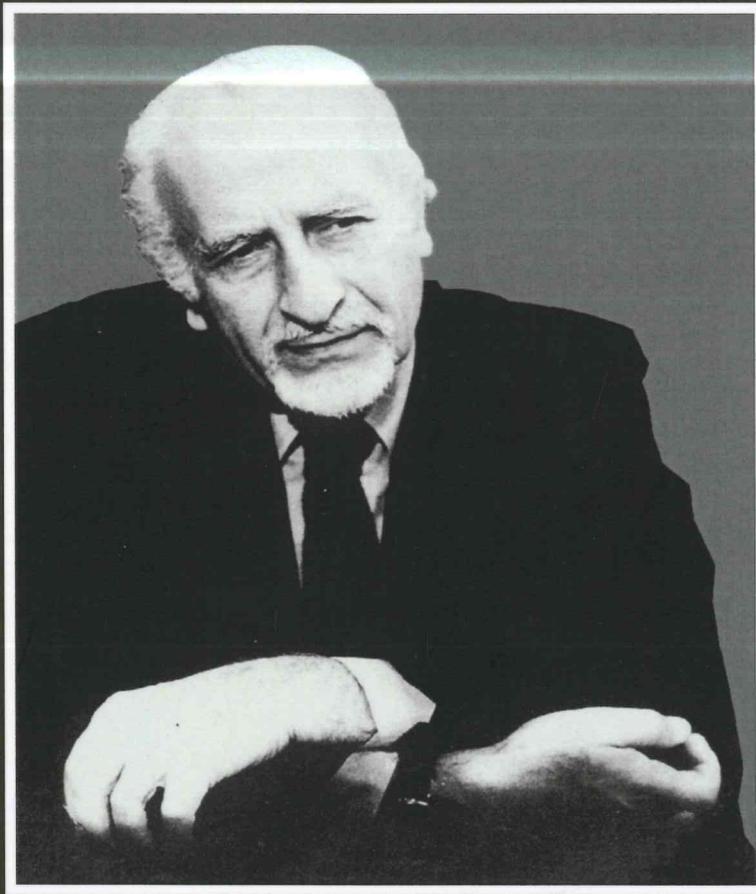




Palestine Economic Policy Research Institute (MAS)

The Yusif A. Sayigh Development Lecture

Yusif A. Sayigh Development Lecture is an educational and advocacy event to commemorate the contribution of Professor Yusif Sayigh to Palestinian development studies. The Lecture is organized by the Palestine Economic Policy Research Institute (MAS)



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The Yusuf A. Sayigh Development Lecture

Yusuf A. Sayigh (1916-2004) was the foremost Palestinian development economist of his generation, a scholar and patriot whose critical mind was devoted to the cause of his people. Professor Yusuf Sayigh pioneered research on Arab economic integration and on prospects for sustained Palestinian development that paved the way for these issues to become disciplines in themselves. In his role as member of the Palestinian Liberation Organization (PLO) Executive Committee and in establishing its strategic and economic planning capacities, he was noted for his intellectual independence and principled positions. Professor Sayigh's tireless work in leading the preparation of the PLO's Palestinian Development Program (PDP), published in 1993, crowned his professional career and national role.

Palestine Economic Policy Research Institute (MAS) is dedicated to producing high-quality economic research and analysis on Palestinian development policy issues. MAS research aims to contribute to both enhanced economic policy making as well as greater public awareness of the multifaceted nature of the Palestinian "development problématique". Professor Sayigh was a member of the first Board of Trustees of MAS.

In the tradition of our institution and in tribute to the intellectual and national contribution of Professor Sayigh, in 2009 MAS launched the "Yusuf A. Sayigh Development Lecture", intended as an annual public address delivered in Palestine by eminent scholars, policy-makers and development practitioners from around the world and the region.

The Yusuf A. Sayigh Development Lecture is envisaged as an institutionalized educational and advocacy exercise to commemorate the contribution of Professor Yusuf Sayigh to Palestinian development studies.

The Inaugural 2009 Yusuf A. Sayigh Development Lecture was organized jointly with the United Nations Conference on Trade and Development (UNCTAD). The distinguished Lecturer Mr. Jomo Kwame Sundaram, Assistant Secretary-General for Economic Development in the United Nations, a prominent development economist and advocate, spoke on "Development Strategy Lessons From the Global Economic Crisis".

The 2010 Yusuf A. Sayigh Development Lecture was delivered by the eminent lecturer Prof. Mushtaq Khan, Lecturer of Economics at the School of Oriental and African Studies (SOAS), University of London, who spoke on "Post-Oslo State Building Strategies and their Limitations".

The 2011 Yusuf A. Sayigh Development Lecture was delivered by the eminent lecturer Prof. Issam Shahrour, Lecturer in Civil and Urban Engineering at the University of Science and Technology of Lille, France. Prof. Shahrour lecture was "Knowledge Society: Challenges and Opportunities for Economic and Territorial Development- Role of Higher Education and Research Institutions".

The 2012 Yusuf A. Sayigh Development Lecture was delivered by Dr. George Abed, Senior Counselor and Director for Africa and the Middle East at Institute of International Finance-Washington DC, entitled "The Political Economy of Change in the Arab World".

The 2013 Yusuf A. Sayigh Development Lecture was delivered by Prof. Robert Wade, Professor of Political Economy and Development at the London School of Economics and Political Science, entitled "New Industrial Policy: the Entrepreneurial State as a Complement to Private Entrepreneurs".

The 2014 Yusuf A. Sayigh Development Lecture was delivered by Prof. Matthias Weiter, Professor of Development Studies at Humboldt University in Berlin, entitled "A Three-Level-Model of Societal Change- to Analyse and Design Societal Change Processes".

The 2015 Yusuf A. Sayigh Development Lecture was delivered by Prof. Jayati Ghosh, Professor of Economics at the Centre for Economic Studies and Planning, School of Social Sciences, Jawaharlal Nehru University, New Delhi, entitled "Trade Agreements and Their Impact on the Development Project".

The 2016 Yusuf A. Sayigh Development Lecture will be delivered by Prof. Atif Kubursi, Professor of Economics at McMaster University- Canada, entitled "**why has Arab Development been so Elusive**".



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Yusuf Abdallah Sayigh Biography

Yusuf Sayigh was born in 1916 in Al-Bassa, in the Palestinian Galilee and he lived and worked in Palestine from 1925 until the Nakba in 1948. He received his Bachelors in Business Administration in 1937 and his Masters in Economics from the American University in Beirut (AUB) and his PhD in Political Economy in 1957 from Johns Hopkins University.

While working in Jerusalem in 1946, Professor Sayigh authored a monograph on "Arab Land Hunger in Palestine", which was included in the Report submitted to the Anglo-American Committee of Enquiry by the Arab Office. In it he devised an original system for evaluating land. In the final year before the Nakba he was appointed Director of the Beit al-Mal (National Treasury), where he worked out an ingenious taxation system combining poll and income taxes.

Upon his return to the AUB he became Professor of Economics from 1957 to 1974 and during that period was a visiting scholar at Harvard, Princeton and Oxford Universities. He subsequently acted as a consultant to a number of economic organizations such as the Arab Fund for Economic and Social Development, the League of Arab States, the Organization of Arab Oil Producing Countries (OAPEC), the Food and Agriculture Organization and the Oxford Energy Centre, among others.

Yusuf Sayigh was a lifetime member of the Palestinian National Council since the establishment of the Palestine Liberation Organisation (PLO) in 1964 and was elected as member of its Executive Committee from 1968-1969. He established the PLO Planning Centre and was its first Director, from 1968-1971. He subsequently was president of the PLO's Palestinian National Fund and member of its Executive Committee from 1971-1974. From 1990-1993, Professor Sayigh assembled, supervised and led the PLO team of economists and other experts who prepared the Palestinian Development Programme that was designed to guide the construction of a new Palestinian economy. He was also a founding member of the Centre for Arab Unity Studies, the Arab Thought Forum and the Economic Research Forum.

Professor Sayigh's writings focused on the challenges of development in Third World countries and in the Arab world in particular. He wrote about the oil economies and the prospects for Arab economic integration among other things. In addition to over 70 scholarly articles in English and Arabic, Professor Sayigh published 28 books, and is most remembered for ground-breaking contributions such as:

- ✦ The Economic Impact of the Arab Refugee Problem on Lebanon, Syria and Jordan (1955)
- ✦ The Israeli Economy (1963 and 1966, in Arabic)
- ✦ Entrepreneurs of Lebanon: the Role of the Business Leader in a Developing Economy (1962)
- ✦ The Economies of the Arab World (1978)
- ✦ The Determinants of Arab economic Development (1978)
- ✦ Arab Oil and the Palestine Question in the 1980s (1981, in Arabic)
- ✦ The Arab Economy: Past Performance and Future Prospects (1982)
- ✦ Arab Oil Policies in the 1970s (1983)
- ✦ The Economic Underpinnings of an Independent Palestinian State (1991, in Arabic) and
- ✦ Elusive Development: From Dependence to Self-reliance in the Arab Region (1991)



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The 2016 Yusuf Sayigh Development Lecture 2016

" Why has Arab Development been as ELUSIVE "

Delivered by
Prof. Atif Kubursi

Abstract

Dr. Sayegh, writing in the early 1990s on this subject, had suggested that Arab development will remain elusive as long as it is based on a neoclassical and/or sociological vision and model that perpetuates its dependency on foreign sources, foreign ideologies, imported technologies and fragmented Arab action. Such dependence would shackle the Arabs' capacity to grow and transform their economies and societies into productive and sustainable entities. He argued that from the Atlantic to the Gulf, people – women, men and children - are the real wealth and hope of the Arab nation. The Arab peoples are the real renewable resources and should be the basis and aim of Arab development. He saw that genuine Arab development as being identified with the process of expanding Arab peoples' choices and their ability to rely on themselves to realize their potential unencumbered by hunger, disease or oppression.

Over the 70s and 80s and throughout the 90s, he noted the Arab economy's "success" was based on deriving a huge rent on oil exports, which masked many structural problems and allowed the Arabs to coast into the 2000s and may allow them to coast for a few years beyond without having to restructure, rehabilitate or reconstitute their economies to improve their productivity. The harsh economic realities of the new millennium, however, will leave no options for the Arabs but to adjust and confront the challenges of the globalized economy or face the prospects of being left behind. Ultimately Arab success will depend on the extent to which they can engender meaningful collective action to face these challenges, create domestic capabilities and activities by themselves and on how their governments, businesses, investors, workers, and communities respond to the challenges before them.

The world economic and technological environments are changing rapidly leaving little or no time for delay and laggard behaviour. Boundaries and imagination of space have become autonomous from location and time. The new Information and Communication Technologies (ICT) are reshaping the ways in which people live, work and interact with each other. Governments are in "retreat", and more political and economic space is left to the market and the private sector which in the Arab world remains docile, infantile and ravaged by cronyism. Global competition is intensifying and competitors are only a fraction of a second away from each other instead of being thousands of miles apart, while the Arabs remain divided and unable to mount a coordinated collective strategy without which they have but a limited chance of success.

Meeting future challenges requires a vision and a successful development strategy that guides and controls the development process. The issues are not about picking winners as much as picking a winning strategy and the correct guiding vision. There is a critical and definite need for the establishment of a broad-based agreement among the Arabs on what it takes to succeed in the global economy. They need to be encouraged, guided and provoked into a common sense of purpose and a shared vision that will help them raise productivity of their economic activities, improve their competitiveness in the world, build efficient and sustainable structures, strong institutions, raise the overall standard of living of the common people and protect their values and specificity. Individual state action is necessary but not sufficient; it will

always be small and insignificant in today's global world markets with colossal trading blocs, giant transnationals, and ideological hype. The regional perspective and regional institutions are indispensable to this effort. Copying and adopting borrowed visions will not do. The Arab economic malaise is rooted in their abandonment of the historically tested formula of success enshrined in the Golden Age of Baghdad in the Middle Ages.

The Arabs need a collective, co-operative and innovative economic and social development model as part of a broader economic and social renewal agenda for the New Millennium. This effort is not about setting out elaborate blueprints for the economy. Nor is it about establishing an array of expensive government programs. Rather, it is about providing an endogenous framework, an understanding and a development strategy that enables all segments of society to work realistically together as partners. Grand schemes and large and uncoordinated government programs did not bear the fruits they were supposed to in the Arab region in the past. While indeed some of these blueprints and grand schemes were necessary at the earlier stages of Arab development; they are no longer workable. Arab sustainable development is too complex a process; no single sector or scheme, or borrowed framework can carry it through.

The Arab economy must overcome some severe structural problems, concentrate on building sustainable sources of income and domestic capabilities, develop efficient and effective institutions and promulgate a collective regional strategy. Awareness of member States needs to be raised on the dangers of the heavy dependence on nonrenewable resources, on the consequences of water scarcity, on the challenges of global warming, laggard entry into the new economy, dependency and the emergence of highly competitive new competitors.

A short list of critical actions to be taken includes:

- New competitive advantages must be created. Focus must be given to illuminate these new competitive advantages and provide the necessary inputs, institutions, policies and strategies that could guarantee their success. The broad outlines of feasible future scenarios of such paths have to be drawn.
- Critical masses in strategic domains must be established. This presupposes the existence of regional and collective identification of these strategic domains and coordinated collective action to build them
- Sustainable development should be anchored on human development, a regulated entry into the new economy, improving the transformative capacities of the state and co-operative Arab joint strategies. Future research, conferences, experts and expertise should be focused on this sustainable perspective.
- A comprehensive indigenous reform agenda should be drawn with the full participation of all segments of society and a deliberate effort should be directed at indigenizing the process and outcomes.



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Prof. Atif Kubursi

*Professor of Economics at McMaster
University, Canada*



Atif Kubursi is Emeritus Professor of Economics at McMaster University, Canada. He taught economics at Purdue University in Indiana, USA, was visiting Scholar at Cambridge University and served as the Acting Executive Secretary, and Undersecretary General, of the United Nations Economic and Social Commission for Western Asia. In 1981 he worked for the United Nations Industrial Development Organization as senior Development Officer and was consultant to the Organization throughout the 1980s and 1990s. He consulted with the UNFAO, UNCTAD, UNILO, UNESCO, and many other international organizations and governments. He authored 12 books including *The Economic Consequences of the Camp David Accords* (Institute of Palestine Studies in Arabic and English) and *Oil, Industrialization & Development in Arab Gulf States* (Routledge), *Food and Water Security in the Arab World* (World Bank in Arabic and English), *Co-operation & Development in the Energy Sector* (Croom - Helm with T. Naylor), *Input - Output Analyses of Fiscal Policy in Ontario* (Ontario Economic Council), *The Economies of the Arabian Gulf* (Routledge) and over 250 papers in academic and professional journals and technical reports.

He holds a Ph.D. and M Sc. degrees in Economics from Purdue University, USA. B.A in Economics from the American University of Beirut. In 1972 he formed Econometric Research Ltd. and has served as its president since then. He sits on a number of community and academic boards including TARI, CAF, Wellwood, SISO, Canadian Journal of Development Studies, and Development Economics.



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Yusuf Sayigh's Contribution to Arab Economic Integration

Leila Farsakh¹

Yusuf Sayigh was a classical development economist and one who was profoundly Arab nationalist. Already in 1961 he wrote that development is not just about wealth or growth but about having a “better distribution of income and increased welfare for the masses”. Only then, he continued, “can such a society be said to have achieved development in a full sense of involving both economic and social progress...the content of development is social, political and technological as well as economic”. Sayigh saw development as both an individual quest and a collective/national project of economic and social empowerment. It is about social justice and redistribution of wealth, but in much more comprehensive terms than what is meant today by the “trickling down effect of growth”.

Sayigh was concerned with sustainable or, what was then called, balanced growth. At a time when development economists such as W.W. Rostow and others were stressing the importance of industrial growth in developing countries, Sayigh was emphasizing the importance of developing agriculture. Like Arthur W. Lewis before him, he argued that agriculture played a central role not just in providing food to the population but also in channeling savings and inputs to industry. Above all, agricultural growth was central to distributing wealth to the poor and thus creating a more equitable and justice society. He had no qualms about advocating land reform and argued against relying just on market forces to induce agricultural productivity and welfare. His writings on the Arab oil economies in the 1970s focused on the necessity of integrated development between the various sectors of the economy, or investing oil revenues in developing the industrial and manpower sectors in these countries. He lamented the failure of Arab oil producing countries to diversify their economic production, to create a productive- rather than consumerist- labor force, and to invest in the economic complementarity of their neighboring Arab countries. He predicted the ephemeral nature of growth in Arab oil producing countries are a result of their over reliance on oil price fluctuations and their accumulation of financial capital, that ended up mostly being invested in the West rather than in Arab land.

When it came to defining the means to achieve development, Sayigh was an advocate of state led development. Like most of development thinkers in the 1950s and 1960s, he believed that the market cannot create sustainable equitable growth on its own. Sayigh was conscious of the specific challenges that the Third World faced as late industrializers, as they faced stronger international competition than their predecessors. Sayigh also argued that developing nations faced more difficult domestic problems, ranging from the resistance of traditional leadership to change, to fast population growth rates and strong popular demands for income redistribution. These conflicting demands were not easily reconcilable through the market.

Being a third worlder, Sayigh saw a key role for nationalism, as an ideology and as a policy, in bringing about sustainable development. While aware that state led development can go wrong, since it can foster clientalism and inefficiency, he believed that a responsible and accountable national leadership would prevent corruption and ensure that the development would be sustainable and equitable. Development could not be dissociated from democracy in his view, for it necessitated the existence of a vibrant responsible opposition force. His idealism and hopes of the 1960s were dashed by the 1970s and the failure of oil producing states' leaders to be visionary and avoid falling in the trap of becoming rentier economies, despite all their nationalism. He also lamented the limits put on popular participation in decision making process and which prevented people from holding their leadership accountable to their promises of development.

¹ Adapted from "Development and Occupation: Revisiting Palestinian Economy in Light of Yusuf Sayigh's Legacy", in Michael Hudson (ed.), *Palestine and the Palestinians Today*, (London: Routledge, forthcoming 2010)



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Yusuf Sayigh's Contribution to Palestinian Development Economics

Raja Khalidi

Among his many contributions to Palestinian development thought, two specific concepts are especially notable in Yusuf Sayigh's work on the subject. In both cases, his elaboration of the basic truths about the relation between development, sovereignty and freedom are relevant to any people, with or without a state, struggling to develop a vision of economic self-determination in an increasingly open and interdependent global economy. And in the Palestinian context they have endured the test of time and actual experiences since then.

Professor Sayigh's first in-depth analysis of the Palestinian economy under occupation was published in the mid-1980s. He had already distinguished himself with his dogged insistence that development was incompatible with foreign occupation: in his words "prolonged occupation provides a hostile terrain for development". While economic growth may have been witnessed under Israeli occupation since 1967, Sayigh was one of the few observers at the time to point out that this did not add up to development. In those years, when some Palestinian economists and NGOs believed that there might be room for "Development under Occupation", Sayigh was not convinced. For him, developmental resistance and steadfastness (*soumoud*) was a better, and the only feasible, economic policy goal in the absence of national sovereignty. "It is a futile exercise to speculate whether self-reliant development can be achieved in the Occupied Territory Only after the disappearance of the occupation can nationally conceived and designed, well-integrated and energetic development be sought and pursued with a degree of hope".¹

Unfortunately, this wisdom was not translated into a concrete economic vision and policy in Palestine after signing of the 1993 accords between the PLO and Israel. Instead, too many policy-makers, economists and international institutions chose to ignore the obvious and simple lesson of the preceding two decades of occupation. They pursued shaky concepts and frameworks for managing development under occupation and more recently, "reform" of pre-State institutions in conditions of prolonged conflict. By then Sayigh had completed his greatest achievement, the preparation of the PLO's "Programme to Develop the Palestinian Economy 1994-2000". This ambitious and vast undertaking, which only somebody of his intellectual and national credentials could lead, was the original PDP. The PDP has been replicated in name only by the Palestinian National Authority in subsequent years under different wording, from the Palestinian Development Plan (PDP) of the mid-1990s to the more recent Palestinian Reform and Development Plan (PRDP). Unlike these latter-day PDPs, which largely aimed to match PA funding needs with donor-driven reconstruction priorities, the original PDP expressed a strategic national vision with coherent sectoral programmes- a statement of economic principles and practices directly relevant to the needs of an economy emerging from prolonged occupation.

Among its distinctive features, the original PDP upheld the intellectual tradition already established by Professor Sayigh, as well as the basic political truths he had already enunciated. As a corollary of his earlier vision about occupation and development, Sayigh sought to identify the underpinnings and principles for economic viability, or as he termed them, the "*muqawwamat*" of Palestinian development. Here again he left no room for confusion: despite the "interim self-governing

¹ "Dispossession and pauperization: the Palestinian economy under occupation" in Abed, G. (ed), *The Palestinian economy: studies in development under prolonged occupation*, (New York, Routledge, 1988) pp. 279-280.

arrangements" bequeathed by the Oslo Accords, only through achieving sovereignty would viable and sustainable development prospects emerge for Palestine. And until then, only a national programme and a heterodox economic restructuring and reconstruction policy could hope to steer the economy towards sovereignty and development. This vision, so evident and yet neglected in the 20-odd years since it was elaborated, is Yusuf Sayigh's enduring legacy in the arena of Palestinian economic development thought. Through the years of "self-government" prior to the Al Aqsa Intifada as well as those since of tentative preparations for statehood, his most important lesson still awaits recognition.