and

disperse them to seven Arab states. It established a weak political-diplomatic base in Tunisia and limited its activities, in the period 1982-1986, to basically the political, cultural and diplomatic fields.

In 1987, the Palestinian Arab masses living under a brutal system of Zionist settler colonialism inside the Palestinian territories, revolted against their foreign Zionist colonial rulers. Their revolt which was called the **Intifada**, was basically some sort of a mixture of popular struggle and civil disobedience. The **Intifada** leadership, which was first managed by the local Palestinian organizations, was soon dominated by the PLO.

The Zionist colonial authorities failed to liquidate the Intifada. They opted for a political solution with the weak PLO leadership stationed in Tunisia. The PLO was pressured to accept secret negotiations in Oslo, Norway and later signed the so-called Oslo Accords. The PLO was made to believe that Oslo was a peace process that began with local autonomy and will develop by means of "negotiations" into a free, independent and sovereign Palestinian state. In fact the Zionist colonial rulers used Oslo as a colonial solution to the stagnated colonial rule they managed to impose on the WBGS territories.

The Demise of the Oslo Accords

Despite ongoing negotiations between the PLO leadership and the representatives of various Israeli governments of Likud and Labor, the Oslo Accords did not proceed nor progress. The Israeli side procrastinated, and piled many obstacles so mutual understanding could not be reached between the two parties. In addition, the Zionist governments continued to establish colonial settlements inside the Palestinian territories of WBGS. In response, the Palestinians resorted to resistance and violence a matter that widened the gap between the parties.

Consequently, the Oslo Accords were liquidated by the Zionist colonial authorities who opted for an Apartheid solution to the Palestinian-Israeli conflict and who could not agree to the establishment of an independent Palestinian state in the WBGS territories.

According to the analysis of Palestinian researcher and author Yezid Sayigh the Oslo Accords were liquidated by the Israeli side.

... Israel's culture of impunity killed the Oslo concept by tripling the number of settlers, stripping the Palestinian government of its attributes, and implementing various other contravening policies in breach of the agreement.[2]

Israeli critical writer Avi Shlaim, blames the Israeli side for bringing an end to the Oslo process. In his article entitled: "The Rise and Fall of the Oslo Peace Process", Shlaim emphasized that:

... the more fundamental cause behind the loss of trust and the loss of momentum was the Israeli policy of expanding settlements on the West Bank which carried on under Labor as well as Likud. This policy precluded the emergence of a viable Palestinian state without which there can be no end to the conflict.[3]

Palestinian researcher and author Naseer Aruri, pointed out the real use of the Oslo Accords by the Israeli governments as a cover for the Zionist colonial policies inside the WBGS. Aruri argued that "...Oslo is the first diplomatic arrangement that has permitted (Israel) to make tangible colonial achievements with minimum reliance on its armed forces.[4] Moreover, "... Oslo has enabled it [Israel] to recruit its victims to police the natives and keep them under control. Oslo provided for the dirty work to be transferred to Israel's new subcontractor-the Palestinian Authority."[5]

The present inherent weakness of the Palestinian bourgeoisie was an outcome of its colonial development under Zionist settler colonialism. This in turn brought to it deformities, stagnation and underdevelopment.

The Underdevelopment of the Palestinian Bourgeoisie (Business Elites)

Israeli colonial policies inside the West Bank and the Gaza Strip (WBGS) have reshaped the social strata of the Palestinian "bourgeoisie". The shutting down of banks and financial institutions in the WBGS territories has eliminated the financial strata in the period 1967-1994. The expropriation of water and land resources has considerably weakened the agricultural strata. Moreover, the limitations and military regulations that were imposed on the industrial strata have led to its stagnation. The only strata that was allowed to develop was the commercial strata, which became a comprador. In that capacity, it was made to serve Israeli colonial interests in the WBGS territories by selling Israeli products and agricultural produce.

These developments have actually produced a lumpen Palestinian bourgeoisie, which is deformed, incapacitated and lacks its own sovereign territory. Therefore, this "lumpen bourgeoisie" is dominated by the comprador, because it was the strongest strata of the Palestinian class pyramid.

In his critical article about the formation of the Palestinian bourgeoisie in the WBGS territories in the beginning of the Oslo process, Palestinian researcher Tariq Dana pointed out that:

Local capitalists, comprised of two main subgroups: large landowners who historically enjoyed considerable political and social influence over traditional social structures; and local interlocutors who accumulated wealth as subcontractors for Israeli companies after the 1967 occupation.[6]

After the establishment of the Palestinian Authority in 1994, the Israeli colonial authorities allowed the PA to establish a number of banks inside its autonomous territory, thus restoring the existence of the financial strata. This led to the development of what Dana calls crony capitalism, in which local Palestinian capitalists were further enriched and allowed to exert influence over government policies.

Neoliberalism combined with political authoritarianism and corruption reinforced and consolidated what can be described as the PA's crony capitalism. From the earliest days, the PA's cronyism was expressed in special relations between powerful business people and the PA political and security elite...[7]

All in all, the development of the present day Palestinian bourgeoisie were shaped by the socio-economic conditions and restrictions that were imposed on it by Israeli settler

colonialism in the period 1967-2019.

Palestinian Investments in Israeli Market

To begin with, the exact total Palestinian investments in the Israeli economy, as well as, in the Israeli colonial settlements, is a well kept secret by the Israeli authorities, the Palestinian authorities and the Palestinian investors. However, there are estimations by some Palestinians that could form as indicators. One of them is Issa Smirat, who did his M.A. dissertation in economics in 2010 on Palestinian investments in the Israeli market. According to Smirat, 16,000 Palestinian capitalists and business people have established companies and various kinds of factories in Israel, as well as, in the industrial zones of Israeli colonial settlements in the West Bank.[8] Their total investments, according to estimation by Smirat, range between \$2.5 billion – \$5.8 billion in 2010.[9] In comparison, Palestinian capitalists invested in 2011 only \$1.58 billion inside the Israeli colonized West Bank.[10] Smirat estimates that, if Palestinian investments in Israel were established in the colonized West Bank, they could have created 213 thousand jobs.[11]

Smirat stated that the reasons that pushed the Palestinian capitalists to invest in the Israeli market were the obstacles, restrictions and military regulations that were imposed on the Palestinian economy by the Israeli colonial authorities.[12] Smirat added that: "... the Israeli restrictions depicted as security restrictions are connected to the colonial nature of the Israeli occupation, and are aimed at preventing competition from the Palestinian economy." [13]

Despite limited media reaction to this important research by some Palestinian writers, the Palestinian Authority (PA) responded to it on two occasions. In response to Smirat's research, the PA Ministry of National Economy, which headed the campaign for boycott of settlements products, clarified that the Paris Agreement (the economic agreement between Israel and the PA) does not forbid investments in Israel and the settlements.[14] Later on when an Israeli journalist met with Issa Smirat and published information regarding his research, the PA Ministry of National Economy felt obliged to clarify its real position. It decided to criticize Smirat and his research. It accused Smirat by stating the following: "The research lacks accuracy and objectivity and the Ministry of Economy has its doubts and demanded to review it..." [15]

Ghania Malhees, a Palestinian economic researcher, wrote a review of Smirat's research in which she tried to explain the position of the PA in the following manner.

The Palestinian Authority does not espouse a clear position regarding investment of Palestinian capital inside the Israeli economy. It has not put it outside the law nor demanded to put an end to it as it does regarding the demand for boycott of work inside the settlements and boycott of their products. It ignores the matter and leaves it open to the desire of the Palestinian businessmen where they can decide upon it in accordance with their personal interests... [16]

In his critical study of "Palestine's Capitalists" Palestinian researcher Tariq Dana accused the PA of espousing "Neoliberalism combined with political authoritarianism and corruption consolidated what can be described as the PA's "crony capitalism." [17]

He elaborated his criticism by adding that:

“... monopolies have had a devastating impact on the Palestinian economy and small-business, and conversely, benefited the Israeli economy. A number of former Israeli political and military officials became, after their retirement, business partners of some Palestinian capitalists and PA political elites...”[18]

Secret Palestinian investments in the Israeli market reflected the colonial reality that marked the entanglement of Palestinian and Israeli capital under the Zionist settler colonial roof. Later developments revealed the readiness of a group of Palestinian business men to openly collaborate with the Zionist colonial officials and their settlers inside the colonized West Bank. It also exposed the secret and open support provided by the Israeli governments for such collaboration.

Israeli Capitalists and Palestinian Collaborators

A group of Israeli and Palestinian businessmen have been meeting, secretly then openly, in order to discuss and later to coordinate, joint economic issues. In one of their first public meetings which were called “Sovereignty Conference”, several Palestinian Arab representatives participated, including Hebronite businessman Ashraf Jabari. In addition, a number of Israeli Jewish representatives took part, including Noam Arnon, spokesperson for the so-called “Jewish Community of Hebron”, a settlers’ organization. Other Palestinian participants included traditional leaders Sheikh Abu Khalil al-Tamimi of Hebron, and Abu Naim al-Tarifi from Ramallah.[19]

The “Sovereignty Conference” did not only deal with economic issues but included some political debates. In this conference Ashraf Jabari stated that “Nobody can prevent the state of Israel from annexing the territories...We are not against sovereignty...”[20]

It should be pointed out that Zionists, when referring to the colonized Palestinian territories, use the term “territories”. It is their way to avoid depicting the same territories with their real classification of occupation or colonization.

On July 7th, 2018, the “Knesset’s Israel Victory Caucus”, another public meeting , was held in Jerusalem. The same Ashraf Jabari reiterated his political position by stating “...There is no solution until we all live under the sovereignty of the State of Israel...”[21]

The most recent cooperation between settlers and Palestinians led to the establishment of the “Judea-Samaria Chamber of Commerce and Industry” by Avi Zimmerman, a West Bank settler, and Palestinian businessman Ashraf Jabari. Later on, they both launched a new economic initiative that became known as: “Judea Samaria Regional Development Financing Initiative” (RDFI). The RDFI was meant to “... integrate economic planning as well as to advance joint entrepreneurship between Israelis and Palestinians...” in the West Bank.[22]

In Feb. 20th, 2019, an “Israeli-Palestinian International Economic Forum” met in Jerusalem. It was attended by 70 Palestinian business leaders, Israeli mayors and Palestinian traditional mukhtars.[23]The participants debated joint economic issues pertaining to “... advance economic opportunities in the territories.”[24]

Apparently the debate over economic issues, the conferences, and forums, were meant to act as a cover for the political aspirations of a number of Palestinian businessmen. In May 1st, 2019 Ashraf Jabari announced the establishment of the “Reform and Development Party” which focused on “economic prosperity for Palestinians.”[25] Jabari stated that “... his

party's platform supports the idea of a one-state solution, because the two-state solution is no longer viable.”[26]

In response, Palestinian Authority officials “claimed that Jabari is working with the US administration to undermine the PA...”[27] This view was reinforced by US Ambassador to Israel David Friedman who described Jabari as “... a man of courage and vision who is practical but committed to peace and to coexistence.” Friedman added: “... couldn't ask for a better partner in this effort...”[28]

The political and economic entanglement of some Palestinian and Zionist capitalists is meant to push for the colonial solution of Zionist Apartheid. American and Israeli pressures on the PA are meant to make it acquiesce to its chosen role of a quisling in the service of Zionist Apartheid. However, one must ask who can guarantee that the system of Apartheid that failed in South Africa will succeed in Palestine?

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Notes

[1] The Amended Basic Law, issued in Ramallah on March 18, 2003, <https://www.palestinianbasiclaw.org>, retrieved on 16-5-2019.

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[3] Shlaim, Avi, “The Rise and Fall of the Oslo Peace Process”, <http://users.ox.ac.uk>, retrieved on: 24-5-2019

[4] Interview with Naseer Aruri , “Oslo: Cover for Territorial Conquest”, International Socialist Review, Issue 15, <http://www.isreview.org>, December 2000-January 2001

[5] Ibid.

[6] Dana, Tariq, “The Palestinian bourgeoisie: exploiters and collaborators”, <https://rdln.wordpress.com>, retrieved on 15-5-2019

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[9] Ibid.

[10] Ibid.

[11] Ibid.

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[15] "A declaration by the Ministry of National Economy regarding the research by Issa Smirat on Palestinian investments in Israel and the settlements" (in Arabic), Dunia Alwatan, <https://www.alwatanvoice.com>, 24-11-2011.

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[19] "Hebron Palestinian Arabs Prefer Israeli Sovereignty", <https://en.hebron.org.il>, 9-3-2017.

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[21] "Hebron Arab Leader Speaks out against Palestinian Authority", <https://en.hebron.org.il>, 8-7-2018.

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[23] "Bypassing the Peace Process: Forum promotes business ties in the territories", <https://israelinsightmagazine.com>, 24-2-2019.

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[25] Abu Toameh, Khaled, "Palestinian with Close Ties to Trump Administration Launches New Party", <https://www.jpost.com>, 4-5-2019.

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[27] Ibid

[28] Ibid.

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