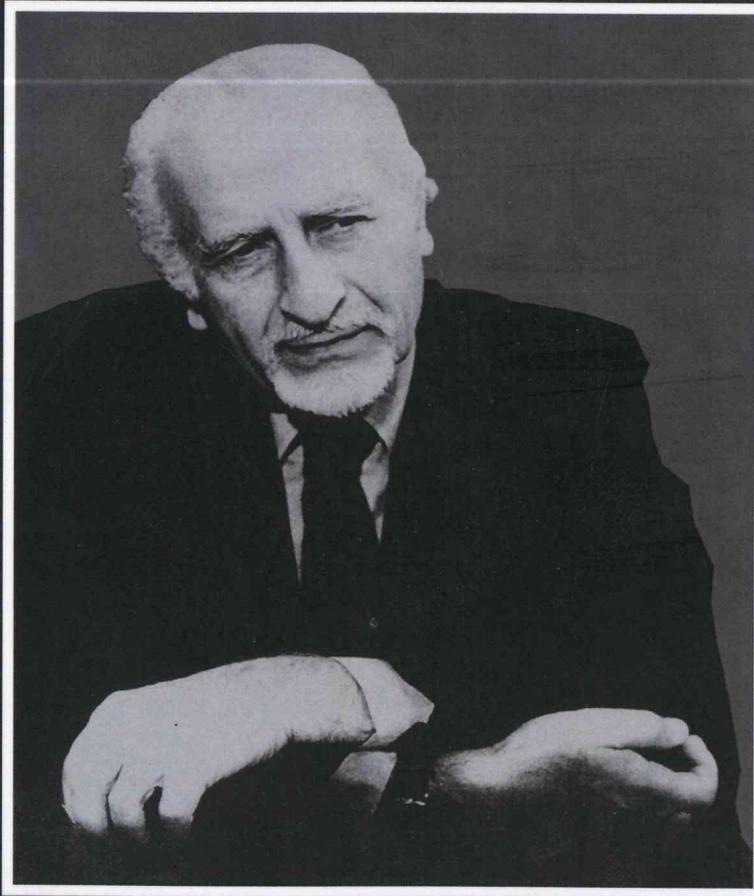




Palestine Economic Policy Research Institute (MAS)

The Yusif A. Sayigh Development Lecture

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



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Palestine Economic Policy Research Institute (MAS)

The Yusif A. Sayigh Memorial Development Lecture

Yusif Abdallah 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 Yusif 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.

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

The Inaugural 2009 Yusif 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 Yusif 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 Yusif 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 Yusif A. Sayigh Development Lecture will be 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*".



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Yusif Abdallah Sayigh Biography

Yusif 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.

Yusif 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)*



معهد أبحاث السياسات الاقتصادية الفلسطينية (ماس)
Palestine Economic Policy Research Institute (MAS)

Dr. George T. Abed
Institute of International Finance

George T. Abed, Senior Counselor and Director for Africa and the Middle East at the IIF was formerly Governor and Chairman of the Board of the Palestine Monetary Authority. At the IIF, Mr. Abed is a member of the senior management of the Institute and advises the Managing Director on strategic issues affecting the Institute's programs and manages designated Institute-wide projects and activities. Mr. Abed also directs the work of the Institute in the Middle East and Africa. The IIF is the global association of financial institutions with more than 450 members worldwide.

At the Palestine Monetary Authority (PMA) Mr. Abed was responsible for developing and implementing a comprehensive plan to restructure the PMA in preparation for transforming the institution into a full-fledged central bank and for reforming and strengthening the banking system in the Palestinian territory.

Previously, Mr. Abed had served as Director of the Middle East and Central Asia Department of the International Monetary Fund (IMF) until December 2003, and Special Advisor to the Managing Director of the IMF until July 2004. Prior to taking up that position, he served as Deputy Director of the IMF's Fiscal Affairs Department. As Director of the Middle East and Central Asia Department, Mr. Abed was responsible for the IMF's work in 32 countries. During the period 1985-93, Mr. Abed left the IMF and helped establish and manage the Welfare Foundation in Geneva, Switzerland, as its first Managing Director. The Foundation remains a leading institution in humanitarian and development assistance in the Middle East.

Mr. Abed holds a Ph.D. in Economics from University of California, Berkeley. His areas of interest include international and development economics, international finance, economics of the Middle East, energy economics, fiscal reform, the economics of corruption, and development of the Palestinian economy, and he has published widely in these areas.



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Yusif Sayigh's Contribution to Palestinian Development Economics

Raja Khalidi

Among his many contributions to Palestinian development thought, two specific concepts are especially notable in Yusif 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 territories... 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 Yusif 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.



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Yusif Sayigh's Contribution to Arab Economic Integration

Leila Farsakh¹

Yusif 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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The Yusif A. Sayigh Memorial Development Lecture 2012 The Political Economy of Change in the Arab World

*By Dr. George T. Abed
Senior Counselor and Director for Africa and the Middle East at the IIF*

Synopsis:

The political turmoil that has swept several Arab countries has had its economic cost. Outside the GCC, growth rates dropped sharply, fiscal and current account deficits widened, and financing needs soared, sending some countries to request assistance from the International Monetary Fund and from countries in the GCC. At the same time, the political leaderships that have emerged in the countries that have undergone regime change, lacking the requisite knowledge and experience in economic policy, seem preoccupied with restoring normality to daily life and reviving doctrinal debates. In particular, newly elected governments have evaded tackling the deep-seated problems in their economies which have retarded social and economic development in the region. Growth rates have been anemic, unemployment, especially among youth, has been high and chronic, poverty rates remain elevated, and corruption is entrenched. The Arab region continues to lag other emerging regions in human and social development, as well as in global economic competitiveness.

At the same time, political change has brought to a position of leadership ideologically driven movements, largely as a reaction to long-term suppression by nominally secular authoritarian regimes. While outwardly favoring economic reform, the new governments have failed to articulate a coherent vision of fundamental economic change. After the stagnation seen in the last three decades, such reforms are urgently needed to help raise the standard of living and achieve long-term prosperity. Indeed, the current preoccupation with doctrinal issues has raised the level of tension among the different political groups and diverted attention from the economic policy agenda. Internal political and ideological tensions and possible conflicts, if prolonged, run the risk of postponing yet again the need to undertake fundamental economic reforms and could mark another lost opportunity for the Arab countries to transform themselves into a more prosperous, powerful and progressive force in the regional and global arena.