

Has Palestine Had Enough Of Fayyad?

Written by Christopher Keeler

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CHRISTOPHER KEELER, JUL 30 2011

Salam Fayyad, the western-educated economist/Prime Minister of the West Bank, has been the point man for western backed development efforts throughout Palestine. Fayyad's technocratic approach to development, deemed 'Fayyadism,' has won over many converts throughout the United States and Europe who have made a habit of promising (and occasionally writing) large checks to support the Palestinian drive for economic independence. Despite the praise and hope heaped upon Fayyad from the west, the Prime Minister's national development strategy is proving to have major, fundamental flaws, bringing into question his ability to improve the lives of Palestinians. Four years after his appointment to the Prime Minister's office, it is time to wonder whether Fayyadism has a future in Palestine or if it is time to seriously reconsider Fayyad's approach to state building.

Fayyadism is the Prime Minister's call to put economic reform, security and good governance ahead of violent resistance to the occupation and inutile negotiations. The west, particularly the United States, has admired the dedication to the institution-building approach of Fayyad and has rewarded the novel approach with millions of dollars of aid to support the Palestinian National Authority (PNA) projects throughout the West Bank. Consequently, the Palestinian economy has blossomed, growing at 9.3% in 2010, according to the World Bank. Yet, despite great success at building the governmental infrastructure of the PNA, the economic growth rate rang hollow.

Economically, Fayyad has ironically watched over growth that is often cited as symbolic of Palestinian self-sufficiency and independence, but is, ironically, completely donor-dependent. Moreover, nearly all the economic growth has occurred in the quasi-capital city of Ramallah, not only creating an unequal economic growth distribution across the country, but also presenting the international community with a false idea of the state of the Palestinian economy. For better or worse, Ramallah is the international face of the West Bank, giving many casual observers the impression that new streets and a burgeoning café culture characterize all of Palestine.

In reality, Fayyad's economic policy focuses on Ramallah's growth as a center for Palestinian businesses and nearly completely neglects the rest of the West Bank and all of Gaza. Poverty levels in parts of Area C, (an area of the West bank under the administration of Israel) where the PNA is unable to work, are worse than in some parts of the beleaguered Gaza Strip. A recent report from the UNRWA undermines the economic successes of Fayyad by highlighting the soaring unemployment rates of both refugees (nearly 28%) and non-refugees alike (around 24%). In the Jordan Valley and in Gaza, unemployment reaches levels of 60% or higher. In addition to the growing unemployment rates, the relative purchasing power of Palestinians decreased in 2010.

Of course, these numbers run counter to the general growth rate of the Palestinian economy, which is predicted to grow at a healthy 7% in 2011. The term 'growth rate,' however, is misleading, as Palestine's economic success is partly the continuation of the natural economic recovery process after the destruction of the Second Intifada. Similar growth has even been seen in Gaza after the blockade was loosened last year. In other words, a 7% growth rate may look nice, but it is hardly sustainable, as it merely represents a badly damaged economy reviving itself to previous levels, and not an unprecedented boom period.

Moreover, according to the World Bank, Palestinian economic recovery rates are completely dependent on international aid and are not sustainable without the help of the international community. As the PNA is dependent on international funds for economic success, the Palestinian government is forced to meet certain requirements dictated

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by the funding agency, thus reducing the efficiency of the government's program; the PNA, for example, spends ten times as much on security than it does on sustainable development projects.

The problems that are hidden behind Fayyad's success in government may be catching up to him. By building a donor-dependent economy, Fayyad has not only prohibited sustainable development, but has also built inherent vulnerabilities into the Palestinian economy. These economic cracks are showing as Fayyad recently announced a national deficit of nearly US\$1 billion and expressed concern that the Palestinian economy was failing due to slow delivery of international aid.

Economic troubles are not the only challenge facing Fayyad. The Prime Minister has been frank with his international backers that Fayyadism would only succeed in concert with true progress on the diplomatic track to statehood. The freeze in negotiations and the continuation of settlement construction across the West Bank have undermined the efforts of the Prime Minister by prohibiting economic or political recovery in most of the territory. Israeli restrictions on movement and the continued adherence to the antiquated Oslo era designations of Area A, B and C have created pockets of economic success within the greater fabric of near economic collapse. The stalled peace track has greatly limited the capacity of Fayyad to bring the few actual benefits of Fayyadism to many of the Palestinian people.

Domestically, Fayyad is in a similarly stressful situation. The Prime Minister has disagreed with Palestinian President Mahmoud Abbas' plan to seek UN recognition in September, straining an already tense relationship between the ruling party, Fatah, and the Prime Minister. Only four months ago, in March 2011, members of the Fatah leadership were calling for the independent Prime Minister to be replaced by a Fatah loyalist. Fayyad has also been rejected outright as Prime Minister by Hamas after Fatah and Hamas were able to reach a preliminary reconciliation agreement earlier this spring. Concern about Fayyad's durability as Prime Minister is certainly warranted considering the economic and political tightropes he is balancing on.

However, it is unfair to completely write Fayyad off as the Prime Minister has watched over a healthy economic recovery in the urban areas of the West Bank and has brought Palestinian national institutions nearly back to their pre-Second Intifada levels. Most importantly, Fayyad has given Palestine a trusted image in the eyes of the west. Fayyad is seen throughout the United States, Europe and even Israel as a moderate who is taking the appropriate steps to prepare Palestine for statehood – the International Monetary Fund has declared the PNA fit to govern an independent Palestine, despite the major flaws in the Palestinian economy. Indeed, Fayyad's most influential contribution to the Palestinian cause may simply be that many in the west consider the Prime Minister to be a symbol of hope for the future of Palestine.

Despite its major flaws, Fayyadism has won the hearts and hopes of the western community. While the Prime Minister can certainly claim economic and political success, Salam Fayyad has only been able to offer modest improvement to a fraction of the Palestinian population. Palestinians can clearly see the fundamental problems with Fayyad's economic plan and are beginning to wonder whether Fayyadism is actually making life better or freedom from occupation more likely.

Fayyad has framed himself as the symbol of Palestinian independence, promising Palestinians that he is moving the PNA closer to statehood and promising the west that he is creating institutions for an independent Palestinian state. Currently however, political negotiations with Israel have stalled and the economy is revealing its unsustainable dependence on international aid, leaving Fayyadism to seem as empty as any alternative. With the controversial vote on Palestinian statehood at the UN approaching and the reconciliation of Fatah and Hamas nearly complete, Fayyad may soon find himself a victim of the inconsistencies and contradictions inherent in his national strategy.

Christopher Keeler is an activist/blogger based in the West Bank and Palestine and has also worked in Lebanon, Saudi Arabia and Egypt. He writes at *Notes from a Medinah* and has been featured on *The Atlantic Online*, *Mondoweiss* and *The Palestine Center Blog*.