

The Oslo Illusion: The Historical Accords between Palestine and Israel

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Global Research, June 03, 2013

[Socialist Project](#)

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This year marks the twentieth anniversary of the signing of the Oslo Accords between the Palestine Liberation Organization (PLO) and the Israeli government. Officially known as the Declaration of Principles on Interim Self-Government Arrangements, the Oslo Accords were firmly ensconced in the framework of the two-state solution, heralding “an end to decades of confrontation and conflict,” the recognition of “mutual legitimate and political rights,” and the aim of achieving “peaceful coexistence and mutual dignity and security and ... a just, lasting and comprehensive peace settlement.”



Its supporters claimed that under Oslo, Israel would gradually relinquish control over territory in the West Bank and Gaza Strip, with the newly established Palestinian Authority (PA) eventually forming an independent state there. The negotiations process, and subsequent agreements between the PLO and Israel, instead paved the way for the current situation in the West Bank and Gaza. The Palestinian Authority, which now rules over an estimated 2.6 million Palestinians in the West Bank, has become the key architect of Palestinian political strategy. Its institutions draw international legitimacy from Oslo, and its avowed goal of “building an independent Palestinian state” remains grounded in the same framework. The incessant calls for a return to negotiations – made by U.S. and European leaders on an almost daily basis – harken back to the principles laid down in September 1993.

Stated Goals vs the Real Aims

Two decades on, it is now common to hear Oslo described as a “failure” due to the ongoing reality of Israeli occupation. The problem with this assessment is that it confuses the stated goals of Oslo with its real aims. From the perspective of the Israeli government, the aim of Oslo was not to end the occupation of the West Bank and Gaza Strip, or to address the substantive issues of Palestinian dispossession, but something much more functional. By creating the perception that negotiations would lead to some kind of “peace,” Israel was able to portray its intentions as those of a partner rather than an enemy of Palestinian sovereignty.

Based on this perception, the Israeli government used Oslo as a fig leaf to cover its consolidated and deepened control over Palestinian life, employing the same strategic mechanisms wielded since the onset of the occupation in 1967. Settlement construction, restrictions on Palestinian movement, the incarceration of thousands, and command over borders and economic life: all came together to form a complex system of control. A

Palestinian face may preside over the day-to-day administration of Palestinian affairs, but ultimate power remains in the hands of Israel. This structure has reached its apex in the Gaza Strip – where over 1.7 million people are penned into a tiny enclave with entry and exit of goods and people largely determined by Israeli dictat.

Oslo also had a pernicious political effect. By reducing the Palestinian struggle to the process of bartering over slivers of land in the West Bank and Gaza Strip, Oslo ideologically disarmed the not-insignificant parts of the Palestinian political movement that advocated continued resistance to Israeli colonialism and sought the genuine fulfillment of Palestinian aspirations. The most important of these aspirations was the demand that Palestinian refugees have the right to return to the homes and lands from which they had been expelled in 1947 and 1948. Oslo made talk of these goals seem fanciful and unrealistic, normalizing a delusive pragmatism rather than tackling the foundational roots of Palestinian exile. Outside of Palestine, Oslo fatally undermined the widespread solidarity and sympathy with the Palestinian struggle built during the years of the first Intifada, replacing an orientation toward grassroots collective support with a faith in negotiations steered by Western governments. It would take over a decade for solidarity movements to rebuild themselves.

As it weakened the Palestinian movement, Oslo helped to strengthen Israel's regional position. The illusory perception that Oslo would lead toward peace permitted Arab governments, led by Jordan and Egypt, to embrace economic and political ties with Israel under American and European auspices. Israel was thus able to free itself from Arab boycotts, estimated to have cost it a cumulative \$40-billion from 1948 to 1994. Even more significantly, once Israel was brought in from the cold, international firms could invest in the Israeli economy without fear of attracting secondary boycotts from Arab trading partners. In all these ways, Oslo presented itself as the ideal tool to fortify Israel's control over Palestinians and simultaneously strengthen its position within the broader Middle East. There was no contradiction between support for the "peace process" and deepening colonization – the former consistently worked to enable the latter.

It is worth remembering that amid the clamor of international cheerleading for Oslo – capped by the Nobel Peace Prize awarded jointly to Israeli Prime Minister Yitzhak Rabin, Israeli Foreign Minister Shimon Peres, and PLO leader Yasser Arafat in 1994 – a handful of perceptive voices forecast the situation we face today. Noteworthy among them was Edward Said, who wrote powerfully against Oslo, commenting that its signing displayed "the degrading spectacle of Yasser Arafat thanking everyone for the suspension of most of his people's rights, and the fatuous solemnity of Bill Clinton's performance, like a twentieth-century Roman emperor shepherding two vassal kings through rituals of reconciliation and obeisance." Describing the agreement as "an instrument of Palestinian surrender, a Palestinian Versailles," Said noted that the PLO would become "Israel's enforcer," helping Israel to deepen its economic and political domination of Palestinian areas and consolidating a "state of permanent dependency." While analyses like Said's are important to recall simply for their remarkable prescience and as a counterpoint to the constant mythologizing of the historical record, they are particularly significant today as virtually all world leaders continue to swear allegiance to a chimerical "peace process."

One question that often goes unaddressed in analyses of Oslo and the two-state strategy is why the Palestinian leadership headquartered in the West Bank has been so willingly complicit with this disastrous project. Too often, the explanation is essentially tautological – something akin to "the Palestinian leadership has made bad decisions because they are

poor leaders.” The finger is often pointed at corruption, or at the difficulties of the international context that limit available political options.

What is missing from this type of explanation is a blunt fact: some Palestinians have a great stake in seeing the continuation of the status quo. Over the last two decades, the evolution of Israeli rule has produced profound changes in the nature of Palestinian society. These changes have been concentrated in the West Bank, cultivating a social base that supports the political trajectory of the Palestinian leadership in its eagerness to relinquish Palestinian rights in return for being incorporated into the structures of Israeli settler-colonialism. It is this process of socioeconomic transformation that explains the Palestinian leadership’s submission to Oslo, and it points to the need for a radical break from the two-state strategy.

The Social Base of Oslo and the Two-State Strategy

The unfolding of the Oslo process was ultimately shaped by the structures of occupation laid down by Israel in the preceding decades. During this period, the Israeli government launched a systematic campaign to confiscate Palestinian land and construct settlements in the areas from which Palestinians had been driven out during the 1967 war. The logic of this settlement construction was embodied in two major strategic plans, the Allon Plan (1967) and the Sharon Plan (1981). Both these plans envisaged Israeli settlements placed between major Palestinian population centers and on top of water aquifers and fertile agricultural land. An Israeli-only road network would eventually connect these settlements to each other and also to Israeli cities outside of the West Bank. In this way, Israel could seize land and resources, divide Palestinian areas from each other, and avoid direct responsibility for the Palestinian population as much as possible. The asymmetry of Israeli and Palestinian control over land, resources, and economy meant that the contours of Palestinian state-formation were completely dependent on Israeli design.

Combined with military-enforced restrictions on the movement of Palestinian farmers and their access to water and other resources, the massive waves of land confiscation and settlement-building during the first two decades of the occupation transformed Palestinian landownership and modes of social reproduction. From 1967 to 1974, the amount of cultivated Palestinian land in the West Bank fell by about one third. The expropriation of land in the Jordan Valley by Israeli settlers meant that 87% of all irrigated land in the West Bank was removed from Palestinian hands. Military orders forbade the drilling of new wells for agricultural purposes and restricted overall water use by Palestinians, while Israeli settlers were encouraged to use as much water as needed.

With this deliberate destruction of the agricultural sector, poorer Palestinians – particularly youth – were displaced from rural areas and gravitated toward work in the construction and agriculture sectors inside Israel. In 1970, the agricultural sector included over 40% of the Palestinian labour force working in the West Bank. By 1987, this figure was down to only 26%. Palestinian agriculture’s share of GDP fell from 35% to 16% between 1970 and 1991.

Under the framework established by the Oslo Accords, Israel seamlessly incorporated these changes to the West Bank into a comprehensive system of control. Palestinian land was gradually transformed into a patchwork of isolated enclaves, with the three main clusters in the north, center, and south of the West Bank divided from one another by settlement blocs. The Palestinian Authority was granted limited autonomy in the areas where most Palestinians lived (the so-called Areas A and B), but travel between these areas could be shut down at any time by the Israeli military. All movement to and from Areas A and B, as

well as the determination of residency rights in these areas, was under Israeli authority. Israel also controlled the vast majority of water aquifers, all underground resources, and all airspace in the West Bank. Palestinians thus relied on Israeli discretion for their water and energy supplies.

Israel's complete control over all external borders, codified in the 1994 Paris Protocol on Economic Relations between the PA and Israel, meant that it was impossible for the Palestinian economy to develop meaningful trade relations with a third country. The Paris Protocol gave Israel the final say on what the PA was allowed to import and export. The West Bank and Gaza Strip thus became highly dependent on imported goods, with total imports ranging between 70% and 80% of GDP. By 2005, the Palestinian Central Bureau of Statistics estimated that 74% of all imports to the West Bank and Gaza Strip originated in Israel while 88% of all exports from those areas were destined for Israel.

With no real economic base, the PA was completely reliant on external capital flows of aid and loans, which were again under Israeli control. Between 1995 and 2000, 60% of the total PA revenue came from indirect taxes collected by the Israeli government on goods imported from abroad and destined for the occupied territories. These taxes were collected by the Israeli government and then transferred to the PA each month according to a process outlined in the Paris Protocol. The other main source of PA income came from aid and foreign disbursements by the United States, Europe, and Arab governments. Indeed, figures for aid measured as a percentage of Gross National Income indicated that the West Bank and Gaza Strip were among the most aid-dependent of all regions in the world.

Changing Labour Structure

This system of control engendered two major changes in the socioeconomic structure of Palestinian society. The first of these related to the nature of Palestinian labour, which increasingly became a tap that could be turned on or off according to the economic and political situation and the needs of Israeli capital. Beginning in 1993, Israel consciously moved to substitute the Palestinian labour force that commuted daily from the West Bank with foreign workers from Asia and Eastern Europe. This substitution was partly enabled by the declining importance of construction and agriculture as Israel's economy shifted away from those sectors toward high-tech industries and exports of finance capital in the 1990s.

Between 1992 and 1996, Palestinian employment in Israel declined from 116,000 workers (33% of the Palestinian labour force) to 28,100 (6% of the Palestinian labour force). Earnings from work in Israel collapsed from 25% of Palestinian GNP in 1992 to 6% in 1996. Between 1997 and 1999, an upturn in the Israeli economy saw the absolute numbers of Palestinian workers increase to approximately pre-1993 levels, but the proportion of the Palestinian labour force working inside Israel was nonetheless almost half of what it had been a decade earlier.

Instead of working inside Israel, Palestinians became increasingly dependent on public-sector employment within the PA or on transfer payments made by the PA to families of prisoners, martyrs, or the needy. Public-sector employment made up nearly a quarter of total employment in the West Bank and Gaza Strip by 2000, a level that had almost doubled since 1996. More than half of the PA's expenditures went to wages for these public-sector workers. The private sector also provided substantial employment, particularly in the area of services. These were overwhelmingly dominated by small family-owned businesses – over 90% of Palestinian private-sector businesses employ fewer than ten people – as a result of

decades of Israeli de-development policies.

Capital and the Palestinian Authority

Alongside the increasing dependence of Palestinian families on either employment or payments from the Palestinian Authority, the second major feature of the socioeconomic transformation of the West Bank was related to the nature of the Palestinian capitalist class. In a situation of weak local production and extremely high dependence on imports and flows of foreign capital, the economic power of the Palestinian capitalist class in the West Bank did not stem from local industry, but rather proximity to the PA as the main conduit of external capital inflows. Through the Oslo years, this class came together through the fusion of three distinct social groups: “returnee” capitalists, mostly from a Palestinian bourgeoisie that had emerged in the Gulf Arab states and held strong ties to the nascent Palestinian Authority; families and individuals who had historically dominated Palestinian society, often large landowners from the pre-1967 period, particularly in the Northern areas of the West Bank; and those who had managed to accumulate wealth through their position as interlocutors within the occupation since 1967.

While the memberships of these three groups overlapped considerably, the first was particularly significant to the nature of state and class formation in the West Bank. Gulf-based financial flows had long played a major role in tempering the radical edge of Palestinian nationalism; but their conjoining with the Oslo state-building process radically deepened the tendencies of statization and bureaucratization within the Palestinian national project itself.

This new three-sided configuration of the capitalist class tended to draw its wealth from a privileged relationship with the Palestinian Authority, which assisted its growth by granting monopolies for goods like cement, petroleum, flour, steel, and cigarettes; issuing exclusive import permits and customs exemptions; giving sole rights to distribute goods in the West Bank and Gaza Strip; and distributing government-owned land below its value. In addition to these state-assisted forms of accumulation, much of the investment that came into the West Bank from foreign donors through the Oslo years – infrastructure construction, new building projects, agricultural and tourist developments – were also typically connected to this new capitalist class in some way.

In the context of the PA’s fully subordinated position, the ability to accumulate was always tied to Israeli consent and thus came with a political price – one designed to buy compliance with ongoing colonization and enforced surrender. It also meant that the key components of the Palestinian elite – the wealthiest businessmen, the PA’s state bureaucracy and the remnants of the PLO itself – came to share a common interest in Israel’s political project. The rampant spread of patronage and corruption were the logical byproducts of this system, as individual survival depended on personal relationships with the Palestinian Authority. The systemic corruption of the PA that Israel and Western governments regularly decried throughout the 1990s and 2000s, was, in other words, a necessary and inevitable consequence of the very system that these powers had themselves established.

The Neoliberal Turn

These two major features of the Palestinian class structure – a labour force dependent on employment by the Palestinian Authority, and a capitalist class imbricated with Israeli rule through the institutions of the PA itself – continued to characterize Palestinian society in the

West Bank through the first decade of the 2000s. The division of the West Bank and Gaza Strip between Fatah and Hamas in 2007 strengthened this structure [Ed.: see [Bullet No. 13](#)], with the West Bank subject to ever more complex movement restrictions and economic control. Simultaneously, Gaza developed in a different trajectory, with Hamas rule reliant on profits drawn from the tunnel trade and aid from states like Qatar and Saudi Arabia.

In recent years, however, there has been an important shift in the economic trajectory of the Palestinian Authority, encapsulated in a harsh neoliberal program premised on public-sector austerity and a development model aimed at further integrating Palestinian and Israeli capital in export-oriented industrial zones. This economic strategy only acts to further tie the interests of Palestinian capital with those of Israel, building culpability for Israeli colonialism into the very structures of the Palestinian economy. It has produced increasing poverty levels and a growing polarization of wealth. In the West Bank, real per-capita GDP increased from just over \$1,400 in 2007 to around \$1,900 in 2010, the fastest growth in a decade. At the same time, the unemployment rate remained essentially constant at around 20%, among the highest in the world. One of the consequences was a profound level of poverty: around 20% of Palestinians in the West Bank were living on less than \$1.67 a day for a family of five in 2009 and 2010. Despite these poverty levels, the consumption of the richest 10% increased to 22.5% of the total in 2010.

In these circumstances, growth has been based on prodigious increases in debt-based spending on services and real estate. According to the United Nations Conference on Trade and Development (UNCTAD), the hotel and restaurant sector grew by 46% in 2010 while construction increased by 36%. At the same time, manufacturing decreased by 6%. The massive levels of consumer-based debt levels are indicated in figures from the Palestinian Monetary Authority, which show that the amount of bank credit almost doubled between 2008 and 2010. Much of this involved consumer-based spending on residential real estate, automobile purchases, or credit cards; the amount of credit extended for these three sectors increased by a remarkable 245% between 2008 and 2011. These forms of individual consumer and household debt potentially carry deep implications for how people view their capacities for social struggle and their relation to society. Increasingly caught in a web of financial relationships, individuals seek to satisfy their needs through the market, usually by borrowing money, rather than through collective struggle for social rights. The growth of these financial and debt-based relations thus individualizes Palestinian society. It has had a conservatizing influence over the latter half of the 2000s, with much of the population concerned with “stability” and the ability to pay off debt rather than the possibility of popular resistance.

Beyond the Impasse?

“The current cul-de-sac of Palestinian political strategy is inseparable from the question of class. ”

The current cul-de-sac of Palestinian political strategy is inseparable from the question of class. The two-state strategy embodied in Oslo has produced a social class that draws significant benefits from its position atop the negotiation process and its linkages with the structures of occupation. This is the ultimate reason for the PA’s supine political stance, and it means that a central aspect of rebuilding Palestinian resistance must necessarily confront the position of these elites. Over the last few years, there have been some encouraging signs on this front, with the emergence of protest movements that have taken up the

deteriorating economic conditions in the West Bank and explicitly targeted the PA's role in contributing to them. But as long as the major Palestinian political parties continue to subordinate questions of class to the supposed need for national unity, it will be difficult for these movements to find deeper traction.

Moreover, the history of the last two decades shows that the "hawks and doves" model of Israeli politics, so popular in the perfunctory coverage of the corporate media and wholeheartedly shared by the Palestinian leadership in the West Bank, is decidedly false. Force has been the essential midwife of "peace negotiations." Indeed, the expansion of settlements, restrictions on movement, and the permanence of military power have made possible the codification of Israeli control through the Oslo Accords. This is not to deny that substantive differences exist between various political forces within Israel; but rather to argue that these differences exist along a continuum rather than in sharp disjuncture. Violence and negotiations are complementary and mutually reinforcing aspects of a common political project, shared by all mainstream parties, and both act in tandem to deepen Israeli control over Palestinian life. The last two decades have powerfully confirmed this fact.

The reality of Israeli control today is the outcome of a single process that has necessarily combined violence and the illusion of negotiations as a peaceful alternative. The counterposing of right-wing extremists with a so-called Israeli peace camp acts to obfuscate the centrality of force and colonial control embodied in the political program of the latter.

The reason for this is the shared assumption of the Zionist left and right wings that Palestinian rights can be reduced to the question of a state in some part of historic Palestine. The reality is that the overriding project of the last sixty-three years of colonization in Palestine has been the attempt by successive Israeli governments to divide and fracture the Palestinian people, attempting to destroy a cohesive national identity by separating them from one another. This process is clearly illustrated by the different categories of Palestinians: refugees, who remain scattered in camps across the region; those who remained on their land in 1948 and later became citizens of the Israeli state; those living in the isolated cantons of the West Bank; and now those separated by the fragmenting of the West Bank and Gaza Strip. All of these groups of people constitute the Palestinian nation, but the denial of their unity has been the overriding logic of colonization since before 1948. Both the Zionist left and right agree with this logic, and have acted in unison to narrow the Palestinian "question" to isolated fragments of the nation as a whole. This logic is also one wholeheartedly accepted by the Palestinian Authority and is embodied in its vision of a "two-state solution."

Oslo may be dead, but its putrid corpse is not one that any Palestinian should hope to resuscitate. What is needed is a new political orientation that rejects the fracturing of Palestinian identity into scattered geographical zones. It is encouraging to see the mounting chorus of calls for a reorientation of Palestinian strategy, based on a single state in all of historic Palestine. Such an outcome will not be achieved solely through Palestinian efforts. It requires a broader challenge to Israel's privileged relationship with the U.S. and its position as a key pillar of U.S. power in the Middle East. But a one-state strategy presents a vision for Palestine that confirms the essential unity of all sectors of the Palestinian people regardless of geography.

It also provides a path to reach out to the Israeli people that reject Zionism and colonialism through the hope of a future society that does not discriminate on the basis of national

identity, and in which all may live regardless of religion or ethnicity. It is this vision that provides a route to achieving both peace and justice. •

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