

Heterodox vs orthodox economics in Palestine

Palestine boasts a long history of intellectual and policy struggle of ideas, dominated for much of the past 30 years by the latter, spearheaded by intimate involvement of BWI in Palestinian economic and social policy making. It was the task of heterodox economics, mainly non-Marxian, to not only critique the mainstream, and explain why neoliberal recipes were wrong for such an economy. No less challenging is to build a counter narrative and feasible set of alternative policies, drawing on successful heterodox developing countries experiences, something that is less facile. Here is where I think the potentially radical intersection lies between the study of global socialist experiences, the critique of capitalism and a reasonable and feasible set of heterodox policies that can gain traction in the world as it is.

Palestinian political economy in the context of settler colonialism and genocide

First - To comprehend the shape, meaning and function of “the political economy of Palestine” in today’s and tomorrow’s turbulent world, two parallel historical processes that have proceeded apace for a century, sometimes overlapping, complementing or even contradicting each other, should be kept in mind:

1. A fundamental, apparently existential struggle between an ever-expanding Zionist nation-state project, currently defined as intended to ensure the sovereignty of the Jewish people in the whole of “the land of Israel”, and entailing a set of systematic measures of military occupation, colonization and settlement, economic extraction, alongside an unfulfilled Palestinian aspiration for national self-determination entailing a range of violent armed, civil and diplomatic resistance in different forms over the century;
2. The “normal” processes and stages of economic growth, market economics, capital and class formation, liberalisation and financialisation, and an uneven development that emerged impressively within the Israeli Jewish economic metropole, but in distorted, uneven patterns within the Palestinian periphery economies in its midst.

Second – the changing political economy of Palestine has thus followed both those trajectories, is in fact the synthesis of their interaction and contradictions, whereby the imperatives of nationhood have regularly trumped those of economic development. In Israel, the full potentials of liberalization and even more economic

accumulation have been constrained and undermined by the ideological interests of Zionism of upholding a system of differential rights viz the dependent Palestinian economies. And for Palestinians, a frustrated movement of national self determination (the so-called primary contradiction) continues to take precedence over (the secondary contradiction of) denial of the human, social, and economic rights of millions of Palestinians under occupation and in Israel.

Third – The PE of Palestine is thus not a stable trajectory or always a struggle between the same powers or parties. Indeed we must always avoid complacency in our analyses of PE dynamics, stakeholders and interests whereby the best laid plans and strategies can be rended asunder by the tensions and contradictions lurking beneath the surface of an otherwise placid landscape. Taking the longest view we could discern four broad phases in the PE of Palestine until October 7, separated by major shocks that resulted in a significant reshuffling of the battlefield at each phase:

1. Pre-1948 Palestine in which the core powers of the respective national movements and economic structures emerged, already lopsided in favor of the Jewish economy and Zionist political goals, ending with the 1948 Nakba. The so-called dual economy (industrialising Jewish and agrarian Arab) was the forerunner of today's center-periphery structural economic relations that continue to underpin Israeli political supremacy in Palestine.
2. The 1948-1967 period of Israeli state and socialist market economy building amidst Palestinian demographic dispersion, material dispossession and political fragmentation, with half of the people turned into refugees in five Arab "host countries", others falling under Israeli, Jordanian and Egyptian rule. This disrupted any pre-1948 trajectories of capital accumulation, class formation or development in any conventional sense of the terms.
3. The post-1967 expansion of Israeli effective sovereignty throughout the breadth of Palestine, ushering in a period of military occupation and direct rule over Palestinians in WBGS. This entailed a new set of economic dependencies (labour, trade and money), even as a unified Palestinian national movement was consolidated, a first elaboration of a set of national goals and coherent strategies pursued, and a strategy of armed resistance against occupation, with significant international spillovers, leading to the

outbreak of the first intifada and the first challenge to indefinite Israel occupation.

4. The historic Oslo Accords of 1994 whereby Israel appeared to be ready to compromise on its claim over all of Palestine and accept Palestinian national rights, was the beginning of another prolonged phase of a more sophisticated interplay between the politics and the economics of Palestine, one which was enshrined in an Israeli policy of asymmetric containment which successfully postponed October 7 by some thirty years, and during which an aggressive and overwhelming settler colonial project unfolded in Jerusalem and the rest of the West Bank.

Fourth- While the earlier experiences remain rich material for deeper study of Palestinian economic history, it is this most recent phase that ended on October 7, and the new era in the political economy of Palestine that has come since, that I wish to focus on for the remainder of my presentation.

Had I addressed this subject in 2023, I would have said that the economy of Palestine had become deeply mired in the unintentional but inevitable fallout from the asymmetric relation it had been locked into by the Oslo Accords, and that the only policy horizon was one of resilience in the face of prolonged occupation, settlement expansion and defacto annexation by Israel of the remainder of Palestine. The period between 1994 and 2023 was not an immutable or unchanging structure, and had its own separate phases, but the overriding feature was Israel's ability to manage the conflict without moving towards peace with Palestine, indeed by repudiating a two-state permanent status agreement even as the PLO continued to insist on that outcome.

- The years until the 2nd intifada of 2000 were hopeful, premised on such a solution. But once Rabin had departed the Israeli political scene and the rise of revisionist Zionism of Netanyahu had begun, this goal was removed from the agenda.
- The international community reinterpreted the terms of the Oslo compromise after the Palestinian political division of 2007 into an agenda of reform and neoliberal economy building, as a pathway to proving Palestinian "eligibility" for statehood.
- Once the peace process effectively ended after 2015 with the full assumption of power in Israel, and throughout the state's institutions, by a series of

radical right wing coalitions, economic structural dependencies had cemented the divided, besieged and flailing Palestinian regional economies within Israel's orbit. As colonial expansion and settler aggression intensified, a system of violent and discrete enforcement of differential rights in the one-apartheid-state reality, legally, politically and economically, had emerged.

For many scholars of the Palestine economy, the most appropriate theoretical and comparative empirical framework for analyzing these complex relations was that of settler colonialism studies. Other Marxist analyses attempted to unpack Palestinian class and capital relations and examine their interrelations with those of settler colonialism. My own work has led me to question the whole "national self determination" paradigm, as first elaborated by VI Lenin and subsequently reiterated in most anti colonial struggles. According to this doctrine the necessity of establishing the nation state took precedence over the class struggle and building of socialism, which in the Palestinian case has meant failure on both the national and class fronts.

Finally - I conclude by noting that the October 7 attack on Israel and its genocidal response that continues unabated as we speak, confirms that asymmetric containment has failed, and is no longer an option. Hence the ability of the Israeli Neo-Zionists such as Smotrich and Ben Gvir to hallucinate along with Donald Trump and Jared Kushner of imperial capitalist real estate designs on the Gaza Strip, which happens to entail ethnic cleansing and denial of all imaginable rights of the Palestinian people.

Actually the new phase we have entered since 2023 is beyond political economy. There is no "political economy" of genocide, there is only resistance and survival, which presumably would mean defeating the genocide, not letting it pass. This is first and foremost a task for the Palestinian people, one that remarkably they have achieved in Gaza despite the horrible losses and terrible costs, and that for the past few weeks especially has intensified in the West Bank, or as the US Government is about to rebaptize the area, Judea and Samaria. Until the full struggle has played out over the coming year, there is not much an economist or any expert can tell you, or as the Poet would say: *you don't need a weatherman....*