

Problematizing Democracy in Palestine

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There has been obvious interest in the Palestinian political system after the establishment of a Palestinian Authority (PA) with self-rule over parts of the West Bank and Gaza Strip. Democracy is sometimes presented, overtly or covertly, as a resultant of the interaction between a competitive market economy, political representation, and a vibrant or active civil society. Others tend to emphasize political culture, legalistic (or constitutional) development, and institutions-building as the determinants of political democracy. However, the posited relationship between these factors and political democracy remains opaque. I want to argue that the crucial factors in establishing and reproducing political democracy are structures and processes that generate and reproduce a plurality of “autonomous” centercenters of power, driven or motivated to establish rules of co-existence (or rights) in order to maintain or stabilize the system. A system of this type promotes rules of political action, including rules for transfer of power.

In the case of Palestine the issue goes beyond democracy to questions related to the fate of the Palestinian people, including the destiny of the Palestinian society in the West Bank and Gaza Strip (WBG). This destiny has been shaped just as much by external actors and their projects, as by Palestinian initiatives and visions.

Democracy and the Narrative of Palestinian Nationalism

The establishment of an independent Palestinian state has dominated the political narrative of the Palestinian political movement since the twenties of the last century. The colonial state (Britain) and the Zionist colonization of Palestine shaped the Palestinian political field prior to 1948—the national movement that Palestinians refer to by the Arabic term *al-Nakba* (the catastrophe). This political field featured a multiparty system. Political parties were mostly, though with notable and important exceptions, formed round established merchant and land-owning families which formed autonomous centercenters of power. A second feature was the concern of these parties to stress their nationalist character by promoting the Moslem-Christian composition of their leadership. However, the multi-party political system was not allowed to take root or develop to full capacity as it faced the pressures and

repression of Mandatory power, as well as by the conflict with the fast-growing presence of Zionist settlers in Palestine. Following the 1936 Palestinian rebellion against both the British policy and the Zionist project the leadership of the national movement was imprisoned, exiled, or forced to flee. Later developments ended in the destruction of Palestinian society and the disintegration of the Palestinian national movement.

Following the creation of the Israeli state in 1948, Palestinians were dispersed and scattered into various communities, and their national political field disappeared. Palestinians (about one million people in the year 2000) who remained within the territory, on which Israel established itself, were subjected to systematic discrimination as a national minority by the state institutions of the Israeli state. The West Bank (whose population is about two million in the year 2000) was annexed in 1950 by the Hashemite Kingdom of Jordan, and resident Palestinians were granted Jordanian nationality but denied the right to express their national identity. Palestinians in the Gaza Strip (about one million in the year 2000) were put under Egyptian military rule in 1948. Refugee camps for Palestinians from areas taken over by Israel were established and run by UNRWA (United Nations Relief and Work Agency) in the Gaza Strip, the West Bank, Jordan, Lebanon, and Syria.

With the total collapse of the Palestinian national movement, and the disappearance of the Palestinian political field in 1948 Palestinians began to join movements with wider political agendas: pan-nationalist movements (Nasserism, Ba’thism, and the Arab Nationalist Movement), left-wing parties (mostly communist parties), and Islamic groups. Three observations can be made in relation to this period from 1948 to the mid-1960s. Firstly, the collapse of the Palestinian national political field drove Palestinians, in the 1950s and part of the 1960s, to seek political meaning through identifying themselves with wider political fields, and pan-Arab nationalism appeared as the most relevant. Secondly, the collapse of the Palestinian political field did not mean a collapse of Palestinian national identity. It led to its reconstruction, with *al-Nakba* occupying a central catalyst in this reconstruction process. Thirdly, political democracy did not appear as an issue or relevant to Palestinian communities, which became subject to the specific political fields of the states they existed

in. Much more relevant was to escape repression of political activity or national identity by these regimes. This was particularly so since the period saw the upsurge of pan-nationalist regimes that showed little concern for political democracy, while in Israel the Jewish identity of the state took precedence over political democracy. Arab pan-nationalist regimes did sponsor the establishment of a Palestinian political entity in 1964 in the form of the PLO. In fact some Palestinians saw this as an attempt by the pan-nationalist regimes (Nasser's Egypt, and the Ba'ath regimes in Iraq and Syria) to contain the emerging Palestinian nationalism.

The defeat of Arab states by Israel in the 1967 June war provided the occasion for the Palestinian resistance groups (Fateh being the largest and most popular) to take over the PLO and to transform it into a national political field. In a short time the resistance movement, very much influenced by successful models of national liberation movements in the Third World, remade the PLO into an encompassing structure to accommodate autonomous political organizations (organizationally, financially, ideologically, and militarily). Here the resistance groups formed the autonomous centercenters of power that allowed pluralism to become a structural feature of the PLO of the new national political field. The defeat of the Arab regimes was the moment that allowed the resistance group to capture the PLO from the Arab states and to turn it into an organization with wide Palestinian popular support. Soon it imposed itself on the Arab states as the sole legitimate representative of the Palestinian people. By the mid-1970s this claim was officially acknowledged by all Arab states, a large number of Third World countries, as well as by the Soviet Union, which became a major ally of the PLO.

As a national movement with a strong military wing, with well-developed bureaucratic structures, and with its leading institutions operating from outside Palestine, democracy did not pose itself to the PLO or its political parties or groups as an urgent issue. The question of democracy within the PLO institutions was raised by left-wing organizations solely in the context of improving the "quota" system. The fact that the leading PLO institutions acted as a parliament-in-exile (PNC or the Palestine National Council) and a government-in-exile (the Executive Committee) made political democracy irrelevant. These institutions had no direct and sovereign access to the major Palestinian communities in the West Bank and Gaza Strip, which were occupied by Israel in 1967, nor in Jordan or Syria. The realization of the need for a territorial base, particularly with the recurring conflicts with various Arab states, is a decisive factor explaining the changes in the PLO objectives and tactics. Thus its objective changed from the establishment of a democratic secular state on the whole of Palestine, to the establishment of a state on the West Bank

and Gaza Strip. It also changed from undue reliance on armed struggle to reliance on a popular form of struggle. But the vision of the Palestinian state remained a democratic one. We find this vision enunciated in the Declaration of Independence adopted by the PNC in 1988. It included a vision of parliamentary democracy with regular and fair public elections, a state built on political pluralism, freedom of speech and organization, and the rule of law guaranteeing the equality of all citizens.

In short, the narrative of Palestinian nationalism, as in many other national movements, did not articulate democracy as an urgent or central issue. However Palestinian political life did experience a political, ideological, and organizational pluralism. This pluralism existed prior to the Nakba (albeit in temporary form and under extreme forms of colonial pressure), as well as to the political field constructed by the PLO (with autonomous political organizations having their own independent military, organizational, financial, and informational institutions). In other words no one political group or organization has a monopoly over the means or aims of struggle. What happened after the establishment of the PA in 1994 was an attempt by the central authority to exercise a monopoly over the means of struggle (and negotiations) other than peaceful forms of protests, and this was contested.

While accepting political pluralism, the PA rejected any dual authority, considering it a challenge to its legitimacy. The opposition, particularly the Islamic opposition, acknowledged the legitimacy of the PA but rejected its monopoly over means or aims of struggle. However the opposition parties refused to compete for "state" power, considering this as lending legitimacy to the Oslo accords.

The Oslo Accords: Built-in Constraints on Viable State-formation

A specific conjuncture guided the entry of the PLO into the Oslo process. The search by PLO for a home territory for its state project is relevant here. The late 1980s and early 1990s saw a series of occurrences that pressed on the PLO leadership the necessity of seeking a negotiated settlement to the Palestinian question. The impact of the first intifada on world opinion and on the Israeli political elite was one such occurrence. Another, the second Gulf war of 1991, estranged the PLO from the Gulf states, which have been major financial supporters of the PLO. The collapse of the Soviet Union, a major PLO ally, with the corresponding rise of the United States as the dominant world power, was a third occurrence. The highly unfavorable balance of power was reflected in the Oslo accords. It was no accident that the Oslo accords contain no mention of the establishment of a Palestinian state on the area occupied by

Israel in 1967 as the result of the negotiation process between the PLO and Israel. Nor do they refer to the fate of the four million or so Palestinian refugees.

Furthermore the Oslo accords did not specify any independent mechanism of implementing agreements between the two parties. The accords specified the establishment of a Palestinian Authority on parts of the West Bank and Gaza Strip as an interim arrangement without outlining the final outcome of the negotiations. The issues of borders, East Jerusalem, Israeli settlements, and control of West Bank underground water resources were deferred to final status negotiations, to start in May 1999. This built-in gross asymmetry in the Oslo accords generated a gross asymmetry in Palestinian internal power relations. The asymmetry was manifested in an over-centralization of power at the top of the political pyramid, and in the marginalizations of national institutions.

Thus, although the PLO remained the formal partner to the negotiations with Israel, its role as the major player in the political field became increasingly peripheral as the leadership of the PA assumed state-like functions in territory classified as “A.” It took over the task of negotiations with Israel as well as the running of the quasi-state. But as we shall see, the negotiations failed to move towards the institution of a Palestinian state. Israel maintained its domination, settlement-building, and the arbitrary implementation of what it saw fit in its agreements with the PA. Thus, when final negotiations began with Israel the PA had control only over twenty percent of the West Bank and about sixty percent of the Gaza Strip. Final-status negotiations brokered by the United States at Camp David in July 2000 failed to produce an agreement. This failure fired the second intifada at the end of September 2000.

The continued active military, economic, financial, and security intervention of a settler-colonial power has its direct and indirect implications for democracy in Palestine, as will be illustrated later. This applies also to the dominant international discourse and power relations in the 1990s. As a decade it is very different from the decades in which other Arab states emerged (as other “third world” countries). Palestinian attempts at state formation, as reflected in PA institution building, were/are conducted under the hegemony of the ideology of economic liberalization, privatization, and “structural adjustment” advocated by the World Bank and the International Monetary Fund. It is an ideology with effective and powerful global institutions (economic, communicational, and financial) demanding a redefinition of state sovereignty that facilitates the free flow of capital and commodities on a world scale, and giving high priority to political and economic stability. The impact of foreign aid and donor assistance had contradictory ramifications on the emerging Palestinian

political system (e.g. a discourse of democracy and transparency, on the one hand, and tacit support for erecting large police and security apparatuses). Much of the donor discourse has been phrased in the language of development and human rights, but was, in practice, aimed at preventing the “peace process” from collapsing by mitigating the impact of Israeli economic measures.

The Palestinian Authority and the New Rules of the Political Game

Soon after its establishment in 1994 the PA faced three sets of issues. Firstly, it had to re-define and control a new national political field to supersede the one established by the PLO¹. Secondly, it had to carry on negotiations with a resident colonial power. Thirdly it had to administer (and transfer) a very weak and a highly dependent economy with a de-developed infrastructure (roads, airports, seaports, public water networks, electricity networks, sewage systems, etc.) that it inherited from Israel. All this had to take place without sovereignty over natural resources (large areas of land, underground water, Dead Sea minerals) or borders, and without territorial continuity.

The main organizational instrument of the PA, in all the above, has been Fateh. Hence, this party came to dominate all top positions of PA institutions: ministries, police and security apparatuses, the legislative council, the leading judiciary, the official mass media (press, radio, and television), and the negotiating team. Fateh remained, meanwhile, in the saddle of the formal PLO structures, which it could activate when there appeared to be a need for it.

The capture of the PA institutions by Fateh provided the latter's leadership with additional leverage and resources. Firstly, it enabled the political leadership to incorporate in the emerging government institutions many of the movement's leading local cadres which had long been ignored in the decision-making process. Secondly, it enabled the leadership to enlarge and consolidate a social base for its power. Fateh leaders did notice an increase in the membership of Fateh in the first years after the establishment of the PA. However, they realized that much of this new membership is opportunistic; that is, it has been brought about by the resources that Fateh has come to control through the PA. Thirdly, the organization's leadership was quick to use its newly acquired international recognition following the Oslo accords, and to use the new resources it now commands (including international assistance) to consolidate its power.

As a quasi-state power, the PA faced opposition from both Islamic and secular groups. These rejected the new rules and definitions that the PA tried to impose on the new political field. First the opposition groups (Islamic

and secular) formed a political alliance opposed to the Oslo accords and committed to its overthrow. The alliance (named “the group of ten”) did not last, as it was riddled with political, organizational, and ideological divisions that eventually led (in 1999) to its disappearance as a political actor from the political field.

Second, the secular and Islamic opposition political groups boycotted the general elections for the Legislative Council (PLC) and the head of PA that were scheduled for January 1996. The boycott, in fact, helped Fateh, as being the largest political party, to capture the overwhelming majority of the seats in the PLC, and enabled Arafat to win the presidency of the PA with a large majority. The high rate of popular participation in these elections dispirited the opposition that boycotted the elections. More importantly, the elections signaled a significant change in the national political field that was erected and dominated by the PLO during the previous three decades. The elections legitimized, in effect, the dominance of one party in the political field, and ended the consensual politics—which represented all political groups in the leading national institutions and legitimated their presence and political and organizational autonomy—that characterized the national political field dominated by the PLO².

Political Islam presented itself as a serious contestant to the authority and the legitimacy of the PA and was perceived as busy enlarging its political constituency. It is (that is Hamas and the Islamic Jihad) organized, has armed underground wings, well financed, and is capable of derailing the peace negotiations with Israel through militant tactics. Furthermore, Hamas and the Islamic Jihad have never been part of the PLO, and have not acquired the legitimacy accrued to political groups of the PLO. Of no less importance was the direct and indirect pressure exercised by both Israel and the USA on the PA to control and weaken the Islamic radical movement because it opposed the Oslo accords and was ready to use armed means of struggle against Israel. Given the balance of force (internal and external), the PA was able to impose itself as the sole, legitimate, central, national authority, and the Islamic movement (particularly Hamas) had to accept conducting itself as an opposition in accordance, more or less, with the rules of the game dictated by the PA.

The period prior to the second intifada saw the imprisonment of leaders and cadres of the Islamic movement by the PA, and in fact a readiness by both Hamas and Jihad to play, more or less, by the new rules of the political game. They had to accept the monopoly of the PA over the means of struggle, though not its monopoly over the aims of struggle. It needed the second intifada and the tacit approval of the PA to change the rules governing the means of struggle.

The second intifada created the moment to alter the

rules of the political field. The moment re-instated the rules that prevailed in the PLO as a national liberation movement. That is, the PA proposed a relaxation of its monopoly over the means of struggles. This change allowed the resumption of armed resistance against Israeli targets as Israel now used military force to repress the intifada or uprising. All political groups were now included in the local and regional political steering committees for the intifada, which encompasses all political groups active in the West Bank and Gaza Strip. These changes were made possible after the collapse of the final status negotiations, held at Camp David in July 2000. The PA legitimacy was increasingly undermined by the failures of the Oslo process to produce an acceptable settlement of the conflict with Israel. To be acceptable a settlement has to include a viable Palestinian state that has East Jerusalem as its capital.

Regulating Relations with the Non-Governmental Organizations

The confrontation between the PA and professional non-governmental organizations (NGOs) took a somewhat different course than that with political Islam³. It developed when the PA proposed a law to regulate NGOs and charitable organizations. The proposed law was modeled on a restrictive Egyptian law which granted the government wide jurisdiction and control over the NGOs. The professional NGOs anticipating restrictive legislation from the PA formed soon after the latter’s establishment of an umbrella association for themselves (PNGO Network). The network or the alliance made canvassing for NGO autonomy one of its main tasks, using the militant history of civic associations against the Israeli occupation and their historical strong connections with mainly left-wing political parties. With the election of the Palestinian Legislative Council, the PNGO Network worked with some of its more active members to pass a more progressive law that ensures greater autonomy to NGOs. The law was ratified by Arafat in January 2000, with one amendment (registration to be with the Ministry of Interior and not Justice). This amounted to a victory for the NGOs. However the success was not solely the work of the NGOs and the Legislative Council, but also reflected donors’ pressures on the PA. The fact that NGOs provided employment for more than ten thousand individuals in a situation characterized by high unemployment also helped NGOs win the fight to establish their autonomy.

However the professionalization of NGOs has the price of orienting their work towards “service delivery” instead of or in addition to popular mobilization, and the severance or loosening of their connections with political parties. This was encouraged in one way or another by Western donor organizations. Foreign NGOs

and governments primarily conceived of the role of NGOs in Palestinian territories as “the promotion of confidence building for peace and stability” rather than promoting democratic change. The fact that the impact of Palestinian NGOs on political democratic change has not been noticeable despite their active presence since 1994 is an indication of the limited role they can play in this field. This is so because NGOs cannot form a national center of power base because of their fragmentation, lack of an organized constituency, and dependence on external resources.

Apart from their role in alleviating poverty, Palestinian NGOs have been most successful in circulating the “globalized” discourse that elevates notions of democracy, human rights, human development, and popular participation, among other notions. In the 1990s this discourse has gained an ascendance and dynamism of its own. It is a discourse that was propagated at the end of the cold war by international agencies and human rights’ organizations. Much of this discourse has infiltrated into the political address of political parties and became increasingly adopted by the institutions of the PA. In fact the dominant political culture is very much committed to the main principles of democracy (separation of powers, pluralism, free elections, freedom of speech and organization, unhindered participation of women in public life, and in the market).⁴

An Embryonic Two Party Political System?

All secular left-wing political groups experienced a decline in the relative size of their support following the establishment of the PA. The decline began in the early 1990s as the first intifada began to lose its popular democratic character under the multi-layered pressures of the of the Israeli occupation army. This applied also to the radical Islamic movement (i.e., Hamas and Islamic Jihad). However the second intifada saw a turn in trend as far as the Islamic movement is concerned as it witnessed a significant increase in popular support. The ruling party also witnessed a decline in support after 1996 (the year of the general election), and this decline continued during the second intifada.

Public opinion polls show that support of the adult population (eighteen years and older) in WBS for all left-wing parties declined to 5.1% in December 1999 from 12.2% between September 1993 and December 1994. In December 1999 support for Hamas and Islamic Jihad stood at 11% compared to 17.6% between September 1993 and December 1994. Fateh support averaged 47.8% during 1995, compared to 37.1% in December 1999. A year in the second intifada saw support for radical Islamic groups rise to 26.4% (20.7% to Hamas and 5.7% to Islamic Jihad). In contrast support of Fateh dropped in September 2001 to 29.2%. Those who said they do not support any political group or

movement rose to 23% in September 2001 from 11.4% between September 1993 and December 1994, not including 12.3% who gave no answer)⁵. The Development Studies Programme at Berzeit University recorded a support among individuals aged sixteen years and above of 33.3% to Fateh just before the eruption of the second intifada, and a support of 17.6% for radical Islamic groups (13.9% for Hamas and 3.7% for Islamic Jihad). At the beginning of June 2001 support for Fateh dropped to 23% and rose to 24.7% for Islamic groups (18.7% for Hamas and 6% for Islamic Jihad). Support to secular left wing groups dropped from 5% at the beginning of September 2000 to 3.3% at the beginning of June 2001⁶.

These figures as well as de facto political performance point to a political system dominated by two major parties with a number of small secular and left wing political parties falling in between. It is likely that small political parties will either disappear from the political field or merge into one political formation. Whether the system of rule will be based on a democratic electoral system depends on the outcome of the present confrontation with Israel, and the final status negotiations if and when such negotiations reach an outcome. It also depends on the nature of the changes in the discourse and programs of the two main parties with respect to their commitment to democratic procedures and values. Of major importance are changes in the Palestinian economy and its internal integration, as well as its relations with neighboring economies. The emergence of a national bourgeoisie with an independent economic power base, a vocal professional middle class, a strong trade union movement, and a women’s movement could be decisive for democratic change.

A conglomeration of factors explains the recent changes in the Palestinian political map and the shift in the internal political balance of power. A triple shift occurred in the internal balance of power. First a shift occurred as to the location of the center of political gravity as it moved from “the outside” where the PLO institutions and leadership operated, to the “inside” (the West Bank and Gaza Strip) where the political movement faces daily the Israeli occupation. Second, a shift occurred in the composition of the political field with the entry of political Islam as a serious competitor to the historically dominant political party Fateh. Thirdly, the left wing groups lost much of the political and ideological influence that they had in the seventies and eighties.

Disillusionment with the Oslo process did culminate in the outbreak of the second intifada. And despite the leading role of Fateh in this intifada the party lost popular support as it was seen, rightly, as the ruling party. The Oslo process has led, among other things, to the worsening of the economic situation of most Palestinians, and this is expected to be reflected in a with-

drawal of support to the ruling party. The gain made by the Islamic groups during the second intifada is due to two reasons: the violence and new repression by Israel gave some credibility to the Islamists' strategy of armed resistance, which was substituted with negotiation by the PLO. In September 2001, a year after the start of the intifada, some 85% of adult Palestinians in the West Bank and Gaza Strip supported military operations against Israeli targets⁷. Secondly, the Intifada squeezed the resources available to PA, which affected public services and allowed the Islamic groups to step in with assistance to a population facing additional deprivation.

The shrinking support of secular political parties following the establishment of the PA is not, primarily, the result of changes in the political culture of Palestinians. It is not due to a migration from secular left wing or liberal political ideas to Islamic fundamentalist ideas, but due to dropping support to the left with no significant renewal of membership. We need to look at regional and international changes, and to changes in Palestinian communities, particularly those in the West Bank and Gaza Strip. The closure of Gulf states' labor markets to Palestinians from the West Bank and Gaza Strip, and the restriction of their entry into the Israeli labor market had its impact on the class division and situation of Palestinians in the West Bank and Gaza Strip. The drying up of the financial resources of the PLO political parties following the Gulf war, and the support given to Islamic parties from Gulf and other sources are also relevant to the explanation at hand. But it was the political, ideological, and organizational quandary that followed the Oslo accords and the emergence of a new political national field that made the secular left at a loss and in disarray, unlike the tactical flexibility exhibited by Hamas, for example.

It is interesting to note that no significant differences emerge between the supporters of the two political parties, Hamas and Fateh, in terms of age and occupational structures, levels of education, and income. Furthermore no significant differences appeared in attitudes towards political democracy, both parties giving high scores to its major indicators. That is, Both Hamas and Fateh seem to be competing for the support of the same social base⁸. However, there were embryonic pointers before the second intifada that the Palestinian public views the two main parties as representing the interests of different social classes. This applied to the supporters of the two parties. For example, nearly 40% of Fateh supporters saw Fateh as representing the rich, while 43% of Hamas supporters saw Hamas as representing the poor. It remains embryonic, as a high percentage of supporters of both parties recorded that they do not think a political party exists that represents the poor or the rich or the middle class or express an opinion on the issue⁹. It is not clear what effect the

second intifada did have on the perception of political parties in relation to social classes. My guess is that the intifada has strengthened the politics of national identity at the expense of what could be termed the politics of class interest.

Attempts by secular left wing parties to unify themselves have, so far, produced no results, and fragmentation remains the dominant feature of these groups. A unified platform could collect up to 7% of popular support, and could attract the support of some of the 23% of the adult population who say they do not trust any of the present political parties. This could make an impact on the Palestinian political field.

The decline of secular political parties has its impact on mass or sectoral organizations (trade unions, women's organizations, student organizations, etc.). These movements did play an active role—acting as organizational and political fronts for the PLO and its political groups—in organizing resistance to the Israeli occupation and as providers of basic services. The failure of the first intifada to achieve its political ends had its impact on these mass organizations¹⁰. In comparison, older types of solidarities (based on kinship and local ties) witnessed a re-emergence (albeit with new articulations) along side the process of the quasi-state formation of the PA. Such revivals are a reflection of the decline of secular political parties, which sustained and supported these organizations, as well as the paralysis that befell the leading institutions of the PLO. It is also due to the state formation process itself that was initiated by the PA in order to maintain and stabilize its control.

The Quasi-State Formation and Social Polarization

The non-existence of a sizeable public economic sector appeared to be an asset to the newly established PA. However it posed contingencies. The PA needed to erect its state bureaucracy, a police and security force, and various other state institutions. Such an enterprise required resources and these remained very scarce. Furthermore the PA remained under the watchful and suspicious eyes of Israel. This meant that it had to maneuver within a very restricted political and economic space. To add to its problems as a novice authority the PA had to struggle with a sharp rise in unemployment and a noticeable decline in GNP in the areas that came to be under its control.

The local economy in West Bank and Gaza Strip is still dominated by very small family businesses (mostly located in the informal sector) with very weak industrial and agricultural capabilities and no national capitalist or business class. The establishment of Palestinian businessmen in the West Bank and Gaza was parochial or locally based with hardly any national base. In addition the Palestinian market is fragmented (West Bank is cut

off from Gaza Strip, and both from Jerusalem), and further fragmentation was imposed in response to the second intifada. The West Bank and Gaza Strip had no unified legal system (West Bank operated under Jordanian law, Gaza operated under British Mandate law and East Jerusalem under Israeli law). In addition the PA has not been handed control over natural resources (land, water, Dead sea), historic and religious sites (Jerusalem), control over borders, or control over movement between the various parts of the territory that came under its control¹¹. In short, the PA inherited an economy with compound structural weaknesses and disadvantages¹².

The first few years of PA rule have witnessed the emergence of a new class structure. A new class of entrepreneurs and businessmen began to emerge with various companies operating at a national level that is operating in all areas of the West Bank and Gaza Strip (such as Pedico and Paltel). The establishment of a banking system in PA territory (with more than twenty Palestinian, Arab, and international banks and many tens of branches) provided businessmen a needed financial and credit infrastructure. Second, local businessmen began forming their own associations and unifying their voices with the objective of pressing their demands for a liberal economic policy that they need the PA to support. In this they were supported and encouraged by the World Bank and the International Monetary Fund. Third, Palestinian political elite from the ruling party began to engage in business either by themselves or in joint ventures with established businessmen, particularly with Palestinian businessmen with large capital who have been operating outside the occupied territories and have become interested in extending their investment to Palestinian areas. Thus, a kind of alliance was created between the sectors of the top political elite and certain sectors of the Palestinian bourgeoisie (particularly with a strata of expatriate large capital).

Palestinian state formation has not only initiated a process of national bourgeoisie formation, but also a process that enlarged the Palestinian middle class in the PA territories. The new middle class is composed of a number of sections. First, there are those in the higher echelons of the PA bureaucracy, and in public services. Second are the directors of Palestinian and international non-governmental organizations (NGOs), as well as university teachers and administrators. Thirdly there are those in management of the new enterprises, banks, and companies. One can add to the above full-time cadres of political parties. Available indicators suggest that income, work conditions, and job security of most of the new middle class have improved since the establishment of the PA. However, the PA, compared to the earlier period (comparing the rule of the middle class

in the first intifada with its rule in the second intifada) has marginalized the political role of the middle class. More important, perhaps, is the fragmentation of this class, and its privileged socio-economic position, which limits its political role to making policy recommendations and engaging in occasional protests. However, someone might want to argue that the middle class, given its political diversity, could in future, in pursuit of a way out of its marginalization, help in formulating the political rules of the game that permit peaceful competitive political coexistence. This is possible because of its strategic position within the political groups and in other civil society organizations.

The working class is even more fragmented than either the middle class or the business or capital-owning class. Over ninety percent of establishments in the West Bank and Gaza Strip employ less than five individuals each, and a high percentage of these establishments employ “informal” labor, that is with no or little job security or formal contracts. Before the outbreak of the second Intifada, about a fifth of the labor force (the majority are unskilled or semi-skilled wage earners) was employed in Israel or in Israeli settlements. Again, employment in Israel carried neither job security nor contractual arrangements. Work mobility between Gaza Strip and West Bank is almost non-existent. Given these facts, most wage workers have little or no job security, and because of closures and other Israeli measures since the establishment of the PA the standards of living or workers had witnessed a decline. These features of the working class make unionization not an easy task. In fact, trade unions have become extremely bureaucratic and isolated from workers’ problems and needs, particularly since the first intifada. In other words, trade unions do not present a center of power that could balance the embryonic center of capital power. The PA president, heeding the opinion of business associations, has not ratified the labor law, despite the fact that it was passed many months before the second intifada by the Legislative Council and accepted by the labor unions.

Crossroad

The PA impact on the social structure of the West Bank and Gaza Strip has been noticeable in two main spheres. First, it has been felt in the sphere of public employment, and consequently in expanding the ranks of the middle class. The establishment of the PA has been concomitant with a heightening of the insecurity and the lowering of standards of living of the working class. This is a result of Israel’s use of economic measures against the Palestinian territories for political ends. Second, the PA leadership has promoted the emergence of a new business class, but could not create a secure investment environment for foreign capital, because of

the continued conflict with the colonial state. In the sphere of employment the PA created a large government sector that has come, in 1999, to employ almost 23% of the active labor force in the West Bank and Gaza Strip. That is a percentage that equals that of those employed in Israel before the recent Intifada (some 120 thousand day laborers working mainly in unskilled jobs)¹³. But while public sector employment provides a reasonable degree of job security and a minimum of social benefits, employment in Israel carries no job security or social benefits.

The emerging Palestinian quasi-state is in a situation not comparable to situations passed by other states in the region. Not only does it face a powerful colonial settler state and an occupation army, it has also emerged in a different global metropolitan time than other states established by national liberation movements. It is a time dominated by an ideology of privatization, free trade, and minimum state function. This, in addition to scarcity of resources has induced the PA to leave the planning of "development" to international agencies and donor countries. At the same time the PA, because of the paucity of resources in a highly precarious political situation, has adopted policies to generate capitalists through various forms of rent generation. These included the creation of monopolies (private, mixed, and public). They included also the creation by the president of a parallel budget to meet emergencies created by the colonial state that could disable or destabilize the regime. This budget was not subject to the scrutiny or supervision of any of the PA or PLO bodies or any other public body, despite frequent attempts by the Legislative Council to do so¹⁴. However it was terminated under the pressure from the World Bank and the International Monetary Fund in 2000¹⁵. As such, the parallel budget was financed through profits that accrue from partnerships in monopolies, commissions on licenses, and investments of sums deducted from public employees for pensions and other benefits. In addition some of the top PA officials have used their office or leading position in Fateh to facilitate private access to local markets and investments. In short, a process of rent-seeking emerged to create a new stratum of capitalists. This should not deflect from the fact that the PA did enhance significantly the delivery of basic services particularly in the fields of education, health, infrastructure, and social support.

What is of concern to us here is the prospects that the establishment of a Palestinian state, have had on local capital, mostly of medium and small size. It has induced it to create national (covers the whole of the WBGs) associations. The two years before the eruption of the intifada have witnessed a strong movement towards the creation of associations by local businessmen. These have been vocal in demands to end mo-

nopolies, to regulate licensing, and to allow participating in the formulation of economic policies. In this they have no doubt been encouraged and supported by international financial agencies. Following the eruption of the second intifada, local capital has been active in the campaign to boycott Israeli products and to encourage locally produced commodities. It is likely that indigenous businessmen, if and when an acceptable and workable political settlement is achieved, will form an autonomous center of power that could affect the prospect of democracy in Palestine.

Following the Oslo accords, international donors pledged some 3 billion dollars to the PA to be disbursed between 1994 and 1998¹⁶. These pledges were made under the assumption that improving the standard of living, rebuilding the infrastructure of the WBGs, and building adequate public institutions are necessary for promoting the peace process. That is, the motive behind aid has been openly political¹⁷. Basic to the donors' agenda has been keeping the peace process on track¹⁸, although their public discourse has emphasized development, economic liberalism, and liberal democracy¹⁹. Moreover "only a little over half the total monies pledged to the Palestinians had actually been disbursed, and much of that went for budget support," and "to technical assistance, often involving highly paid experts from abroad"²⁰. The complex structure set up to administer and co-ordinate aid to the PA only highlights the specific agenda of each donor and the absence of an overall plan for foreign aid. To this could be added the PA's susceptibility to political and financial pressure from Israel and the donor community.

In summary the establishment of the PA has had a powerful impact on the structure of Palestinian society. These impacts are most obvious in the emergence of the new political field with its alignments, oppositions, discourses, challenges, and internal dynamic. This paper suggests the political system is moving towards a two-party system, with each party having its autonomous center of power. The impact has also been evident most in the sphere of class formation, particularly in the formation of a new capitalist class through an alliance between expatriate capital and the top bureaucracy, the enlargement of the modern middle class and the process of social proletarianization in society. Such polarization could feed the existing political proletarianization. This carries with it the prospect of political democracy or the attempt by one of the two main parties to impose its domination on the political system. This depends, to no small measure, on the outcome of the ongoing conflict with Israel, over the shape and powers of the future Palestinian

NOTES

¹The PLO's political field was built on the idea of a national

alliance that allowed the participation, on the basis of a quota system, of all political groups in the leading institutions of the PLO while retaining their full organizational, political, ideological, military, and financial independence. The discourse of the PLO political field was dominantly a discourse of resistance, liberation, and self-determination. Political Islam has no influence or representation in the PLO's political field, where a huge bureaucracy and military apparatus with a secular culture developed. The political field that emerged after the establishment of the PA was based on a system of government (or a ruling party) and an opposition, not on the idea of national consensus. In the new political field of the PA, political Islam has had an influential contesting role. The discourse of the new field is also different in that it emphasizes state building, democracy, accountability, and human rights. However the continued presence of a colonial situation imposed the continuity of a discourse of national liberation.

²By national here is meant the institutions, the documents, and the rules that define processes of decision-making that speak to the Palestinian people and in their name. National political fields are state oriented. In the Palestinian case the national political field is geared to the establishment of a Palestinian state and addressing the rights of the Palestinian refugees. Given the dispersion of Palestinians in various political fields one can speak of local political fields (for Palestinians in Israel, Jordan, and Lebanon).

³In the year 2000, there were 926 Palestinian NGOs active in West Bank and Gaza Strip (77% in the West Bank and 23% in Gaza Strip). Most of these were composed of charitable organizations (40.4%), followed by youth and sports clubs (30.4%). Modern (professional) NGOs composed some 29.2% of the total. The modern NGOs were composed as follows: 10.2% were classified as cultural centercenters; 4.8% as welfare organizations (including Zaka committees) which should be added to the charitable organizations; 4.9% as development organizations; 3.5% as research centercenters; 2.7% as training NGOs; and 2.6% as human rights organizations. Some 39% of NGOs received funds from external donors (foreign and Arab), with half depending mainly on such funds; 29% received assistance from the PA; some 88% supported their budget from their own resources; 71.5% received assistance from local sources; and 19.5% received assistance from Palestinians inside Israel. Of the NGOs that reported their revenues (711 organizations) indicate total revenue of nearly \$113 million for the year 1999, nearly half from external sources. Revenues varied widely from 14 million to a few hundred dollars for the same year. Interestingly, more than a third (37.6%) of NGOs were created between 1994 (when the PA was established) and 2000. Most NGOs adopt general aims, and only a few have clear, well-defined aims. Towns, in contrast to villages and camps, had the larger percentage (60%) of NGOs as well as those with the better assets and capabilities. See: Yasser Shalabi, et al, *Mapping of Palestinian Non-government Organizations in the West Bank and Gaza Strip*, Palestine Economic Research Institute (MAS), Ramallah, May 2001; and Jamil Hilal and Magdi Maliki, *Social Support Institutions in the West Bank and Gaza Strip*, Palestine Economic Research Institute (MAS), Ramallah, September, 1997.

⁴For example in a survey in November 1997, a high percentage of a representative sample (aged 18 and above) con-

sidered the following important or very important for Palestinian society: freedom of political activity (Hamas supporters 78.4%; Fateh supporters 75.8%, PFLP 84.9%); independent judiciary activity (Hamas supporters 90.3%; Fateh supporters 92.9%, PFLP 94.3%); rule of law activity (Hamas supporters 96.1%; Fateh supporters 97.7%, PFLP 94.3%); regular free general elections (Hamas supporters 87%; Fateh supporters 92.9%, PFLP 96.2%); freedom of expression, organization, and demonstration (Hamas supporters 90.9%; Fateh supporters 89.3%, PFLP 98.1%); representing women fairly in all PA institutions (Hamas supporters 74%; Fateh supporters 76.4%, PFLP 84.9%). See: Jamil Hilal, *Palestinian Society and the Problematic of Democracy*; Center for Palestine Research and Studies, Nablus, August 1999, Table 8, appendix (in Arabic).

⁵Figures are based on public opinion surveys carried by Center for Palestine Research and Studies (Nablus) up to December 1999. Figures for September 2001 are taken from Jerusalem Media and Communication Center (JMCC), poll No. 42 (September 2001).

⁶The Development Studies Programme at Berzeit University, poll No. 1 (31 August 2000–2 September 2000), & poll No. 4 (31 May 2001–3 June 2001).

⁷JMCC, poll No. 42 (September 2001).

⁸Jamil Hilal, *Palestinian Society and the Problematic of Democracy*, 70-75.

⁹Jamil Hilal, *Palestinian Society and the Problematic of Democracy*, 100, table 7.

¹⁰The only exception is university student associations, which retained their strong connection with political parties. However these associations remained associations within each of the eight Palestinian universities in West Bank and Gaza Strip. No active umbrella association for university students exists, except in name.

¹¹Under the Oslo-2 Agreement the West Bank was divided into three areas: Area "A" which is under Palestinian control (confined to towns); Area "B" which came under Israeli security control and PA civil administration (confined to villages) and area "C" which is totally under Israeli control. The largest area is still area "C." All Israeli settlements—with a total population of about a third of a million remaining under Israeli jurisdiction—are connected directly to Israel by newly built pass-by roads. Palestinian population in WBGS including Arab Jerusalem numbered some 2.9 million at the end of 1997. Borders remained under Israeli control and so did natural resources (including water and Dead Sea mineral resources). There is still no "safe passage" connecting the West Bank with Gaza as was envisaged by the Oslo accords. Much of the Palestinian-Israeli negotiations since 1995 have been on the size of areas to come under Palestinian control. The implementation of the Wye agreement will bring 40% (some 18% Area "A") of the West Bank under PA control, and the remaining 60% as Area C.

¹²*Development under Adversity*, 5. The World Bank and MAS study, referred to here, put the combined cost of work permit restrictions and border closure policies at about \$850 million in 1995 and \$1 billion in 1966 (in 1995 prices and compared with the situation prevailing in 1992). p. 7. These figures are triple the amount of international aid received by the PA, indicating an Israeli policy of impoverishment of the WBGS.

¹³UNSCO, Office of the Special Coordinator of United

Nations (Gaza Strip), Report on the Palestinian Economy, autumn issue, 1999, table 15.

¹⁴Shuaybi, Azmi 2000. "A Window on the Workings of the PA: An Inside View," *Journal of Palestine Studies*, no. 117, (Autumn 2000), Washington: Institute of Palestine Studies.

¹⁵Ad Hoc Liaison Committee (AHLIC). 7-8 June, 2000. West Bank and Gaza Economic Policy Framework Progress Report, Ramallah; Pecdar, (in Arabic).

¹⁶The international donor community included some 40 countries and international bodies. Most of the pledges (\$2.23 billion) were in the form of grants, and \$0.76 billion were in loans. The largest pledges came from the EU and individual European countries, followed by the US, Japan, and Saudi Arabia.

¹⁷The most clear in their political agenda was the USAID. Other donors support democracy-related projects. There is much doubt as to the benefits of these projects run by NGOs as they tend to focus on individual rights and less on collective rights, or the organization of people over issues they deem important.

¹⁸One USAID official is quoted as saying regarding aid to Palestinians; "... for political reasons, it is our government's interest to co-ordinate aid with Israel. The Embassy sees to it that Israeli interests are secured and that Israeli officials are involved in decision-making" (Jerusalem Media & Communication Centre, Mortgaging Self-Reliance, Foreign Aid and Development in Palestine, Phase 2 Report, Jerusalem, November 1997).

¹⁹However, issues of liberal democracy and human rights were overlooked by influential donors when Israeli "security" of individuals required so.

²⁰Jerusalem Media & Communication Centre, *Foreign Aid and development in Palestine*, 46-47.