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THE POLITICAL ECONOMY OF PALESTINIANS IN ISRAEL: ENCOUNTERS WITH DEVELOPMENT AND NEO-LIBERALIZATION

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ABSTRACT

The framework of 'economic development' has transformed the political economy of the Palestinians of 1948 (also known as Palestinian citizens of Israel). The discourse of development became increasingly assertive in the 2000s, and it has since redefined the way the Israeli government, private sector and an array of third sector organizations engage the Palestinian population. This dissertation analyzes the ways in which Palestinian citizens encounter economic transformations in Israel to provide a critique of the policy and discourse of development, its alignment with neo-liberalization, and the way it fulfils the goals of Zionism. It focuses on transformations in four sectors or spheres: (i) changes in consumption habits, seen as a path to modernity, (ii) efforts to de-segregate labor markets, (iii) 'new' industrial patterns under domestic outsourcing, and (iv) contestations among a neo-liberalizing faction of the Palestinian upper class that has embraced development.

Despite the rapid transformations that have taken place, the case studies demonstrate that the technology of development continues to build on essentialist relations and separatist dynamics, and it keeps Palestinians enframed as inferior, marked as cheaper 'Arab labor.' The continued reproduction of these categories, however, is not merely a reflection of inaction; it can be seen as an expression of a particular stage of neo-liberalization. It is part of a larger attempt to de-politicize the status of Palestinian citizens in Israel, using economic methods as a way to disempower political consciousness.

However, de-politicization is not necessarily successful, as the case studies reveal that Palestinian encounters with development have resulted in highly politicized encounters. Relying on ethnographic methodology, this dissertation focuses extensively on these subjective and affective encounters to analyze the 'making' of the economy, a discursive sphere and a site of political performance. The analysis represents an attempt to 're-claim' the economic sphere and politicize the analysis of development.

TABLE OF CONTENTS

ABSTRACT ..... **ii**

TABLE OF CONTENTS ..... **iii**

LIST OF FIGURES ..... **viii**

INTRODUCTION
ECONOMIC DEVELOPMENT AND THE PALESTINIANS OF 1948 ..... **1**

Research question and objectives 1
Main arguments 3
Key concepts 6
Theoretical framework 12
Methodology 17
Defining boundaries and terminology 21
Breakdown of chapters 28

A REVIEW OF THE LITERATURE
HISTORY AND POLITICS OF PALESTINIANS IN ISRAEL **34**

Military rule 35
The myth of acquiescence 39
Proletarianization and land expropriation 42
Neo-liberalization and peace 47
Alternative political spaces 53
Defining the state: past and future 58

CHAPTER ONE
CONSUMPTION: SYMBOLS AND DISCOURSES OF MODERNITY **64**

Outline 69

Approaches to Palestinian consumption in Israel 73
Captive consumers 73
Modern consumers 77

The modernizing mission of a new shopping space 81
Bringing modernity 83
Creating individuals, forging new alliances 85
Beyond segregation? 89

Elections and food 93
Appropriating ruz wa-laban 94
Ruz wa-laban versus sushi 96
Navigating opposing symbols 101

Experiences of a political and material modernity 103
The 'incomplete' modernity of Israel 105
Nostalgic reflections on modernity 110

Conclusion 110

CHAPTER TWO
LABOR: DEVELOPMENT AND THE PERSISTENCE OF 'ARAB LABOR' 120
Outline 121

'Arab labor' versus 'Hebrew labor' 123
Social closure 131

Labor market segmentation: a comparative lens 134
Questions of disengagement 139

Developing labor 146
Historical narratives 150
Internal explanations 153
Strategic values and threats 156
Economic indicators 159

Encountering inequality in the labor market 163
Politics of invisibility: the Arab construction worker 164
The case of the Wisconsin Project in Nazareth 169

Encounters in the workplace: the war in Gaza in June-August 2014 174

The labor market and belonging 178

Conclusion 183

CHAPTER THREE
INDUSTRY: DOMESTIC OUTSOURCING AND ARRANGEMENTS OF CHEAPER LABOR 185

Outline.....191

Landscape of entrepreneurship and industry 194

The ‘enclave’ 194

Credit markets and ‘underdevelopment’.....196

The outsourcing industry 200

The neo-liberalizing context 200

The history of sub-contracting.....204

Reframing the project 208

Operational separation 212

Wage scales.....213

The workspace 217

Organizational cultures of development 223

The employment project 224

The role of gender.....227

The peace-making agenda.....230

The politics of ‘cheaper’ labor.....234

En-skilling and de-skilling: the professionalization debate 237

Conclusion 241

CHAPTER FOUR
CLASS: NEO-LIBERAL CONTESTATIONS AND THE REDEFINING OF CITIZENSHIP 245

Outline 249

An indigenous and capitalist class 252
Communist politics and the 'patriotic bourgeoisie' 254
The Arab Business Club 256

'Move to Tel Aviv!' 261
The politics of an 'Arab Tel Avivian' 268
Elitist urbanism 273

The language of dissent 277
'Efficient,' 'civil,' and 'civilized' 280
'Human and social capital' 286

A state for some of its citizens 289
Neoliberal demands 290
Towards redefining citizenship 292

Conclusion 296

CONCLUSION
THE DEVELOPMENT ECONOMY AND ITS POLITICAL ARTICULATIONS 299

Summary of case studies 301
Marketization, separation, and de-politicization 306
Abnormal lives 310

SELECTED BIBLIOGRAPHY 314

Notes on the exchange rate and transliteration

At the time of writing, the value of one New Israeli Shekel (NIS) to the British pound fluctuated between 0.16 in August 2011 and 0.2 in July 2016. To the US dollar, the value of the shekel fluctuated between 0.29 in August 2011 and 0.26 in July 2016.

The transliteration of Arabic throughout this dissertation follows the system of the International Journal of Middle East Studies (IJMES). I reconcile Palestinian dialect with its *fusḥa* equivalent when the difference is in accent (such as the pronunciation of the *qaf*), but I do not edit the dialect to reflect the *fusḥa* equivalent (*ishi*, as opposed to *shayʾ*).

The transliteration of Hebrew follows the Library of Congress transliteration chart. It approximates the modern Israeli, primarily Sephardic, pronunciation.

LIST OF FIGURES

Figure I: Map of fieldwork 18

Figure II: T-shirt, 'I heart *ruz wa-laban*, and sushi does not represent me' 100

Figure III: Umm Kulthum at Alhambra theatre in Jaffa 114

Figure IV: Eamaar workshop, 'Achieve your financial goals' 144

Figure V: Government goals for Palestinians employment, 2020 146

Figure VI: Concentration of Palestinians and Jews in different strata 161

Figure VII: Protests against the Wisconsin Project 173

INTRODUCTION
ECONOMIC DEVELOPMENT AND THE PALESTINIANS OF 1948

Research question and objectives

'Economic integration' and 'economic development' have become the buzzwords in discussions on the status of the Palestinians of 1948 (23% of the Israeli population, known as Palestinian citizens of Israel, Arab-Israelis or Arabs of 1948). A plethora of government and non-government organizations have emerged in service of this goal, taking steps purporting to combat the concentration of Palestinians into low-wage employment, the low levels of participation by Palestinian women in the workforce, the pervasiveness of discrimination in the private sector, as well as the restrictions posed by inadequate infrastructure in Palestinian cities and towns, such as the absence of public transportation. Based on the knowledge that Palestinians disproportionately suffer from poverty and inequality, these organizations have called on the government to dedicate further resources to the 'development' of the Palestinian population.[1]

Development has evolved beyond being a state-sponsored initiative; its terminology and technology have become part of the conceptualization and formation of Palestinian citizens as subjects of Israeli capitalism. This dissertation addresses the ways in which Palestinian citizens of Israel encounter various functional embodiments of processes of development, a term I employ critically. I focus particularly on the role of development within larger politico-economic transformations, as well as the conditions, mutations and reconfigurations these transformations have engendered.

[1] For example, see reports by Sikkuy, The Association for Civil Rights in Israel, The Inter-Agency Task Force on Israeli-Arab Issues, Tsofen, Kav Mashve, The Abraham Fund Initiatives, New Israel Fund, and Mossawa Center.

This focus complements a larger objective: an analysis of the 'making' of the economy as an object and practice of government in a Foucauldian sense. Examining macro-level trends at a 'micro-political' level, this research depicts the economy as a discursive political space, where political relations can be inscribed, articulated, and reconfigured. The dissertation's ethnography-based approach does not simply mean a smaller scale, but it aims to encompass a wider set of units such as informal and everyday patterns and processes.[2] It represents an attempt to 're-claim' the economic sphere and politicize the analysis of economic developments. It is premised on an understanding of the economic and political as one entangled space, challenging the notion that the economic sphere is, or can function as, an apolitical zone. Throughout this dissertation, I view economic transformation as a fundamentally political endeavor, one that does not only restructure arrangements of exchange but also power structures and relationships, following a view that has been prominent in the Marxist tradition. The two spheres are inextricably intertwined: they do not merely inform or dictate the actions of one another, but they are part of the same overall trajectory.

Taking inspiration from critical epistemologies in political economy and the critiques of a liberal state and economy, this project situates widespread economic disenfranchisement and alienation within their larger political context. In the case of the Palestinians of 1948, this is a context where processes of proletarianization and colonialism have interacted and where Zionism remains dominant. I view these processes—Zionism, colonialism, and proletarianization—as interlinked, with Zionism reflecting not only the belief that Israel should be a Jewish state but also the policy of settler-colonialism that has accompanied this belief as well as the system of accumulation it has established.[3]

[2] John Gledhill, "From Macro-Structure to Microprocess: Anthropological Analysis of Political Practice," in *Power and Its Disguises: Anthropological Perspectives on Politics*, 2nd ed. (London: Pluto, 2000), 127-152.
[3] Edward W. Said, "Zionism from the Standpoint of Its Victims," *Social Text* 1 (1979), 11.

Main arguments

There are three overarching arguments in this dissertation. First, in my attempt to understand the Israeli government's adoption of a policy of development towards Palestinian citizens, I argue that its current form can be subsumed, ideologically and operationally, under an ongoing process of neo-liberalization. Linking development to neo-liberalization is an attempt to locate it within the continuum of politico-economic transformations that have taken place in Israel during the past decades, which include a series of market-privileging reforms. As I will show in the four case studies, discussions on development represent a new instrument in the terrain of an accelerated regime of neo-liberalization towards the Palestinians of 1948.

Second, I view the development program as an enterprise that essentially aims to de-politicize the status of Palestinians in Israel, even if it is carried out by members of the Palestinian population themselves. De-politicization is an attempt to disentangle the 'political'—whether from a history of inequality, current economic policy, or future proposals, instead seeking to reorganize state-citizen relations according to a market logic. A prominent concern of critical theory, de-politicization has arguably taken new forms under neo-liberalization.[4]

One of the most visible examples of de-politicization is the philosophy of economic peace as a form of coexistence, a principle that tends to explicitly underlie development projects.[5] However, this does not mean that de-politicization is a successful policy. On the contrary, the chapters in this dissertation reveal that economic phenomena and

[4] Anita Chari, *A Political Economy of the Senses: Neoliberalism, Reification, Critique* (New York: Columbia University Press, 2015), 91-100.
[5] For a discussion on de-politicization and economic peace in the Oslo development industry in the West Bank and Gaza Strip, see Peter Lagerquist, "Privatizing the Occupation: The Political Economy of an Oslo Development Project," *Journal of Palestine Studies* 32: 2 (2003), 5-20.

transformations in Israel are imbued with a political meaning, and the entry of development policy and discourse into Palestinian spaces and lives often takes on a completely different dimension, resulting in unequal and awkward interactions—precisely the instances I aim to capture in the case studies.

The incorporation of development under a neo-liberalizing framework is seen throughout this dissertation as part of a larger policy that aims to "modernize and rationalize" existing structures, as Martin Legassick describes regarding labor conditions in South Africa.[6] Development—as a practice and discourse—is essentially based on a continuity with the past, but it is a way to consolidate established patterns, which rely on Palestinian-Jewish separation and essentialism. Such a process can be understood through the concept of enframing, a term Timothy Mitchell uses to describe a "method of dividing up and containing," following his extension of Foucault's work to Egypt.[7] The reproduction of separation and essentialism through enframing does not imply lack of change; rather, the purpose of changes is to re-impose patterns of inequality and segregation. In other words, although development programs proclaim to revolutionize the Palestinian economy in Israel and disrupt dynamics of disenfranchisement, I argue that they instead subsume and re-articulate many of these processes in novel ways.

The three pillars of my argument (neo-liberalization, de-politicization and continuity) are made through extended case studies, which are divided according to four sectors or spheres in the economy that have undergone changes and have been subjected to the discourse of development: (i) changing consumption habits viewed as a transition towards 'modernity,' (ii) the rise of government initiatives purporting to de-segregate labor markets, (iii) new industrial relations under the 'innovative' practice of domestic outsourcing, and (iv)

[6] Martin Legassick, "South Africa: Forced Labour, Industrialization, and Racial Differentiation," in *The Political Economy of Africa*, ed. Richard Harris (Cambridge: Schenkman Publishers, 1975), 247-251.
[7] Timothy Mitchell, *Colonising Egypt* (Berkeley: University of California Press, 1988), 44.

contestations within perceptions and discourses of a new upper class whose members internalize processes of neo-liberalization as a means of self-empowerment.

The four case studies reveal inflections and iterations in Palestinian encounters with development. Some are large-scale mobilizations, such as the demonstrations against the Wisconsin Project in Nazareth; others are smaller-scale reflections, such as insights from Palestinian construction workers or expressions of discomfort at the workplace during a time of conflict. Some are aligned with Israeli developmental objectives, such as the discourse surrounding the trend of domestic outsourcing as expressed by its Palestinian entrepreneurs, or ideas on cosmopolitanism espoused by a neo-liberalizing upper class. While they are affective and highly subjective, all of these encounters are fundamentally political, and I delve into the meanings behind these encounters with market practices.

By revealing an exchange between the Palestinian population and the Israeli economy, the chapters included in this study effectively problematize the perception of a unidirectional relationship, one that is imposed by the state on the population. They demonstrate the role of Palestinians as participatory agents in the production and reproduction of capitalism, as all of us arguably are. This research eschews a perspective of social forces as somehow *external* to this process, as it has become present in every part of our lives. Capitalism, throughout this discussion, is conceived as an "open system, coextensive with society" that is "dynamically self-modulating and self-amplifying."[8]

Finally, this project is fundamentally inter-disciplinary. Relying on critical political economy as a starting point, it is essentially located in anthropology of development. I combine elements from both disciplines, which share a tradition of critical engagement with economic development, neo-liberalization and capitalism generally.[9] The advantage of this

[8] Brian Massumi, *Politics of Affect* (Cambridge: Polity, 2015), 108-109.
[9] A similar approach can be found in Katharine N. Rankin, *The Cultural Politics of Markets: Economic Liberalization and Social Change in Nepal* (London: Pluto Press, 2004).

approach is to incorporate the specificity found in interpretive ethnographic research with the larger questions of political economy, an amalgamation that reveals nuances in economic experiences and conditions.

Key concepts

Before proceeding to the theoretical framework, I will first elaborate on several concepts that are key to the dissertation's overall arguments and the following chapters. I endeavor to define neo-liberalization in detail, focusing on its main attributes and periodization at a global level and in the Israeli context. The objective is to highlight the distinctiveness of the neoliberal period vis-à-vis other periods of capitalist development. I also define the concepts of development, modernity, and class politics, while underlining the relationships between these concepts.

Tracing the turn towards neoliberalism to the 1970s and 1980s, David Harvey defines it as:

> a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets, and free trade.[10]

He identifies Augusto Pinochet's coup in Chile in 1973 as the first experiment with neoliberal state formation, although it only became a hegemonic ideology with the rise of Margaret Thatcher in the UK and Ronald Reagan in the US in the 1980s, during which neo-liberalization became a leading principle in economic thought and administration. It has since dominated international financial institutions and state institutions such as central banks, culminating in the prescriptions laid out in the so-called Washington Consensus.[11]

[10] David Harvey, *A Brief History of Neoliberalism* (Oxford: Oxford University Press, 2007), 2.
[11] "The effect in many parts of the world," writes Harvey, "has increasingly been to see it as a necessary, even wholly 'natural', way for the social order be regulated." *Ibid*, 41.

Although the legitimacy of neo-liberalization has come under public scrutiny since the global financial crisis that began in 2008 (with some heralding the demise of capitalism as a whole), it has not eroded.[12] Rather, it has continued to embed itself within new processes and to reformulate them according to its principles. Neo-liberalization can thus be described as a fluctuating and dynamic process, as Peck, Brenner and Theodore suggest, rather than a finished product or a coherent ideology.[13]

The diffusion of neo-liberalization on a global scale has fundamentally influenced thought and practice, but this does not imply that it is necessarily imposed by force. In many cases, neo-liberalization has been able to ally with nationalism and has been pushed for by elements within a local upper class. Neoliberal restructuring in Israel was introduced through the Emergency Economic Stabilization Plan (EESP) of 1985, implemented by the Likud government in close cooperation with the US. Neo-liberalization has been informed not only by nationalism but also by Zionism's primary objective of settler-colonialism.[14] These processes have frequently aligned and have arguably facilitated one another.

The dominant tenets of neo-liberalization originate from an ordo-liberal school of thought, advocating the economization of society. Unlike paleo-liberalism, which implies a full retreat of the state, an ordo-liberal interpretation of neo-liberalization alludes to an active process of reshaping political relations according to economic principles.[15] This is one of the most striking features of neo-liberalization: the expansion the principles of the market to all

[12] See John Comaroff, "The End of Neoliberalism? What is Left of the Left," *The Annals of the American Academy of Political and Social Science* 637 (2011), 141-147.
[13] Jamie Peck, Neil Brenner and Nik Theodore, "After Neoliberalization?" *Globalizations* 7 (2010), 327-345.
[14] Nadia Abu El-Haj criticizes David Theo Goldberg's characterization of Israel as both neoliberal and colonial. See Nadia Abu El-Haj, "Racial Palestinization and the Janus-Faced Nature of the Israeli State," *Patterns of Prejudice* 44, 1 (2010), 27-41; David Theo Goldberg, *The Threat of Race: Reflections on Racial Neoliberalism* (Malden: Wiley-Blackwell, 2009).
[15] According to Ben Jackson, Alexander Rüstow used the term 'paleo-liberal' to describe Ludwig von Mises and his fundamental belief in a self-regulating market. Ben Jackson, "At the Origins of Neo-Liberalism: The Free Economy and the Strong State, 1930-1947," *The Historical Journal* 63: 1 (2010), 141.

interactions and the restructuring of not only politico-economic arrangements and practices but also human behavior.[16]

Reflecting a new stage in capitalism, neoliberalism was originally conceived as an alternative to classical and Keynesian economics, as well as models of centralized economic planning. It has imposed technical, bureaucratic, and infrastructural changes and facilitated global flows of exchange, production and consumption. Neo-liberalization is distinctly marked by privatization, de-regulation, reduction of taxes, unlimited mobility of capital, encouragement of foreign investment, and attempts to undo welfare regimes. It emphasizes individual freedom, translated into reduced expenditure in realms such as education, health care, and pensions. For example, Israel has since 1985 pursued a liberalization of its financial markets, leading to increased international trade, as well as privatization of state-owned enterprises and social services. Israel's central bank has played a special role in championing the re-organization of the economy in line with neo-liberalization.[17]

Much like in other cases, neo-liberalization in Israel has championed greater 'flexibility' of labor, rooted in the view that unemployment is always voluntary, and it tends to be fundamentally hostile to mechanisms of social solidarity such as unions. Civil society has become the main accepted space for alternative political ideas and voices, resulting in the proliferation of various small-scale NGOs. Redefining Palestinian political engagement in Israel, NGOs have been essential players in the state's development projects.

Development straddles this nexus of state, private sector and civil society. Overseeing the 'development' of indigenous groups has long been a central feature of the colonial state,

[16] Harvey contends that it seeks to "bring all human action into the domain of the market." Harvey, *A Brief History of Neoliberalism*, 3.
[17] Daniel Maman and Zeev Rosenhek, *The Israeli Central Bank: Political Economy, Global Logics and Local Actors* (London and New York: Routledge, 2011).

and Israel is hardly an exception.[18] However, the phenomenon of development has been recast under neoliberalism, in cooperation with international financial institutions.[19] It experienced a transformation in Israel as well, starting in the 2000s when the Palestinian population became increasingly perceived as an obstacle to economic growth. In each of the four case studies, development interacts with the different features of neo-liberalization, such as the rise of mass consumption in the first, the economization and privatization of state-citizen relations in the second, the increased 'flexibility' of labor and the discourses of economic peace in the third, and the emergence of a new upper class that aims to align itself with global capital in the final case study.

Development in this research refers to both a policy and a discourse. This understanding of development is inspired by the post-structural school of thought in anthropology, which is primarily concerned with the ways in which the discursive elements of development. A founder of this approach, Arturo Escobar traces the institutionalization of the category of underdevelopment to the post-World War II era.[20] The development industry was subsequently proposed as a remedy, consolidating and professionalizing an approach he describes as "top-down, ethno-centric, and technocratic."[21] In both the praxis and terminology of development, a dichotomy was constructed between the West and non-West.[22] This was perhaps most explicit in Rostow's modernization theory of the 1950s-1960s, which postulated 'stages of economic growth,' as well as in economic models, such as

[18] John L. Comaroff, "Reflections on the Colonial State, in South Africa and Elsewhere: Factions, Fragments, Facts and Fictions," *Social Identities* 4: 3 (1998), 325.
[19] Arturo Escobar, *Encountering Development: The Making and Unmaking of the Third World* (Princeton: Princeton University Press, 1995), 57.
[20] He points to a visit by the International Bank for Reconstruction and Development, which eventually became the World Bank, to Colombia in 1949, the first such trip to an 'underdeveloped' country. *Ibid,* 24-27.
[21] *Ibid,* 44.
[22] Arturo Escobar, "Imagining a Post-Development Era," in *The Anthropology of Development and Globalization*, eds. Marc Edelman and Angelique Haugerud (Oxford: Blackwell, 2005), 241-251.

dual sector economy models.[23] The same dichotomy is prevalent in academic research, stemming from functionalist Israeli sociologists, who tended to view the Palestinian and Jewish economies in isolation.[24]

These categories continues to underlie contemporary development projects, which internalize paradigms of a dichotomy between a 'modern' Jewish population and a 'traditional' Palestinian population—a paradigm that is informed by colonialism and Orientalism.[25] As the second case study argues, Palestinians of 1948 are characterized as 'Arab labor' and have been continuously reproduced as inferior. Although the use of the paradigm of modern-versus-traditional to explain encounters between Arabs and Jews pre-dates the establishment of Israel, it has been recast under a neo-liberalizing economy. In the third case study, the development industry works in conjunction with the private and public sectors and under new specters of new technologies to reinvent these dichotomies.

The notion of modernity is heavily deployed in present-day neoliberal configurations in Israel and in everyday encounters. It is deployed as an abstract equivalent to Westernization—a promise, perhaps. Throughout this dissertation, modernity is treated as a category of practice but not necessarily a category of analysis, as it is arguably an "essentially

[23] Walt Whitman Rostow, *The Stages of Economic Growth: A Non-Communist Manifesto* (Cambridge: Cambridge University Press, 1961); W. Arthur Lewis, "Economic Development with Unlimited Supplies of Labor," *Manchester School of Economic and Social Studies* 22 (1954), 139-191. Critical in the foundation of development studies, the model is based on a 'developed' capitalist sector's absorption of a non-capitalist sector with an abundance of labor supply. Capital accumulation increases wages, leading to the 'modernization' of the non-capitalist sector and eventually conditions of 'economic development.'

[24] See Schmuel Noah Eisenstadt, *The Transformation of Israeli Society: An Essay in Interpretation* (London: Weidenfeld & Nicolson, 1985); Yoram Ben-Porath, *The Israeli Economy: Maturing through Crises* (Cambridge: Harvard University Press, 1986); David Horowitz, *The Economics of Israel* (Oxford: Pergamon, 1967); Joseph Hobman, *Palestine's Economic Future: A View of Progress and Prospects* (London: P.I Humphries and Co. Limited, 1946); Roy Popkin, *Technology of Necessity: Scientific and Engineering Development in Israel* (London: Pall Mall Press, 1971); Israeli Ministry of Foreign Affairs Information Division, *The Arabs in Israel* (Jerusalem: Ministry for Foreign Affairs, 1958); Itzhak Arnon and Michael Raviv, *From Fellah to Farmer: A Study on Change in Arab Villages* (Rehovot: Settlement Study Centre and Bet-Dagan Agricultural Research Organisation, 1980).

[25] David A. Wesley, *State Practices and Zionist Images: Shaping Economic Development in Arab Towns in Israel* (New York and Oxford: Berghahn, 2006), 134-150; Gil Eyal, *The Disenchantment of the Orient: Expertise in Arab Affairs and the Israeli State* (Stanford: Stanford University Press, 2006).

contested concept."[26] Modernity is defined by Marshall Berman as part of a dialectical process—one that has the potential to be both empowering and oppressive.[27] Rejecting that modernity is merely a "chronological period, a condition or a cluster of objective attitudes," Nancy Reynolds views it as part of a process of claim-making.[28] This means that it enables different subjects to 'create' themselves and their identities, as well as define and contest political and social systems. The concept of modernity has therefore been highly symbolic in narratives of consumption.[29]

As the first case study illustrates, Palestinians of 1948 often rely on the discourse of an 'alternative' modernity to challenge this Zionist historiography of a modern Jewish population clashing with a traditional Palestinian population. Although the emergence of modernity (and capitalism) was *global*, with a complex genealogy outside Europe, Mitchell argues against a "more global view of the modern [that] encourage[s] us to talk simply of alternative modernities, in which a (fundamentally singular) modernity is modified by local circumstances into a variety of cultural forms."[30] In that sense, an "alternative" view of modernity tends to reproduce essentialist concepts and categorizations, if only by inverting

[26] Rogers Brubacker and Frederick Cooper, "Beyond 'identity'," *Theory and Society* 29: 1 (2000), 1-47; W. B. Gallie, "Essentially Contested Concepts," *Proceedings of the Aristotelian Society, New Series* 56 (1955-1956), 167-198.
[27] Marshall Berman, *All that is Solid Melts into the Air: The Experience of Modernity* (London: Verso, 1983).
[28] Nancy Reynolds, *A City Consumed: Urban Commerce, the Cairo Fire, and the Politics of Decolonization in Egypt* (Stanford: Stanford University Press, 2012), 9.
[29] Jean Baudrillard, *The System of Objects*, trans. James Benedict (London: Verso, 1996); Grant McCracken, *Culture and Consumption: New Approaches to the Symbolic Character of Consumer Goods and Activities* (Bloomington: Indiana University Press, 1988); Alan Bradshaw, Norah Campbell and Stephen Dunne, "The Politics of Consumption," *Ephemera* 13: 2 (2013), 209-210.
[30] Timothy Mitchell, "The Stage of Modernity," in *Questions of Modernity*, ed. Timothy Mitchell (Minneapolis: University of Minnesota Press, 2000), 24.

them.[31] It also fundamentally overlooks the ways in which both colonialism and modernity are expressions of capitalist expansion.[32]

Furthermore, a main success of neo-liberalization has been the restoration of class power, although this also implies the engineering of new upper classes, resulting in new concentrations of wealth and power that are not necessarily unified.[33] Unsurprisingly, class dynamics are a vital part of the story of neo-liberalization among Palestinians in Israel, and my final case study is an empirical application of changes in class dynamics as a form of social and political analysis. I deal mostly with an emerging capitalist class that has closely aligned with development and sought to redefine its political role in the country using economistic language and frameworks. It has used its control of instruments of economic production to produce 'new' frameworks that can consolidate its power. Its sources of power are diversified and often informal, derived from material resources, social connections, ideology, and culture. I refer to this group throughout the chapter as an 'upper class' or 'capitalist class'. Since these figures do not hold formal power and are not represented in government and since they prefer to view themselves as anti-Zionists working *against* the system, it would be misleading to describe them as a 'ruling class.'

Theoretical framework

Reflecting on the options available to the Palestinians of 1948, Salem Joubran, a Nazareth-born poet, journalist and active political figure in communist circles (not to be

[31] Chronicling the introduction of several technologies into Egypt and the reactions to them, On Barak argues, "Carving out counterhegemonic modernities that indigenous people could domesticate is not simply a theoretical impulse, nor did it begin today. This misrepresentation of (the temporal aspects of) modernity was a reality-forming procedure, inherent to and constitutive of modernity as such." On Barak, *On Time: Technology and Temporality in Modern Egypt* (Berkeley: University of California Press, 2013), 244.
[32] Tani Barlow, "Debates over Colonial Modernity in East Asia and Another Alternative," *Cultural Studies* 26: 5 (2012), 624.
[33] Harvey, *A Brief History of Neoliberalism*, 31.

confused with Salim Joubran, the Supreme Court judge from Haifa) writes, "We live on our land, our fathers' and grandfathers' land for centuries, and still, there is a semi-official question mark about our ability to stay in our homeland."[34] The sentiment reflects the irony of being excluded from one's own home and land and conjures an idea of incompleteness—the sense of possessing a tenuous or unresolved status. Encounters with the Israeli state and economy are often framed in terms of a population that is still colonized—with frequent references to the colonization of the land and the labor, as well as discussions on the different 'degrees' of occupation affecting Palestinians in Israel, Jerusalem and the West Bank.[35] Statements such as Joubran's suggest that Palestinians in Israel continue to face uncertainty. They experience regular continuations and confirmations of the Nakba, the 'catastrophe' in 1948 that produced the series of paradoxes that govern their existence.

I view such affective statements not merely as emotions or sentiments but as political stances that can explain how the lived experiences of political marginalization and economic exclusion interact with one another. I therefore indulge in subjectivities such as personal stories, histories, narratives, and perceptions as relevant units of analysis for politico-economic realities and imaginations, often conveying lived and even mundane interactions. These subjectivities capture the overlap between reality and perception, transcending the exclusive focus on observed behavior. This framework, which I have called micro-political, explains the way the economic experience of Palestinians in Israel is constructed, reproduced, lived and resisted, in order to provide a critique of development and complement the vast literature that has mostly been restricted to institutional analyses. My purpose, therefore, is to

[34] Salem Jubran, "*Al-ʿarab al-falasṭīniyūn muwaṭnū dawlat israʾīl—naḥw istratījiya mabdaʾiya wa-waqiʿiya"* [The Palestinian-Arab Citizens of the State of Israel—Towards a Principled and Realistic Strategy], *Ahewar*, June 27, 2007, http://www.ahewar.org/debat/show.art.asp?aid=100993.

[35] One of my interlocutors argued that Palestinians in the West Bank and the Gaza Strip experience the most brutal form of occupation, followed by Palestinians in East Jerusalem, who experience a less severe form, followed by the Palestinians of 1948, who have the most mobility and rights—"to the extent that it is often forgotten that they, too, are under occupation [*muḥtallīn*]."

focus on "not just institutions but [also] moments," as Greil Marcus describes in reference to the work of Henri Lefebvre.[36]

Affect is not necessarily a theory or a discipline, but an approach or a methodology that has gained traction in recent years, including in writing about the Middle East and in critical discussions on economic phenomena.[37] Ben Highmore theorizes the study of affects and perceptions as "a densely woven entanglement," but he contends that these entanglements do not "require critical untangling (the scholarly and bureaucratic business of sorting categories and filing phenomena); instead what is required is a critically entangled contact with affective experience."[38] For the purpose of my research, an 'entangled' account entails a continuous conversation with critical theories on power and political economy.

Changes in price are one example. Prices can be characterized as 'material-semiotic devices' and are participants in a form of "affective spacetimes," as Derek McCormack argues.[39] Prices are experienced as a relationship between goods to one another and goods to one's income. Rather than simply being a relationship between supply and demand, prices are also a relationship between a political and economic order.[40] As such, prices are performative devices that define different forms of economic life.[41] For example, changes in price can be understood as "modifications of capacities to act, as contractions of horizons of possibility, or as demands to spend or save to different extents."[42] Price fluctuations are thus fundamentally

[36] Quoted in Melissa Gregg and Gregory Seigworth, "An Inventory of Shimmers," in *The Affect Theory Reader*, eds. Melissa Gregg and Gregory Seigworth (Durham and London: Duke University Press, 2010), 20.
[37] See Michael Hardt, "For Love or Money?" *Cultural Anthropology* 26: 4 (2011), 676-682; Michael Hardt, "Affective Labor," *Boundary* 2 26: 2 (1999), 89-100. For a Middle East-focused ethnography that incorporates affect, see Samuli Schielke, *Egypt in the Future Tense: Hope, Frustration, and Ambivalence before and after 2011* (Bloomington: Indiana University Press, 2015).
[38] Ben Highmore, "Bitter After Taste: Affect, Food, and Social Aesthetics," in Gregg and Seigworth, *The Affect Theory Reader*, 119.
[39] Derek McCormack, "Governing Inflation Price and Atmosphere of Emergency," *Theory, Culture & Society* 32: 2 (2015), 1-24.
[40] Jane I. Guyer and LaRay Denzer, "'The Craving for Intelligibility': Speech and Silence on the Economy under Structural Adjustment and Military Rule in Nigeria," in *Economic Persuasions*, ed. Stephen Gudeman (New York and Oxford: Berghahn, 2009), 107-108.
[41] McCormack, "Governing inflation," 137.
[42] *Ibid*, 138.

linked with ideas of scarcity and security, and price inflation has been described as an "incorporeal transformation."[43] This extends to encounters with assets, factor endowments, and markets in general, which, in the words of Mitchell, escape "the fixed categories of economic discourse."[44]

In a similar vein, economic anthropologists have criticized the assumption that a transaction is merely a 'private' interaction between an individual agent and a good, rather depicting it as a constructed social and political process, transcending the image of an economic actor as 'disembodied' and, by extension, 'rational' in maximizing utility and wealth while holding all things constant. The 'invention' of the idea of *an* economy is itself relatively new, and within economic discourse, it has often drawn upon the image of a disembodied and solitary *Homo Economicus* (Economic Man). This prototype, deemed useful for scientific and theoretical abstraction, is often traced to a depiction by John Stuart Mill.[45] It allows one to 'isolate' factors that influence decision-making to try to explain as much as possible, and in turn, predict and control as much as possible.[46] Although this logic has permeated into the highest levels of decision-making and policy design, its search for certainty has continued the tradition of a de-contextualization of economic decision-making, away from politics, society, and culture.

Critical social scientists have argued that using such a prototype for diverse and multi-levelled economic actors fails to explain transactions, as they do not take place in a vacuum where everything is held constant, but rather in societies awash with influences, distractions,

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[43] David Nally, "The Biopolitics of Food Provisioning," *Transactions of the Institute of British Geographers* 36: 1 (2011), 37-5; Gilles Deleuze and Félix Guattari, *A Thousand Plateaus: Capitalism and Schizophrenia*, trans. Brian Massumi (London: Continuum, 1988), 89-98.
[44] Timothy Mitchell, "Fixing the Economy," *Cultural Studies* 12: 1 (1998), 100.
[45] Joseph Persky, "Retrospectives: The Ethology of Homo Economicus," *The Journal of Economic Perspectives* 9: 2 (1995), 221-231; Aidan Foster-Carter, "Knowing What They Mean: Or, Why is There No Phenomenology in the Sociology of Development?" in *Beyond The New Economic Anthropology*, ed. John Clammer (Basingstoke: Macmillan, 1987), 202-229.
[46] James G. Carrier, "Simplicity in Economic Anthropology," in Gudeman, *Economic Persuasions*, 15-30.

and stimuli. They discuss the ways in which actors are deeply embedded into a system where power politics and social relations have transgressive effects, beyond 'rational preference'.[47] Capitalism itself, in fact, is hardly 'rational' and, as Brian Massumi argues, it "hardly bothers to assert its rationality anymore," instead content with relying on the "'fact' of its inevitability."[48] While economic arrangements promote rational calculation as an organizing principle, the economy today is actually a highly speculative endeavor, governed by 'irrational' and uncontrollable factors, ranging from expectations to power structures.

Karl Polanyi was one of the earlier thinkers who attempted to dismantle this logic of rationality and instead locate human behavior in an intricate web of institutions and surroundings as diverse as government, religion, and culture.[49] His work led to a debate among anthropologists during the 1960s, as some anthropologists increasingly explained economic patterns in ways that did not conform to the notion of universal patterns.[50] This took place alongside a larger change in the discipline, sparked by colonial, post-colonial, and feminist critiques.[51] In conversation with these critiques, anthropologists reflected on the discipline's role within power structures and increasingly departed from ethnography as a

[47] Stephen Gudeman, "Community and Economy: Economy's Base," in *A Handbook of Economic Anthropology*, ed. James G. Carrier, 2nd ed. (Cheltenham: Edward Elgar, 2012); David C. Pitt, *Development from Below: Anthropologists and Development Situations* (The Hague: Mouton, 1976).
[48] Massumi, *Politics of Affect*, 111.
[49] Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time* (Boston: Beacon Press, 1944).
[50] Gift-giving was one avenue where this was demonstrated, with the juxtaposition of a gift to a commodity, revealing that products and systems of transactions are embedded in a certain process and set of rituals, which tend to be intertwined with surrounding socio-cultural specificities and political structures. See Bronislaw Malinowski, *Argonauts of the Western Pacific: An Account of Native Enterprise and Adventure in the Archipelagos of Melanesian New Guinea* (New York: Dutton, 1961); Marcel Mauss, *The Gift: Forms and Functions of Exchange in Archaic Societies* (London: Cohen & West, 1954). For a more recent analysis on gifts, see Nurit Bird-David and Asaf Darr, "Mass-gifts: On Market Giving in Advanced Capitalist Societies," in Gudeman, *Economic Persuasions*, 118-135.
[51] Talal Asad, ed. *Anthropology and the Colonial Encounter* (London: Ithaca Press, 1973).

distanced and objective method, leading to discussions on reflexivity and performativity in ethnographic experiences.[52]

Following this 'reflexive turn,' anthropology has increasingly interacted with political economy to produce critical studies of economic development. This discipline has become known as anthropology of development (versus development anthropology, reflecting a new split within the discipline), the post-structural critique, or post-development, and its objective is to study development by concentrating on issues of power.[53] It has paid special attention to the ways in which development lies at the core of capitalist economic processes.[54]

Methodology

The research presented here is a result of qualitative fieldwork in December 2012 and in June-August 2014. The sites where I conducted my fieldwork are mostly urban areas in the Galilee. Most of the research was carried out in the central Galilee, with a particular focus on Nazareth, which features prominently throughout all four case studies. Nazareth has a population of more than 80,000 people. It is often described as the de facto Palestinian capital in Israel and therefore carries a lot of importance for Palestinian politics in Israel. My research in the Galilee was complemented with other urban areas, including the 'mixed' city of Haifa, another center of economic activity in the Galilee and a place of historical and political importance, which has a population of around 277,000 people, of whom around 25,000 are Palestinian. I made frequent visits to Haifa (often once or twice per week from

[52] Victor Turner, "Experience and Performance: Towards a New Processual Anthropology," in *On the Edge of the Bush: Anthropology as Experience*, ed. Edith L. B. Turner (Tucson: University of Arizona Press, 1985), 205-226.
[53] Arturo Escobar, "Anthropology and the Development Encounter: The Making and Marketing of Development Anthropology," *American Ethnologist* 18*:* 4 (1991), 658-682; Jason Jacques Paiment, "Anthropology and Development," *NAPA Bulletin* 27 (2007), 197.
[54] For example, see Akhil Gupta, "The Construction of the Global Poor: An Anthropological Critique," *World Social Science Report*, 2010, 13-16; Akhil Gupta, "Nationalism and Global Poverty in the Age of Neoliberalism," *Cahiers d'Etudes Africaines* 202-203 (2011-2012), 415-426.

Nazareth), and I made three visits to smaller areas in the Galilee, namely Sakhnin, where approximately 25,000 people live.

I spent two weeks in the Triangle, the area that hugs the 1967 borders on the Israeli side, which contains another cluster of large cities. In the Triangle, I spent most of my time in Tayibe and Tira, and to a lesser extent in Umm al-Fahm in the Northern Triangle. The final area where I conducted fieldwork is the port city of Jaffa, which is now part of the Tel Aviv municipality. I spent around one month in Jaffa, which is characterized as a 'mixed' city and has a Palestinian population of around 16,000 people. I also made five visits to smaller villages in the Galilee, particularly around Nazareth, and several neighborhoods of East Jerusalem, mainly the village of Issawiya.

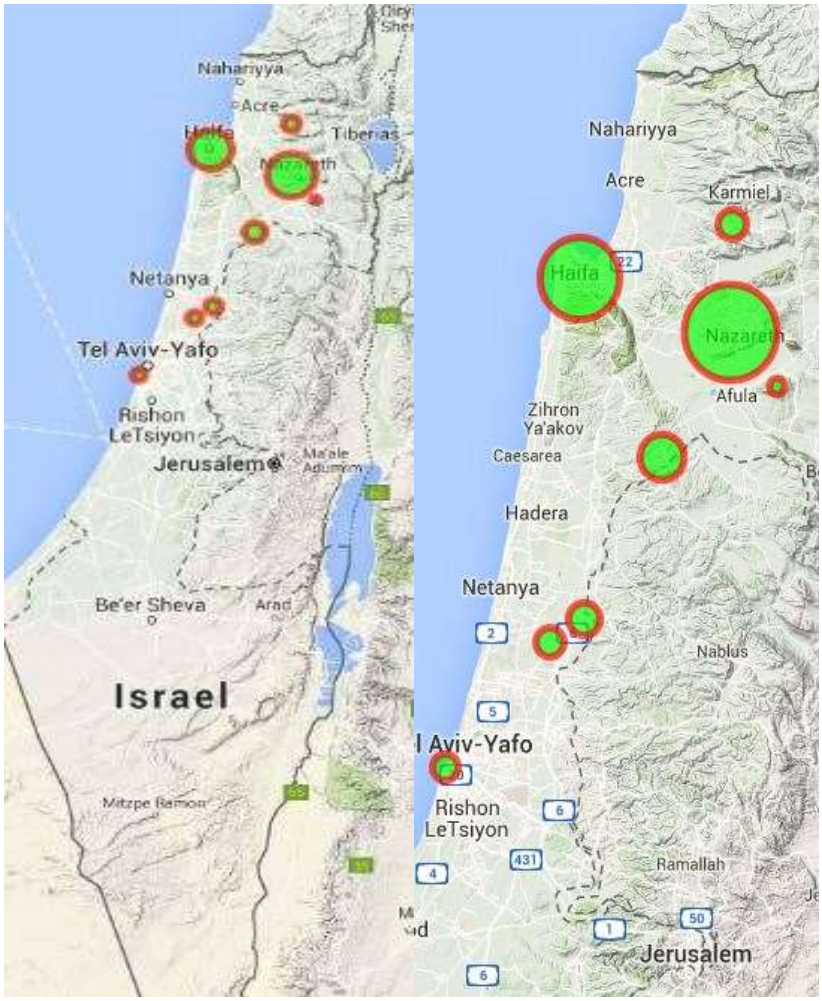


Figure I. The map highlights locations of fieldwork, with the sizes of the circles corresponding to time spent in each area. The map uses data from Google in 2016 and was compiled by the author.

The three areas (the Galilee, Triangle and Jaffa) are geographically spread out across the country in an attempt to capture a diversity of backgrounds. They include both 'mixed' and exclusively Palestinian cities, although it is significant that even in 'mixed' cities, there is a high degree of segregation.

The research is based on a combination of several qualitative methods, combining formal interviews with participant observation. The objective of these two methods is to capture not only official explanations for development projects and policies but also an in-depth observation of the ways in which Palestinians on the ground experience politico-economic transformations associated with development. The methodology complements the inter-disciplinary approach of combining elements of political economy with anthropology.

I conducted on-the-record interviews with specific individuals who played a role in designing, diffusing, or notably resisting the development industry. This includes a marketing specialist, head of an outsourcing firm, heads of private corporations, secretary-general of a labor union, coordinator for an organization working to professionalize governance among local authorities, coordinator of a sub-contracting firm, directors of several NGOs, employees of NGOs, and employees of private corporations. I conducted a total of 21 official interviews. In most of these interviews, the questions were devised according to the person's own experience and his/her particular role in development projects. For example, I asked interviewees to relay the objectives of the projects they are involved in, how they came to be involved with this project, and how they locate their project in the larger context of the Palestinian economy and the status of Palestinian citizens in Israel. I asked questions about recent changes in Palestinian political economy and Israel's developmental approach towards Palestinians of 1948. Such strategic interviews were meant to reflect the ways in which the

development industry perceives its role and shed light on the nature of its relationships, including with the state and the private sector.

To complement these interviews, which mostly capture official positions and discourses, the majority of the research was based on participant observation in Palestinian areas. The purpose of this method was to understand how people on the ground experience such change in their everyday lives, in the sphere of what is considered 'ordinary'. The method of immersing myself in these surroundings enabled a perspective of Palestinian life in Israel 'from below,' such as activities, rituals, language, and aspirations. In addition to providing me with greater access to consumer and worker practices, it revealed various methods of organization or resistance, such as voluntary participation in organizations and initiatives geared towards local communities. In these often-informal interviews marked by open-ended conversations, interlocutors were able to provide lengthy explanations of their encounters with politico-economic changes and the ways in which they are tied to personal perspectives or past experiences they had undergone. This method was carried out with workers in construction sites, employees in outsourcing firms, middle-class consumers at a large shopping center, school teachers, university students, as well as members of the upper class.

Furthermore, I used some unpublished materials I received from organizations or people with whom I interacted. This includes material from the Arab Workers Union, a Nazareth-based labor union that describes itself as an alternative to the Histradrut. I used a magazine, a documentary about the union's resistance to a welfare-to-work program, its pamphlets and flyers for meetings and protests, as well as two other unpublished notes. Furthermore, I relied on documents from an NGO affiliated with the Islamic Movement, including some of its monthly publications, advertisements for workshops, and policy recommendations. I used other handouts, such as one advertising an event at a shopping

center, in addition to secondary material, such as the Central Bank Statistics, texts of laws and resolutions passed by Israel in reference to the Palestinian minority, Palestinian economic magazines, such as *Malakom* and *Eamaar*, fashion magazines, and newspapers in Arabic, English, and Hebrew.

Defining boundaries and terminology

Palestinian citizens of Israel straddle two asymmetric, antagonistic, yet highly intertwined economies: the Israeli economy and the economy of the West Bank run by the Palestinian National Authority (PNA) since the signing of the Oslo Accords in 1993. As Israeli citizens, they are often heavily dependent upon the Israeli economy for their survival, but they are also—to a lesser extent—influenced by the Palestinian economy in the West Bank, which is itself dependent upon and interlinked with the Israeli economy. This intertwinement is institutionalized in the Oslo Accords: The Protocol on Economic Relations gives Israel control over the Palestinian economy's imports and exports, and it has implemented a system in which Israel, the West Bank and Gaza are all in a 'customs union' administered by Israel.[55] Israel controls all borders, supervises all imports and exports, dictates that its currency, the New Israeli Shekel (NIS), is used in all transactions, levies fines and taxes for Palestinian trade, and may unilaterally increase them.

I initially planned to dedicate a chapter exclusively to Palestinians in East Jerusalem due to the anomalous legal and political status that its residents face.[56] However, after spending time in East Jerusalem, I decided to exclude it from my analysis, as the dynamics of engagement with Israeli political economy in East Jerusalem were quite distinct from the

[55] For the full text, see Israeli Ministry of Foreign Affairs, "The Israeli-Palestinian Interim Agreement on the West Bank & the Gaza Strip, ANNEX V: Protocol on Economic Relations," September 28, 1995, http://www.mfa.gov.il/mfa/foreignpolicy/peace/guide/pages/the%20israeli-palestinian%20interim%20agreement.aspx.
[56] Terry Rempel, "The Significance of Israel's Partial Annexation of East Jerusalem," *Middle East Journal* 51: 4 (1997), 526.

dynamics I observed among Palestinian citizens. Although the Israeli development industry has increasingly targeted Palestinians in East Jerusalem, its role in East Jerusalem is more recognizable as a blatant colonial project allying with neo-liberalization, compared to its role vis-à-vis the Palestinians of 1948.[57] Furthermore, Palestinians in East Jerusalem were less entangled with Israeli institutions of development, as opposed to Palestinian citizens, whose lives are more deeply enmeshed with—if not entirely dependent upon—the Israeli economy and may thus have a greater stake in engaging with this industry.

Although the Palestinian economy in the West Bank is arguably deeply linked to the Israeli economy as well, there are still 'alternative' Palestinian products that can be purchased in East Jerusalem—or the illusion of alternatives. Jobs and livelihoods were also deeply entangled with political tensions in East Jerusalem, where the notion of 'collaboration' is somewhat stricter than in Israel, but it is still widespread due to the dire economic circumstances. One interlocutor, for example, criticized one of his acquaintances who works for the PNA's security apparatus, arguing, "If the Israelis tell him to kill a Palestinian, he has to, because it's his job." The entanglement of Palestinian jobs with Israel is often perceived as a key cornerstone of the occupation, embodying several layers of colonization, including an economic one. Perhaps the epitome of this economic colonization is the employment of Palestinian construction workers in building Israeli settlements.[58]

It is also important to state that my decision to focus on the Palestinians of 1948, especially in the Galilee, is not an attempt to perpetuate the artificial division between the different groups of Palestinians but rather an attempt to participate in re-introducing them

[57] One example is the municipality's declaration of land belonging to the two villages of Issawiya and Tur as part of a new national park.

[58] Palestinian workers on Israeli settlements are subjected to Jordanian labor laws from 1967, which means that in many cases they are paid less than Israel's minimum wage and have no benefits. See "Occupation, Inc.: How Settlement Businesses Contribute to Israel's Violations of Palestinian Rights," *Human Rights Watch*, 21 January 2016, https://www.hrw.org/report/2016/01/19/occupation-inc/how-settlement-businesses-contribute-israels-violations-palestinian.

into discussions on the Palestinian question. The division between Palestinian citizens, Palestinians in Jerusalem, Palestinians in the West Bank, Palestinians in the Gaza Strip, and Palestinians in the diaspora undermines historic, linguistic, cultural, national and familial linkages. In the case of Palestinian citizens of Israel, it is arbitrary due to frequent movement (whether temporary or permanent) and inter-marriage (despite the 2003 Citizenship and Entry Law), across the Green Line.[59] The redrawing of geography to separate the different Palestinian groups and entities has contributed to the sense of displacement that Palestinian citizens continue to face. Reflecting on such political manipulation of geography, Raef Zreik wonders, "If Palestine is 'there,' where the Authority and the territories A, B, and C are, then, what is 'here'? What should we call our space and our fields? Should history give in to politics completely?"[60]

I also spent minimal time in the south of Israel, where the majority of the Palestinian Bedouin population is concentrated, but this once again is not an attempt to exclude the Bedouin population from the category of Palestinians, as the state has attempted to—unsuccessfully.[61] In addition to the general bantustanization of Palestinians, the division of Palestinians of 1948 according to ethnic, religious, sectarian, regional, or familial characteristics—which affects official classifications and terminology—has been a deliberate strategy to induce internal fragmentation and foster relations of patronage. Israeli officials

[59] Majid al-Haj argues that the Green Line "has never been so vulnerable and shaky as it is now [after the year 2000]." He links this process to the intensification of the Jewish-Zionist character of Israel and its increasing hostility towards Palestinian citizens. Majid al-Haj, "Whither the Green Line? Trends in the Orientation of the Palestinians in Israel and the Territories," *Israel Affairs* 11: 1 (2005), 203. On the 2003 Citizenship and Entry Law, see Mazen Masri, "Love Suspended: Demography, Comparative Law and Palestinian Couples in the Israeli Supreme Court," *Social and Legal Studies* 22: 3 (2013), 309-334. The law exempts Palestinians (and other nationalities from 'enemy states') from its family unification law. The law was upheld in the Supreme Court in a 2012 ruling.

[60] Raef Zreik, "Exit from the Scene: Reflections on the Public Space of Palestinians in Israel," in *Mixed Towns, Trapped Communities: Historical Narratives, Spatial Dynamics, Gender Relations and Cultural Encounters in Palestinian-Israeli Towns*, eds. Daniel Monterescu and Dan Rabinowitz (Aldershot: Ashgate Publishing, 2007), 209.

[61] Henriette Dahan-Kalev, Emilie Le Febvre and Amal El-Sana-Alh'jooj, *Palestinian Activism in Israel: A Bedouin Woman Leader in a Changing Middle East* (Basingstoke: Palgrave Macmillan, 2012).

have nurtured a semi-official hierarchy among the Palestinian minority, using religious and ethnic affiliation to correspond to political allegiance. For example, Israel has awarded the Druze population a special 'loyal' status and conscripted Druze males into the army, unlike the rest of the Palestinian population.

Furthermore, Israeli politicians in Mapai (*Mifleget Po'alei Erets Yiśraʾel*, the most powerful of Israel's Labor Zionist parties) historically discussed ways to cause rifts between Christians and Muslims in order to dilute Palestinian identity.[62] In this configuration, describing oneself as a Druze, Bedouin, Christian, or Muslim is acceptable—and perhaps even encouraged—within Israeli discourse, but describing oneself as a Palestinian is not. This system also creates confusing categorizations; as one activist told me, "In the eyes of Israel, I am first and foremost a Bedouin, then maybe I am a Muslim and maybe even an Arab, but preferably I am never to understand that I am actually a Palestinian." Such an attempt to either sub-nationalize or supra-nationalize Palestinian identity emerges from the view of Palestinian identity as an inherent threat to Israel, especially within its borders. This is evident in the fact that although it has recognized the existence of Palestinians in the West Bank, it continues to deny the presence of Palestinians within the Green Line.

Prior to the Nakba in 1948, there were an estimated 850,000 Palestinians in the area that eventually became Israel. More than 80% of this population was expelled or fled in 1948 due to a combination of organized and forced evacuations, military operations, and fear.[63] Some 160,000 Palestinians remained in their villages, surrendering to Jewish militia forces, while approximately 75,000 Palestinians migrated from their villages to other places within what became Israel and are characterized as internally displaced persons (IDPs). Today, the

[62] Ahmad H. Sa'di, *Thorough Surveillance: The Genesis of Israeli Policies of Population Management, Surveillance and Political Control towards the Palestinian Minority* (Manchester: Manchester University Press, 2014), 75-92.
[63] Benny Morris, *The Birth of the Palestinian Refugee Problem, 1947-1949* (Cambridge: Cambridge University Press, 1987).

total number of Palestinian IDPs inside Israel is thought to exceed 300,000-350,000.[64] The Palestinians who found themselves within the border of what became Israel after the war eventually became citizens, four years later. They are currently around 23% of Israel's population and are concentrated in the Galilee, the Triangle, and the south, where a predominantly Bedouin population lives in the Negev or Naqab desert.

Terminology is highly controversial in the case of Israel/Palestine in general, and it is arguably especially confusing in the case of Palestinian citizens of Israel. Throughout this dissertation, I refer to this population as Palestinians, although I retain the term 'Arab' if that is the term the person used, as self-ascribed terminology is central to each person's own explanations and representations for political and economic aspirations. This population has been subjected to a variety of names, all of which represent the 'conflicted' nature of its status, including Arab-Israelis, Israeli-Arabs, Arabs of Israel, Israeli-Palestinians, Palestinian-Israelis, Palestinian citizens of Israel, Arabs of '48, Palestinians of '48, Arabs of the 'inside,' Palestinians of the 'inside,' the Arab sector, a term that is prominent in Hebrew, and even simply 'the sector' (*ha-migzar*). Palestinians in Israel are rarely referred to as just Israeli, even in the eyes of the state, illustrated aptly by a story of an Israeli military officer eulogizing two soldiers who stated, "One soldier was Israeli, the other Druze."[65]

Israel's interior ministry divides the population based on *leom* (nationality, translated into Arabic as *qawmiya*), in which Muslim and Christian Arabic-speaking Palestinians are labelled 'Arabs' on their identity cards, in contrast with Israeli Jews who are given a 'Jewish' designation on their identity cards. There are two other categories: Druze and Circassian. While this has changed on a de jure level with the replacement of the 'nationality' field on

[64] Nur Masalha, introduction to *Catastrophe Remembered: Palestine, Israel, and the Internal Refugees: Essays in Memory of Edward W. Said* (London and New York: Zed, 2005), 11.
[65] Quoted in Rebecca B. Kook, *The Logic of Democratic Exclusions: African Americans in the United States and Palestinians Citizens in Israel* (Lanham and Oxford: Lexington, 2002), 67.

identification cards in 2002 with stars, they still contain less explicit ways for security or government officials to discern one's 'nationality'.

Critics of the apolitical term 'Arab-Israeli'—including the population itself—say it fulfils the Zionist agenda of erasing Palestinian existence on the land. The term is accused of perpetuating a discourse that undermines the very existence of Palestinians as a nation, both historically and today. Lamenting the 'disappearance' of Palestine from maps and dictionaries, Elias Sanbar argues that it left the population with terms that were conveniently vague, such as Israeli Arabs.[66] This indistinct category plays into the idea of an empty land and a hostile identity created merely to oppose Israeli identity, dislocating the people from this particular land. This sentiment is encapsulated in the phlegmatic declaration that Palestinians "can just move to any of the other 22 Arab countries in the region, such as Jordan." Finally, there is a historical discontinuity encapsulated within the terminology that is counter-intuitive: when, exactly, does one cease being Palestinian and simply become Arab?

Palestinians have viewed the attempt by Israeli institutions to atomize them as a way to undermine their indigenous culture and their Palestinian identity, alienate their ties to Palestinians elsewhere, and engineer a docile subject.[67] The term Palestinian (or Palestinian of '48) is often used in direct opposition to the apolitical Arab-Israeli. Suhail Kiwan uses this juxtaposition to dismiss a statement by Avigdor Lieberman (foreign minister between 2009-2012 and 2013-2015 and defense minister since June 2016). Kiwan argues, "As long as [Lieberman's] speech is aimed at 'Israeli Arabs,' it does not concern us, because we are the Arabs of Palestine."[68] Lieberman had called for the 'Israeli Arabs' to go live under the rule of the PNA, highlighting in particular that the PNA should pay for their unemployment

[66] Elias Sanbar, "Out of Place, Out of Time," *Mediterranean Historical Review* 16 (2001), 87.
[67] *Ibid*.
[68] Suhail Kiwan, "'*Masīrat al-ʿawda' bayn Lieberman wal-Bawti"* ['The Path of Return' between Lieberman and al-Bawti], *Arabs48*, 24.04.2013, http://goo.gl/W2zNzG.

benefits—in response to the commemoration of the Nakba by Palestinians at the de-populated village of Khubbayza (30km southeast of Haifa).

Lieberman is notorious for advocating the 'transfer' of Palestinians and has deliberately targeted the Palestinian minority, but his reference to unemployment benefits is especially telling. It demonstrates an attempt to dismantle the idea of social security as an entitlement for all citizens, instead depicting it as something that is earned. Furthermore, the statement uses social security in attempt to attempt to police political sentiments. Lieberman's statement contains an exchange that infuses the economic with the political: it weaves the rights of citizens both with the state's political objectives and economic incentives. The statement concurrently functions as a way to highlight the deficiency of social security offered by the PA, whilst implicitly advertising Israel's own supposedly humane treatment of the Palestinian minority.

The reference to Palestinians in Israel as a 'minority' group is worth briefly historicizing and clarifying. The treatment of minority groups has often been upheld in the international arena as a benchmark for the 'modern' or democratic qualities of a state. Ahmad Sa'di argues that early Israeli officials were aware of this, and it featured in their discussions on whether to grant Palestinians citizenship.[69] Discussions on minorities became increasingly prevalent from the 20th century onwards when governments started viewing segments of their populations as minority groups, a perception that has continued to motivate public policy.

On an academic level, it has inspired a growing literature that deals with the history of constructing minority groups and their collective identities.[70] The term is a product of political development in the 20th century and the context of nation-state formation. While it is

[69] Sa'di, *Thorough Surveillance*, 16.
[70] See Benjamin Thomas White, *The Emergence of Minorities in the Middle East: The Politics of Community in French Mandate Syria* (Edinburgh: Edinburgh University Press, 2011); Ussama Samir Makdisi, *The Culture of Sectarianism: Community, History and Violence in Nineteenth-Century Ottoman Lebanon* (Berkeley: University of California Press, 2000).

neither natural nor inevitable and is indeed a political construct, it is very much lived and experienced by Palestinians in Israel. There is perhaps an internalization of the sense of being a minority group—particularly a minority group that is marginalized from Israeli identity and is only 'Israeli' through hyphenations and qualifications. It lies on the boundaries of both Israeli and Palestinian identity—never fully there, never really here. The status of Palestinian citizens as an indigenous minority group plays a meaningful role in the way they conceive their own rights and their engagement with the state—and has increasingly featured in demands for recognition as an indigenous ethno-national and ethno–linguistic minority.

Breakdown of chapters

Surveying select literature, the following chapter addresses the history and politics of Palestinians in Israel. It does not promise to be a full review; rather, its purpose is to acquaint the reader with debates and events that are relevant to the four case studies and locate this dissertation within a wider body of literature which it aims to converse with and complement. The review begins with the Nakba and the subsequent military rule that lasted until 1966. This period is essential as a starting point to understanding the experience of Palestinians in Israel as non-citizen citizens, or in Shira Robinson's words, 'citizen strangers'. I concurrently challenge the portrayal of the Palestinian population as having been acquiescent to Zionism—or not yet undergone 'politicization' until the 1970s, a faulty perception that has continued to feature in research on Palestinians of 1948. I proceed to discuss land expropriation and proletarianization as the bases for prevailing politico-economic relationships.

The effects of neo-liberalization on Palestinian citizens are also discussed, particularly the ways in which this process overlaps with the liberal principles of economic peace that dominated the 1990s. It was during this period that the external status of Palestinians of 1948

to the ‘Palestinian question’ became official. The literature review subsequently discusses the alternative political spaces in which Palestinian politics in Israel have increasingly been performed since the 2000s, touching upon debates over engagement with Israeli institutions and the proliferation of NGOs. The review concludes by addressing the wave of literature espousing the principle of ‘a state for all of its citizens,’ arguing that this bid to transform the future is closely related to historical grievances Palestinian citizens have long voiced. Past and present are deeply intertwined in the Palestinian demand for recognition as an indigenous group.

The remainder of the dissertation is divided into four case studies and a concluding chapter. Each of the four case studies aims to analyze encounters between the Palestinian minority and the development industry and discourse. The four case studies are interrelated, and the discussions in the case studies build on one another, although they are thematic in nature. They do not purport to conclusively address every single aspect of Palestinian political economy; their objective, rather, is to offer a critique of development and serve as points of departure for the discussions on politico-economic transformation and neo-liberalization.

The first case study, Chapter I: Consumption: Symbols and Discourses of Modernity, addresses changes in consumption patterns, focusing in particular on the nexus between goods, identity, and the quest for modernity. Following a discussion of the political regimes in which the practice of consumption is embedded, it chronicles the ‘arrival’ of a new shopping mall to the outskirts of Nazareth—a mall that proclaims to bring ‘modernity’ to the city, juxtaposed to Nazareth’s supposedly ‘traditional’ setting. These binary categories are also represented in another conflict that emerged during the 2013 municipal elections in Nazareth, between sushi (a dish that is envisaged as foreign, urban, and consumed by the wealthy) and *ruz wa-laban* (a dish envisaged as local, rural and consumed by Palestinian

fellahin). The chapter argues that although Palestinians have embraced Israeli goods and consumption habits, their reflections on modernity contradict the Israeli developmental discourse. Palestinians draw upon the inconsistencies within their own political status as an indication of Israel's 'incomplete' modernity. This entails a nostalgia towards the trajectory of modernity in Palestine prior to 1948, evident, for example, in discussions on transportation links that placed Palestinian coastal cities in the midst of global commerce or cultural links between Palestine and the rest of the Arab world.

The encircling of the city of Nazareth in the first chapter as 'non-modern' reflects a larger delineation of entire spaces and sectors of the economy that are considered 'Arab'. The second case study, Chapter II: Labor: Development and the Persistence of 'Arab Labor', deals with the example of 'Arab labor' as the inferior and sloppy 'other' of 'Hebrew labor'. Such delineations, it asserts, have been maintained in historical and contemporary methods of social closure that have kept labor markets segmented. I perceive labor markets essentially as social and political relationships; as such, they may contain various incongruities that challenge their 'official' function and form.

In the experience of 'Arab labor' and the (real and perceived) barriers Palestinian laborers face, labor markets are highly restrictive and politicized. I look at three examples of this: Palestinian construction workers who have largely been invisible from the politics of development, the widespread rebellion against the implementation of a privatization program known colloquially as the Wisconsin Project in Nazareth, which sought to reduce reliance on welfare, and the dismissal of Palestinians from their jobs during the Gaza War in 2014 as a disciplining mechanism. These incidents reveal the deep entrenchment of inferiority and insecurity and the continued normalization of 'Arab labor,' which play a role in framing encounters and narratives, including a widespread skepticism towards engagement with this emerging state-sponsored developmental regime, seen as yet another attempt to colonize

Palestinian labor. I argue that 'poverty' and 'inequality' are not simply quantitative economic measures to be improved, but they are created, depicted and received qualitatively—as a condition and as part of a recurring pattern of deprivation.

The persistence of 'Arab labor' is also an underlying theme in the third case study, Chapter III: Industry: Domestic Outsourcing and Arrangements of Cheaper Labor, which deals with Palestinian industrial patterns and entrepreneurship, which are often relegated to an 'ethnic economy' in Palestinian cities and towns. This chapter scrutinizes the practice of domestic outsourcing, which emerged in the past decade and epitomizes the close relationship between economic development and neo-liberalization. Domestic outsourcing has proclaimed to transform Arab-Jewish industrial relations and has been praised as a new and innovative form of development and economic integration. I look at two firms that offer business process outsourcing to Israeli firms in the information and technology sector. Both firms are based in the Galilee and are run by Palestinians in conjunction with Jewish-Israeli capital and connections.

Although both firms advertise themselves as agents of development, using terminology akin to that of an NGO rather than a private corporation, I illustrate that they continue to view Palestinians as 'cheaper,' albeit more skilled labor—taking advantage of the political delineation of Palestinians as 'Arab labor'. In fact, domestic outsourcing exhibits elements of direct continuity with previous policies and outlooks towards industrial development in the Galilee and thus represents another attempt to institutionalize the perception of Palestinian labor and the Palestinian economy as inferior. Not only does it remain embedded in practices and modes that normalize this separation, but it also capitalizes upon such dichotomies and amounts to yet another institutionalization of this essentialism.

The fourth case study, Chapter IV: Class: Neo-Liberal Contestations and the Redefining of Citizenship, investigates in greater detail a Palestinian upper class that has

coalesced around the development industry and has played an integral role in politico-economic reform. It deals with burgeoning changes in the discourses and positions of a faction within the Palestinian upper class that has embraced processes associated with neo-liberalization in accordance with its own interests and goals, increasingly eroding the edifice of communist politics and adopting market-oriented strategies and discourses.

This class is enthralled with urbanization and cosmopolitanism as enablers of socioeconomic mobility, captured in the philosophies of 'Arab Tel Avivians,' including one person who argues that Palestinians should 'move to Tel Aviv' to take advantage of the increased potential for upward mobility. The embrace of neo-liberalization is similarly discernible in attempts by this class to transform the aesthetic-affective political discourse of Palestinian politicians in the Knesset, instead subscribing to an 'efficient,' 'civil,' and 'civilized' political discourse. In their engagements with economic changes, members of this class market the 'social and human capital' they have acquired—framing their own bodies, decisions and lives as entrepreneurial projects. Not only does such elitism act as a form of class violence towards the rest of the Palestinian population, but it demonstrates that members of a neo-liberalizing class become an integral node in sustaining the relationship between capitalism and Zionism. Although they use neo-liberalization against the state in opposition to Zionism, this process inevitably feeds into Zionism, as it de-politicizes Palestinian existence in Israel.

The four case studies are followed by a final concluding section, which synthesizes the arguments made throughout the dissertation and the implications they hold for the study of Palestinian political economy. It elaborates on the ways in which development is embedded within neo-liberalization, not only in its embrace of privatization and profit-making motives but also the ways in which it seeks to maintain a de-politicized structure yet internalizes the dominating principles of marketization and separation. The conclusion

concurrently emphasizes the ways in which essentialist binaries continue to function as static constructions against a backdrop of rapid—often turbulent and transgressive—transformations that rely extensively on the market as a mediator. The ongoing reconstitution of these constructions, binaries, and distinctions stand out as a defining feature in politico-economic encounters. I end with a brief discussion on the ways in which these processes and logics interact with the overall 'abnormal' situation of the Palestinians of 1948.

A REVIEW OF THE LITERATURE

HISTORY AND POLITICS OF PALESTINIANS IN ISRAEL

The Palestinian community inside Israel has faced a degree of exclusion from studies and discussions on Palestinians, which tend to focus on Palestinians in the West Bank and Gaza. This dissertation aims to participate in the re-introduction of the 1948 territories as a point of analysis in the discussion. To do so, this chapter first provides an overview of relevant aspects of the history and politics of the Palestinians of 1948, while reviewing salient discussions in the literature on this community.

The chapter is divided into six sections that describe key historical junctures. It aims to complement the upcoming analysis by focusing on the intertwinement of Zionism, colonialism, and liberalism, as all three arguably are continuously reformulated in contemporary development projects. The first section addresses the era of martial law from 1948 until 1966, looking at the measures enacted to consolidate control over the Palestinian minority. The second tackles the myth of Palestinians having been acquiescent until the late 1960s and early 1970s and subsequently undergoing a process of politicization. The third discusses proletarianization, relating it to politico-economic changes and regimes of land expropriation. This discussion focuses on the large-scale expropriation in 1977 that culminated in Land Day (*Yawm al-Arḍ*) and the extent to which the ongoing phenomena of proletarianization and land expropriation are fundamental to Palestinian economic experiences.

The fourth section chronicles the role of Palestinians in Israel's embrace of neo-liberalization, a story from which they have largely been absent. It discusses the ways in which this neo-liberalizing era bred a discourse of economic peace, overlapping with the Oslo Accords of the 1990s. Emerging from these ideals, economic development obtained newfound strength from the 2000s onwards and became the chief lens from which Israel has

viewed the Palestinians of 1948. Starting with the Or Commission in 2000, an inquiry into the police's killing of 12 Palestinian citizens in October 2000 at the start of the second intifada, the developmental approach was heightened from 2010 onwards following criticism by the Organisation for Economic Co-operation and Development (OECD) of the inferior socioeconomic conditions of minority groups in Israel. Neo-liberalization has concurrently given rise to the oscillation of Palestinians of 1948 towards civil society and 'third sector' spaces to perform politics. I discuss this trend in fifth section, which is followed by a final section dealing with ongoing debates on the future of Palestinians in Israel, such as the demand for a 'state for all its citizens' and the insistence to be recognized as an indigenous national minority—processes that view the future as inextricably linked with the past.

Military rule

The establishment of the State of Israel in May 1948 left many Palestinians unsure about the future. The residents of 104 'non-mixed' villages and towns were placed under martial law, which heavily curtailed their movement for 19 years. Hundreds of villages were wiped off the map entirely; although the exact number is not known, estimates range between 400 to more than 600.[71] The erasure of Palestinian villages continued even after the ceasefire: deliberate expulsions from June 1948 into 1949 created an additional 300,000 IDPs.[72] Under the military regime, entire villages continued to be de-populated at the discretion of military decisions to establish 'security zones'.[73] Palestinians lived in areas close to armistice lines

[71] Arif al-Arif, *Al-Nakba: nakbat bayt al-maqdis wal-firdaws al-mafqūd, 1947-1952* [The Catastrophe: The Catastrophe of Jerusalem and the Lost Paradise, 1947-1952], 6 vols. (Beirut: al-Maktaba al-'Asriya, 1958-1960); Walid Khalidi, *All That Remains: The Palestinian Villages Occupied and Depopulated by Israel in 1948* (Washington: Institute for Palestine Studies, 1992).
[72] Zachary Lockman, "Original Sin," in *Intifada: The Palestinian Uprising against Israeli Occupation*, eds. Zachary Lockman and Joel Benin (London: Tauris, 1990), 193.
[73] Article 125 of the Defense (Emergency) Regulations of 1945 states, "A military commander may by order declare any area to be a closed area for the purposes of these Regulations. Any person who, during any period in which any such order is in force in relation to any area or place, enters or leaves that area or place without a

where skirmishes frequently took place due to incursions by what Israel deemed 'infiltrators' or 'saboteurs' (with the latter term, *meḥablim* in Hebrew, coming to denote 'Palestinian terrorists').[74] Some of the early 'saboteurs' were not necessarily carrying weapons but longed to return to their homes, villages, or families. Israeli sources estimate that between 1948 and 1953 at least 20,500 Palestinians crossed into Israel this way.[75]

Detailing various logistical aspects of martial law, such as the permits regime that was put in place in the early 1950s (and other 'special' mechanisms that outlived martial law), Shira Robinson contends that Palestinians were "citizens of a formally liberal state and subjects of a colonial regime," resulting in a 'liberal settler state'.[76] The dynamics of the colonial relationship, she argues, took shape in tandem with the extension of citizenship rights to the Palestinian minority—not coincidentally. This liberal dialectic of inclusion and exclusion has shaped the way the state formulates its policies; even today, it constitutes the basis of the developmental regime.

Essentially a state-within-a-state, the military administration contained an elaborate bureaucracy.[77] It included a comprehensive system of surveillance made possible through a network of collaborators and informants.[78] As mentioned previously, it entailed active recruitment of the Druze community into 'minority' battalions in the Israeli military, which gave the Druze population an elevated status among other Palestinians and special claims to

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permit in writing issued by or on behalf of the Military Commander shall be guilty of an offence against these regulations."

[74] Although military rule was lifted in 1966, it was only in 1972 that areas along the border with a concentrated Palestinian population were no longer designated as special security zones.

[75] Hillel Cohen, *Good Arabs: The Israeli Security Agencies and the Israeli Arabs, 1948-1967*, trans. Haim Watzman (Berkeley: University of California Press, 2010), 95.

[76] Shira Robinson, *Citizen Strangers: Palestinians and the Birth of Israel's Liberal Settler State* (Stanford: Stanford University Press, 2013).

[77] Sabri Jiryis, *The Arabs in Israel* (New York: Monthly Review Press, 1976).

[78] Ahmad H. Sa'di, "The Incorporation of the Palestinian Minority by the Israeli State, 1948-1970: On the Nature, Transformation, and Constraints of Collaboration," *Social Text* 21: 2 (2003), 75-94.

Israeli citizenship.[79] Studies of Druze history in 1948-49 suggest that Israel had an explicit policy towards the Palestinian minority.[80] This claim is supported by Sa'di, who argues that while outlooks and policies varied as the situation developed, Israel consistently failed to take the discourse of citizenship seriously, rather using it as a deliberate and systematic element of control.[81]

Israel pursued a series of intangible practices to consolidate ownership of its newly acquired territory, including attempts to restructure collective history, through naming practices such as Hebracization.[82] These projects were carried out with the objective of creating a link between ancient Israel and modern Israel while undermining the years in between, thereby denying Palestinian legitimacy to the land. By manipulating history this way, Zionist leaders could create a national story that is spiritual and emotional, despite being counter-temporal in its attempt to efface centuries of Palestinian presence.

Majid al-Haj identifies the educational system as a cornerstone of Israel's attempt to relay this national story to Palestinians.[83] By comparing national curricula for Arab and Jewish schools in Israel, he demonstrates that schools were more akin to propaganda machines than agents of empowerment. Educational spaces were subjected to a strict policing, including detailed surveillance. Teachers who displayed nationalist sentiments or were caught participating in any form of resistance were dismissed. This screening also apparently extended to Jewish teachers and students who had political affiliations, with the latter given labels such as 'radical' or 'positive'.[84]

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[79] Ronald R. Krebs, *Fighting for Rights: Military Service and the Politics of Citizenship* (Ithaca and London: Cornell University Press, 2006).
[80] Laila Parsons, *The Druze between Palestine and Israel 1947-1949* (Basingstoke: Macmillan, in association with St Antony's College, Oxford, 2000).
[81] Sa'di, *Thorough Surveillance*, 27-28.
[82] Julie Peteet, "Words as Interventions: Naming in the Palestine-Israel Conflict," *Third World Quarterly* 26: 1 (2005), 153-172.
[83] Majid al-Haj, *Education, Empowerment, and Control: The Case of the Arabs in Israel* (New York: State University of New York Press, 1995).
[84] Sa'di, *Thorough Surveillance*, 147; 125; 140.

Organs of Palestinian political activity faced similar scrutiny. The state's security apparatus persecuted and harassed Palestinian supporters of Maki (*ha-Miflaga ha-Ḳomunistit ha-Yisre'elit*, or *al- Ḥizb al-Shiyū'ī al-Isrā'īlī*, the Israeli Communist Party) and Israel's first Prime Minister David Ben-Gurion reportedly wanted to outlaw it in 1958.[85] Opposing the dominant Mapai and Mapam (*Mifleget ha-Poʿalim ha-Meuḥedet*, or *Ḥizb al-'Ummal al-Muwaḥad*, the second largest party after Mapai), Maki became a core instrument for Palestinian political activity and expression, "serv[ing] as a focal point around which new politics of identity and resistance began to crystallize."[86]

As the only party that can be characterized as anti-Zionist which the Israeli government somewhat tolerated, Maki offered a platform to oppose structures of discrimination towards Palestinians, such as land expropriation.[87] It viewed Zionism as an imperialist and bourgeois ideology that oppresses and exploits both working class Palestinians and Jews, although it did not explicitly represent Palestinian or Arab nationalism, owing to its adherence to the principle of bi-nationalism and its attention to class-based issues, as opposed to nationalist politics.[88] A more explicitly anti-Zionist faction split from Maki in 1965 to establish Rakah (*Reshima Ḳomunistit Ḥadasha*, or *al-Qā'ima al-Shiyū'īya al-Jadīda*, The New Communist List), which in 1977 united with other left-wing parties to establish Hadash (*he-Ḥazit ha-Demoḳraṭit le-Shalom ṿe-le-Shiṿyon*) or *al-Jabha*, as it is known in Arabic (*al-Jabha al-Dimuqrāṭiya lil-Salām wal-Mosawāh*). It remains a notable current in Palestinian politics, although its support bases have eroded in recent years, and its ideological appeal has waned (as shown in the first and fourth case studies).

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[85] *Ibid*, 179.
[86] Ran Greenstein, "A Palestinian Revolutionary: Jabra Nicola and the Radical Left," *Jerusalem Quarterly* 46 (2011), 38.
[87] Ilana Kaufman, *Arab National Communism in the Jewish state* (Gainesville: University Press of Florida, 1997), 126-127. Kaufman argues that the unique characteristics of Maki's anti-Zionist platform, which did not encourage irredentism, played a role in defining how Palestinian citizens engaged with the state and how Jewish-Israelis came to view Palestinian identity.
[88] *Ibid*, 31. See also Communist Party of Israel, XV Congress, Tel Aviv, 1965.

The years of military rule were characterized by sporadic skirmishes with its administrators, along with protests, strikes, and boycotts. The Kafr Qasim massacre of October 1956 was the deadliest such incident: Israeli border police shot dead 48 Palestinian civilians for defying a curfew that had been unexpectedly announced a few hours earlier. The incident sparked unrest, including clashes, protests, and strikes in the Galilee and the Triangle.[89] Kafr Qasim became a symbol of the brutality of military rule: a statement published in Maki's *al-Ittihad* newspaper, for example, called on Palestinians to "express their vengeance against the *ongoing policies* of Kafr Qasim [emphasis added]."[90] This suggests that Kafr Qasim was not simply a traumatic incident that has taken place, but it came to embody a continuation—an *ongoing policy*—lived and experienced in the present. It is, as Sa'di and Abu-Lughod remind us regarding the Nakba, "neither distant nor over."[91]

The myth of acquiescence

There has been a tradition among scholars to attribute the 'politicization' of Palestinians in Israel to the late 1960s and early 1970s, with political activity prior to this period characterized as accommodationist at best and acquiescent at worst. Politicization is depicted as an inadvertent result of the unification between Palestinians inside and outside the Green Line, following the occupation of the West Bank in 1967. This postulation is discernible in Sammy Smooha's research, which concurrently places the Palestinian minority on a spectrum ranging between 'Israelization' and 'Palestinization'.[92] This approach is problematic methodologically and conceptually, relying extensively on surveys that quantify

[89] Police in Nazareth dispersed crowds who had gathered to listen to a speech by Emile Habibi. Robinson, *Citizen Strangers*, 181.
[90] *Ibid*.
[91] Lila Abu-Lughod and Ahmad H. Sa'di, introduction to *Nakba: Palestine, 1948, and the Claims of Memory* (New York: Columbia University Press, 2007), 11.
[92] Sammy Smooha, *The Orientation and Politicization of the Arab Minority in Israel*, Monograph Series on the Middle East No. 2 (Haifa: Institute of Middle East Studies, Haifa University, 1984).

identity and perceive various national, linguistic, religious, and other identities as separate boxes that are in conflict, rather than interrelated aspects of one multi-layered experience. The myth of Palestinian acquiescence is also discernible in As'ad Ghanem's *The Palestinian-Arab Minority in Israel, 1948-2000*, which analyzes the agendas and objectives of four Palestinian political movements in Israel by dividing the 52-year period into 'the lost years' (1948-1966) and 'the awakening' (1967-2000).[93] Scholars such as Oded Haklai and Elie Rekhess similarly invoke a historiography in which Palestinian demands for equality begin around 1967.[94]

Although Israel's military government placed heavy restrictions on political activity, the notion of an acquiescent Palestinian population is more myth than reality. It was only in the 1970s that the nationalist resistance by Palestinians in Israel started to pose a more credible threat to the Israeli polity, which can explain why it was perceived as the era of 'politicization'. There were numerous cases of mobilization prior to this period, including against land confiscation, after Kafr Qasim, and on landmark events such as the 10th anniversary of the foundation of the state.[95] In addition to larger protests, Palestinian newspapers between 1948 and 1967 expressed frequent criticism of the state, while poetry and graffiti were further avenues of resistance.[96]

Furthermore, Maki made explicit efforts to dismantle unequal policies perpetrated to fulfil the territorial objectives of Zionism, such the discriminatory citizenship law, land expropriation, and Judaization.[97] Its 13th Congress in 1957 is illustrative: the party released a

[93] As'ad Ghanem, *The Palestinian-Arab Minority in Israel, 1948-2000: A Political Study* (Albany: State University of New York Press, 2001).
[94] Oded Haklai. *Palestinian Ethnonationalism in Israel* (Philadelphia: University of Pennsylvania Press, 2011); Elie Rekhess, "The Evolvement of an Arab-Palestinian National Minority in Israel," *Israel Studies* 12: 3 (2007), 1-28.
[95] Robinson, *Citizen Strangers*, 178-186
[96] Ellen Joyce Kubersky Geffner, "Attitudes of Arab Editorials in Israel, 1948-1967: An Analysis of al-Ittihad, al-Mirsad and al-Yawm" (PhD diss., University of Michigan, 1973).
[97] Ghanem, *The Palestinian-Arab Minority*, 76-80.

statement demanding "recognition of the right to self-determination, *up to secession*, of the Palestinian Arab people, *including its part living in Israel* [emphasis added]."[98] The statement prompted the top security adviser to Ben-Gurion to warn of Palestinian irredentism through a civil rebellion led by intellectuals.

In the following year, communist and nationalist groups announced the formation of a Popular Front after demonstrations in Nazareth and Umm al-Fahm where 400 protesters were arrested.[99] Political platforms regularly called for an end to the military regime and land expropriation as well as equality for all citizens—suggesting that the slogan 'a state for all its citizens' has always played a role in Palestinian politics in Israel. The slogan regularly featured in the platforms of the local council of Kafr Yasif (a village in the northern Galilee 11km northeast of Acre).[100]

Furthermore, there was opposition to Druze conscription in the early 1950s, resulting in the establishment of organizations such as the Druze Initiative Committee and the Free Druze Youth, led by the well-known poet and primary school teacher Samih al-Qasim, who had refused to serve in the military himself.[101] They attracted dozens of youths who signed petitions, sent letters, and organized meetings and public conferences in which they publicized their objection to conscription.[102] There were cases of individuals refusing to report to conscription bureaus, desertion, appeals to the High Court of Justice, and physical assaults on supporters of the draft.[103]

[98] Communist Party of Israel, XIII Congress, Tel Aviv, 1957.
[99] Sa'di, *Thorough Surveillance*, 110.
[100] Rafa'il Bulus, *Kafr Yāsīf bayn aṣalat al-maḍī wa-raw'at al-ḥadir* [Kafr Yāsīf between the Authenticity of the Past and the Magnificence of the Present], 2nd ed. (Kafr Yāsīf: Qism al-Ma'ārif fī Majlis Kafr Yāsīf al-Maḥalī, 2012).
[101] Shawqi Kassis, "Samih al-Qasim: Equal Parts Poetry and Resistance," *Journal of Palestine Studies* 44: 2 (2015), 44.
[102] Nabih al-Qasim, *Samiḥ al-Qāsim: mubdiʿ la yastaʾdhinu aḥadan* [Samiḥ al-Qāsim: An Innovator Who Asks for No One's Permission] (Kafr Qara: al-Huda Press, 2013).
[103] Sa'di, *Thorough Surveillance*, 80.

Other anti-Zionist Palestinian movements during this era include al-Arḍ (the Land) and Abnaa al-Balad (Sons of the Land). The former, active in the beginning of the 1960s, took inspiration from Jamal ‘Abd al-Nasir’s visions of pan-Arabism, whereas the latter was founded in the 1970s and explicitly called for the replacement of Israel’s Jewish identity with a secular and democratic state. As non-Zionist, post-Zionist, or anti-Zionist movements, these organizations were outlawed or faced crackdowns and never became part of the political debate in Israel. In fact, in Ghanem’s aforementioned study, which divides Palestinian political activity into four movements (the pan-Arab or Palestinian nationalists, the communists, the Islamists, and the Israeli-Arabs), the only ‘acquiescent’ movement would arguably be the Israeli-Arabs. And even within this movement, there have been attempts to change the system from within by, for example, using Israel’s discourse of democracy and equality against it and calling for civil rights in whatever platforms are available, including the Knesset.

In other words, even the Palestinians who were involved with Mapai or Mapam—described as being engrossed with daily struggles such as socioeconomic inequality, lack of public utilities and other bureaucratic deficiencies due to military rule—were arguably still concerned with the larger political struggle, despite their failure to reform the system from within. Divisions over which strategy to pursue (i.e., whether to engage the system and fight to change it from within, or disengage and search for alternative avenues while trying to dismantle it externally) are still present and continue to be heavily debated in discussions on the future.

Proletarianization and land expropriation

The roots of the current impoverishment of the Palestinian population lie in a history of dispossession, of which land expropriation has been a fundamental cornerstone. Israel still

denies Palestinians access to land, of which nearly 95% is controlled by quasi-state Zionist institutions such as the Jewish National Fund and Jewish Agency.[104] Sabri Jiryis documents the legal veneer of such dispossession, showing that land expropriation was carried out under several murky mechanisms, such as the oxymoronic category of 'present absentee'.[105] The process of land expropriation was accompanied by a decline in agriculture and an ensuing proletarianization, resulting in the disintegration of the Palestinian economic base.

Israel prevented many Palestinians from reaping crops from their villages, and many Palestinians started searching for jobs as low-wage laborers in Jewish localities. However, this task was also hampered by unfavorable terms imposed by the government, barring them from employment in certain professions, as well as their exclusion until the 1950s from the Histradrut, Israel's powerful trade union which was closely affiliated to the Labor Zionist movement.[106] While Nassem Jeryis's research on small-scale enterprises in nine Palestinian villages in the Galilee between 1965 and 1980 reveals that some laborers took advantage of the decline in agriculture to refashion themselves as entrepreneurs, the majority became 'surplus labor' that served Israeli economic interests.[107] The incorporation of the population into the Israeli economy in the 1960s and 1970s thus transformed the Palestinian peasantry into a lumpenproletariat.[108]

[104] Hussein Abu Hussein and Fiona McKay, *Access Denied: Palestinian Land Rights in Israel* (London: Zed, 2003).
[105] Sabri Jiryis, "The Legal Structure of the Expropriation and Absorption of Arab Lands in Israel," *Journal of Palestine Studies* 2: 4 (1973), 82-104.
[106] Yoram Ben-Porath, *The Arab Labor Force in Israel* (Jerusalem: Maurice Falk Institute for Economic Research in Israel, 1966).
[107] Nassem Jeryis, *Small-Scale Enterprises in Arab Villages: A Case Study from the Galilee Region in Israel*, Geografiska Regionstudier no. 22 (Uppsala: Uppsala University, 1990); Henry Rosenfeld, "The Class Situation of the Arab National Minority in Israel," *Comparative Studies in Society and History* 20: 3 (1978), 374-407.
[108] Elia Zureik, "Transformation of Class Structure among the Arabs in Israel: From Peasantry to Proletariat," *Journal of Palestine Studies* 6: 1 (1976), 39-66.

Elia Zureik views such proletarianization as a form of 'internal colonialism'.[109] His research is part of a larger literature that has perceived Israeli policy from a dependency perspective, similar to the perspective of 'de-development,' which has gained traction in discussions on the Palestinian economy in the Occupied Territories.[110] Additional examples include Ian Lustick's division of control over the Palestinian minority into segmentation, dependency and cooperation, Raja Khalidi's investigation of the state's role in undermining an autonomous Palestinian economy, with examples from agriculture, labor, industry and commerce, and Aziz Haider's analysis of socioeconomic disparities as an indication of institutionalized and deliberate dependency.[111] Although dependency-based perspectives have been instrumental in explaining the ways in which Israel historically consolidated its economic power, they tend to overlook the structural changes Israel's economy has undergone and the ways in which such fluctuations have become critical to the reproduction of labor inequality.[112]

Proletarianization did not only entail a transfiguration of labor by separating farmers from their land, but it contained a series of psychological, social, and political consequences as well. Amal Samed argues that it bred the "development of a proletarian consciousness: being a class for itself and acting on this consciousness to create contradictions in the dominant mode of capital production."[113] Samed follows Talal Asad in identifying the

[109] Elia Zureik, *The Palestinians in Israel: A Study in Internal Colonialism* (London: Routledge and Kegan Paul, 1979).
[110] Sara Roy, *The Gaza Strip: The Political Economy of De-Development* (Beirut: Institute for Palestine Studies, 1995); Sara Roy, "De-Development Revisited: Palestinian Economy and Society since Oslo," *Journal of Palestine Studies* 28: 3 (1999), 64-82.
[111] Ian Lustick, *Arabs in the Jewish State: Israel's Control of a National Minority* (Austin: University of Texas Press, 1980); Raja Khalidi, *The Arab Economy in Israel: The Dynamics of a Region's Development* (London: Croom Helm, 1988); Aziz Haidar, *On the Margins: The Arab Population in the Israeli Economy* (London: Hurst, 1995).
[112] Ahmad H. Sa'di, "Incorporation without Integration: Palestinian Citizens in Israel's Labour Market," *Sociology* 29: 3 (1995), 429-451.
[113] Amal Samed, "The Proletarianization of Palestinian Women in Israel," *Middle East Research and Information Project (MERIP) Report* 50 (1976), 10-15+26.

process of proletarianization as an extension of Zionist colonization, with its peculiar feature of *replacing*, rather than exploiting, Palestinian labor.[114] Waves of large-scale expropriations of Palestinian land in Israel have reified this view.

One of the best-known cases of expropriation is the village of Iqrit in the northern Galilee (25km northeast of Acre). The military commander who expelled its residents in 1948 told them they could return in two weeks. When they were not allowed to return and the village was declared a closed military zone, residents filed a lawsuit with the Supreme Court, which ruled in their favor in 1951. However, the army subsequently demolished all the homes in the village and handed residents a backdated order of expulsion from 1948.[115] Since 1972, they have gained the right to be buried in their villages—in a haunting symbolism of only being allowed to return to one's land in a coffin.

The history of land expropriation culminated in Land Day, which has become part of Palestinian national consciousness, commemorated within and beyond the Green Line. On 30 March, 1976, a plan to expropriate around 60,000 dunams of Palestinian land in the Galilee resulted in mass demonstrations, during which Israeli police shot dead six Palestinian civilians. [116] Additionally, large-scale strikes reportedly led to the shutdown of several factories and construction sites.[117] The incident became known as the Land Day intifada and has acquired a powerful role as a symbol of resistance and mass mobilization.[118]

Israeli politicians have sometimes justified land expropriations as a security matter, warning that the concentration of Palestinians in the Galilee is a potential threat to territorial

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[114] Talal Asad, "Anthropological Texts and Ideological Problems: An Analysis of Cohen on Arab Villages in Israel," *Economy and Society* 4: 3 (1975), 251-282.
[115] Ilan Pappé, *The Ethnic Cleansing of Palestine* (Oxford: Oneworld, 2006), 186-187.
[116] One dunam is equivalent to around 900 meters.
[117] "Arab Land Day: "The File of 1948 Has Been Reopened in Their Consciousness,"" *Middle East Research and Information Project (MERIP) Report* 47 (1976), 3.
[118] Building from the momentum of Land Day, another country-wide strike was held in 1987 to bring attention to the disparity in budgets given to Palestinian localities and discrimination in hiring patterns. It was known as Equality Day. See Joel Beinin, "From Land Day to Equality Day," *Middle East Research and Information Project (MERIP) Report* 150 (1988), 24-27.

integrity. An example is the infamous Koenig Memorandum of April 1976, which contained suggestions for restricting the influence of Palestinians in the Galilee and reducing their footprint. The state maintained that it was not an expression of official government policy but merely an 'opinion' expressed by Yisrael Koenig, the Northern District Commissioner employed by the interior ministry. It is nevertheless often perceived as a turning point, as it spelled out a policy that deliberately targeted Palestinians.[119]

Sa'di argues that the report did not actually represent a meaningful shift in Israeli policy, but it symbolized the prevalent political discourse vis-à-vis Palestinians. He makes this case by comparing it to earlier testimony by Shmuel Toledano, the Mossad agent and adviser on Arab Affairs to several prime ministers between 1965 and 1977. The policies advocated by Toledano vis-à-vis the Palestinian minority were practically indistinguishable Koenig's but voiced in less antagonistic language. As Sa'di shows, the ideas espoused by top officials and the schemes they imposed were clearly aligned with Koenig's recommendations. Prevailing Judaization campaigns are one example, seeking to either surround Palestinian areas or creating a Jewish presence between clusters of villages and towns to counterbalance the Palestinian 'threat' and ensure that Israel physically (re)occupies the land.[120] One well-known example is the establishment of Natseret 'Illit (Upper Nazareth) in 1957, created to counter and restrict Nazareth.[121]

Judaization, or de-Arabization, policies have been a founding Zionist principle since the state's establishment, and they have been pursued in one way or another by different governments across Israel's political spectrum.[122] Such policies have entailed the abolition of

[119] Ahmad H. Sa'di, "The Koenig Report and Israeli Policy towards the Palestinian Minority, 1965-1976: Old Wine in New Bottles," *Arab Studies Quarterly* 25: 3 (2003), 51-61.
[120] Wesley, *State Practices and Zionist Images*, 31-37.
[121] Dan Rabinowitz, *Overlooking Nazareth: The Ethnography of Exclusion in Galilee* (Cambridge: Cambridge University Press, 1997).
[122] See Oren Yiftachel, "'Ethnocracy' and Its Discontents: Minorities, Protests, and the Israeli Polity," *Critical Inquiry* 26: 4 (2000), 725-756.

leasing lands to Palestinians, and even going as far as to legally prosecute a Jewish person who leased his/her land to a Palestinian.[123] Judaization ironically arises from the perception of the Palestinian presence on the land as a form of colonization—evident in the use of terms such as *liberating, emancipating, or redeeming* the land.[124] This presence of Palestinians is depicted as a threat to 'demographic security,' and it has resulted in the embrace of elements of population control. For example, Rhoda Ann Kanaaneh demonstrates that Israel has approached questions of reproduction among Palestinians of 1948 through a colonial arithmetic.[125]

Neo-liberalization and peace

Facing severe financial distress with spiraling triple-digit inflation and the risk of bankruptcy, Israel passed the EESP in 1985.[126] A committee of economists, established by the Israeli Prime Minister and US Secretary of State in 1984, had formulated the EESP to stabilize the Israeli economy. Known as the US-Israeli Joint Economic Development Group (JEDG), the committee included Emmanuel Sharon, Director-General of the Israeli Ministry of Finance, Mordechai Frenkel, head of the Bank of Israel's research department, Allan W. Wallis, US Undersecretary of State for Economic Affairs, and professors, including Herbert

[123] Charles D. Smith, *Palestine and the Arab-Israeli Conflict: A History with Documents*, 7th ed. (Boston: Bedford/St. Martin's, 2010), 17.
[124] Sabri Jiryis, "The Land Question in Israel," *Middle East Research and Information Project (MERIP) Report* 47 (1976), 5.
[125] Rhoda Ann Kanaaneh, *Birthing the Nation: Strategies of Palestinian Women in Israel* (Berkeley: University of California Press, 2002).
[126] Michael Bruno, *Crisis, Stabilization, and Economic Reform: Therapy by Consensus* (Oxford: Clarendon Press, 1993), 87.

Stein, Stanley Fischer, Michael Bruno, Nissav Liviatan, and Eitan Berglas.[127] The EESP symbolized the path of the Likud government after its dramatic rise to power in 1977.[128]

Israel has since embarked on a project of consistent neo-liberalization that has redefined its political economy.[129] It is worth noting that despite the socialist-leaning discourse Israel maintained during its early years, it was also deeply embedded within the global economy and aligned considerably with international capital. This posture is evident in Israel having signed free trade agreements with the US and the EU in 1985 and 1975 respectively, although capitalist discourses and practices are even discernible in the pre-state period, with industrialists and capital owners taking part in the very formation of Zionist ideology.[130] In other words, the story of Israeli capitalism does not start in July 1985 but has been inherent to the country from the beginning.[131]

Neo-liberalization defined the peace process that commenced in the 1990s, which was increasingly framed in terms of an economic peace, a concept that has had a lasting impact on Israel/Palestine.[132] Although there was no meaningful shift in Israeli policy towards Palestinians (whether in the 1948 or 1967 territories), prominent Israeli economic figures linked the conflict with stifling economic growth, and subsequently, the peace process with great economic potential. Examples include Eli Hurwitz, the director of Teva

[127] Daniel Maman and Zeev Rosenhek, *The Israeli Central Bank: Political Economy, Global Logics and Local Actors* (London and New York: Routledge, 2011), 63.
[128] Joel Beinin, "Lost in the Sadat Fanfare: Likud's New Economic Policy," *Middle East Research and Information Project (MERIP) Reports* 65 (1978), 15-19.
[129] Neo-liberalization has affected government regulation of economic activity, the dynamics of labor and capital markets, consumption and production patterns and social services. It also led to widespread social changes. See Gershon Shafir and Yoav Peled, *Being Israeli: The Dynamics of Multiple Citizenship* (Cambridge: Cambridge University Press, 2002).
[130] Michael Frenkel, Yehouda Shenhav, and Hanna Herzog, "The Ideological Wellspring of Zionist Capitalism: The Impact of Private Capital and Industry on the Shaping of the Dominant Zionist Ideology," in *The New Israel: Peacemaking and Liberalization,* eds. Gershon Shafir and Yoav Peled (Boulder: Westview, 2000), 43-69.
[131] Adam Hanieh, "From State-Led Growth to Globalization: The Evolution of Israeli Capitalism," *Journal of Palestine Studies* 32: 4 (2003), 5-21.
[132] Liberal ideas of economic peace were re-invented in the 1990s by the administration of Bill Clinton and the European Union.

Pharmaceuticals, Danny Gilerman, the president of the Israeli Chambers of Commerce, Benny Gaon, the CEO of Koor Industries, and Dov Lautman, the President of the Israeli Manufacturers' Association.[133]

Directed by a US vision for a 'new Middle East' and investments from international financial institutions and an array of donors, a peace industry emerged.[134] Million dollar investments poured into peace enterprises under a discourse that espoused development and globalization. The Israeli political and business classes promoted the peace process as part of Israel's integration into the global economy, effectively consolidating its military superiority and providing it with access to regional markets, resources, and 'cheap' labor.[135] The Oslo process was thus in many ways also an *extension* of Israeli capitalism.[136]

Silvia Pasquetti asserts that the discourse of integration for the Palestinians of 1948 is not a side effect of the Oslo process but an objective of the agreement, which sought to "create distinct experiences of politics among different segments of Palestinians under Israeli rule."[137] The Oslo Accords made no mention of the Palestinian minority inside Israel: they were neither a 'final status' topic nor did their presence play any role in shaping the agreement. They were relegated to the status they always had: a 'double periphery,' neither there nor here.[138] "Palestine the State and Palestine the Authority became one thing, and Palestine the homeland becomes another thing," explains Zreik.[139] Many argue that from this

[133] Gershon Shafir, "Business in Politics: Globalization and the Search for Peace in South Africa and Israel/Palestine," in *Israel: The Dynamics of Change and Continuity*, eds. David Levi-Faur, Gabriel Sheffer, and David Vogel (London and New York: Routledge, 2013), 115-118.
[134] The World Bank, *Developing the Occupied Territories: An Investment in Peace*, six vols. (Washington: The World Bank, 1993).
[135] Joel Beinin, "Israel's Cabinet Crisis and the Political Economy of Peace," *Middle East Research and Information Project (MERIP) Online*, June 19, 2000; Yoav Peled, "Profits or Glory? The 28th Elul of Arik Sharon," *New Left Review* 29 (2004), 47-70.
[136] Adam Hanieh, "Class, Economy and the Second Intifada," *Monthly Review* 54: 5 (2002), 29-41.
[137] Silvia Pasquetti, "The Reconfiguration of the Palestinian National Question: The Indirect Rule Route and the Civil Society Route," in *Political Power and Social Theory*, vol. 23, ed. Julian Go (Bingley: Emerald, 2012), 104.
[138] See Aziz Haidar, *Al-Falasṭīnīyūn fī Isrāʾīl fī Ẓil Itifāqiyat Oslo* [The Palestinians in Israel after the Oslo Agreement] (Beirut: Institute for Palestine Studies), 144-176.
[139] Zreik, "Exit from the Scene," 209.

point on, the 'struggle' of Palestinians in Israel became increasingly 'localized,' and Palestinians started directing national resources to improving their status *within* Israel.[140] Azmi Bishara identifies the political will to establish a Palestinian national movement inside Israel, as an independent political project not connected to the Soviet Union or the Palestinian Liberation Organization, as the primary impulse behind the emergence of Balad (*Brit Le'umit Demoḳratit, al-Tajamuʿ al-Waṭanī al-Dimuqraṭī,* Democratic National Assembly) in 1996. Alongside a commitment to national autonomy, Balad sought to revamp relations with the state according to a language of *citizenship* as the basis of rights.

But large demonstrations by Palestinians in Israel as part of the second intifada illustrated the sentiment of solidarity with Palestinians in the West Bank and reaffirmed the joint struggle across both sides of the Green Line.[141] Around 1,000 Palestinians were arrested within the first few months of the intifada, and 12 unarmed civilians were killed during demonstrations in October. 'Revenge' attacks on Palestinians and Palestinian property followed, alongside campaigns to drive away Palestinians who lived in Jewish localities.[142]

The violence sparked calls for an investigation, and the state launched a formal inquiry known as the Or Commission. Unsurprisingly, the commission failed to mention the politics of being a Palestinian in Israel, that the police's disproportionate use of violence is not an aberration, and the meaning of solidarity across the Green Line.[143] Instead, it traced alienation to a history of economic inequality and discrimination. Warning that such

[140] This process is arguably aligned with Israeli interests. See Al-Haj, "Whither the Green Line?" 196. See also Amal Jamal, "Strategies of Minority Struggle for Equality in Ethnic States: Arab Politics in Israel," *Citizenship Studies* 11: 3 (2007), 263-282.
[141] There was panic among mainstream news in Israel that the intifada was crossing the Green Line. Headlines included, "Intifada in Tel Aviv," "Intifada in Haifa," "Nazareth like Gaza," and "The Intifada is Already Here." See Al-Haj, "Whither the Green Line?" 192.
[142] *Ibid*, 200.
[143] Bishara, "Reflections on October 2000," 58-59.

exclusion could potentially have explosive consequences, the commission recommended that the government take action to 'close the gaps' between the two populations.[144]

Despite disillusionment with this 'new Middle East,' the undoing of the peace decade did not alter the liberal-functionalist discourse of economic peace, or what Azmi Bishara has called "the illusion of integration."[145] The ensuing violence suggested that the conditions necessary for peace to take place had deteriorated, but it did not fundamentally question the premise of economic peace.[146] On the contrary, the 'liberal' citizenship extended to Palestinians was arguably redefined along a more neo-liberalized and economistic paradigm that necessitated increased economic integration.[147]

Although the Or Commission ultimately failed to engender significant policy changes and its recommendations went largely unheeded, it contributed to the Israeli government's conceptualization of the Palestinian population in developmental terms, which has permeated into Israel's top political echelons. The Palestinian population has since been perceived as a latent obstacle to Israel's path of 'exceptional' economic growth. The expansion of the Israeli

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[144] "*Tamtsit duḥ ya'adat Or*" [A Summary Report of the Or Commission], *Haaretz*, September, 01, 2003, http://www.haaretz.co.il/misc/1.907227. For an English version, see "In-depth: The Or Commission of Inquiry," August 31, 2003. http://www.haaretz.com/news/in-depth-the-or-commission-of-inquiry-1.98769. For a critique of the commission and the way it sought to re-establish the status of Palestinians as second-class citizens, see Yoav Peled, "Restoring Ethnic Democracy: The Or Commission and Palestinian Citizenship in Israel," *Citizenship Studies* 9: 1 (2005), 89-105.

[145] Azmi Bishara, "Reflections on October 2000: A Landmark in Jewish-Arab Relations in Israel," *Journal of Palestine Studies* 30: 3 (2001), 54-67. On the failure of economic peace, see Markus Bouillon, *The Peace Business: Money and Power in the Palestine-Israeli Conflict* (London: I.B Tauris, 2004).

[146] International mediators, thinktanks, non-government organizations, analysts, journalists, and activists have all framed the Israeli-Palestinian conflict in reference to the principles of economic peace. One illustrative example is a report by RAND Corporation, entitled "Israelis Stand to Gain $120 Billion, Palestinians $50 Billion in Two-State Solution Over Next Decade."

[147] I view this as part of the 'New Zionist Hegemony' that sought to empty the citizenship of Palestinians of 1948 of substance. See Nadim N. Rouhana and Nimer Sultany, "Redrawing the Boundaries of Citizenship: Israel's New Hegemony," *Journal of Palestine* Studies 33: 1 (2003), 5-22. See also Nimer Sultany. *Muwāṭinūn bi-lā muwāṭanah: taqrīr Madá al-sanawī al-awwal lil-raṣd al-siyāsī, Isrā'īl wa-al-aqallīyah al-Filasṭīnīyah, 2000-2002* [*Citizens Without Citizenship: Mada's First Annual Political Monitoring Report, Israel and the Palestinian Minority 2000-2002*] (Haifa: Mada, Arab Center for Applied Social Research, 2003). Similarly, Amal Jamal discusses the 'hollow citizenship' given to Palestinians, as a result of both the state's ideology, dominant political economy and the cultural and symbolic dimensions of Zionism. Amal Jamal, "Nationalizing States and the Constitution of 'Hollow Citizenship': Israel and its Palestinian Citizens," *Ethnopolitics* 6: 4 (2007), 471-493.

economy within the past few decades had contributed to this idea of exceptionalism, encapsulated famously in the well-known book *The Start-Up Nation*, which deals with the high number of start-ups found in Israel and its economic sturdiness in the face of political conflict and global economic downturns, such as the financial crisis that started in 2008. The Palestinian population rarely features in the book documenting the Israeli 'economic miracle'—only in passing and in a paragraph that heavily contradicts the book's main thesis.[148]

However, it was only after Israeli talks to join the OECD in 2007 and the OECD's criticism of socio-economic cleavages within Israeli society—including high poverty rates among Palestinians and ultra-Orthodox Jews known as Haredim—that the Israeli government's development campaign gained newfound momentum.[149] Resolution 1204 in 2007 established the Authority for the Economic Development of the Arab, Druze and Circassian Sectors in the Prime Minister's Office, with the goal of "contributing to the further integration of these populations in the national economy, thus minimizing the gaps between the sectors and creating 'one economy' and 'one state'."[150]

The flourishing discourse of economic development gave birth to a new strand of critical research on the Palestinian economy inside Israel. This new strand challenges earlier streams of scholarship on Palestinian economic development that focused predominantly on institutions.[151] Although they acknowledge pervasive discrimination towards Palestinians,

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[148] Dan Senor and Saul Singer, *Start-Up Nation: The Story of Israel's Economic Miracle* (New York: Twelve, 2009).
[149] The Organisation for Economic Co-operation and Development, "Israel: A Divided Society. Results of a Review of Labour- and Social Policy," January 20, 2010, http://www.oecd.org/els/44394444.pdf.
[150] Prime Minister's Office, "Authority for the Economic Development of the Arab, Druze and Circassian Sectors," last accessed on July 10, 2016, http://www.pmo.gov.il/English/PrimeMinistersOffice/DivisionsAndAuthorities/Pages/AuthorityfortheEconomicDevelopment.aspx.
[151] Nabil Khattab and Sami Miaari, *Palestinians in the Israeli Labor Market: A Multi-Disciplinary Perspective* (Basingstoke: Palgrave Macmillan, 2013); Mtanes Shehadeh and Raja Khalidi, "Impeded Development: The Political Economy of the Palestinian Arabs inside Israel," in *Decolonizing Palestinian Political Economy: De-*

these earlier accounts place it outside of the history of de-territorialization and colonialism, focusing instead of convergence, obstacles to development, and geographic peripheralization, and embracing the dichotomy of a traditional Palestinian economy and culture in contact with a modern Jewish economy and culture.[152]

Alternative political spaces

The discourse of development has not eroded the unequal budgets given to Palestinian and Jewish local councils and municipalities, which are at the discretion of the interior ministry. They affect infrastructure such as trash collection, water quotas, and credit structures. Similarly, state subsidized mortgages tend to exclude Palestinians for not having served in the army. Palestinian cities and towns are thus characterized by informal construction of houses and buildings that have expanded to accommodate the population's growth over the past 60 years, inducing continuous demolition from the authorities.[153] The trend of informal construction is an attempt to bypass the politicized deficiency of state institutions. It is part of a larger attempt to establish alternative avenues to official institutions that have typically excluded Palestinians.

For example, disengagement from Israeli institutions has even inspired pleas for Palestinians to establish alternative, autonomous parliamentary procedures within Israel.[154] Such calls emerge from systematic alienation from Israeli elections and political traditions.

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development and Beyond, eds. Mandy Turner and Omar Shweiki (Basingstoke: Palgrave Macmillan, 2014), 115-137.

[152] Noah Lewin-Epstein and Moshe Semyonov, *The Arab Minority in Israel's Economy: Patterns of Ethnic Inequality* (Boulder and Oxford: Westview, 1993); Benjamin Wolkinson, *Arab Employment in Israel: The Quest for Equal Employment Opportunity* (Westport and London: Greenwood Press, 1999); Itzhak Schnell, Michael Sofer and Israel Drori, *Arab Industrialization in Israel: Ethnic Entrepreneurship in the Periphery* (Westport and London: Praeger, 1995).

[153] Jack Khoury, "Israel to Step Up Demolitions of Illegal Structures in Arab Sector," *Haaretz*, January 25, 2016, http://www.haaretz.com/israel-news/.premium-1.699282.

[154] Amal Jamal, *Arab Minority Nationalism in Israel: The Politics of Indigineity* (New York: Routledge, 2011), 75.

The 2015 elections were particularly notorious for Prime Minister Benjamin Netanyahu's last-minute electioneering via statements warning of "Arab voters heading to the polling stations in droves."[155] The statement was a confirmation of the status of Palestinians as second-class citizens, with Netanyahu himself making a mockery of their citizenship and Israeli political institutions in general. However, disillusionment with Israeli elections is also discernible in less controversial elections, such as in 2013.[156] In the well-known 2001 election, an estimated 82% of the Palestinian electorate boycotted the election.

The culprit behind the absence of Palestinian voters in Israeli elections is not apathy, as Palestinians turn up in high numbers for municipal elections. A report analyzing regional voting patterns reveals that Palestinian participation in municipal elections in 2013 surpassed 80%.[157] And those who did not vote in municipal elections cited antipathy towards the process, as indicated by an article by Ali Zubeidat in *Hadith al-Nas*, in which he questions the point of voting, noting not only that there are no official contenders to racism but that the entire process is in many ways a "trap [*fakh*]."

> Has any mayor or local council been elected based on challenging these [discriminatory] institutions [of the state] and their racist policy? I don't think so. But, on the other hand, there are many mayors who have been elected solely to execute the state's policy in our cities and villages, based on the mask of [Palestinian or Arab] nationalism and offering services for citizens.[158]

[155] Benjamin Netanyahu, "*Shilṭun ha-yamin ba-sakanah—ḥayavim latset ve-lehatsbiʿ Mahal*" [The Right's Power is in Jeopardy—You Must Go Out to Vote Mahal], YouTube video, 0:28, March 17, 2015. https://www.youtube.com/watch?v=Q2cUoglR1yk.
[156] "Israel's Arab Voters: What's the Point?" *The Economist*, January 12, 2013, http://www.economist.com/news/middle-east-and-africa/21569427-arab-israelis-are-too-disheartened-take-forthcoming-election.
[157] Arik Rudnitzky, "The Municipal Elections in Israel 2013," *The Konrad Adenauer Program for Jewish-Arab Cooperation*, Tel Aviv University: Moshe Dayan Center for Middle Eastern and African Studies (2014), 23-30.
[158] Ali Zubeidat, "*Intihā al-ṣirāʿ ʿalā faqāqīʿ al-hawāʾ*" [The Conflict over Nothing is Over], *Hadith al-Nas*, October 25, 2013, http://www.hades.co.il/?todo=view&nid=151&part=1&pagenum=2.

Such a complete lack of faith in the system, alongside the knowledge that one is inevitably embroiled within it, has motivated the pronounced switch to 'alternative' spheres. One result has been the large-scale proliferation of Palestinian NGOs since the 1970s and 1980s.

Dan Rabinowitz and Khawla Abu-Baker document this movement away from parliamentary politics and towards third sector agents, highlighting the dynamic role that civil society plays for a politically active youth struck by disillusionment.[159] Similarly, Shany Payes claims that NGOs have contributed to Palestinian empowerment and at the very least challenged state structures on the community level, even if they have not succeeded in changing the overall system.[160] Amal Jamal concedes that this informal or parallel political space plays a 'counter-hegemonic role' vis-à-vis Israel; however, he contends that it not only failed to produce meaningful change at the top level but has been met with an acceleration of discriminatory policy.[161]

In this literature, the turn to alternative political spaces is depicted as a continuation of a history of resistance to Zionism and an example of grassroots activism among organizations that maintain an organic and political role. The National Committee for the Defense of the Rights of Internally Displaced Palestinians in Israel is one such group. Others include the National Committee of the Heads of Arab Local Authorities, National Committee of Arab Students, and Committee for the Defense of Arab Lands.[162]

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[159] Dan Rabinowitz and Khawla Abu-Baker, *Coffins on Our Shoulders: The Experience of Palestinian Citizens of Israel* (Berkeley: University of California Press, 2005), 132.
[160] Shany Payes, *Palestinian NGOs in Israel: The Politics of Civil Society* (London: Tauris Academic Studies, 2005).
[161] Amal Jamal, "The Counter-Hegemonic Role of Civil Society: Palestinian-Arab NGOs in Israel," *Citizenship Studies* 12: 3 (2008), 283-306.
[162] Its role in highlighting the history of Palestinian IDPs within the 1948 territories was especially significant since refugees inside Israel were entirely disregarded during talks on Palestinian refugees in the Oslo process. Areej Sabbagh-Khoury, "The Internally Displaced Palestinians in Israel," in *The Palestinians in Israel: Readings in History, Politics and Society*, eds. Nadim Rouhana and Areej Sabbagh-Khoury (Haifa: Mada al-Carmel, 2011), 26-46.

At the same time, the rhetoric that such civil society has gained—as empowerment, opportunity, and *development*—must be contextualized as part of neo-liberalization, particularly the emphasis on young people.[163] Organizations in this mushrooming 'third sector' space have increasingly been subsumed within the Israeli or international bureaucracy of development—especially since the 2000s—in a process that resembles the de-politicizing role of NGOs in the West Bank.[164] As I show in the fourth case study, a neo-liberalizing class has coalesced around such spaces.

A civil and human rights rhetoric has also accompanied this turn to civil society. Among hundreds of others, NGOs such as Adalah ('Justice' in Arabic) use legal platforms to demand collective rights for the Palestinian minority. Victories at the Supreme Court have been mostly symbolic, but they are telling of the discrepancies within Israeli logic. The famous story of the Qa'dan family is a case in point. The family requested to build a home in the Jewish town of Katzir but was turned down for not 'fitting into the social fabric of the town,' a requirement the town obligated them to fulfil. The Qa'dan family filed a lawsuit in 1995, accusing the Israel Land Administration of discrimination, and won the case in 2000. The ruling was greeted by many as a step towards ending the pervasive segregation that defines living patterns and the perception of land regimes as a zero-sum game grounded in security concerns.

However, Hassan Jabareen contends that the Qa'dan case is less revolutionary than it appears. By critically reading it against another lawsuit filed by Mohamed Bourkan, a resident of the Jewish Quarter in Jerusalem who was evicted and whose petition was rejected,

[163] Mayssoun Sukarieh and Stuart Tannock, *Youth Rising?: The Politics of Youth in the Global Economy* (New York and London: Routledge, 2015).
[164] Rema Hammami, "NGOs: The Professionalisation of Politics," *Race and Class* 37: 2 (1995), 51-63; Islah Jad, "NGOs: Between Buzzwords and Social Movements," *Development in Practice* 17: 4-5 (2007), 622-629; Lori Allen, *The Rise and Fall of Human Rights: Cynicism and Politics in Occupied Palestine* (Stanford: Stanford University Press, 2013), 67.

Jabareen demonstrates that the ruling builds an exclusive model of citizenship—one that is based on renouncing the Palestinian components of identity in favor of an 'Arab-Israeli' identity that is "characterized by its Zionist components, including acceptance of the ideological values of Zionism."[165] The Qa'dan family, Jabareen alleges, was not threatening: the petition drew upon a discussion on civil rights for the 'Arab' minority, and the family symbolized an upwardly mobile and aspirational class of 'Arabs'—one that is demanding access to the fruits of its economic success but not necessarily making a political claim.

On the other hand, Bourkan's petition was subversive because it was rooted in a historical narrative that highlights, questions, and aims to deny the state's right to remove him from his home and land. Its challenge of dispossession and de-territorialization poses larger questions for the entire Zionist project. The court's ruling refused to recognize the indigenous status of Palestinians, confirming its adherence to Zionist principles and concurrently demonstrating the limits of Israel's 'liberal' Supreme Court.[166] De jure changes such as the Qa'dan ruling can similarly be placed in comparative perspective with propositions that highlight the insecurity of the status of Palestinians as citizens, such as proposals for Palestinians to swear allegiance to Israel as a "Jewish and democratic state," demands to legally codify Israel as a Jewish state, and the 'transfer' of Palestinians from Israel.[167]

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[165] Hassan Jabareen, "The Future of Arab Citizenship in Israel: Jewish-Zionist Time in a Place with No Palestinian Memory," in *Challenging Ethnic Citizenship: German and Israeli Perspectives on Immigration*, eds. Daniel Levy and Yfaat Weiss (New York and Oxford: Berghahn, 2002), 197.

[166] See Jonathan Cook, "The Myth of Israel's Liberal Supreme Court Exposed," *Middle East Research and Information Project (MERIP) Online*, February 23, 2012.

[167] An example of the increasing backlash against a binational state is "The Balance of National Strength and Security," a document that followed the 2000 Herzliya Conference and discussed ways to offset the 'demographic danger.' The document includes proposals such as the 'voluntary' transfer of the Palestinians of 1948, and the reliance on tools, such as forced military service, to push them to renounce their citizenship. For a discussion on the document, see "Special Document: The Herzliya Conference on the Balance of National Strength and Security in Israel," *Journal of Palestine Studies* 31: 1 (2001), 50-61.

The question of Palestinian litigation in Israeli courts has been somewhat contentious, with concerns over the legitimation of these institutions and thus the undercutting of resistance against them, not to mention their general efficacy, or lack thereof.[168] Palestinians have filed petitions at the Supreme Court since its establishment; the case of Iqrit is one example, as is the case of a political activist who filed a petition a week after the court was established, questioning the constitutionality of using the emergency regulations of the British mandate.[169] Discussing cases filed by Adalah at the Israeli Supreme Court regarding military operations in the West Bank, Jabareen argues that the purpose of litigation is not only to produce tangible results, but it functions "as a vehicle to create a legal and historical record of the events."[170]

Defining the state: past and future

The contention over the nature of the state was at the heart of Azmi Bishara's political career. Describing the separation enshrined by the Oslo Accords as a "racist slogan [that]…legitimises Israel's ongoing domination of another people," Bishara proposed the reconfiguration of Israel from being a Jewish state to becoming a binational state, or a 'state for all its citizens'.[171] The principle of a 'state for all its citizens' has continued to underlie Palestinian discussions, revitalizing public debates on questions of state discrimination,

[168] Writing on the use of legal measures with regard to land expropriation, Samera Esmeir argues, "Legal logic depoliticizes unequal power relations by casting them as competing interests that can be balanced in a rational, objective, and ahistorical way." Samira Esmeir, "Resisting Litigation in Umm El-Fahem," *Carnegie Council for Ethics in International Affairs*, April 6, 2000. See also George E. Bisharat, "Courting Justice? Legitimation in Lawyering under Israeli Occupation," *Law and Social Inquiry* 20 (1995), 349-405.
[169] Hassan Jabareen, "On Legal Advocacy and Legitimation of Control," *Jadal* 13, May 2012, 2. See also Hélène Sallon, "Lawyering for the Cause of the Arab Minority in Israel: Litigation as a Means for Collective Action," in *Civil Organizations and Protest Movements in Israel: Mobilization around the Israeli-Palestinian Conflict*, ed. Elisabeth Marteu (New York and Basingstoke: Palgrave Macmillan, 2009), 168-185.
[170] Hassan Jabareen, "Transnational Lawyering and Legal Resistance in National Courts: Palestinian Cases before the Israeli Supreme Court," *Yale Human Rights and Development Journal* 13: 1 (2010), 239-280.
[171] Graham Usher, "Bantustanisation or Bi-Nationalism? An Interview with Azmi Bishara," *Race and Class* 27: 2 (1995), 49.

institutionalized racism, and potential paths to reconciliation.[172] Exposing a chasm between the way Palestinians and Jews each view and engage with Israel, Nadim Rouhana argues in favor of fostering a larger collective identity as the only way for Palestinians to ever *truly* become Israeli and the only way an Israeli nation can emerge and provide equal rights for all its citizens.[173]

A large body of critical academic research that accompanied discussions on the nature of the state has played a role in the growing acceptance of a one-state solution. After arguing that the Palestinian experience in Israel has been marked by distress due to the Jewish character of the state, Ghanem proposes the establishment of a binational state in Israel, the West Bank, and the Gaza Strip.[174] Furthermore, Oren Yiftachel defines Israel as an 'ethnocracy' for favoring one ethnic group over the other and argues that a 'bi-national democracy' is the normative solution.[175] Jeff Halper, meanwhile, posits the establishment of a 'confederation' and the resolution of the conflict according to the principles of international law and human rights.[176]

Proposals for the future are profoundly entangled with the past. The history of the Nakba, and the continuing discord between Palestinians and Jews over the essence and outcome of 1948, have contributed to bolder demands for indigenous recognition, not just among the intelligentsia but among most Palestinians in Israel who "want to be accepted as members of a national minority, entitled to collective rights, and as members of a larger Palestinian nation who are entitled to some kind of redress by Israel."[177] These demands

[172] Israel has accused Bishara of passing on information to Hizbullah, but he denies the charges. He has been living in exile since 2007, arguing that he will not receive a fair trial in Israel.
[173] Nadim Rouhana, *Palestinian Citizens in an Ethnic Jewish State: Identities in Conflict* (New Haven: Yale University Press, 1997).
[174] Ghanem, *The Palestinian-Arab Minority in Israel, 1948-2000*.
[175] Oren Yiftachel, *Ethnocracy: Land and Identity Politics in Israel/Palestine* (Philadelphia: University of Pennsylvania Press, 2006).
[176] Jeff Halper, *An Israeli in Palestine: Resisting Dispossession, Redeeming Israel* (London: Pluto Press, 2008).
[177] Ilan Peleg and Dov Waxman, *Israel's Palestinians: The Conflict Within* (Cambridge and New York: Cambridge University Press, 2011), 68.

present a deliberate challenge to the Israeli public, particularly left-wing parties, which lament the continuous opening of the '1948 file' and prefer to focus on 1967 as the basis for 'peace'. This is a type of peace that entrenches Zionist principles, secures the Jewish character of the state, and works against the potential emergence of bi-nationalism.

The Nakba, however, is more than a 'file.' It has continued to play a central role in Palestinian experiences and memories. Several publications have relied on a history 'from below' to highlight the continued significance of the Nakba, such as *Catastrophe Remembered*, edited by Nur Masalha, and *Nakba*, edited by Ahmad H. Sa'di and Lila Abu Lughod. These anthologies attest to the powerful role of oral history as part of the subaltern Palestinian historiography. *Catastrophe Remembered* uses oral history to discuss the experiences and consciousness of displacement that several groups of Palestinians have lived. Examples are drawn from IDPs in places such as Nazareth, Bar'am, Lubya, and Ein Hod, alongside a reflection by the head of the Zochrot, an Israeli NGO dedicated to the memory of the Nakba. Experiences of dispossession are similarly articulated through oral history in *Nakba*. Abu-Lughod and Sa'di argue that these memories, which continue to provide a counter-story to Israel, are "the touchstone of a hope for a reconstituted or refigured Palestine and a claim to rights."[178]

The Palestinians of 1948 publicly commemorated the Nakba for the first time in 1997 at the site of the ruins of Ghabasiya (a village in the Galilee located 11.5km northeast of Acre), and ever since it has become an annual commemoration at the site of erased Palestinian villages.[179] The commemoration of the Nakba by Palestinians of 1948 is an evocative and performative act: it aims to remind Israel of their Palestinian identity and unwillingness to let go of the trauma associated with the Nakba. It is an attempt to signal to

[178] Abu-Lughod and H. Sa'di, introduction to *Nakba*, 6-7.
[179] Peleg and Waxman, *Israel's Palestinians*, 68.

everyone that they, too, are part of the Palestinian community, including those who may view them as collaborators, and it concurrently challenges the PNA's appropriation of the memory of the Nakba.[180] At the same time, it takes steps to keep the Nakba alive within Israel, not only in 'private' Palestinian settings but in Israeli public spaces as well, where its commemoration is depicted as provocative—even hostile.[181] For example, the decision by Palestinian students to commemorate the Nakba in Tel Aviv University in 2013 elicited an uproar, culminating in right-wing counter-protests. Israel has also imposed punitive legal measures against any organization, institution, or municipality that commemorates the Nakba.

For many Palestinians, the recognition of this history itself is a central starting point for discussions on the way forward, as it symbolizes decades of Israel's denial of their rights and existence. Some efforts have been made to re-interpret history collaboratively and transcend the war of narratives.[182] The move to transcend the binaries between Palestinians and Jews is based on a critique of the epistemological assumptions of separation and partition, and it has strengthened calls for one state for all its citizens.[183] Part of this is pragmatic, as the reality on the ground—with settlements and annexation—has led to a de facto one state, and part is political, driven by the view that binary discourses encourage absolutism and essentialism and overlook a more hybrid reality. As Palestinians with vast ties

[180] Tom Hill, "Historicity and the *Nakba* Commemorations of 1998," EUI Working Paper RSCAS No. 2005/33, http://cadmus.eui.eu/bitstream/handle/1814/3768/2005_33%20Hill.pdf?sequence=1.
[181] Tamir Sorek, "The Changing Patterns of Disciplining Palestinian National Memory in Israel," in *Surveillance and Control in Israel/Palestine: Population, Territory and Power*, eds. Elia Zureik, David Lyon and Yasmeen Abu-Laban (London and New York: Routledge, 2011), 114.
[182] Motti Golani and Adel Manna, *Two Sides of the Coin: Independence and Nakba, 1948: Two Narratives of the 1948 War and its Outcome* (Dordrecht: Republic of Letter, 2011).
[183] See Ammiel Alcalay, *After Jews and Arabs: Remaking Levantine Culture* (Minneapolis: University of Minnesota Press, 1993); Gil Hochberg, *In Spite of Partition: Jews, Arabs, and the Limits of Separatist Imagination* (Princeton: Princeton University Press, 2007); Bashir Bashir and Azar Dakwar, *Rethinking the Politics of Israel/Palestine: Partition and its Alternatives* (Vienna: Bruno Kriesky Forum and S&D Group, 2014).

to Israel, the Palestinians of 1948 have often become the embodiment of this de facto intertwinement between Israel and Palestine.

Recognition of the Nakba is intertwined with recognition of the Palestinian population as an indigenous minority.[184] The framework of an indigenous minority has been increasingly employed by Palestinians demanding collective rights from the state, and it does not only entail functional aspects such as socio-cultural rights, but it is in many ways a matter of recognition—a desire for Israel to acknowledge the Palestinian narrative that has been silenced or even demonized for decades. The categorization of Palestinians as an indigenous community entails, by extension, recognition of the Israeli population as a settler community, contradicting the Zionist discourse of a 'return' to the land.

Will Kymlicka, a political philosopher who analyzes citizenship and minority groups, argues that relying on indigeneity as a framework for formulating demands and legal rights is justified, and indeed, essential.[185] Indigenous groups, he argues, are entitled to inhabit their own 'societal culture,' which has long existed prior to the establishment of the state. The theory stems from a recognition that the development of any 'societal culture' in a given state inherently privileges one national identity over others, combined with a recognition that nationalizing practices of a state are violent towards indigenous groups. This is particularly acute in the case of Israel, whose 'societal culture' is primarily a result of its definition as a haven for the Jewish people.

A visible manifestation of the utilization of the language of indigeneity is found in the Future Vision documents, published by a group of intellectuals and leaders from the Palestinian community in 2006-2007. They are comprised of five seminal publications: "The Future Vision of the Palestinian Arabs in Israel," "An Equal Constitution for All: On the

[184] Jamal, *Arab Minority Nationalism in Israel.*
[185] Will Kymlicka, *Politics in the Vernacular: Nationalism, Multiculturalism, and Citizenship* (Oxford: Oxford University Press, 2001), 128-132.

Constitution and the Collective Rights of Arab Citizens in Israel," "The Democratic Constitution," and "The Haifa Declaration."[186] The authors include several scholars who have participated in debates on the nature of the state and its past and present, such as Nadim Rouhana, Yousef Jabareen, As'ad Ghanem, Aziz Haidar, and Adel Manna, as well as leading organizations in this trend of third sector activism, such as Adalah and Mada el-Carmel. The documents openly challenge the Jewishness of the state and call for restructuring Palestinian citizenship by recognizing the population's status as an indigenous minority. They also address various functional aspects of marginalization, including land, economic and social development, education, and culture. Through the lens of indigineity, the current Israeli policy of economic development can be understood as a settler-colonial strategy in itself, rather than simply a form of appeasement, as some critics have levelled.[187]

By tracing the history and politics of Palestinians in Israel from 1948 until today, this chapter has aimed to provide an overview of the main historical junctures, debates, and politico-economic relationships relevant to the following chapters. It has discussed the tools and technologies through which the Palestinian population in Israel has been produced and reproduced as external, particularly the combination of various types of colonialism and liberalism. The combination of these frameworks is necessary to situate the emergence of the contemporary discourse of development and understand the ways in which Palestinians have encountered the politico-economic transformations associated with the development industry.

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[186] The National Committee for the Heads of the Arab Local Authorities in Israel, "The Future Vision of the Palestinian Arabs in Israel," 2006, http://www.adalah.org/uploads/oldfiles/newsletter/eng/dec06/tasawor-mostaqbali.pdf; Yousef Jabareen, "An Equal Constitution for All? On a Constitution and Collective Rights for Arab Citizens in Israel," Mossawa Center Position Paper, May 2007, http://www.mossawa.org/uploads/2007%20An%20Equal%20Constitution%20For%20All.pdf; Adalah, "The Democratic Constitution," 2007, http://www.adalah.org/uploads/oldfiles/Public/files/democratic_constitution-english.pdf; Mada El-Carmel, "Haifa Declaration," September 2007, http://mada-research.org/en/files/2007/09/haifaenglish.pdf.

[187] Sahar Taghdisi-Rad, "The Economic Strategies of Occupation: Confining Development and Buying-off Peace," in *Decolonizing Palestinian Political Economy: De-development and Beyond*, eds. Mandy Turner and Omar Shweiki (Basingstoke: Palgrave Macmillan, 2014), 13-32.

CHAPTER ONE

CONSUMPTION: SYMBOLS AND DISCOURSES OF MODERNITY

After a continuous upward trend of consumption in Israel under the increasingly neo-liberalized economy of the 1990s, there was a rupture in 2001 when the ripples of the al-Aqsa intifada led to sharp cutbacks in per capita consumption.[188] Coinciding with an atmosphere of political insecurity, cutbacks in consumption played into the general atmosphere of warfare that pervaded Israeli society during the intifada and imbued economic transactions with nationalist undertones, which, like many other facets of everyday life, became yet another front for political tensions.

Aviv Shoham et al. explored inter-ethnic tensions in the realm of consumption in a study gauging Jewish-Israeli 'animosity' towards goods and services produced or marketed by Palestinians during the second intifada. Finding a positive correlation between increased animosity and changes in consumption behavior, the authors document a 50% decrease in sales in the Palestinian economy in Israel due to animosity from Jewish customers.[189] Many Jewish customers also cited security concerns at the height of the violence or even in its aftermath.[190] But the decline was more than simply a general feeling of animosity or a security concern: it was a result of a deliberate boycott, and even in the context of 'mixed' cities such as Jaffa and Haifa, many Palestinian shopkeepers were the targets of a boycott.

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[188] Yoram S. Carmeli and Kalman Applbaum, introduction to *Consumption and Market Society in Israel* (Oxford: Berg, 2004), 13.

[189] Aviv Shoham et al., "Animosity on the Home Front: The Intifada in Israel and its Impact on Consumer Behavior," *Journal of International Marketing* 14: 3 (2006), 92-114. Animosity theory suggests that hostility to a country impacts consumer behavior, even if it is not channeled into an official boycott. See Jill Gabrielle Klein, Richard Ettenson and Marlene D. Morris, "The Animosity Model of Foreign Product Purchase: An Empirical Test in the People's Republic of China," *Journal of Marketing* 82 (1998), 89-100.

[190] Public outings in Israeli cities had significantly diminished following fears of attacks to the extent that going to cafes eventually became an act of nationalism, as a means of strengthening the Israeli economy during times of war and as a means of fighting back by continuing to live and enjoy life in Israel. See Rebecca L. Stein, *Itineraries in Conflict: Israelis, Palestinians and the Political Lives of Tourism* (Durham and London: Duke University Press, 2008), 134.

The boycott affected not only Jewish customers purchasing Palestinian products but also Jewish suppliers to small businesses in Palestinian cities and towns, as companies from both the private and public sectors—including the telephone and electricity companies—stopped providing goods and services to Palestinian localities.[191] I recall speaking to Sami, a Palestinian man in his mid-40s from Sakhnin during the height of the Gaza war in July 2014, who emphasized the calculated nature of such boycotts. In his recollection, Jewish boycotts during the second intifada were a deliberate attempt, on behalf of both the authorities and the population, to remind Palestinians of their position of dependency within a hierarchy:

> I remember that Jewish suppliers wouldn't even deliver basic goods to Sakhnin, things like milk, for example. I remember the milk especially because I wanted to get some for my son, and it was impossible to find it…This is an attempt to send a message to us [to tell us] who is in control, reminding us that we are a besieged town [*madīna muḥaṣara*], telling us they can seal us off at any moment. [*Shrugs*]. Nothing new [*mā fī ishi jadīd*].

More than a decade after the second intifada, Israel's national consumption trends have resurged and have even witnessed steady growth. Between 2010 and 2014, national consumer expenditure rose from $130 billion to almost $170 billion.[192] Even when measured against GDP growth and accounting for inflation, consumer expenditure still outpaced GDP, indicating a real rise in consumer spending. Between 2012 and 2016, consumption became the main factor in the Israeli economy's growth.[193] This expansion extends to the Palestinian community as well, with Palestinian spaces witnessing a massive influx of consumer goods in the past decade.

[191] The rabbinate also revoked Kosher certifications from 14 Palestinian food factories, leading to closures. See Bishara, "Reflections on October 2000," 59.
[192] Euromonitor International, "Israel: Country Fact File," accessed on 27 July, 2016, http://www.euromonitor.com/israel/country-factfile.
[193] Israel Ministry of Finance, "The Israeli Economy: Recent Developments, Economic Trends and Outlooks," Presentation to the International Monetary Fund, February 2016, http://www.mof.gov.il/ChiefEcon/EconomyAndResearch/Presentations/IsraeliEconomyToTheIMF.pdf, 6.

Mass consumption represents a distinct feature of the neoliberal period, both in Israel and globally.[194] The first shopping center in Israel, by the Azrieli Group, opened in July 1985, days after the implementation of the EESP, heralding the country's place in the global economy as a neo-liberal state (and has been credited with introducing the Hebrew term *kanyon* for shopping center). As of 2016, there were at least 113 shopping centers in the country, and according to statistics from Israel's Central Bank, 63% of household utilities, 53% of foodstuff, and 75% of clothes are purchased in shopping centers.

The introduction of new products, practices, and principles affiliated with this neo-liberalizing political economy have transformed the space in which Palestinian consumption takes place, engendering spill-overs in social, political, and cultural lives. It has augmented the rise of new socio-economic classes and expanded collaboration between Palestinians and Jews. This transformative experience—the expansion of consumerism and the processes that have accompanied it—is the focus of this chapter, particularly in light of the historical role of consumption as a symbolic battlefield.

As Sami's concern suggests, the memory of boycotts in the second intifada has not dissipated. In fact, fears of a similar boycott resurfaced almost immediately during the course of the Gaza war in 2014. The fear of a boycott occupied a central role among Palestinian shopkeepers throughout the war, who reported swift declines in their sales, which continued even after the declaration of a ceasefire. When I asked a shopkeeper in Haifa whether multiple factors may be at play, beyond an organized boycott, he stated that one week he had all of his regular customers in the shop, "and the next week: almost none! Now do you see it as a coordinated boycott [*muqatʿa mutanāsiqa*]?"

[194] Jonathan Nitzan and Shimshon Bichler, *The Global Political Economy of Israel: From War Profits to Peace Dividends* (London: Pluto, 2002), 158-159.

Most of the evidence points to an organic boycott that tends to resurface once tensions are inflamed. Telephone surveys carried out by Geocartagraphia Institute found that almost half of Jewish-Israelis said they planned to participate in a boycott against Palestinian shops, and around 30% asserted that they are actively taking part in such a boycott.[195] Even one month after the war ended, a quarter of Jewish-Israelis were still boycotting Palestinian businesses.[196] Reports from suppliers suggest that most Palestinian supermarkets witnessed at least a 10% decline in sales, with one example of a shop in Shafa'amr in the north (at the entrance to the Galilee) witnessing a 50% decline in sales.[197] These tensions continued after the war ended: a video circulated on social media showing Jewish-Israeli shoppers bringing full carts up to the cash register, asking if the store employs Arabs and abandoning the carts if the answer is 'yes'.

Fears of a boycott unsurprisingly grew stronger after Lieberman appealed for a boycott against Palestinian shops in response to the declaration of a general strike by the Higher Arab Monitoring Committee in solidarity with Gaza.[198] Both Lieberman's call and the strike are an indication of the weight attached to consumption as an act of nationalism and the economy as a battlefield—one that is symbolic, yet strategic and "coordinated," as Sami suggested. The call for a boycott was an attempt to punish 'traitors,' but it coalesces with a larger economic nationalism that has historically existed in Israel, in line with government

[195] Ilanit Hayut, "24% of Jewish Consumers Boycott Arab Businesses," *Globes*, September 30, 2014, http://www.globes.co.il/en/article-24-of-jewish-consumers-boycott-arab-businesses-1000975251.
[196] *Ibid.*
[197] *Ibid.*
[198] Doron Peskin, "Lieberman Calls for Economic Boycott of Israel's Arabs," *Al-Monitor*, August 11, 2014, http://www.al-monitor.com/pulse/originals/2014/08/israeli-arabs-shops-biycott-avigdor-liberman-demonstrations.html. Established in 1982, the Higher Arab Monitoring Committee (*Lajnat al-mutābiʿa al-ʿuliā lil-jamahīr al-ʿarabiya fī isrāʾīl*) is a political organization that coordinates actions of various Palestinian bodies in Israel. It is composed of parliamentarians, representatives of local councils, alongside representatives of other organizations.

campaigns calling on Israelis to "buy blue and white" or "buy Jewish". This form of economic nationalism is described in the marketing literature as a 'buycott'.[199]

Such campaigns can be traced back to as early as the 1920s, when the Histadrut spearheaded a campaign that urged Jews to only buy Jewish-made products and employ Jewish laborers. Hizky Shoham demonstrates that the Jewish nationalist movement campaigned both against foreign imports and local commodities produced by Palestinians during the interwar period.[200] A contemporary example is the department of *Ḳonim Kaḥol Levan* (Let's buy blue and white) in the Ministry of Economy, which has launched several appeals in the media, particularly during wars and recessions, calling on Israeli citizens to 'invest' in national products.[201] Consumption, therefore, continues to be a space for agents to participate in political contestations, identity formation, and state-building.

Consumption patterns are not random but are a result of a particular range of socio-political imaginations. A commodity is never just a 'thing,' as Marx himself claimed, with subsequent thinkers continuing to challenge the familiar divide between materiality and immateriality.[202] As Timothy Mitchell contends, objects and experiences, which are "organized as systems of consumption…represent some value, idea, or imaginative realm beyond themselves."[203] Simply put, every product has a utility, which is rooted in its ability

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[199] Monroe Friedman, "A Positive Approach to Organized Consumer Action: The 'Buycott' as an Alternative to Boycott," *Journal of Consumer Policy* 19 (1996), 439-451.
[200] Hizky Shoham, ""Buy Local" or "Buy Jewish"? Separatist Consumption in Interwar Palestine," *International Journal of Middle East Studies* 45: 3 (2013), 469-489.
[201] Israeli Ministry of Economy, "Made in Israel," accessed on 27 July, 2016, http://www.economy.gov.il/MadeInIsreal/Pages/default.aspx/%D7%9E%D7%98%D7%94-%D7%9B%D7%97%D7%95%D7%9C-%D7%9C%D7%91%D7%9F/Pages/default.aspx; Josh Hasten, "Buy Blue and White—and Orange," *The Jerusalem Post,* May 15, 2013, http://www.jpost.com/Opinion/Columnists/Buy-blue-and-white-and-orange-313257.
[202] Karl Marx, *Capital: A Critique of Political Economy, Vol. I, Book I: The Process of Production of Capital,* trans. Samuel Moore and Edward Aveling (Moscow: Progress Publishers, 1887), 77; Jacques Derrida, *Specters of Marx: The State of the Debt, the Work of Mourning, and the New International,* trans. Peggy Kamuf (London and New York: Routledge, 2006), 156-221; .Brian Massumi, *Parables for the Virtual: Movement, Affect, Sensation* (Durham: Duke University Press, 2002); Alan Latham and Derek P. McCormack, "Moving Cities: Rethinking the Materialities of Urban Geographies," *Progress in Human Geography* 28: 6 (2004), 701-724.
[203] Mitchell, "The Stage of Modernity," 22.

to satisfy the function for which it was purchased, such as food when one is hungry or a coat when one is cold. However, this utility is not neutral, as all products are inscribed with a symbolic meaning and are constantly 'in motion,' to use Arjun Appadurai's terminology, their value evolving with different uses and representations. Igor Koptyoff describes the production of commodities as a cultural and cognitive process, arguing, "Commodities must be not only produced materially as things, but also culturally marked as being a certain kind of thing."[204] In other words, a commodity represents a relationship with the value it promises.

Objects, accordingly, are used performatively, as methods of fashioning and negotiating the self and the surrounding space. In this sense, actors can 'perform' different objects in different ways depending on the context, while at the same time, the objects can be 'read' in multiple ways by those 'receiving' them. This is a metaphorical conversation between different actors, social agents, and power structures in which processes of exchange take place. The lens of objects-as-performance is premised on the notion that identity is not static, finite, and hermetically sealed, but rather, it is constantly being molded and manipulated with changing ideas, relationships, and surroundings. Such a process is particularly stark in a neo-liberalizing context where goods and images are transported en masse and on an instant basis and are perceived as offering infinite amounts of choices and possibilities.

Outline

To address Palestinian encounters with changes in consumption habits, I first discuss the dominating perspectives of Palestinians in Israel as either 'captive' or 'modern' consumers, as these ideas of captivity and modernity influence the ways in which

[204] Igor Koptyoff, "The Cultural Biography of Things: Commoditization as Process," *The Social Life of Things: Commodities in Cultural Perspective*, ed. Arjun Appadurai (Cambridge: Cambridge University Press, 1988), 64.

Palestinians frame their encounters with politico-economic transformations pertaining to the realm of consumption. The former tends to situate consumption decisions between the two poles of boycott and normalization, while the latter is affiliated with the discourse of development, particularly Israel's supposed role as having created modernizing structures and opportunities for the Palestinian population.

Reflecting the ideological entanglement of mass consumer culture with modernity, empowerment, and freedom, I proceed to analyze the ways in which changes in consumption interact with political surroundings in Nazareth, using the examples of a shopping center and discourses over food. I first look at a top-down implementation of a 'construction of modernity,' as I call it: a shopping center at the entrance to Nazareth. The shopping center, while not state-sponsored, reflects in many ways the state's mission of modernization in a neo-liberalizing context. I analyze the ways in which this shopping center was advertised as an agent of modernity and a new beginning transcending segregation. It claims to bring Jewish urban modernity to Nazareth, take part in the formation of new economic alliances (under a vision of mutual benefits of capitalism), and reverse the phenomenon of spatial segregation between Palestinians and Jews. I argue, however, that since it reaffirms separation, as it still operates within the dominant paradigm of a 'modern' structure in a 'non-modern' space.

The top-down structure of the shopping center is juxtaposed to the second example, dealing with food discourses emanating from the Palestinian public ('from below') at the peak of Nazareth's 2013 municipal election. During the election, the traditional Palestinian dish *ruz wa-laban* became a political slogan in dialectical opposition to sushi, which was depicted as a global, foreign, and upper class commodity. Political identity during the Nazareth elections was accordingly framed through the tension from these two seemingly conflicted symbols. Unlike the top-down discourse of the shopping mall that ultimately

augments separation, the food example illustrates a simultaneous interaction with and appropriation of symbols from both Jewish and Palestinian contexts.

By engaging with these examples and the discussions they have engendered, I aim to explore the nexus between consumption, identity, and modernity and contribute to an understanding of how the Palestinian population is able to construct a particular identity and negotiate its place against the ethos of Israel as a Jewish state. The analysis touches upon the cultural politics and processes through which markets are formed, processes that are both material and meaningful.

Questions of modernity are crucial to Palestinian discourses on consumption.[205] My interlocutors also referred to multi-layered phenomena such as 'progress' (*taqaddum*) and 'civilization' (*taḥaḍḍur*), invoking these terms as part of 'development' (*taṭawwur*). Such concepts featured in reference to material goods (clothes, food, etc.) but also to criticize the state's failure in ensuring equality—as an indication that Israel is not *truly* 'a modern state'. Despite regular engagement with Israeli products and goods, many Palestinians envision and interpret modernity in ways that are fundamentally political, in a bid to challenge Israeli claims of development. The concept of modernity is thus laden with values on the contemporary politics of Zionism and how it has been used to propagate interests of certain groups at the expense of others. The critique is grounded in Palestinian history, as the interruption between the population and its land during the Nakba is seen as the main source of economic distress, only to be aggravated and expounded upon by subsequent Israeli policies. This history continues to influence the ways in which Palestinians experience the phenomenon of modernity today.

[205] Amalia Sa'ar, "'Doing Market' across National and Gender Divides: Consumption Patterns of Israeli Palestinians," in Carmeli and Applbaum, *Consumption and Market Society in Israel*, 125.

Politico-economic transformations have not eroded critical perceptions of modernity, especially as it is applied in Israel. Criticizing its alignment with specific types of capital accumulation such as consumerism, Palestinians expressed idyllic nostalgia for the historical modernity of the pre-Nakba period. The concept of an alternative trajectory of modernity initially appears to challenge the universality of the Western-centric origins of the concept; however, it itself tends to be located in a frame of reference that links back to this universality.

Approaches to Palestinian consumption in Israel

Captive consumers

There is a degree of captivity in the consumption habits of the Palestinians of 1948, as they are inherently part of the Israeli economy—even if only on its periphery. However, as Tania Forte shows, they do have access to alternatives, such as goods in the West Bank, attesting, ironically, to the malleability of the Green Line.[206] Travelling to the West Bank has enabled the transfer of culture, goods, people, and ideas from one side to the other, reflecting the socio-economic intertwinement of Palestinians in Israel with spaces outside of the Green Line, while concurrently undermining the coherence of 'Israel' and 'Palestine' as distinct and separate entities.[207] Raja Khalidi estimates that on any given Saturday, there are around 4,500 Palestinian cars crossing into Jenin searching for products ranging from goods such as food and clothing to services such as car repairs and dentistry.[208] These purchases are appraised at $300 million annually.

Trips to Jenin are not a feasible means of resisting captivity in consumption. The use of Israeli currency in all transactions in the West Bank means that the livelihoods of Palestinians in the Occupied Territories are also dictated by fluctuations in the Israeli economy, and as is widely known, the West Bank is itself a captive market for Israeli goods.[209] In an often apologetic manner, my interlocutors quickly reminded me that Israeli products are also widely consumed in the West Bank—implying that if Palestinians in the West Bank and Gaza themselves are buying Israeli products, then it is somehow justified for Palestinians in Israel to do so as well. On the other hand, many Palestinians stated that

[206] Tania Forte, "Shopping in Jenin: Women, Homes and Political Persons in the Galilee," *City and Society* 13: 2 (2001), 211-243.
[207] Such intertwinement has included the Palestinian leaderships from both sides, such as political and religious leaders, intellectuals, businessmen and professionals. Al-Haj, "Whither the Green Line?" 186.
[208] Raja Khalidi, "Under-the-Radar Palestinian Connections," *Middle East Research and Information Project (MERIP)*, June 24, 2014.
[209] Shir Hever, *The Political Economy of Israel's Occupation: Repression beyond Exploitation* (London: Pluto Press, 2010), 38.

supporting the Palestinian economy in the West Bank only enriches the upper stratum affiliated with the PNA, which has been criticized for not being representative, lacking legitimacy, being financially corrupt, and most importantly, acting as a contractor for the Israeli military occupation. In the words of Ashraf, in his mid-30s, who works for an NGO in Jerusalem:

> The PNA does not need any additional money. They have all the money [*maʿhin kul al-masarī*], but they allocate them according to [personal] interests [*maṣaliḥ*]. The members of the PNA leadership call for a boycott against Israeli products to expand their own family businesses.

Furthermore, there are attempts by the business community to commercialize aspects of the boycott movement and frame their economic ventures as a form of solidarity across the Green Line. One example is the stated goals of businesses in the West Bank to market their products in Palestinian areas inside Israel. For instance, Nazareth hosted a Palestinian products exhibition in August 2012, featuring products from more than 40 Palestinian-owned and operated firms. The event was held in cooperation with organizations such as the Peres Center for Peace, the Private Sector Partnership Project, and the Chamber of Commerce in Nazareth. A subsequent exhibition was held in Natseret ʻIllit in mid-June in 2014.

At the same time, there are limitations on what consumers can bring into Israel from the West Bank, and scrutiny at checkpoints is often hostile. Salma, from a village in the Lower Galilee that is less than 20km from Jenin, described being stopped by Israeli soldiers while returning into Israeli territory: "They saw a flyer for a discount at some shop in Jenin…they thought it was an advertisement for a demonstration or something, not a shop, so they asked me to translate it and held us up to search the whole car."

Similarly, an 85-year-old man from Silwan in Jerusalem recounted an incident where he was stopped and ordered to throw out eggs he had purchased from the West Bank because they did not comply with Israeli health standards:

> They stopped the car and checked me. I had four cartons of eggs—two for me, two for my son, but they said I couldn't bring them with me and told me to throw them out. Instead of taking the eggs away, they made us to reverse the car, drive a few kilometers back [into Palestinian territory] and then throw out the four cartons of eggs there…otherwise it would make a bad smell.

Palestinians' sense of captivity is exacerbated due to an atmosphere of suspicion in Israel towards boycott campaigns, depicted in the eyes of the Israeli mainstream not simply as an act of disloyalty but as confirmation that Palestinians in Israel are a fifth column that acts in ways that are potentially harmful to the interests of the state. For example, there was a backlash against the positive response by the Palestinians of 1948 to the statement by PNA President Mahmoud Abbas, which called for a boycott against settlement goods in May 2010. The backlash eventually culminated in the Knesset passing a law in July 2011 that enables legal action against those who publicize or call for a boycott against Israel, even against goods from settlements.

Boycott campaigns are not only perceived as suspicious because of Israeli policy, but because ironically they can be self-destructive for Palestinians as well, whose very existence defies the zero-sum logic of any boycott. As many Palestinians in Israel are dependent on the Israeli economy for their survival, engaging in a boycott may inflict harm on them. "Slogans calling for the destruction of the Israeli economy forget about us, destroying what is left of us, what is left of the Palestinians inside," lamented Salih from Nazareth. It is in many cases impossible to determine whether an Israeli product was produced by Palestinians or Jews, meaning that the boycotts target Palestinian farmers, producers, and middlemen. Throughout this discussion, Salih touched upon the problematic distinction between 'Palestinians' and 'Israelis' as completely separate entities: "The problem is that people forget that Israeli means Arabs of the inside too…and now my land is in Israel [*hallaʾ ʾarḍi fī Israʾīl*], and I am forced to live with and adjust to the reality [*aʿīsh wa-ataʿāyash maʿ al-waqiʿ*]."

To elaborate, he cited an example of a cultural event that was scheduled to take place in Nazareth but was cancelled following criticism from the Boycott Divestment Sanctions (BDS) movement for normalization with Israel. Refusing to endorse the event taking place in Nazareth, for him, amounted to a refusal to support the Arab or Palestinian identity of Palestinian cities in Israel, whilst undermining their local history of resistance against Israel. Overlooking Nazareth, he argues, conforms to a policy of isolating it—the same policy Israel has pursued. Other Palestinians have criticized the ambiguities of the boycott movement's demands for justice for the Palestinians inside Israel, feeling as if it does not address the complexity of their unique status.[210]

On the other hand, there are also groups of Palestinian activists from inside Israel who have engaged in dynamic discussions regarding their role in the boycott movement, focusing on ways in which they can formulate strategies of support despite their de facto embroilment within the Israeli economy.[211] Boycott campaigns seemed more prominent during the war in 2014, with voices calling for the rejection of Israeli products using powerful examples of Palestinians financing the massacres of their own families. Framed as a direct response to the war, the following is an excerpt from a campaign circulated on social media to "expel the Israeli [product] from our homes and our lives":

> Taxes [from an Israeli product] are transformed into a bullet that kills a child…Participate in boosting the occupation's tax [revenue], with which, they will buy weapons, kill thousands of families, such as the al-Batsh family, of which 18 people were martyred. Every shekel you give to this product goes to a bullet in Shujaya' neighborhood, a bomb in Khan Younis, a car explosion in Rafah.[212]

[210] Nimer Sultany, "Three Comments on the Boycott Movement," *Jadal* 11 (2011), 1-5.
[211] Rami Haider, "*Al-muqaṭ ʿa fī al-dakhil: taʿqīdat al-tarkībiya tuʿarqal al-taṭbīq"* [The Boycott Movement of the Inside: The Complicated Structure Impedes its Implementation], *Arab48*, February 27, 2016, http://goo.gl/j4H8z9.
[212] "*Video ʿamaliyat ʾasr al-jundī al-isrāʾīlī Shaul*" [Video of the Operation of the Kidnapping of Israeli Soldier Shaul], YouTube video, 4:00, posted by "Shady Salh," July 23, 2014, https://www.youtube.com/watch?v=gGhHLQ_oOG8.

The video for the campaign starts with various Israeli products, such as detergent and juice, staging an offensive and firing against Palestinians products, but a Palestinian counter-offensive led by small cartons of milk, one of which is carrying the Palestinian flag, proceeds to ambush Israeli cartons of milk, which ultimately fall—and bleed ketchup. This battle takes place against a war anthem, and it is followed by several Palestinian activists discussing the symbolism of consumption. Pointing to the cartons of milk, one activist reminds us that these are not actually cartons of milk, but Israeli and Palestinian soldiers. The decision to purchase either product, he reminds us, is a matter of political loyalty, and it should be carried out mindfully.

The circulation of this video among Palestinians in Israel does not mean that they were necessarily successful at boycotting. Rather, it is indicative of their encounters with consumption through a range of dynamic and shifting narratives influenced by context, rather than coherent and static positions. They are not merely trapped in a state of captivity, which leaves them immobilized but instead experience consumption through a frenzy of ideas, promises and threats—which can be both highly evocative and somewhat comical.

Modern consumers

I have already discussed the enduring effect of the traditional-modern dichotomy on Israeli perspectives of Palestinian citizens. At the extreme end of the unholy marriage between Israeli academia and the political-military establishment is Dan Schueftan, who divides Palestinians in Israel between those who have embraced modernity and those with an agenda of radicalization.[213] However, even within 'leftist' circles in Israel, there is talk about diverging levels of modernity between Palestinians and Jews, with the view of Palestinians

[213] Dan Schueftan, *Falasṭinim be-yiśraʾel: Maʾavaḳo shel ha-miʾut ha-ʿaravi ba-medinah ha-yehudit* [Palestinians in Israel: The Arab Minority's Struggle against the Jewish State], (Tel Aviv: Zmora-Bitan, 2011).

being a non-modern group living alongside a modern and Western Israeli society. Ron Gerlitz, the co-executive director of Sikkuy ('Chance' in Hebrew), a civil society organization founded in 1991 that proclaims to promote full equality between Palestinians and Jews, explained that one of the 'problems' of Palestinian integration is the fact that Israel is the only place where there is a *traditional* Arab minority living in a *modern* (Jewish) society in a *modern* state (Israel).[214] My discussion with Gerlitz served as a stark reminder that this question of modernity is not simply part of the discourse of the extreme right. It demonstrated the lasting influence of such essentialism within 'liberal' circles, including the development industry and the Israeli 'left'.

Being modern, to him, was synonymous with being progressive, with "always wanting change and looking to the future," a trait he attributed to the Jewish—but not the Palestinian—population. He continues to attribute such essentialist differences to both groups despite being a symbol of left-wing activism in Israel, proclaiming to fight for Palestinian equality, and actively challenging Israel's right-wing backlash towards Palestinians, which he describes as a reaction to increased socioeconomic mobility among Palestinians.[215] Identifying critical thinking as a cornerstone of modernity, Gerlitz pointed to meetings he has held between Israeli government officials and Palestinian and Jewish mayors, arguing that Jewish mayors were more likely to be open about problems they faced as a result of the 'critical nature' of Jewish society, whereas Palestinian mayors were more likely to claim that everything is alright, due to their attachment to the 'traditional' notion of respect (what he described in Hebrew as '*kavod*') in hierarchical relationships. This dichotomy overlooks a

[214] Ron Gerlitz, interview, Jerusalem, August 6, 2014.
[215] Ron Gerlitz, "The Correlation between Arab Economic Power and Attacks by the Right," *+972 Magazine*, March 28, 2014, http://972mag.com/the-correlation-between-arab-economic-power-and-attacks-by-the-right/89045/; Ron Gerlitz, "Not Just Escalation: A Frightening New Era of Jewish-Arab Relations in Israel," *+972 Magazine*, July 12, 2014, http://972mag.com/not-just-escalation-a-new-frightening-stage-in-jewish-arab-relations-in-israel/93392/; Ron Gerlitz, "As Israeli Arabs Get Stronger, the Right Goes on the Offensive," *Haaretz*, August 02, 2015, http://www.haaretz.com/opinion/.premium-1.669252, Ron Gerlitz, "Why Palestinian Citizens of Israel are No Longer Safe," *+972 Magazine*, August 13, 2014, http://972mag.com/why-palestinian-citizens-of-israel-are-no-longer-safe/95382/.

history of dissent by Palestinians in Israel against the state and reinforces a dynamic in which the Jewish population is active and empowered and the Palestinian population passive and disempowered.

Despite describing such a rigid gulf, Gerlitz cites increased contact with and exposure to Israeli society (meaning Jewish society) as having eroded some of the aspects of the 'traditional' Palestinian society. This implies that he views Palestinians as capable of *becoming* modern, which would ostensibly bridge such socio-cultural divides. This linear progression promises that it is possible to transition from being 'traditional' to 'modern'. It holds potential for the 'good Arab'—who is not only well-educated but is also a 'smart' consumer, who learns how to dress, speak and act in the 'right' way.[216] Changes in politico-economic structures are thus perceived as providing the Palestinian population with an unprecedented opportunity to embrace and express modernity.

This prototype, of course, encapsulates many contradictions inherent to the dichotomy between the 'modern' and the 'traditional'. For example, if being progressive implies using a discourse of civil rights that seeks to subvert the state's Zionist character, then he/she is no longer progressive but becomes a threat or a traitor, telling of the political undertones behind these categories. There are many contradictions that demonstrate that to transition to 'modernity' is to align with a particular set of political interests. The Palestinian path to modernity is to affiliate with a specific Jewish-Israeli mainstream and embrace what Dan Rabinowitz calls "the beneficial impact Zionism likes to believe it has had on the Middle East."[217] Although the traditional-to-modern trajectory has always been present in Israeli

[216] These themes are prevalent in the works of Sayyed Kashua.

[217] Dan Rabinowitz, "Natives with Jackets and Degrees: Othering, Objectification and the Role of Palestinians in the Co-Existence Field in Israel," *Social Anthropology* 9: 1 (2001) 65-80. This view is evident in a quote from Amnon Linn, a Mapai-affiliated Arabist, in June 1968, in which he documents the emergence of "a new Arab generation…a young an intelligent generation, and this is thanks to our developed and progressive life structures…They think in new concepts different from those [which prevailed] when we established the state." Quoted in Sa'di, *Thorough Surveillance*, 161.

perspectives on Palestinians, as I have argued, it has been reformulated and reinforced as part of the philosophies of development and economic peace and under an invigorated neoliberalism.

The modernizing mission of a new shopping space

The urban setting of Nazareth serves as a microcosm to observe the discourses and transformations associated with Palestinian consumption habits in recent years. As venues that reflect the visible and often rapid effects of neo-liberalized politico-economic regimes, urban spaces have been at the forefront of scholarly work dealing with consumption.[218] Brenner and Theodore describe cities as "increasingly central to the reproduction, mutation and continual reconstitution of neoliberalism."[219]

Nazareth (*an-Naṣra* in Arabic, *Natseret* in Hebrew) is the largest Palestinian city in Israel. It no doubt receives disproportionate attention as the largest metropolis: it holds both symbolic and nationalist significance for Palestinians, as it possesses, historically and contemporarily, a concentration of resources, especially vis-à-vis other Palestinian cities and towns. As the only Palestinian city that survived the Nakba relatively intact (swathes of its farmland were confiscated in 1956 to make way for the building of Natseret 'Illit), Nazareth has been a symbol of the memory of a Palestinian homeland.[220] The pre-Nakba significance of Nazareth means that it continues to be, for many people, a symbol of steadfastness and continuity and a reminder of a time of Palestinian wealth and status, interweaving comfortably with discourses that are nostalgic for a pre-Zionist condition. Nazareth is often described as having sustained Palestinian identity by creating an economic, political, cultural, and even scientific hub for the surrounding villages in the Galilee and absorbing thousands of IDPs from erased villages, creating what Nisreen Mazzawi describes as "*madīna mankūba li-*

[218] For example, see Mona Abaza, *Changing Consumer Cultures of Modern Egypt: Cairo's Urban Reshaping* (Leiden: Brill, 2006).
[219] Neil Brenner and Nik Theodore, "Cities and Geographies of Actually Existing Neoliberalism," *Antipode* 34: 3 (2002), 349-379.
[220] Israeli officials did discuss potentially de-populating Nazareth during the early years after the establishment of the state. Yosif Efrati, a Mapai-affiliated official who became the deputy minister of agriculture, called on the government to push Palestinians out of Nazareth and settle Jews there instead. Sa'di, *Thorough Surveillance*, 26.

mujatamaʿ mankūb [a catastrophed city for a catastrophed community]."[221] This historical legacy and political status coexist uncomfortably with the growing influence of transformations engendered by neo-liberalization and discourses of modernity.

One of the tangible legacies of Nazareth's former mayor Ramez Jaraisi was the establishment of a shopping mall on the outskirts of the city in 2009: *ḳanyon* BIG Fashion. Advertised as a 'lifestyle center,' it purports to serve the function of shopping and leisure simultaneously and is one of the many constructions that embody the rapid influx of consumer goods and ambitious commercial projects into Palestinian areas. A 150-million-shekel project, the mall houses more than 90 shops, including franchises for clothes and cosmetics, as well as restaurants and coffee shops, the majority of which are European or North American in origin.[222]

The mall, an open-air space, is designed as though one is strolling down a street with shops on both sides, aiming to replicate the historic outdoor markets native to Nazareth. Its self-definition plays on encounters between the 'local' and the 'global'—its design proclaims to "combine rural elements that are fitting of the local environment and surroundings, which makes the mall a unique compound with an international atmosphere [*meshalev beyn elementim kafri'im ha-matʾimim la-seviva ve-la-nof ha-mḳomi, hofkhim et ha-ḳanyon le-mitḥam yiḥudi be-aʏira been-le'umit*]."[223] While the notion of Nazareth as a rural setting may seem absurd even to the casual visitor, it reflects the aforementioned predispositions held in Israel regarding Palestinians and Palestinian areas as innately rural.[224] This description of the

[221] Nisreen Mazzawi, "*Al-nāṣra, amā baʿd: khuṣūṣiyāt al- nāṣra ka-madīna wa-khiṭābāt al-intikhābāt al-nasawiya wal-ṭāʾifiya*," [Nazareth and What Follows: The Particularity of Nazareth as a City and the Feminist and Sectarian Discourse of the Elections], *Sanasil* (blog), March 29, 2014, http://nisreenmazzawi.blogspot.co.uk/2014/03/1.html.
[222] BIG Centers, "BIG Fashion Nazareth," accessed on 27 July, 2016, http://www.bigcenters.co.il/index.aspx?id=4289.
[223] "*Odot ha-ḳenyon*" [About the Mall], *Taʿarukhat psalim, ḳanyon BIG Fashion Natzeret* [Exhibition of Sculptures, BIG Fashion Mall Nazareth], June 2014, p. 4.
[224] Eyal, *The Disenchantment of the Orient*, 152-184.

mall also evokes the its form and function as an "alternative focus for modern community life," almost echoing Victor Gruen, a pioneer in designing shopping malls in the US who conceives of malls as spaces to replace decaying downtown commercial neighborhoods.[225]

Bringing modernity

Hila Noy, the Director of Projects and Promotions of BIG Shopping Centers, describes the mall by saying, "Our concept is that you don't have to go to Tel Aviv to experience the urban lifestyle, we bring the lifestyle to you."[226] Bringing the 'urban lifestyle' of Tel Aviv (relayed almost as a state of mind or a condition) to a 'rural' periphery entails the penetration of particular products (Western brands) and a form of consumption centering around the individual and the individual's luxury. This reflects a larger discourse of the shopping mall as an agent of modernization in Nazareth, which in turn places local structures, such as shops or historic markets, outside the umbrella of modern or urban structures.

By 'bringing' the urban lifestyle of retail capital to Palestinians on the outskirts of Israel, the shopping center purports to allow them to experience the "cosmopolitanism" of (Jewish) Tel Aviv, which embodies material privilege and symbolizes Israel's seemingly successful, industrialized, and Westernized economy. The imagery of BIG Fashion as modern is described in similar terms in an article by *The New York Times*, in which the author discusses Nazareth's contentious municipal elections in 2013, whilst describing the city in the following way:

> Despite some signs of modernity—a mall at the entrance of the city with stores like Zara and American Eagle Outfitters, and a car accessory store called Pimp My Car—the main commercial street is a traffic-clogged artery lacking proper sidewalks or

[225] Jon Goss, "The 'Magic of the Mall': An Analysis of Form, Function, and Meaning in the Contemporary Retail Built Environment," *Annals of the Association of American Geographers* 83: 1 (1993), 22; Victor Gruen and Larry Smith, *Shopping Towns USA: The Planning of Shopping Centers* (New York: Reinhold, 1960).
[226] Ron Friedman, "Country's First Open-Air Shopping Mall Opens in Nazareth," *The Jerusalem Post*, August 07, 2009, http://www.jpost.com/Israel/Countrys-first-open-air-shopping-mall-opens-in-Nazareth.

> adequate parking. People complain that the town center goes dead by 8 p.m. Most tourists spend only a few hours in the city.[227]

The author subsequently quotes a local politician who describes Nazareth as being "stuck in the 20th century—in the 1970s or 80's [but] we want to live in the year 2013." While she can be criticized for using the word modernity to imply market penetration by global Western corporations (or signs of conformity to neo-liberalization or consumerism), what is also striking is the juxtaposition of such signs of modernity with poor infrastructure such as inadequate sidewalks and parking, which appear to confirm the continued absence of modernity in the city.

The BIG chain boasts 14 different shopping malls across the country, with most branches located on highways near cities, and their presence has often sparked similar debates on modernity and globalization. Its entry to Nazareth is therefore seen as bringing the city up to date with the 'normal' developments that have taken place throughout the rest of the country.

Contrasting the BIG shopping center of Beersheva (Bi'r al-Sabiʿ in Arabic), constructed in the late 1990s as a "future-oriented America in Israel," with the Old City of Beersheva, a "quintessentially local expression of Arab heritage," Fran Markowitz and Natan Uriely note that the mall is "embraced and appreciated" as bringing "beauty, centrality, safety and modernity."[228] This depiction is attributed to Zionist ideology's view of the Old City as primitive: because it is a historic Ottoman or Arab site, it is incompatible with Westernized and upwardly mobile Jewish Israelis.[229]

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[227] Isabel Kershner, "Mayoral Race Threatens to Shake Up Tradition where Jesus Grew Up," *The New York Times*, October 20, 2013, http://www.nytimes.com/2013/10/21/world/middleeast/mayoral-race-threatens-stability-in-jesus-childhood-home.html?pagewanted=all&_r=0.
[228] Fran Markowitz and Natan Uriely, "Shopping in the Negev: Global Flows and Local Contingencies," *City & Society* 14: 2 (2002), 224-230.
[229] *Ibid*, 231.

"At BIG," the authors continue, "where money or credit cards, not family connections, ethnic background or recency of arrival counts, they [shoppers] are Israeli consumers in Israel, just like anyone else."[230] As a construction of modernity, BIG Fashion is similarly depicted as an agent of development: it is not perceived merely as a profit-oriented project but as part of a developmental or even civilizing mission—almost as if it is a public good. Malls, an example of a "spectacle of a transnational and elitist consumption," play a role in inscribing the ideology of neoliberalism onto everyday life.[231] They are seen as symbolizing a 'positive' first step in the 'right' direction. The construction of BIG Fashion is an indication of the entry of Israel's new politico-economic structure into Nazareth and the lives of Palestinians; in a way, it represents the future: carefully planned, organized, and physically ensconcing the philosophical and economic arrival of mass consumption.

Creating individuals, forging new alliances

Processes of consumption tend to generally revolve around the individual consumer, who becomes the entire frame of reference. Under a choice-as-empowerment ethos, consumption is depicted as a process through which individuals use different objects and symbols to express themselves and control their own destinies, becoming independent agents tasked with re-fashioning and re-modelling themselves to society. Consumption, in this sense, becomes a social value in itself, and integration into globalized and neo-liberalized markets plays a role in provoking social change.[232] The mall's modernizing mission thus extends beyond the reconstruction of the physical landscape of Nazareth, enabling the city's

[230] *Ibid*, 226.
[231] Emanuela Guano, "Spectacles of Modernity: Transnational Imagination and Local Hegemonies in Neoliberal Buenos Aires," *Cultural Anthropology* 17: 2 (2002), 187.
[232] For a study of the ways in which neoliberal economic reform has resulted in new socioeconomic formations in Morocco, see Shana Cohen, *Searching for a Different Future: The Rise of a Global Middle Class in Morocco* (Durham and London: Duke University Press, 2004). For a discussion on the role of mobile telephones in forging individualized colonial subjects in the West Bank, see Laura Junka-Aikio, "Late Modern Subjects of Colonial Occupation: Mobile Phones and the Rise of Neoliberalism in Palestine," *New Formations* 75 (2012), 99-121.

residents to take part in the modernizing project—at least those members of the middle class who can afford it. The emphasis on individualism feeds into the engineering of an emerging Palestinian bourgeoisie, searching for its own tools of socioeconomic distinction and mobility.

Members of this middle class have utilized a modernist ethos while searching for a space in Israel, taking advantage of privatized spaces and commercial habits to re-invent the idea of being a Palestinian in Israel. This phenomenon is reflected, for example, in the rise of commercial Arabic magazines, from *Kul al-Arab* and *as-Sunara* to *Lilac*. The first two are widely circulated with a large readership, while *Lilac* is a magazine targeting women that was launched in 2000 by Yara Mashour. *Lilac* is a telling example of the ways in which commercialization has been linked to social and political empowerment. It stirred controversy in 2011 for featuring Palestinian model Huda Naccache in a swimsuit, inviting a considerable amount of press coverage, even internationally, with numerous articles reflecting on what her outfit means for the 'traditional' Palestinian, Arab or Muslim society.[233]

Mashour has previously organized several beauty pageants in Nazareth known as 'Miss Lilac' or 'Miss Palestine' and has criticized Israeli beauty pageants for turning down Palestinian women. To her, these events, and *Lilac*, are not merely forms of commercialization but almost revolutionary agents that challenge the ways in which Jewish-Israelis view Palestinian society in Israel.[234] The magazine stands out as the 'modern' object promising to revolutionize the 'traditional' surroundings. It does so by placing the individual at the core of the discussion and using objects and symbols to make a statement about time

[233] Shlomi Eldar, "Nazareth Women's Magazine Editor is Shaping Public Opinion," *Al-Monitor*, March 31, 2013, http://www.al-monitor.com/pulse/originals/2013/03/yara-mashour-is-shaping-the-pu-1.html.
[234] Pierre Klochendler, "Arab Magazine Challenges Attitudes about Arab Women," *IPS News*, May 17, 2013, http://www.ipsnews.net/2013/05/arab-magazine-challenges-attitudes-about-arab-women/.

and space. Mashour argues that this has been successful and that the Palestinian community, whether in Israel or the West Bank, dealt with Naccache's outfit in a 'modern' way.[235]

Although she arguably aligns with a modernist discourse, she criticizes the Jewish population for having fundamentally "misunderstood" Palestinian society, which she claims has undergone significant changes in recent years. Mashour maintains that it has become a society that "*wants* to be connected with the outer world [emphasis added]."[236] Invoking connectivity suggests that Palestinians have become outward-looking, ready to embrace modernity and technology, ready to move from "being stuck in the 20th century" into today. Mashour highlights an emerging Palestinian consumerist bloc to demonstrate the importance of Palestinians to the Israeli economy. Her job, as she describes it, is to "teach the Jewish sector about the Arab consumer" and "educate" Jews about Palestinian buying power. This is a process, she proclaims, of "not just editing items [but] editing minds and how they think." Mashour's emphasis on the commercialization of the Palestinian consumer demonstrates a fundamental commitment to the logic of neo-liberalization, in which consumption offers a space for Palestinians to gain freedoms, albeit the illusory 'micro-freedoms' Nasser Abourahme describes.[237]

While the middle and upper strata of Palestinian society in Israel are still a small minority, representing less than 20% of the Palestinian population, they have grown. If the middle class is defined as the population whose household income is greater than 75% but less than 125% of the median income, then Palestinians represented nine percent in

[235] AFP news agency, "Arab-Israeli Model Takes on Critics in a Bikini," YouTube video 01:10, October 11, 2011, https://www.youtube.com/watch?v=40d-yaP7738.
[236] Amy Kaslow, "Israeli Arab Women: Stuck in Economic Purgatory, without a Paddle," *Fortune*, September 22, 2014, http://fortune.com/2014/09/22/israeli-arab-women-jobs-economy/.
[237] Nasser Abourahme, "The Bantustan Sublime: Reframing the Colonial in Ramallah," *City* 13: 4 (2009), 499-509.

2010/2011, an increase from 7.4% in 1997.[238] The manifestation of this new middle class and this process of social embourgeoisement have led to a growing recognition of Palestinians as potential partners and investors and their cities as potential targets of increased economic collaboration.[239] One article describes "the Arab market" as "increasingly becoming a major frontier for the Israeli economy."[240] The mall itself has been depicted as an investment that the Nazareth middle class has 'won'. This process is similar to the ways in which a growing consumer culture has created a heightened "autonomous consciousness" among a new Mizrahi middle class in urban areas.[241]

The construction of BIG Fashion also represents a new politico-economic reality in the sense that it is a physical manifestation of successful Arab-Jewish business collaboration, representing new intersections between the Palestinian and Israeli upper classes. The stakeholders of the shopping center are a combination of the Jewish-Israeli and Palestinian-Israeli upper class. The center's co-owners are BIG Shopping Centers, Africa-Israel Properties, BST Group, and the Greek Orthodox Church, which owns the land on which the center was built. BST Group is a Nazareth-based company owned by Badie Tannous, a member of one of the wealthiest Palestinian families in Israel. Tannous was the only Palestinian on a 500-person list of the wealthiest individuals in Israel compiled by *The Marker*, having made his fortune through BST, one of the largest construction firms in Israel.[242] Established in 1972, BST mostly operates in the Jewish economy, a decision

[238] A portion of this may be attributed to a shrinking Jewish-Israeli middle class. Karnit Flug, "An Overview of the Middle Class in Israel," (lecture at the Israel Democracy Institute, Jerusalem, 21 March, 2012), http://www.boi.org.il/deptdata/neumim/neum424e.pdf.
[239] Sa'ar, "'Doing Market' across National and Gender Divides," 123-140.
[240] Kaslow, "Israeli Arab Women."
[241] Uri Cohen and Nissim Leon, "The New Mizrahi Middle Class: Ethnic Mobility and Class Integration in Israel," *The Journal of Israeli History* 27: 1 (2008), 51-64.
[242] "*Al-nasrāwi Sobhi Tannous li-Panet: akhaṭaṭ li-ʿidat mashārīʿ*" [The Nasrawi Sobhi Tannous to Panet: I'm Planning Several Projects], *Panet*, May 29, 2008, http://www.panet.co.il/online/articles/71/73/S-125203,71,73.html.

Tannous attributes to the superior financial situation of the Jewish economy, which means there are far greater opportunities for contracts.[243]

Beyond segregation?

The inauguration of the shopping center was deliberately linked to positive inter-communal spill-overs and advertised as a new beginning for Palestinian-Jewish relations in Israel. Eitan Bar-Zeev, President of the BIG Shopping Centers chain, describes this particular shopping center as "an example of tolerance for the whole region."[244] Elsewhere, it is advertised as offering "the latest [and most] advanced interpretation of coexistence [*parshanut ʿadkanit u-mitkademet le-du-qiyum*]."[245]

Since it is geographically situated on the *entrance* to Nazareth, it is meant to attract Palestinians from Nazareth and villages surrounding it as well as Jews from nearby Jewish municipalities such as Natseret ʻIllit. At the opening celebration, the mayor of Natseret ʻIllit, Shimon Gapso expressed hope that the mall will play a role in relieving some of the long-standing tensions between Natseret ʻIllit and Nazareth, two cities that are often viewed as being inherently in opposition.[246] It therefore confirms the idea of bringing an end to segregation while spreading the aforementioned urban or modern lifestyle.

The irony is that Gapso is one of the fiercest advocates of segregation between Palestinians and Jews. He published an article in *Haaretz* in August 2013 in which he publicly declared his opposition to Palestinian migration to Natseret ʻIllit to ensure that it remains a Jewish city.[247] He makes a distinction between a Palestinian population residing

[243] Ghada Asaad and Wa'il Awad, "*Badie Tannous: Al-amāna hiya assās al-najāḥ*" [Badie Tannous: Honesty is the Foundation of Success], *Bokra*, July 7, 2014, http://www.bokra.net/Article-1138585.
[244] Friedman, "Country's First Open-Air Shopping Mall Opens in Nazareth."
[245] "Odot ha-ḳanyon [About the Mall]," 4.
[246] Friedman, "Country's First Open-Air Shopping Mall Opens in Nazareth."
[247] Shimon Gapso, "If You Think I'm a Racist, then Israel is a Racist State," *Haaretz*, August 07, 2013, http://www.haaretz.com/opinion/1.540278.

alongside Jews in Natseret ʻIllit and Palestinians and Jews interacting for the sake of consumption in BIG Fashion, suggesting that the mall is seen as a liminal mediating space, a space in which both parties can securely interact and subsequently withdraw. Nothing changes.

Despite claims of coexistence, the mall actually reinforces segregation by confirming the notion that Palestinians and Jews can only meet in this isolated setting. Jews can come to BIG Fashion because it is safe—because it is on the *entrance* to Nazareth, not in the heart of the city.[248] According to the Vice President of BIG Shopping Centers, Hay Galis, 60% of visitors in Nazareth on weekdays are Palestinian, and 40% are Jewish. On Saturday, 70% of the visitors are Jewish—an increase attributed to Jewish-owned shops being shut on Saturdays for the Jewish Sabbath.

The idea of coexistence in BIG Fashion relates to the function of the shopping mall itself as a ʻnon-place,ʼ as conceptualized by Marc Augé.[249] It is a space where *modern* individuals can anonymously congregate for a greater purpose, organized by a set of specific and seemingly universal principles. Encounters between Palestinians and Jews are therefore depicted as only being possible through the mediation of this ʻconstruction of modernityʼ. Consumerism has often been depicted as an escape for Palestinians from discrimination—a place where the only thing that matters is how much money they have, as Markowitz and Uriely argue in the case of Beersheva. In the words of Carmeli and Applbaum in reference to consumerism among the (Jewish) Israeli population, it "promised to be a conveyance to normalcy, inclusion, and affluence as well as a demonstration to self and others that Israel

[248] Ruti Levy and Adi Dovrat-Meseritz, "*Gal ha-ṭerror: ramat ha-hysṭeria hazuya: anashim dorshim gaz madmiʿ, alot ṿe-agrofnim*"" [The Wave of Terror: "The Level of Hysteria is Bizarre: People are Demanding Tear Gas, Batons and Brass Knuckles"], *Mako*, October 11, 2015, http://www.mako.co.il/finances-consumer/Article-9f20142bde55051006.htm.
[249] Marc Augé, *Non-Places: Introduction to an Anthropology of Supermodernity* (London: Version, 1995).

had arrived at this state of modern grace."[250] Similarly, the economic editor of *Haaretz* describes consumerism as the main unifying Israeli experience, replacing the army or other forms of nation-building, arguing, "Once they find parking and pass through the metal detectors at malls, all Israelis become one."[251] Consumption practices are depicted as creating shared experiences, with the act of owning or recognizing certain products enabling a participation in the Israeli space and the Israeli being and creating a temporary moment of communitas.

This logic of consumerism as a progressive and non-discriminatory force further reifies the role of the mall as an agent of modernity. Consumption in the Israeli context has been described as a 'window to modernity,' part of a vision of mass consumption in the 21st century that provides one with the putative freedom to manipulate and influence one's place in society.[252] Individuals can momentarily alter history, move across a trajectory of time and space, and re-establish themselves as informed customers in the market, in tune with global dynamics.

Yet, this perception of the shopping mall as possessing a modernizing mission reflects the core of the dichotomy between the modern and the non-modern. The separation between the modern and the non-modern must be maintained, even if the two entities continue to engage with—and even inform—one another. Ultimately, the modernizing mission of the mall participates in maintaining segregation between Palestinian and Jewish spaces, despite the veneer of liberal coexistence, "a coexistence between occupier and occupied," as declared

[250] Applbaum and Carmeli, introduction to *Consumption and Market Society in Israel*, 6.
[251] David Rosenberg, "Shopping: The True Glue that Holds Israel Together," *Haaretz*, December 5, 2015, http://www.haaretz.com/opinion/.premium-1.689624.
[252] Applbaum and Carmeli, introduction to *Consumption and Market Society in Israel*, 5.

by Sally Azzam, an activist in Nazareth.[253] This unbalanced encounter captures the essence of the liberal ideals of economic peace that dominated the 1990s.

In addition to trumpeting consumer coexistence, the peace industry entailed a Jewish discovery of tourism to Palestinian places such as the Galilee.[254] Nazareth is one example: the city has been advertised as a nearby tourist destination comparable to Italy (because of the historic churches), and tourism has become a lucrative source of income for the city. The importance of tourism revenue is evident during an altercation between the mayor of the city, Ali Salam, and Ayman Odeh, the head of the Joint List and Secretary General of the Communist party, al-Jabha or Hadash. The incident took place in October 2015 on the streets of Nazareth, seven months after Odeh's election. Criticizing Odeh for organizing a nationwide strike and a large protest in Nazareth a day earlier, Salam tells him to "go [back] to Haifa" as he has scared away Jewish tourists and shoppers from Nazareth, whom he estimates to be around 20,000-30,000 every weekend.[255] "Not [even] one Jew was here today [*walā yahudī al-yawm kān hon*]," he shouts at a bewildered Odeh from his car, "Not one Jew [*walā yahudī*]!"[256]

[253] Quoted in Judy Maltz, "Street Row in Nazareth Exposes Rift among Arab-Israelis on Violence," *Haaretz*, October 15, 2015, http://www.haaretz.com/israel-news/.premium-1.680458.
[254] Stein, *Itineraries in Conflict*, 45-70.
[255] Ilanit Hayut, "Nazareth Mayor: Situation is Ruining Our Businesses," *Globes*, October 11, 2015, http://www.globes.co.il/en/article-nazareth-mayor-the-situation-is-ruining-our-businesses-1001072714.
[256] "*Mawqiʿ Hasa: raʾīs baldiyat al-Nāṣra Ali Salam yuhājim Ayman Odeh fi wusṭ al-shāri*ʿ" [Hasa: The Mayor of Nazareth Ali Salam attacks Ayman Odeh in the Middle of the Street], YouTube video, 0:30, posted by "Mawqiʿ Hasa," October 11, 2015, https://www.youtube.com/watch?v=twynhEY2BCk.

Elections and food

Salam's rise to power in Nazareth in 2013 had elicited widespread controversy. An independent candidate backed by Balad and the Islamic Movement, he beat incumbent Ramez Jaraisi from al-Jabha, which had been dominant in Nazareth for an undisrupted 38 years. Accusations of fraud followed shortly afterwards when an envelope of votes, which were unaccounted for, was discovered, changing the outcome and giving Jaraisi a marginal victory by nine votes. The High Court of Justice ordered a re-election, which was held in mid-March and confirmed Salam's victory with 61% of the vote at a turnout of 83.8%.[257] It is worth noting Salam had previously served as deputy mayor under Jaraisi for 15 years but split from al-Jabha following an internal dispute. Salam's victory in the elections was described by many Palestinians as a revolution that effectively diverted the entire path of Palestinian politics in Israel. In fact, some people in Nazareth depicted the "downfall of al-Jabha [*isqāṭ al-Jabha*]" as a sign of the continuation of the Arab Spring. The end of al-Jabha's reign in Nazareth was coupled with the party's defeat in a number of other municipalities, including Arrabeh, Sakhnin, Shafa'amr, and Tamra.[258]

During the lead-up to the re-election, both figures vigorously campaigned for voters using a variety of discourses that have been deemed by many in Nazareth as highly problematic. For example, they tried to undermine the nationalist credentials of one another or exploit class-based or sectarian differences, each of which came with its own complex set of products, images and symbols.[259] One observer argues that it was the aggressive and divisive nature of al-Jabha's campaign that actually contributed to its demise by such a wide margin in the re-election.[260] For example, the leadership of al-Jabha portrayed the opposition

[257] "*Intikhābāt al-Nāṣra: al-ruz wal-laban wal-sushi*" [Nazareth Elections: *Ruz wa-laban* and Sushi...], *Pls48.net*, March 12, 2014, http://www.pls48.net/?mod=articles&ID=1177551.
[258] Rudnitzky, "The Municipal Elections in Israel 2013."
[259] Mazzawi, "*Al-Nāṣra, amā baʿd*."
[260] Mustafa Renawi, "*Hysteria fashal al-Jabha*" [The Hysteria of al-Jabha's Failure], *Arabs48*, March 13, 2014, http://bit.ly/24eqigd.

led by Salam as opportunistic and focused its energies on attempting to undermine its nationalist credentials. Salam's image was stylized in contra-distinction to al-Jabha's self-projection as a nationalist party. Observers have described this as *takhwīn* (imputing the quality of being a traitor to someone else), as al-Jabha depicted Salam and his supporters as selling the Palestinian nationalist project in exchange for economic and political power in Nazareth. This even continued after Salam was inaugurated as mayor, with al-Jabha chastising his nationalist credentials by saying he allowed military drills by Israeli soldiers on land belonging to Nazareth.[261] Until now, members of al-Jabha have continued to criticize Salam's prioritization of business over nationalism, with Sharif al-Zoabi, a member of the city council, asserting, "People are being killed and al-Aqsa is under attack, and all the mayor cares about is money."[262]

During the period of tension between Jaraisi and Salam prior to the re-election, Jaraisi famously made a statement on social media linking Salam and his supporters to eating *ruz wa-laban* (rice and yogurt, usually combined with bread) and suggesting that Salam had offered his supporters *ruz wa-laban* in exchange for votes. By portraying Salam as a candidate who merely bought supporters, Jaraisi was not only implicating Salam in corruption and opportunism, but he was also disparaging the 'poor' or 'traditional' taste of his supporters: they can be bribed with a cheap meal.

Appropriating *ruz wa-laban*

Jaraisi's *ruz wa-laban* comment elicited a strong yet humorous backlash among many Palestinians, who did not appreciate the notion of mocking or relinquishing a national Palestinian dish. The response by the opposition was to appropriate the consumption of *ruz*

[261] "*Jabhat al-Nāṣra*: *Salam wa-ḥulafāʾuh muḥrajūn wa-mutawariṭūn bi-tawājud al-jaysh fī "al-qafza"* [Jabhat-al Nasra: Salam and his Followers are Embarrassed by their Involvement in the Army's Deployment to Mount Precipice], *Al-Jabha,* April 4, 2014, http://www.aljabha.org/?i=83730.
[262] Quoted in Maltz, "Street Row in Nazareth Exposes Rift among Arab-Israelis on Violence."

wa-laban as a representation of Salam's nationalist credentials, and it rapidly became a symbol of his election campaign. After Salam was officially declared the winner, a celebratory dinner was held in which *ruz wa-laban* was served, and some people told me that the opposition even sent Jaraisi a celebratory plate of *ruz wa-laban*.[263]

Salam's supporters appropriated *ruz wa-laban* and launched a counter-attack against al-Jabha, accusing it of elitism, which they alleged has been sustained by decades of hegemonic power in Nazareth and elsewhere. Elaborating on the elitism of al-Jabha, Salam's supporters associated the party and its members with the consumption of sushi, challenging both its nationalist and communist rhetoric. Commentators criticized the 'castle of communism' that al-Jabha has built throughout the years, pointing to the irony of it being an exclusive and elitist 'communist' party with expensive tastes.[264] The situation grew increasingly tense, and there were concerns over an impending implosion. Urging the people to unite and not divide the city into *ruz wa-laban* and sushi, MK Hanin Zoabi (from Balad) described the election as a crossroads that will change the future of the city, declaring that this is not simply any normal election.[265] This debate over *ruz wa-laban* and sushi traveled beyond Nazareth and was closely followed by Palestinians in other parts of Israel.

Adel, whom I spoke to in Nazareth, described himself as someone who only became a supporter of Salam after watching the debates between the candidates unfold. He argues:

> At first, I thought both candidates were very similar, and there is almost no point in voting…but I started to look at Jaraisi differently since the *ruz wa-laban* joke…Yes, a lot of it is a joke and shouldn't influence these decisions…but the rich [people's] love for sushi is just one part of a trend of blind imitation [*taqlīd aʿmā*] [which] affects our position in all of the country [Israel]…If progress belittles our history and heritage,

[263] "'*Asharāt al-ālāf fī al-ʿashāʾ al-iḥtifālī al-ḍakhm ʿalā sharaf intiṣār Ali Salam* [Tens of Thousands of People at the Large Celebratory Dinner Honoring Ali Salam's Victory]," *Ehna TV* video, 4:23, March 23, 2014, http://www.ehna.tv/play/2962/.

[264] "*Ali Salam…al-rajul al-ladhī asqaṭ akbar wa-aqwā maʿqal lil-jabha…man huwwa*?" [Who is Ali Salam, the Man who Overthrew the Biggest Stronghold of al-Jabha?], *Kalam*, November 1, 2013, http://www.kalam.co.il/full.php?ID=2868.

[265] "*Hanin Zoabi: 'lan nuqasim al-balad zayhin li-ruz wa-laban wa-sushi!'"* [Hanin Zoabi: 'We Will Not Divide the City into *Ruz wa-laban* and Sushi!], *Ehna TV* video, 18:30, February 23, 2014, http://www.ehna.tv/play/2848/.

> our people's culture, then I am against it [*idha yastahzaʾ al-taqadum bi-tarīkhunā, wa-tūrāthunā, wa-thaqāfit shaʿbunā, fa anā ḍiduhu*].

Although Nazareth's urban landscape itself reflects a significant departure from village life, the symbolism of the village became a key aspect of Nazareth's elections.[266] Jaraisi's mockery of Palestinian identity and cultural symbols was connected to his failure to truly comprehend the nationalist agenda that his party espouses but has been accused of failing to fulfil. With the slow withering of the party's communist character over the years, it has been left with pro-modernist ideals and projects, often dominated by an Arab-Jewish partnership, such as the example of BIG Fashion.

The encounter in Nazareth's elections between the 'global' (or 'Israeli') trend of sushi consumption and the 'local' (or Palestinian) tradition of eating *ruz wa-laban* plays on these tensions and demonstrates the ways in which the tensions within this nationalist, ostensibly-communist, and modernist mission have recently started to unravel. This is not to suggest that there has been any qualitative shift under Salam, who has fully embraced an economistic partnership with Jewish-Israeli business and society and has denounced outspoken Palestinian politicians such as Odeh for disrupting Jewish consumption in Nazareth—appraised at around NIS 10 million per weekend.[267]

Ruz wa-laban **versus sushi**

Both symbols are powerful. *Ruz wa-laban* is predominantly iconic in this setting, rather than a staple dish that would be routinely consumed in Nazareth. Perhaps it is precisely because of the symbolism of *ruz wa-laban* as an 'authentic' Palestinian village dish that it

[266] This is similar to what Taraki and Giacaman describe with regards to the "persistence—indeed revival—of a peasant ethos" in Palestinian society in the West Bank and Gaza, despite the fact that most Palestinians do not rely on a rural economy or have a rural lifestyle. Lisa Taraki and Rita Giacaman, "Modernity Aborted and Reborn: Ways of Being Urban in Palestine," in *Living Palestine: Family Survival, Resistance and Mobility under Occupation*, ed. Lisa Taraki (Syracuse: Syracuse University Press, 2006), 1.
[267] Hayut, "Nazareth Mayor: Situation is Ruining Our Businesses."

was so vehemently defended by the opposition. On the other hand, sushi is viewed as a bourgeois meal and is associated with a particular Tel Avivian clientele—part of the city's marketing of its cosmopolitan character. Tel Aviv is the world's third largest sushi market per capita, following Tokyo and New York, having celebrated its 100th sushi restaurant in 2008.[268] Sushi restaurants are often associated with 'cosmopolitan' cities and similar to the previous example of BIG Fashion, they are seen as constructions of a specific type of globalized modernity. They have also burgeoned throughout Palestinian cities, featuring prominently in advertisements in Palestinian newspapers.

In many ways, the emergence of sushi markets reflects the political economy of 21st century inter-connectedness.[269] In an ethnographic account of the Tsukiji fish market, Theodore C. Bestor describes it as "a major node in the transnational flows of people, commodities, capital, information, and technology."[270] It serves as a reminder that "markets are now literally utopian—nowhere in particular and everywhere at once."[271] The commodity's network of production is vast and elaborate yet invisible (or even concealed) to the consumer, what Bruce Robbins describes as the "sweatshop sublime."[272]

This process is relevant to the dismissal of sushi. The juxtaposition between sushi and *ruz wal-laban* is stark precisely because it plays on dichotomized categories that are often constructed as ahistorical and essentialist: urban versus rural, West versus East, global versus local, modern versus traditional. The appropriation of *ruz wa-laban*, while fitting into these dichotomies, sought to subvert the false judgments assigned to the 'modern, global, Western,

[268] Sarit Saradas-Trutino, "Israel Becomes Sushi Mecca," *Ynet*, January 28, 2008, http://www.ynetnews.com/articles/0,7340,L-3499855,00.html.
[269] Sasha Issenberg, *The Sushi Economy: Globalization and the Making of a Modern Delicacy* (New York: Gotham, 2007).
[270] Theodore C. Bestor, *Tsukiji: The Fish Market at the Center of the World* (Berkeley and Los Angeles: University of California Press, 2004), 17.
[271] Theodore C. Bestor, "Supply-Side Sushi: Commodity, Market, and the Global city," *American Anthropologist* 103: 1 (2001), 76.
[272] Bruce Robbins, "The Sweatshop Sublime," *PMLA* 117: 1 (2002), 84-97.

and urban' category, while embracing and reclaiming its disparaged delineation as rural in the Israeli mindset.

Sameh, a *Naṣrawī*, in his mid-20s, strips down sushi's 'sublime' production circuit to its core, expressing the absurdity of a Japanese dish of raw fish coming to symbolize Israeli modernity:

> Do you know what 'sushi' even is? It is a Japanese dish, [made of] raw fish; it's not even Israeli…I don't understand how it could be any tastier than our food! Please tell Jaraisi that we don't want him, we don't want his relations with the Jews, [and] we don't want his Japanese fish! (*Laughing*)

Emphasizing that sushi is actually Japanese and not Israeli, several Palestinians derided the urbanized Tel Avivian population for lacking its own culture and identity, while criticizing the Palestinian middle class who follow in the footsteps of the Israeli middle class in an attempt to become globalized or ever more Israeli.[273]

There is nothing inherently better about eating sushi than eating *ruz wa-laban*, insisted the campaign by Salam's followers, declaring its support not only for Salam but also for the Palestinian dish and the heritage it contains. The embrace of fashionable and expensive foods alongside the abandonment of traditional Palestinian foods was seen as an endorsement of a lifestyle that leads to the erosion of Palestinian identity—a process Israel has deliberately pursued. It feeds into Israeli practices that have sought to provincialize Palestinian identity or even eradicate it altogether.

Ensuring the continuity of Palestinian food is entangled with resistance to Israel's attempts at denying Palestinian existence by undermining Palestinian identity and traditions. This is especially potent *within* Israel, where Palestinians are conscious of the implications of

[273] A novel by Sayed Kashua also touches on the symbolism of sushi. The novel opens with the protagonist, a Palestinian lawyer from a village in the Triangle living in Jerusalem, buying sushi for a dinner party from the most expensive place in the city. He revels in his affluence yet constantly experiences an identity crisis, wondering "what business he ha[s] eating sushi." Sayed Kashua, *Second Person Singular*, trans. Mitch Ginsburg (New York: Gove, 2012), 17.

Israeli citizenship, such as frequent usage of Hebrew.[274] The appropriation of *ruz wa-laban*, therefore, is directly linked to defending Palestinian identity and Palestinian national symbols in the face of ongoing hegemony by Israel. Unlike other examples of opposition to sushi elsewhere, particularly among culinary branches of the anti-globalization movement who criticize globalization's role in cultural hegemony and imperialism, in the case of Palestinians in Israel, these symbols were placed at the heart of the everyday dynamics of a colonial relationship.

Not only was the reclamation of *ruz wa-laban* phrased in terms of preserving Palestinian cultural heritage against Israeli encroachment, but it was also linked to resistance against the experience of Palestinians being erased from their land, in terms of expulsions, erased villages, and altered symbols and names. Like other persevering nationalist symbols, *ruz wa-laban* was depicted as authentic, Palestinian, and steadfast (*ṣamiḍ*), with its continued existence encapsulating an ongoing struggle for mere survival.

Taking this symbolism a step further, a supporter of Salam printed t-shirts with the slogan 'I love *ruz wa-laban*, and sushi does not represent me.' In an interview, he describes his reasoning:

> Ramez Jaraisi's disregard for *ruz wa-laban* was a reprehensible thing…he insulted thousands of people from his city and accused them only of coming to vote for Ali Salam in exchange for food. This is in addition to this disregard for *ruz wa-laban* as a part of our people's heritage, which we are proud of and love. This is why I wrote [the slogan]: we love *ruz wa-laban*, and sushi does not represent us.[275]

The slogan "sushi does not represent me [*al-sushi lā yumathilunī*]" effectively transforms the rejection of the consumption of sushi into a political statement (especially since the slogan "*x*

[274] One person complained to me that Palestinians are often jokingly called "'*arab shamenet*" after the Hebrew word for cream. Another person expressed frustration at my use of the Arabized version of the English word 'mall' when discussing BIG Fashion, reminding me that he had made every effort to use the proper Arabic term *markaz tasawuq* (shopping center) in order to avoid using the Hebrew word *ḳanyon*, which is what he would typically use.

[275] Bakr Jabr Zoabi, "*Shadi Marjiya yaṭbaʿ qumṣān 'al-sushi la yumathilunī'"* [Shadi Marjeya Prints 'Sushi Does Not Represent Me' on Shirts], *Bokra*, February 21, 2014, http://bit.ly/25qoDqt.

does not represent me" has been used in a number of contexts across the Arab world in anti-government campaigns).



Figure II. The above photograph shows the t-shirt, which says **'**I heart *al-ruz wal-laban*, *wal*-sushi *al-sushi lā yumathilunī* [I heart *ruz wa-laban*, and sushi does not represent me]'. The image above is cropped from a picture uploaded to social media, courtesy of Shadi Marjeya.

Evoking an image of sushi 'invading' the Palestinian space previously occupied by *ruz wa-laban* reflects a form of engagement with the introduction of new consumption habits and the changes they have engendered, including what Adel described as 'blind imitation' (of the West or Israel). Through engaging with *both* entities in a battle between the global and the local, sushi was introduced into local dynamics only to be subsequently discarded and overthrown by the 'dominance' of the national, the 'preference' for the local, and even an ironic mockery towards the bourgeoisie who uncritically adopt fashionable lifestyles. In other

words, after having travelled for miles and arriving to their land with promises of modernity and globalization, new food fads fail to displace or to eliminate the timeless *ruz wa-laban*.

Navigating opposing symbols

While this anti-sushi narrative can be interpreted as typifying a stance of protectionism or nationalism against products seeping in from external sources, it also and perhaps more importantly points to increased engagement with such products and the symbolism they encapsulate as goods of mass consumption in creating new tensions and shaping new realities. Therefore, the image of *ruz wa-laban* as a traditional, national, and local dish—and its place as a remnant of the past within the present and future—is based on an encounter with symbols of transnational culture. It is as much an appropriation of sushi as an appropriation of *ruz wa-laban*. It signals a reality where an intra-Palestinian struggle is framed by pitting *ruz wa-laban* against sushi. Although it rejects the 'Israeli' good by expressing the political attachment to the Palestinian good, this itself is a form of appropriating the Israeli good, which enters into local dialectics as part of the attempt to reclaim the Palestinian good. In other words, the act of reclaiming *ruz wa-laban* was made possible through its juxtaposition to sushi.

The tension between the two illustrates a simultaneous engagement with both symbols, goods, and lifestyles. Although sushi was constructed as part of the 'other,' it was symbolically appropriated from the world of Jewish-Israeli consumption, reflecting a method of negotiation with not only Jewish-Israeli lifestyles and worlds but with Israeli politico-economic transformations and institutions as well, and, as I will show in the following section, with Israeli modernity.

It represents a re-appraisal of symbols and objects amidst such transformations, which enable Palestinians to carve a space for themselves, in an ironic return to the landscape

of Israel/Palestine. Cultural appropriation is itself a process of cultural reproduction: when particular goods and symbols are appropriated into a new space, they evolve to embody different meanings and ideas.[276] This process of appropriation asserts ownership over and redefines certain phenomena and relationships, discreetly battling for power over the meanings of particular symbols.

[276] Paul Willis, "Foot Soldiers of Modernity: The Dialectics of Cultural Consumption and the 21st-Century School," *Harvard Educational Review* 73: 3 (2003), 405.

Experiences of a political and material modernity

There has been a conspicuous influence of external goods and processes that have made their way not only into clothes, shops, and advertisements in Nazareth but also into buildings, lifestyles, and relationships. This array of external goods has entered local practices and daily lives, engaging directly with the city and its landscape and residents and becoming nearly indistinguishable from what is 'local'. The entry of goods and their accompanying transformations are therefore not only a top-down process but a result of a horizontal exchange as well. The previous examples demonstrate that consumers are in many ways active in the development of particular discourses guiding and justifying their transactions, even those that may be subjugating. The concept of hegemony has therefore been useful to analyze consumer articulation of consumption habits.[277]

In the case of the Palestinians of 1948, participation in neo-liberalizing spaces does not entail acceptance of Israel's perception of itself as a modernizing agent. While the introduction of new practices has resulted in changing customs, which include the introduction of global food trends, a large shopping venue filled with products from around the globe, and even a changing language growing closer and closer to Hebrew, this has hardly effaced counter-discourses subsumed in Palestinian history. Instead, such transformative influences are re-framed, re-visited, and re-constructed as yet another form of steadfastness.[278] In other words, although consumption has induced significant changes in lifestyle and Palestinians may use particular products for self-empowerment, this has not eroded the persistence of counter-discourses among the population, challenging the notion of

[277] Jeff B. Murray, "The Politics of Consumption: A Re-Inquiry on Thompson and Haytko's (1997) 'Speaking of Fashion,'" *Journal of Consumer Research* 29 (2002), 427-440, Antonio Gramsci, *Selections from the Prison Notebooks of Antonio Gramsci*, trans. Q. Hoare and G. N Smith (New York: International Publishers, 1971), 144-145.

[278] The concept of steadfastness was common to the discourses of the Palestinians of 1948, several of whom sought to dispel myths that they were 'collaborators' with Israel or Zionism by emphasizing that they are the 'real' non-collaborators, because they stayed on their land. "We can honestly say that we never sold Palestine," one of my interlocutors contended, "We never sold the land, as you can see, and we never sold our national identity."

Israel as a force for modernity. This resembles what Victoria de Grazia describes regarding the invasive consumerist imperialism of the US market empire between the 1920s and the 1960s, focusing on the ways in which it 'conquered' European societies through advertising and the diffusion of goods. The ensuing dominance of US capitalism and the products and practices associated with it in European societies gave birth to expanding efforts to resist it.[279]

In the Palestinian context, counter-discourses have reflected on and contested the meaning of modernity. Two examples of counter-discourses are pertinent here, which were employed by Palestinians while justifying and contextualizing consumption patterns and decisions. The first is the reference to 'cracks' within Israeli modernity, citing the Zionist mission's goal of deliberately keeping the majority of the Palestinian population at a disadvantage, and the second is a trend of idealizing the pre-Zionist condition.

These two examples suggest an effective politicization of the idea of modernity, which is understood not only as a material process but also as a political process. Modernity, in this case, is not merely a condition Palestinian citizens of Israel aspire to achieve; rather, they aim to unravel its contemporary form—both its supposedly linear component and predominantly material essence. Such a narrative of modernity defies the typical linear discourse of progressing from 'traditional' to 'modern' or even from 'less modern' to 'more modern' and instead combines the idea of modernity with political freedom and equality, as opposed to merely material constructions.

Such a conceptualization suggests that in addition to a material understanding of modernity, it is also associated with certain political and legal standards. The material aspect does not always completely fulfil the definition of modernity, which was also linked to being accepted as equal citizens, having equal rights under the law, and receiving equal resources.

[279] Victoria de Grazia, *Irresistible Empire: America's Advance through Twentieth-Century Europe* (Cambridge: Belknap Press of Harvard University Press, 2005).

Being a member of a modern state, accordingly, was linked to ideas about equality and dignity, which in the eyes of many people was afforded to the state's Jewish citizens exclusively. (Several times, my interlocutors even expressed praise for the dignity the state of Israel affords its Jewish citizens, in a way that was relatively idealized and perhaps inconsistent with the plight of many marginalized Jewish groups in Israel.)

This political understanding of modernity is constructed in direct opposition to the state and the economic system's de-politicized notion of modernity, which, as the example of BIG Fashion demonstrates, often implies that Palestinians can 'modernize' through neo-liberalization, yet under conditions of oppression, restriction, and sabotage. By pointing to the cracks within Israel's modernizing mission, Palestinians connect their supposedly normative 'lack of modernity' with a recurring sense of besiegement and not being given the opportunity to grow. Yet, as I will argue, the attempt to challenge Israeli discourses of modernity falls back on the same dichotomy, as it aims to confirm the modernity of Palestine by locating it within global capitalism, dismissing the inextricability of colonialism from this process.

Although it is helpful to look at the tension between material and political modernity, I do not want to suggest that the two are inherently divided, but rather, that both concepts coalesce to take part in an attempt to challenge—or even simply invert—Israeli definitions of modernity. Access to resources, for example, can be considered a form of a material good, but it is at the same time fundamentally political, especially in the discussions on institutionalized limitations on equal access to resources.

The 'incomplete' modernity of Israel

As a consumerist impulse has increasingly played a key role in organizing and dictating everyday transactions, there has been a rise in skepticism towards its role. Many

Palestinians have viewed consumerism as a deliberate policy pursued by Israel to keep Palestinians weak, arguing that Israeli policy has been that of "support for consumerist activity but not production [*daʿm al-nashāṭ al-istihlākī dūn al-nashāṭ al-intājī*]."[280]

This phenomenon is often linked to the dawn of an 'apolitical politics,' in a statement famously made by Azmi Bishara in response to the growing appeal of the slogan *bidinā niʿīsh*, 'we just want to live'.[281] 'Just wanting to live' implies wanting to enjoy life without necessarily thinking about political consequences, acts of resistance, and continuous struggle. This ties with the ideas of stoicism, or 'getting by' in the face of violence and precarity. As Lori Allen argues, 'getting by' lies between quiescence and refusal and is an indication that life goes on, that "new intensities, existential valences, and feelings of desperation…coexist with boredom, the normal, and the banality of violence."[282]

"Revolutions do not start in shopping malls," claimed Samir, who perceives the very construction of the mall as a method of economic appeasement—a way to entrench capitalist governance under a colonial relationship. After hearing my research questions, he argued, "There is nothing really to learn about this [subject]…all this buying…is just another attempt to keep people busy, and in Nazareth people like these things," and advised me instead to go to the West Bank. He encountered the proliferation of individualized consumption trends and the neo-liberalization of Palestinian spaces as a form of Israeli control or co-optation, yet another mechanism to reinforce colonialism.

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[280] Yasmin Fayez, "*Al-siyāsa al-iqtiṣādiya al-isrāʾīliya tijah falasṭīney 48*" [The Israeli Economic Policy towards the Palestinians of 1948], *Fateh News*, January, 2016, http://bit.ly/2aJuf9l; Quoted in Muhamad Muhsin Watad, "*Falasṭīnu 48: biṭala wa-faqr wa-tahmīsh iqtiṣadī"* [Palestinians of 48: Unemployment, Poverty and Economic Marginalization], *Al-Jazeera*, September 18, 2013, http://www.aljazeera.net/home/Getpage/97bf4c0e-b160-4e00-8a8b-af44be2d88ae/35fef33f-c106-4cf3-a5dc-3ca7150fb40d.

[281] Azmi Bishara, "'*Bidina niʿīsh' wa-humūm falasṭīniya rāhina*" [We Just Want to Live—and Contemporary Palestinian Concerns], *Al-Jazeera*, May 3, 2010, http://bit.ly/1NWmsq0.

[282] Lori Allen, "Getting by the Occupation: How Violence Became Normal during the Second Palestinian Intifada," *Cultural Anthropology* 23: 3 (2008), 456.

By saying that the apolitical structures are keeping people busy, Samir expresses concern over the rising Palestinian middle class equating modernity with political acquiescence and accepting their role as the apolitical Arab-Israeli prototype. But his concern over this transformation (and the overall politics of consumption) presents a challenge to it, as his apprehension is an indication of a "self-reproaching consumer" whose very existence can become a "malleable political instrument," as Eleftheria Lekakis reminds us.[283] Samir also unexpectedly destabilized his own thesis on the apolitical effects of consumerization by introducing me to Dmar ('Destruction' in Arabic), a Nazareth-based rap duo comprised of two 16-year-old girls, who eloquently decry Israeli practices. "We do not want silence, we do not want prisons and borders, we do not want, we do not want [*bidnāsh ṣamt, bidnāsh sujūn wa-ḥudūd, bidnāsh, bidnāsh*]," they declare, in a song about what it means to be the 'third generation' of Palestinians growing up within the 1948 lines.[284]

Among Palestinians who were present in the shopping center, including Samir himself, many remained critical of Israel's supposed role in the process of Palestinian 'modernization'. This was the case even among those who expressed admiration for Israeli products for the supposedly higher quality of Israeli products or prestige attached to them.[285] They distinguish between Israeli products and even the Israeli economy on the one hand, and the state on the other hand, and especially, the state's immersion into Palestinian society as a supposed agent of modernization.

As opposed to the perception of the state (and the military) playing a positive role in the lives of Jewish citizens, the role of the state in Palestinian society is depicted either as

[283] Eleftheria Lekakis, "A Liquid Politics? Conceptualising the Politics of Fair Trade Consumption and Consumer Citizenship," *Ephemera* 13: 2 (2013), 317-338.
[284] "Dmar—the third generation lyrics," YouTube video, 3:32, posted by DmarVEVO, November 11, 2011, http://www.youtube.com/watch?v=Ja8al72tiMY.
[285] The boycott movement has sought to dispel this perception. "*Taqrīr al-muqāṭ ʿa: 80% min al-muntajāt al-isrā'īliya lahā badīl falasṭīnī wa-bi-jawda ʿāliya*," [Boycott Report: There are High-Quality Palestinian Alternatives for 80% of Israeli Products], *Arab48*, September 13, 2014, http://bit.ly/1YnVz0q.

negligent ("they don't care about us" or "we are not wanted in this country anyway") or harmful, viewing the Palestinian population exclusively from a security lens or perceiving its socio-economic welfare and political security as part of a zero-sum game. This was even the case among Palestinian politicians: during a conference in Nazareth discussing the implications of Israel joining the OECD for the Palestinian minority, former MK Hanna Swede emphasized Israel's failure to address Palestinian inequality, which, in his view, contradicts Israel's self-proclaimed image as globalized or modernized. "The statistics are poor, and poverty is atrocious, in a state that claims that it is at the forefront of countries participating in globalization," he argues, "Every other Arab citizen is poor. There is a very strong discrepancy here."

Sweid leverages the implications of Israel's own definitions and standards, as a self-proclaimed member of the 'globalized' and 'modernized' states, against it, pointing not only to cracks within its notion of modernity but also to the paradoxical way in which this discourse is used to pursue regimes of oppression towards a portion of its population—an act deemed inherently 'un-modern'. The 'poor' statistics he cites expose the selective dynamic of Israeli modernism, which has not led to any qualitative improvement in the lives of Palestinians, instead continuing to reproduce mechanisms of exclusion. Ironically, it is the state's structures and institutions that are inadequate and underdeveloped, yet *it* is rarely perceived as traditional or backwards. Rather, as I illustrated earlier, an Israeli construction of modernity is celebrated as bringing change to a decaying Palestinian urban landscape. Sweid's discourse is accordingly part of a larger Palestinian effort to unpack the meanings behind such discursive constructions.

For example, poverty in Palestinian areas is perceived as a policy. This sentiment was expressed by a family whom I visited in Tayibe. On my first visit, the father slowed the car down, pointed to the buildings around us, and shook his head, stating, "You don't really need

to research the economic situation of Palestinians here. Just look around you. Look at the city and you will know. Nothing more really needs to be said." What he was pointing to was the landscape of the city, which demonstrably displays a lack of urban planning. The actual geography of the city, he argued, reflects the economic situation of the Palestinians. Lack of available land for expansion has been one of Tayibe's largest problems and has added to an overall atmosphere of *ḥiṣār* (besiegement) that residents express. The combination of high population density and lack of available space has left young people with only the possibility to build vertically, usually adding an additional floor to existing homes. This is an extremely common problem that many Palestinians describe.

Because housing policy and land in Palestinian areas are one of the most salient examples of captivity, this link between the landscape and the economic situation emphasizes the limitations of consumerism as a paradigm of modernity: Palestinians do not even have the basic right to purchase land to build a home. This is a deliberate restriction enforced upon their ability to consume freely.[286] It indicates not only a discrepancy in access to budgets or rights but a latent inconsistency within the state-sponsored development discourse. By linking issues such as poverty and inability to access land with modernity, Palestinian counter-discourses can effectively subvert this perception of Israel as a force for modernity. This approach calls into question Israel's self-proclaimed (and even internationally supported) image of itself as modern, reversing its perception of Palestinians as backwards.

I close this section with a quote from Ali, who is in his mid-30s and works for a Nazareth-based NGO focusing on labor empowerment. In an emotional and frustrated rant, Ali points to the irony between the 'traditional' Palestinians' calling for increased civil and human rights from the 'progressive' and 'modern' Israeli state and society. His discussion is

[286] An empirical study by the European Commission on the market for vehicles in Israel found strong evidence of discrimination towards Palestinian citizens in both buying and selling. European Commission Community Research and Development Information Service, "Ethnic Discrimination in Israeli Markets," 2013, http://cordis.europa.eu/result/rcn/60142_en.html.

an attempt to invert both categories by demonstrating that Palestinians have simply embraced the 'modern' principle of justice and demanded rights, such as an end to violence, de-territorialization, and Jewish favoritism:

> You kill thousands, I am the one who is uncivilized [*ghayr mutaḥiḍir*]. You continue to kill me…I say give me my rights [*aʾṭīnī ḥuqūqī*], I am the one who is uncivilized. You continue to kill me and my people to [enable] more of your people to come live on our lands…The entire state of Israel is founded on a tribal mentality [*dawlat Israʾīl kulaha mabniya ʿalā ʿaqliyat al-qabāʾil*], saving one tribe at the expense of another, yet we are the ones who receive the title of uncivilized [*wa-lakin naḥnū al-ladhīn yaṭluq ʿalaynā laqab al-ghayr mutaḥiḍirīn*].

Nostalgic reflections on modernity

Alternative historical narratives, which have been intertwined with oral histories, have functioned as a powerful way to dismantle dominant myths surrounding the foundation of Israel. I sat down with a Laila, a mother of three in Nazareth, who insisted on taking me around Nazareth to show me all the tourist sights, persuading me that I cannot understand Nazareth's current state without understanding its history. She explains:

> We were never a remote tribe at the end of the world...Historically, before the Jews even came here, the Arabs traded with people from all over the world. We had European goods…Now the Jews act as if they are the ones who introduced everything to us…We were always connected in the global system; we bought their stuff, they bought ours…Things changed when they [Israel] took control over these communications with the world [*wasāʾil al-itisāl bil ʿālam*].

The emphasis that Palestinians are not a 'remote tribe' was reminiscent of Mashour's discussion on Palestinians being fundamentally misunderstood, as they *want* to be connected to the world. In fact, Laila goes even further to depict the 'natural' state of affairs as having been one of connectivity, global trade, and frequent communication. It seeks to demonstrate that Palestinians, too, were connected to trade routes, the global market, and its commodities. In other words, they did not simply come to experience capitalism via Israel or modernity via the colonization of Palestine; in fact, this process took place even *before* Zionism gained

potency, which then sabotaged Palestine's economic vibrancy. Laila's view emphasizes the colonization of the means of communication and the ensuing disconnect as being the unnatural outcome. In other words, it is the current status that is odd; the past 65 years have been an aberration.

The narrative she presented reflects a sense of dejection and loss of status, which has resulted in a romanticization of the *idea* of Palestine. She describes the pre-Zionist economy through trade, particularly focusing on the historic port of Jaffa prior to the rupture caused by the establishment of the state of Israel. Jaffa has been one of the most symbolic examples of the destruction inflicted by Zionism: after 1948, the city's vibrant economy and society disintegrated, and only five percent of the city's Palestinian population remained.[287] There is a striking discrepancy between the historical images of the city and its diminished status as a suburb of Tel Aviv since 1950, with heavily ghettoized districts and underdevelopment.[288] Similarly, a Palestinian friend told me that her father continues, at every chance he gets, to show visitors photos of material objects in Palestine prior to 1948, including cars, factories in Jaffa, and even photos of women who are dressed in European-style clothing—superficial manifestations of a material 'modernity' considered long gone and coercively denied.[289]

The emphasis on the fact that Palestine was historically connected to major trade routes is presented in opposition to the image of the Palestinians of 1948 as marginal, as being merely on the outskirts of Israeli society, both geographically and politically, and in terms of social and economic significance. Laila's narrative alludes to a desire to break away from the image of Palestinians as having been 'traditional' consumers, unexposed to the

[287] Daniel Monterescu, "The Bridled Bride of Palestine, Orientalism, Zionism, and the Troubled Urban Imagination," *Identities: Global Studies in Culture and Power* 16 (2009), 643-677.
[288] Sharon Rotbard, *White City, Black City: Architecture and War in Tel Aviv and Jaffa* (London, Pluto Press, 2015).
[289] Nasser Abourahme describes cities in the West Bank as "besieged and coercively de-modernized." Abourahme, "The Bantustan Sublime," 503.

world of infinite goods. Although she has never experienced it personally, she longs for this 'lost cosmopolitanism' of pre-1948 Palestinian society, a bourgeois nostalgia that has been observed in reference to coastal cities and Jerusalem.[290] It is worth noting that longing for a 'cosmopolitan' past is not an exclusively Palestinian phenomenon, and there are comparable discourses from other Ottoman provinces and port cities, such as Alexandria.[291] These romanticized accounts have faced critique for their elitism.[292]

However, as Laila's account suggests, this perpetual nostalgia is a reflection of current-day realities and struggles, as Laila's account suggests. It uses collective memory to (re)shape the landscape, and it produces an alternative city-making 'from below' in conjunction with an urban economic identity. For example, Sherene Seikaly's "Return to the Present" deals with modern-day Haifa from the perspective of a Palestinian in the diaspora who 'returns' to Haifa. She describes how the city's squares, buildings and markets speak to "life in twentieth century Palestine—its visions and projects and the possibilities of its 'alternative futures' beyond, before and sometimes without the Nakba."[293] Meanwhile, Lila Abu Lughod and Ahmad Sa'di describe the Nakba as marking "a new era dominated by estrangement, and often poverty" to a society that had been "dynamic, prosperous, and future-oriented."[294]

Jamal, a 25-year-old student of history, expresses a similar nostalgia that refutes the image of Palestine as underdeveloped or barren, even as he attempts to distance himself from nationalist sentiments:

> I now know that Israel and Palestine are as fictitious as one another…Still when I read about Palestine under the British mandate, I get very emotional. I cannot help but feel

[290] Lisa Taraki, "Urban Modernity on the Periphery: A New Middle Class Reinvents the Palestinian City," *Social Text* 26: 2 (2008), 61. For a critique on cosmopolitanism in Middle East Studies, see Will Hanley, "Grieving Cosmopolitanism in Middle East Studies," *History Compass* 6: 5 (2008), 1346-1367.
[291] Deborah A. Starr, *Remembering Cosmoplitan Egypt: Culture, Society, and Empire* (London: Routledge, 2008).
[292] Will Hanley, "Grieving Cosmopolitanism in Middle East Studies," *History Compass* 6: 5 (2008), 1346-1367.
[293] Sherene Seikaly, "Return to the Present" in *Living Together: Jacques Derrida's Communities of Peace and Violence*, ed. Elisabeth Weber (New York: Fordham University Press, 2013), 236.
[294] Sa'di and Abu-Lughod, introduction to *Nakba*, 9.

> really heart-broken…Even when I read about the bad things, crime, prostitution, theft…There was something [*kān fī ishi*]. Umm Kulthum had a concert there, did you know that? Other Egyptian musicians too! There were a lot of cultural events like plays…Cultural events do take place all the time in Israel, but I do not feel like I am part of it.

The comparison of the historic status of Palestinian urban spaces with their current status reflects the irony of Palestinian cities in Israel being more 'connected' in the distant 1930s than in the age of supposedly unprecedented global connectivity. But the nostalgia for pre-1948 is more than merely a Palestinian crisis of modernity, as it also suggests a longing for belonging.[295] The collective nostalgia for historical Palestine is intertwined with the awareness that *there was something,* which implies that there is 'nothing' now, that it is emptier somehow. Although Jamal has only experienced the country as it is today, in its current form, he still seems estranged, describing a sense of disorientation—almost as if he experiences the contemporary world from a distance, from the vantage point of this history.[296] In this alternative reality, there was a culture he could imagine himself to be a part of, even a number of sub-cultures, including a 'low' culture of prostitutes, criminals, and thieves in urban places, and a 'high' culture, which illustrates that Palestine was an entity that was connected to the region, drawing the attention of renowned singers such as Umm Kulthum, Farid al-Atrash and Muhammad 'Abd al-Wahab, who all performed in Jaffa. Palestinians describe the Jaffa of that era as *'urs al-baḥr* (bride of the sea), or *'urs falasṭīn* (bride of Palestine).[297]

[295] This is similar to what Esra Özyürek observes in Turkey, with Turkish citizens expressing attachment to the "secularist, modernist, and nationalist foundations of the Turkish Republic" as a response to the increased proliferation of Islam in the public setting. Esra Özyürek, *Nostalgia for the Modern: State Secularism and Everyday Politics in Turkey* (Durham: Duke University Press, 2006).
[296] For an account of Palestinians 'returning' to visit Jaffa, see Salim Tamari and Rema Hammami, "Virtual Returns to Jaffa," *Journal of Palestine Studies* 27: 4 (1998), 65-79.
[297] See Imtiaz Diab and Hisham Sharabi, *Yafā: 'itr madīna* [Jaffa: The Perfume of a City] (Cairo: Dar al-Ifta al-Arabi, 1991).



Figure III. Umm Kulthum played at the Alhambra Theatre in Jaffa, photographed in 1937.
The image is from the G. Eric and Edith Matson Photograph Collection at the Library of Congress.
Reproduction number: LC-DIG-matpc-17032, https://www.loc.gov/item/mpc2010002528/PP/.

Idyllic representations of Jaffa's "cultural flowering" have referred to nightclubs, theatrical performances, and sports activities, all seen as factors in the city's modernity, in addition to numerous automobiles, hospitals, and the number of professionals that were present in the city.[298] The symbols of culture Jamal encounters while reading about Palestine relay, to him, a society he could have been a part of. The *longing* for pre-Zionist Palestinian society provides Jamal with a sense of being "part of something," taking part in a social and political entity.

[298] Itamar Radai, *Palestinians in Jerusalem and Jaffa, 1948: A Tale of Two Cities*, trans. Haim Watzman (London: Routledge, 2015), 131.

Describing a dynamic life in Jaffa prior to 1948 as an exception to the Palestinian experience of the time, Itamar Radai writes, "The city's modernity distanced itself from its Arab surroundings, and in some areas modern Jaffa seemed more like Tel Aviv than the Arab hinterland."[299] While Radai's statement reproduces the essentialism that is typical to the Israeli discourse of modernity, the nostalgic tone that many Palestinians have adopted simply inverts these dichotomies.

Refuting the political image of Palestine as barren, lacking cultural and/or economic ties, results not only in a romanticization of history but additionally in undermining Palestinian cultural development under the ensuing decades of Israeli rule; this temporal halt disregards, for example, the history and culture of poetry as ongoing dissent. The romanticization of an 'inter-connected' world is similarly problematic. It overlooks the insecurity that may have accompanied such linkages in global markets and frames its importance relative to the history of Western expansion, even if it aims to marginalize Zionism from this relationship. Despite its attempt to subvert ideas of a universalistic modernity, this discourse implicitly embraces the colonialism and imperialism that accompanied modernity, connectivity, and capitalism in the early 20th century. There are interrelated imperialist elements at play: the palpable military component, which ultimately led to the establishment of Palestine as a British mandate, and the imperialism behind such a universalistic definition of modernity, which aims to make Palestine part of the story by locating it within the circuits of European capitalism.

In this process, the elements of Palestinian society that do not seem compatible with this story are muted, hence the exaggerated focus on urban areas, for example. These nostalgic accounts for modernity tend to be in essence a middle class story, restricted to a

[299] *Ibid.*

specific portion of the population—what has been described as a 'bourgeois nostalgia'.[300] In the case of Jaffa, this tends to erase the city's working class from history and concurrently excludes the city's present-day Palestinian residents.[301]

This attempted reconstruction of a modern pre-Zionist Palestinian society derives from the current status of Palestinians in Israel. It is a form of affective politics that draws on alternative conditions and memories, powerful enough to serve as an alternative to the contemporary world. Marianne Hirsch describes this as postmemory, referring to the relationship subsequent generations have to "the personal, collective, and cultural trauma of those who came before—to experiences they 'remember' only by means of the stories, images, and behaviors among which they grew up."[302] Since most of my interlocutors were not born in mandatory Palestine, they did not personally experience pre-Zionist Palestine; yet they still felt an affinity to the idea of pre-Zionist modernity and a connection to the implications such an experience of modernity holds. It is ironic yet telling that a nostalgia for the past can have as much of an appeal as the promise of modernity in the future.

[300] Salim Tamari, "Bourgeois Nostalgia and the Abandoned City," *Comparative Studies of South Asia, Africa, and the Middle East* 23: 1-2 (2003), 173-180.
[301] Andre Mazzawi, "Memories and Counter-Memories, Production, Reproduction and Deconstruction of some Palestinian Memory Accounts about Jaffa," Paper presented at the Annual Meeting of the Middle East Studies Association, San Francisco, CA, November 1997.
[302] Marianne Hirsch, *The Generation of Postmemory: Writing and Visual Culture after the Holocaust* (New York: Columbia University Press, 2012), 5.

Conclusion

Dealing with one aspect of Palestinian encounters with neo-liberalization in Israel, this chapter has contextualized the flows of narratives on consumption, tying them to concepts such as development and modernity. Consumption is a site of politico-economic transformation: it is fundamentally linked to the logics of capital and production, but it is also a politicized space in which larger contestations, tensions, and violent encounters are projected. Palestinian consumption takes place within and beyond the contours of Israel. Palestinians are neither merely captive consumers, nor are they subjects to be modernized, yet both perspectives continue to influence encounters with changes in consumption and the dialectics of modernity.

Using examples from the urban setting of Nazareth, I have analyzed the ways in which consumption has permeated both the city's landscape and its internal debates. The purpose of this approach is to give meanings to the particular configurations of objects, images, and symbols of consumption in Nazareth that are placed in the midst of a transformative process of neo-liberalization. The modernizing discourse espoused by the top-down structure of BIG Fashion entering Nazareth is juxtaposed with the appropriation of *ruz wa-laban* as a symbol of Palestinian identity among members of the opposition in Nazareth, in contra-distinction to sushi.

Rather than reject politico-economic changes in the realm of consumption, Palestinians have sought to reconcile these changes with their political condition by re-assessing the meaning and practice of modernity. Their stories reveal that there is an interplay between a number of external and internal factors that arrive at an ironic coexistence of an embrace of changes in consumption with counter-discourses that aim to dispel myths of modernization and development advocated by the Israeli establishment. This serves as an appropriation of history—one that is loud, deliberate and imposing. The process of

(re)claiming space indicates a refusal to let go of one's stake in national identity and the ownership of the landscape of Israel and historic Palestine, in a literal and metaphorical sense alike.

I have argued that despite the discernible effects of neo-liberalized consumption habits and the changes they have engendered in Nazareth, Palestinians have aimed to overturn the Israeli discourse on modernity and its delineation of Palestinians as non-modern. This challenges the static position of Palestinians as non-modern and exposes it not as a meaningful category but a political construction—one that has arguably been a fundamental component of Zionism. The conflict between *ruz wa-laban* and sushi, on the other hand, aims to highlight the absurdity behind such processes of modernity and globalization, and the appropriation of *ruz wa-laban* serves as an example of Palestinian rejection of these processes, particularly the ways in which they displace objects of Palestinian heritage.

Finally, the discussion on Israel's 'incomplete' modernity aims to reverse the binary, arguing that Israeli policy towards Palestinian citizens has been 'tribal' and its version of modernity incomplete, incoherent, or unjust, failing to embrace the 'modern' traits of the 21st century, such as equality and justice. It emphasizes that Palestinians have fought for modernity by demanding equal rights, while Israel has consistently concocted ways to restrict this. Palestinians have also challenged Israel's 'ownership' of modernity, whether spatially or temporally, arguing that pre-Zionist Palestine was modern and connected to the world in elaborate ways, especially coastal cities. In this bourgeois nostalgia, this period has been represented and reproduced as cosmopolitan and connected within regional and global networks of exchange, commerce, and culture. Representations of this modernity, which have faced critique for their unabashed elitism, include idyllic references to the 'open borders' of the Ottoman era, images of Western material goods, and secular lifestyles. Although these views challenge the foundations of modernity and aim to re-interpret it by invoking a higher

standard of political equality, they do not necessarily challenge the essentialism or constructiveness of the binary concepts of modern and traditional.

CHAPTER TWO

LABOR: DEVELOPMENT AND THE PERSISTENCE OF 'ARAB LABOR'

Israeli development policies have focused especially on Palestinian labor trends, seeking to boost the number of Palestinian workers in the workforce. These policies build on the observation of labor markets as segmented between Palestinians and Jews and the concentration of Palestinians in lower-paid, insecure, and blue-collar jobs.[303] However, labor development policies tend to re-inscribe and reinforce the view of Palestinian workers as inferior. Although the development discourse aims to de-politicize such inequality using a distinctly neoliberal ideology of subjecting state-citizen relations to market principles, labor markets continue to be a fundamentally political space due to the inferior position Palestinian workers occupy. I look at two examples of this: the widespread skepticism towards the state's development projects, viewed as a type of de-politicizing colonial technology, and actual encounters with the Israeli development infrastructure and in the labor market itself, which tend to confirm and reproduce the inferiority of Palestinian workers.

The epitome of this inferiority in the labor market is the status of Palestinian workers as 'Arab labor' (*ʿavodah ʿaravit*), which colloquially implies poor quality, inadequate or dirty work.[304] The term emerged as the opposite of 'Hebrew labor' (*ʿavodah ʿivrit*), a term that also denotes a policy for Jews to only employ Jews and therefore displace and 'conquer' labor (*kibush ha-ʿavodah*). To analyze the images and expectations prevalent in the encounter between 'Arab labor' and the developmental discourse, I trace the segmentation of labor markets to the construction of 'Arab labor' and 'Hebrew labor' as two distinct entities. The

[303] Sa'di, "Incorporation without Integration," 429.
[304] When asked about Palestinians being associated with *'avodah 'aravit,* magnate Badie Tannous defended his firm by stating, "We have been characterized by the *cleanliness* of our business [my emphasis]." Quoted in Ghada Asaad and Wa'il Awad, "*Badie Tannous: Al-amāna hiya assās al-najāḥ*." A sitcom by Sayed Kashua (2007-present) is also titled *'avodah 'aravit*, and it follows the awkward encounters of an Arab-Palestinian family with life in Israel.

purpose of this starting point is not to imply a trajectory of path dependency but to critically investigate the ways in which the delineation of 'Arab labor' as an inferior category continues to influence Palestinian encounters with Israeli political economy, particularly its complicity in constructing and justifying the current status of Palestinians in the Israeli labor market.

Outline

The following section historicizes the process of enframing 'Arab labor' as an inferior category relative to 'Hebrew labor' since the British mandate, conceiving labor relations as socially and politically determined. I elaborate on the extent of separation by drawing upon the example of black labor in the US prior to the Civil Rights movement. The analogy is useful because it is relatively well-known, and there are similar dynamics of institutional separation. Palestinians themselves have frequently utilized this comparison, particularly while contemplating strategies for the way forward.[305]

The chapter proceeds to analyze the political economy of Palestinian labor and how it is perceived, dealt with, and situated alongside other political and economic realities. It first discusses the ways in which the development policy has largely been interpreted as a mechanism of de-politicization, and subsequently, the dominating framework of inequality that continues to underlie Palestinian encounters with the Israeli labor market. Inequality features prominently in three contexts: the continued invisibility of Palestinian construction workers, the backlash against a welfare-to-work scheme known as the Wisconsin Project in

[305] Yousef Jabareen, "Constitutional Protection of Minorities in Comparative Perspective: Palestinians in Israel and African-Americans in the United States," (PhD diss., Georgetown University Law Center, 2003). See also Yusuf's discussion in the fourth case study on the Palestinian upper class, which echoes vibrant debates by Palestinians of 1948, Palestinians in the Occupied Territories and Palestinians in the diaspora. The analogy was prominently revived in 2014-2015 with the overlap of the 'Black Lives Matter' movement in the US with the war in Gaza, leading to public expressions and campaigns of solidarity on both sides.

Nazareth, and the insecurity of Palestinian workers during the context of the Gaza war in 2014.

These examples demonstrate the powerful role of such highly politicized images and expectations, which reinforce the category of 'Arab labor'. Following a literature that pays special attention to the production of labor markets, this chapter argues that labor markets do not merely function as economic spaces of exchange, but they also represent dimensions of socio-political contestation.[306] The inferiority accompanying the delineation of Palestinians in Israel as 'Arab labor' can thus be understood affectively; it is not simply a quantitative cleavage but an ongoing process that continues to define the experience of Palestinian labor.

[306] Fred Block, *Postindustrial Possibilities: A Critique of Economic Discourse* (Berkeley: University of California Press, 1990); Neil Fligstein, *The Architecture of Markets: An Economic Sociology of Twenty-First Century Capitalist Societies* (Princeton: Princeton University Press, 2001); Greta Krippner, "The Elusive Market: Embeddedness and the Paradigm of Economic Sociology," *Theory and Society* 30 (2001), 775-810; Jamie Peck, *Work-place: The Social Regulation of Labor Markets* (New York: Guilford Press, 1996).

'Arab labor' versus 'Hebrew labor'

The impetus for separation during the mandate period came from the accelerating nationalist projects and resulted in autonomous and disconnected public institutions including transportation systems, educational establishments, industrial plants, banking systems, insurance and unemployment funds, water utilities, militias, and even entire cities. In their visions of themselves as 'pioneers' (*ḥalutsim*) returning to their land, Zionists in the early Yishuv idealized a 'Hebrew labor' that would build their new society.[307] 'Conquering labor' was a cornerstone of the vision to conquer the land and was foundational to the Zionist movement.

Gershon Shafir contends that the principle of Hebrew labor was a result of local and material struggles over land and labor between that the Zionist settlers and native Palestinians, rather than ideology of the Yishuv.[308] However, by analyzing the role of coercion and state violence until the present day and drawing on a comparative approach with South Africa, Zachary Lockman challenges this view. [309] The implementation of Hebrew labor, Lockman contends, required state intervention and the use of violence. The course Israel has taken from 1967 onwards cannot simply be discounted as an aberration; on the contrary, Zionism is contingent upon the displacement and subordination of the Palestinian population. Meanwhile, Zeev Sternhell perceives the Labor Zionist movement as a nationalist project that used the ideologies of socialism and liberalism as a mobilizing myth to regiment workers. In this view, the principle of Hebrew labor is another manifestation of Zionist nationalism that used discourses of worker solidarity for the conquest of Palestine. Sternhell,

[307] Deborah Bernstein, *Constructing Boundaries: Jewish and Arab Workers in Mandatory Palestine* (Albany: State University of New York Press, 2000).
[308] Gershon Shafir, *Land, Labor and the Origins of the Israeli-Palestinian Conflict* 1882-1914 (Cambridge: Cambridge University Press, 1989).
[309] Zachary Lockman, "Land, Labor and the Logic of Zionism: A Critical Engagement with Gershon Shafir," *Settler Colonial Studies* 21: 9 (2012), 9-38.

unlike Shafir, notes that the Jewish labor in Palestine had immense advantages, which contributed to the nation-building process.[310]

Opposing the use of 'Arab labor' to build their new society, Zionist 'pioneers' enacted several policies in pursuit of separation, such as the controversial decision to 'import' Yemeni Jews in the early 1900s to displace the native Arab labor force.[311] Ben-Gurion himself oversaw this project, which was linked to the fact that Yemeni Jews were still Arab and therefore 'native,' capable of competing with indigenous Arab labor, although this process proved to be problematic.[312] The European Jewish settlers, meanwhile, belonged to a different category; although they were less experienced than Arab workers, they demanded—and received—higher wages.[313]

The policies of the British colonial administration contributed to this divide.[314] The 1928 Wage Commission, for example, set a minimum wage for Palestinians that was 30-50% lower than the designated Jewish minimum wage, institutionalizing the "informally accepted dictum that Jewish workers were accustomed to a higher standard of living."[315] British policy arguably resulted in the creation of the Jewish economy as a semi-autonomous and more industrialized space, while contributing to the deterioration of the Palestinian economy.[316]

The Zionist leadership's attachment to the principle of Hebrew labor was met with similar calls for separation by the Palestinian leadership. Viewing the Zionist project as a

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[310] Zeev Sternhell, *The Founding Myths of Israel: Nationalism, Socialism, and the Making of the Jewish State,* trans. David Maisel (Princeton: Princeton University Press, 1998), 178.
[311] Shafir, *Land, Labor and the Origins of the Israeli-Palestinian Conflict,* 91-122.
[312] Massad, "Zionism's Internal Others," 54. Many Yemeni laborers were expelled from settlements, although some were later permitted in settlements in the south under the condition that they live outside. Concerns with Yemeni immigration even led Ahad Ha'am to claim, "Yemenite immigration affects *the nature* of the Zionist settlement by dint of their different culture and mentality." Quoted in Gideon Giladi, *Discord in Zion: Conflict between Ashkenazi and Sephardi Jews in Israel* (London: Scorpion, 1990), 47.
[313] Derek Penslar, *Zionism and Technocracy: The Engineering of Jewish Settlement in Palestine, 1870-1918* (Bloomington: Indiana University Press), 27.
[314] See Barbara J. Smith, *The Roots of Separatism in Palestine: British Economic Policy, 1920-1929* (Syracuse: Syracuse University Press, 1993).
[315] May Seikaly, *Haifa, Transformation of a Palestinian Arab Society, 1918-1939* (London: Tauris, 1995), 134.
[316] Amos Nadan, *The Palestinian Peasant Economy under the Mandate* (Cambridge: Harvard University Press, 2006).

colonial mission, a vocal Palestinian nationalist movement called for independent institutions as early as the mid-1920s. A leaflet from 1933, for example, warned Palestinian workers of the Histadrut, which "colonized the land so as to dominate you and destroy your national existence. It works in secret to suppress you and to take all work away from you and your brothers."[317]

But separation was neither always successful nor necessarily strategic: there were instances, such as during the 1920s, when the Zionist movement encouraged cooperation between Jewish and Palestinian workers to undermine the nationalist project led by Palestinian notables. Ben-Gurion himself made several speeches calling for cooperation between Arab and Jewish workers during this period.[318] However, it is generally agreed that from the start of the Arab Revolt in 1936, separation became the norm rather than the exception, and by 1948, it had almost become a rule in economic interactions.

The establishment of Israel in 1948 meant that the Zionist movement could institutionalize such segregation and safeguard Jewish employment, including protecting Jewish wages from competition, seen as part of the task of state-building.[319] The Haifa oil refineries are a case in point: few Palestinians were allowed to retain their jobs, and those who did had to go through a temporary employment agency, working as contractors at sub-standard conditions.

Labor restrictions were one part of the military rule that the new state imposed against the Palestinian population, a process Yoram Ben-Porath designates as 'regulation':

> The main motives for…regulation were: protection of Jewish labor in general, with particular attention to the absorption of immigrants; protection of Jewish labor in

[317] Deborah Bernstein, "Strategies of Equalization, a Neglected Aspect of Split Labour Market Theory: Jews and Arabs in the Split Labour Market of Mandatory Palestine," *Ethnic and Racial Studies* 21: 3 (1998), 465.
[318] Zachary Lockman, *Comrades and Enemies: Arab and Jewish Workers in Palestine, 1906-1948* (Berkeley: University of California Press, 1986), 72-77.
[319] Zeev Rosenhek, "The Political Dynamics of a Segmented Labour Market: Palestinian Citizens, Palestinians from the Occupied Territories and Migrant Workers in Israel," *Acta Sociologica* 46: 3 (2003), 235.

> agriculture specifically, in the interests of both ensuring possession of land and of creating a strong Jewish agricultural sector, and security considerations.[320]

The system of 'regulation' was embedded in travel permits:

> The Arab worker would generally find work on his own, and only afterwards apply to the local exchange in order to obtain its consent to the issue of a travel permit. The decision depended on the employment situation in the intended place of work and the applicant's right to employment. Owners of land or persons who had obtained land on lease were disqualified from being employed in the Jewish sector.[321]

A rule of 'local preference' dictated that Palestinians could only be employed in a Jewish area if the job could not be fulfilled by a 'local'. The main objective behind the state's policies was to ensure that the livelihood of the Palestinian population was dependent upon the state, as measures were taken to prevent Palestinians from building infrastructure for autonomous enterprises, which Israeli officials feared could increase the possibility of irredentism.[322]

The notion of equal wages for workers was considered disadvantageous, potentially assisting Palestinian citizens in establishing a separate economic, political, and social base. Associating equal wages with prospective threats to the state's territorial integrity was not only because its fate was still relatively uncertain at this stage but also because policy was designed from this zero-sum approach. The Head of the Military Administration, Mishael Shaham, explicitly described each 'Arab worker' as an "impediment" to the absorption of a Jewish family.[323] Similarly, Yehoshua Palmon, the first Arab Affairs adviser to the Prime Minister, declared that he "opposed the integration of the Arabs into society" and "prefer[red] separate development [which] made it possible to maintain a democratic regime within the Jewish population alone."[324]

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[320] Ben Porath, *The Arab Labor Force in Israel*, 51.
[321] *Ibid*, 53.
[322] Michael Shalev, *Labour and the Political Economy in Israel* (Oxford: Oxford University Press, 1992), 45.
[323] Quoted in Rosenhek, "The Political Dynamics of a Segmented Labour Market," 236.
[324] Quoted in Sa'di, *Thorough Surveillance*, 71.

Israeli officials were aware of harsh conditions in Palestinian villages such as hunger, but they viewed the improvement of economic circumstances as detrimental to their purposes, recommending additional austerity.[325] Furthermore, Mapai and the Histadrut used clientelistic networks to link patriotism with economic incentives, which also sought to weaken communist political activity among the Palestinian population.[326] This was often linked to infrastructure in Palestinian areas, such as jobs, or even a threat to disrupt the supply of water to Umm al-Fahm.[327] Feigning loyalty to the state was therefore a way to secure employment.[328] Palestinian informants and collaborators who had connections to the Shin Bet were given rewards such as jobs, land, and weapons.

The exclusion of Palestinian labor from Israel during the state's first decade was possible through the recruitment of Mizrahi Jews (known in Hebrew collectively as Mizrahim, they descend from Jewish communities in North Africa, West Asia, and Central Asia). Although Mizrahi immigrants were placed in a separate ethnic category from the start, and lived, often coercively, in separate 'development towns' [*ʿayarot pituaḥ*], their entry into Israel's labor market as the working class played a role in facilitating effective Palestinian exclusion.[329] Wages for Mizrahim living in these 'development towns' were significantly lower than wages in the same industry elsewhere in the country. [330] The main source of employment in these towns was typically a factory, controlled by the state, the Histadrut, or Ashkenazi businessmen who were themselves not present in the towns. Labor-intensive

[325] Cohen, *Good Arabs*, 20.
[326] Rosenhek, "The Political Dynamics of a Segmented Labour Market," 237.
[327] Saʿdi, *Thorough Surveillance,* 158.
[328] *Ibid*, 65-66.
[329] Aziza Khazzoom, "Did the Israeli State Engineer Segregation? On the Placement of Jewish Immigrants in Development Towns in the 1950s," *Social Forces* 84: 1 (2005), 11-5-134; Oren Yiftachel, "Social Control, Urban Planning and Ethno-Class Relations: Mizrahi Jews in Israel's 'Development Towns'," *International Journal of Urban and Regional Research* 24: 2 (2000), 418-438.
[330] Joseph Massad, "Zionism's Internal Others: Israel and the Oriental Jews," *Journal of Palestine Studies* 25: 4 (1996), 58.

industrial parks were frequently erected nearby.[331] As Erez Tzfadia argues, the integration of the Mizrahim in the labor market—as "relatively weak, distanced and isolated communities"—must be analyzed in conjunction with the larger project to colonize Palestinian land and control the population.[332]

The colonization of Palestinian labor eventually acquired new meanings: Israel's goal shifted from merely displacing Palestinian workers to insulating them as a weakened and dependent labor force that can be strategically manipulated.[333] As Sa'di shows, incorporation into the Israeli economy was framed as a way to confine Palestinians to the periphery of the Israeli economy, and the dispersion of government funds to workers or farmers was an expedient strategy to monitor and control them. Furthermore, Michael Shalev demonstrates that it was only after the categories of a 'superior' Jewish labor and an 'inferior' Arab labor were produced and effectively fortified and the Jewish-Israeli economy had reached a certain level of security that Jewish companies started recruiting from the Palestinian labor pool.[334]

After Palestinians of 1948 were integrated in the Israeli labor market as the working class, replacing Mizrahim, another shift took place after the occupation of the West Bank and Gaza. Palestinian workers from the Occupied Territories were also incorporated in the labor market, a trend that elevated the status of Palestinians of 1948. Israel's subsequent decision to import overseas workers in the early 1990s to replace Palestinians from the Occupied Territories reiterated its search for such a continuous flow of 'cheap' labor, another important feature of neo-liberalization. With Palestinian workers from the West Bank still operate as a

[331] Erez Tzfadia, "Public Policy and Identity Formation: The Experience of Mizrahim in Israel's Development Towns," *The Journal for the Study of Sephardic and Mizrahi Jewry* (2007), 57-82.
[332] *Ibid*.
[333] This process took place according to conditions of the labor market. According to Rosenhek, when levels of unemployment rose, the military government would restrict the provision of transit permits. Rosenhek, "The Political Dynamics of a Segmented Labor Market," 236.
[334] Shalev, *Labor and the Political Economy in Israel,* 51.

"marginal but highly flexible reserve army for Israeli capitalism."[335] These trends demonstrate that there are multiple tiers of stratification and segmentation within Israeli labor markets.[336]

The establishment of the category of 'Arab labor' as separate, fractured and dependent proceeded after military rule was dismantled. Toledano, the aforementioned Arab Affairs adviser, outlined a series of actions to prevent the emergence of "an independent [Arab] bank, Arab labor unions, and chambers of commerce."[337] Changes in the legal architecture—such as the Equal Employment Opportunities Law of 1988 which banned discrimination in employment based on "race, religion, nationality, country of origin, views, party…,"—did not erode the construction of 'Arab labor' as a distinct 'non-Jewish' category in the labor market. Separation has continued over the past decades in congruence with cyclical violence, heightened, for example, during the second intifada in large part due to discrimination in hiring patterns.[338]

Contemporary labor patterns have continued to reflect the categories of 'Arab labor' and 'Hebrew labor,' and the racialized boundaries between the two are maintained by a series of formal and informal mechanisms. Military service, heavily entangled with discourses on labor, is one such example. Military service is considered a rite of passage in Israel, providing soldiers with material perks and socio-economic mobility, and compelling some

[335] Adam Hanieh. *Lineages of Revolt: Issues of Contemporary Capitalism in the Middle East* (Chicago: Haymarket, 2013), 109.
[336] Several of my interlocutors have mentioned friction between Palestinian workers from the 1948 territories and those from the 1967 territories, with anecdotes of physical violence. However, scholars contend that the entry of Palestinian workers from the West Bank resulted in upward mobility for Palestinian citizens, who increasingly worked as job foremen and contractors. See Noah Lewin-Epstein and Moshe Semyonov, "Ethnic Group Mobility in the Israeli Labor Market," *American Sociological Review* 51 (1986), 342-351. Since the second intifada, Israel has sought replace Palestinian workers from the West Bank and Gaza with foreign workers.
[337] Quoted in Sa'di, *Thorough Surveillance*, 44.
[338] Sami Miaari, Asaf Zussman and Noam Zussman, "Ethnic Conflict and Job Separations," *Journal of Population Economics* 25: 2 (2012), 419-437.

Palestinians to enlist.[339] As an institution of social mobility and inclusion, the military also possesses leverage as a tool for exclusion. Obtaining rights from the state is often described as being contingent upon "sharing the burden" of military service. Since Palestinians generally do not serve in the military and therefore do not have security clearances, they are often excluded from jobs under the pretext of security, and jobs sometimes state explicitly that they are looking for an employee "*after* the army" (*aḥerey ha-tsava*). In the past, firms that manufacture shoes or process foods have refused to hire Palestinians, citing security concerns.[340] A more recent example is a job advertised by the Airports Authority in the transportation sector of Ben-Gurion Airport, which included the pre-condition of army service, even though it mostly requires dealing with baggage.[341]

The term *ʿavodah ʿaravit* does not only denote second class employment but expresses a *normative* statement—such as where Palestinians are expected or imagined to work—based on history and current possibilities. The term reflects the power dynamics and social constructions that enable the creation of this 'ethnic' labor market. The category of an ethnic labor market is both imagined and real, creating boundaries that are both imagined and real; accordingly, the way it has been imagined, created, and sustained is imperative to understand the persistence of segregation.

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[339] Rhoda Ann Kanaaneh, *Surrounded: Palestinian Soldiers in the Israeli Military* (Stanford: Stanford University Press, 2008), 35-49.
[340] Wolkinson, *Arab Employment in Israel*, 41.
[341] Rights group Adalah has petitioned against this. See Adalah, ""Military service" requirement to work at airport—even as a baggage handler," April 11, 2013, http://www.adalah.org/eng/Articles/2114/Military-service-requirement-to-work-at-airport-as; Adalah, "*Hanaton: biṭul ha-shimush ba-shirut ha-tsvaʾi ke-tnay leha ʿasḳat ʿuvdey shinuʾ bi-natbag*" [The Elimination of Military Service as a Condition for Hiring Transport Workers at Ben-Gurion Airport], April 11, 2013, http://www.adalah.org/uploads/oldfiles/Public/files/Airport-Letter-2013.pdf; Adalah, "Adalah's report to the United Nations Human Rights Council's Universal Period Review of Israel," October 29, 2013, http://www.adalah.org/uploads/oldfiles/Public/files/English/International_Advocacy/UN/Adalah-Report-UPR-Israel-October-2013.pdf.

Social closure

Writing about ethnicity and labor, John Carter asserts that there are commonly held perceptions about particular groups naturally 'belonging' in certain jobs or sectors, such as 'men's work' and 'women's work' or the type of work in which ethnic minorities are 'normatively' concentrated.[342] Certain jobs are imbued with an 'ethnic' character because they are quantitatively (i.e., wages) and qualitatively (i.e., social status) 'worse' than other jobs.[343] This process, theorizes Cater, is controlled by a mechanism of social closure, which is practiced in different forms to restrict the entry of minority groups into specific occupations and sectors.

Certain forms of social closure are generally considered acceptable or neutral, such as a formal requirement for a minimum level of education. Others tend to be implicit and are tied to social boundary markers such as age, gender, and ethnicity. An example of an official system of closure that Palestinians frequently referred to is the psychometric exam for universities in Israel, which has been viewed at best as biased against them and at worst an attempt engineer a gap between Palestinian and Jewish students.[344] An unofficial system of closure is the pervasive discrimination in the private sector, where high-tech managers "prefer to work with their army buddies," according to Smadar Nehab, the executive director of Tsofen, a non-profit that works to promote Palestinian integration into high-tech.[345]

Processes of social closure do not necessarily have a formal agent, but they limit the likelihood of members of an ethnic minority to even apply to certain occupations, especially

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[342] John Carter, *Ethnicity, Exclusion and the Workplace* (Basingstoke: Palgrave Macmillan, 2003), 64-83.
[343] *Ibid*, 177-178.
[344] Muhannad Mustafa, "*Al-bsikhumetrī wa-mutanawuliyat al-taʿlīm al-ʿalī lidā al-ṭulāb al-ʿarab: adāt taṣnīf am iqṣā'*" [The Psychometric Exam and the Accessibility of Higher Education to Arab Citizens of Israel: An Instrument of Categorization or Exclusion?], *Dirasat, the Arab Center for Law and Policy*, 2009, http://arab-education.org/wp-content/uploads/2011/02/psychomerty-1.pdf; Ilan Pappé, *The Forgotten Palestinians: A History of the Palestinians in Israel* (New Haven and London: Yale University Press, 2011), 227.
[345] Guy Grimland, "High-Tech Managers Prefer to Work with Army Buddies," *Haaretz*, March 10, 2010, http://www.haaretz.com/print-edition/business/high-tech-managers-prefer-to-work-with-their-army-buddies-1.264448.

occupations in which they statistically not likely to be concentrated. In Israel, the probability of Palestinians to be found in lower-bottom and upper-bottom stratum jobs is 0.35 is 0.29 respectively, while in lower-top and upper-top stratum jobs, the probability is 0.09 and 0.03 respectively, with no progress achieved between 1992 and 2010—only a slight deterioration.[346] It is worth noting that there is an overlap between 'official' and 'unofficial' closure, as education is often entangled with informal factors. Education itself may impart limitations on socio-economic mobility to minority groups, instead 'naturally' relegating them into certain positions or sectors.[347] In his research on unemployed youth in India, Craig Jeffrey criticizes Amartya Sen's view of 'development as freedom,' in which education is depicted as an unproblematic social good, arguing that it can actually reproduce class inequalities.[348]

Furthermore, the combination of structural, historical, and geographic factors that led to the creation of ethnic labor becomes increasingly indistinct as it evolves into a standard, and the image becomes rationalized and normalized. Palestinian labor has been described as possessing polluting or parasitic characteristics, similar to images of non-white or migrant workers in Europe—a comparison Israeli officials have previously made.[349] In this discourse, different standards are upheld for both groups whose presence in the labor market is perceived as *justifiably* secondary to the needs of the 'dominant' group.

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[346] Noga Dagan-Buzaglo and Etty Konor-Attias, "Israel's Middle Class 1992-2010: Who Are We Talking About?" *Adva Center: Information on Equality and Social Justice in Israel*, January 2013, 35.
[347] One example is military recruitment in high schools in the low-income areas in the US. See Brian Galaviz et al., "The Militarization and the Privatization of Public Schools," *Berkeley Review of Education* 2: 1 (2011), 27-45. For an in-depth study of recruitment of low-income, non-white students in an urban area in southern California, see Suzie Moses Abaijan, "Drill and Ceremony: A Case Study of Militarism, Military Recruitment and the Pedagogy of Enforcement in an Urban School in Southern California," (PhD diss., University of California, Los Angeles, 2013).
[348] Craig Jeffrey, *Timepass: Youth, Class, and the Politics of Waiting in India* (Stanford: Stanford University Press, 2010), 26.
[349] Arnon and Raviv, *From Fellah to Farmer*, 219.

Philippe Van Parijs argues that wage differentials are dictated by what society *deems* the person worthy of using a scale that is practically arbitrary.[350] This builds on the Marxist view of wages as not merely constituting a neutral or just form of remuneration but as an expression of the amount of 'surplus value' the employer (or 'capitalist') can extract. In this process, categories such as citizenship and ethnicity have a powerful influence, leading to the phenomenon of an ethnic penalty.[351] In other words, these categories can influence the amount of surplus value the capitalist is able to withhold, in turn driving down wages further. Imaginations reinforce and dictate wages, resulting in a continued policing of the boundaries of labor markets.

[350] Philippe Van Parijs, *Real Freedom for All: What (If Anything) Can Justify Capitalism?* (Oxford: Clarendon Press, 1995).
[351] Miaari and Khattab analyze the ethnic penalty in the case of Palestinians in Israel. Sami Miaari and Nabil Khattab, "The Persistent Wage Gaps between Palestinians and Jews in Israel, 1997-2009," in Khattab and Miaari, *Palestinians in the Israeli Labor Market*, 62.

Labor market segmentation: a comparative lens

This section will briefly discuss labor market segmentation among Palestinians in comparison with black labor in the US prior to the Civil Rights movement in the 1950s and 1960s. Disparities between black and white workers have not disappeared today, and despite proclamations of a post-racist era, race has continued to be anything but insignificant.[352] I nevertheless focus my attention exclusively to the Jim Crow era, which seems to be most comparable to the case of Palestinians in Israel, due to the implications of the philosophy of 'separate but equal' and its legal enshrinement into various institutions, as well as its role in encouraging disengagement.

Labor is highly symbolic in both examples, but there are also important contrasts, particularly in the history leading to the segmented labor markets. As described earlier, the Palestinian case has been marked by the historic exclusion of the indigenous Palestinian workers from the Israeli labor market. The principal goal of Zionism was to displace and replace Palestinians, including from the labor market, whereas the struggle of the black population in the US arises from its *forced integration* of its labor in the US economy under slavery. "Chattel slavery," Adam Rothman argues, "was at bottom a class relationship enforced by physical coercion in which some people lived off the labor of others."[353] Slave labor was integral not only to the development of the US economy, where vital economic sectors were dependent on slave labor, but also the spread of capitalism, which took shape with the exploitation suffered by black workers and lives.[354] Notwithstanding these different starting points and the unique injustices associated with each of these histories, a comparison

[352] See Michelle Alexander, *The New Jim Crow: Mass Incarceration in the Age of Colorblindness* (New York: New Press, 2010). In addition to incarceration, recurring incidents of police brutality towards black people have re-invigorated public debate on the supposedly post-racial era.
[353] Adam Rothman, *Slave Country: American Expansion and the Origins of the Deep South* (Cambridge: Harvard University Press, 2005), 207.
[354] See Manning Marable, *How Capitalism Underdeveloped Black America: Problems in Race, Political Economy, and Society* (London: Pluto Press, 1983).

of their subsequent roles as secondary labor can help elucidate mechanisms of stratification and social closure.

Labor market segmentation simply means the existence of two labor markets that are composed of different jobs and statuses and between which there is little mobility. An economic theory describing the processes and characteristics of labor segmentation was first proposed by Clark Kerr, although scholars have significantly expanded on it using other closely related theoretical concepts, such as dual labor market theory and split labor market theory.[355] The 'secondary' labor market is typically characterized by inferiority and is associated with low-paying jobs, instability (such as temporary jobs as opposed to permanent jobs), limited room for meritocratic mobility, comparatively fewer privileges, and stigma.[356] In many cases, workers in the secondary labor market indirectly sustain the economy of the primary labor market, although they tend to remain economically, politically, and socially marginalized.

There was a surge in scholarly work on labor segmentation between the 1970s and 1990s, sparked by the Black Power movements, inner city riots, and the attempt to explain widespread poverty in ghettos, as well as feminist theory which argued that the labor of women as well as other 'non-competing' groups such as immigrants, temporary workers, and other workers in the informal economy comprise second class labor.[357] Labor market segmentation refers not only to the geographically and ethnically stratified labor market but

[355] Clark Kerr, "The Balkanization of Labor Markets," in *Labor Mobility and Economic Opportunity,* eds. Bakke E. Weight et al. (New York: Technology Press of Massachusetts Institute of technology and J. Wiley, 1954), 92-110; Peter B. Doeringer and Michael J. Piore, *Internal Labor Markets and Manpower Analysis* (Lexington: Heath, 1971).
[356] Kevin Henson, *Just a Temp* (Philadelphia: Temple University Press, 1996).
[357] Herald Bauder, *Labor Movement: How Migration Regulates Labor Markets* (Oxford: Oxford University Press, 2006); Jackie Krasas Rogers, *Temps: The Many Faces of the Changing Workplace* (Ithaca: Cornell University Press, 2000); Ragui Assaad, "Formal and Informal Institutions in the Labor Market, with Applications to the Construction Sector in Egypt," *World Development* 21: 6, (1993), 925-939.

also to the caste-like stratification between jobs in which the two groups are respectively concentrated.

There are limitations to segmented labor market theory, with one critical theorist describing it as being in a "chronic state of disarray" and noting that it has also been subjected to neo-classical colonization.[358] The most salient criticism of the standard dual labor market perspective is its disregard for the role of the state in the production and reproduction of such a hierarchy and its function as an organ for the interests of a dominant capitalist class.[359] Michael Burawoy, for example, reminds us that the split in the labor market in South Africa was orchestrated and institutionalized by the capitalist state, a perspective that more accurately reflects the dynamic in Israel/Palestine (as the aforementioned 'regulatory role' the state played indicates).[360]

However, it is important to note that the residential and occupational segmentation between Palestinians and Jews in Israel is neither absolute nor insurmountable, and there are examples of Palestinian professionals who work alongside Jews, most prominently in the medical sector, defying the very dichotomy this chapter analyzes. There are several hypotheses regarding the uniqueness of the medical sector: some speculate that it is an expression of a history of segregation, as Palestinian doctors were necessary to treat Palestinian patients, while other believe that it is because medicine is a safer career choice for Palestinians, particularly compared to sectors such as high-tech, which is known to be inaccessible to Palestinians as a result of its intimate ties to the military.[361]

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[358] Ben Fine, *Labor Market Theory: A Constructive Reassessment* (London: Routledge, 1998), 149; 157-174.
[359] See Jamie Peck, "Labour Market Segmentation Theory," *Labour and Industry: A Journal of the Social and Economic Relations of Work* 2: 1 (1989), 119-144.
[360] Michael Burawoy, "The Capitalist State in South Africa: Marxist and Sociological Perspectives on Race and Class," *Political Power and Social Theory* 2 (1981), 279-335.
[361] Discussions on 'security risks' associated with Palestinian doctors appeared in 2015, with Israeli news reports citing Palestinian doctors refusing to treat Israelis who had been stabbed by Palestinians. See "*Ḥashad: Rofʾim lo siʿu la-patsuʿey ha-piguʿ ba-ʿir ha-ʿatiḳah,*" [Doctors Did Not Help Victims in the Old City], *Mako,* October, 15, 2015, http://www.mako.co.il/news-israel/health-q4_2015/Article-e205c40f69c6051004.htm?sCh=31750a2610f26110&pId=1078965476.

Generally, however, the trend of segmentation has determined labor market dynamics, and it is especially stark among the working class who experience the largest schisms in wages and restrictions in mobility.[362] Such segmentation closely resembles the schism between 'white' and 'black' labor prior to the Civil Rights movement, which operated according to a similar logic. With the abolition of slavery in the 1800s, black labor underwent major transformations until the 1960s, and there were variations between northern and southern states in the use of legal mechanisms to restrict black labor.[363] The institutionalization of two unequal labor markets was nevertheless discernible across the board, despite the growing representation of black workers in urban labor markets, a trend that increased from World War I onwards.

Harold Baron describes the separate job markets as driven by "distinct demand and supply earnings and occupation distribution as well as separate institutions and procedures for recruitment, hiring, training, and promotion of workers."[364] The corollary to 'Arab labor' in this example was 'Negro jobs,' which categorized the lower paying and usually manual labor jobs where black workers were concentrated. It exhibited similar signs to 'Arab labor': a racial penalty on wages, concentration in jobs that are less secure, the presence of ceilings in employment, and similar seemingly apolitical justifications for the dual economy structure such as lack of skills or education.[365]

Secondary labor markets exhibit higher levels of volatility. For example, during the Great Depression in the US, black workers disproportionately faced dismissal, relative to

[362] Sharon Rabin Margalioth, "Labor Market Discrimination against Arab Israeli Citizens: Can Anything Be Done?" *NYU Journal of International Law and Politics* 36 (2004), 851.
[363] M. Harold Baron, "The Demand for Black Labor: Historical Notes on the Political Economy of Racism," in *A Turbulent Voyage: Readings in African American Studies*, ed. Floyd M. Hayes (Lanham: Rowman & Littlefield, 2000), 435-467.
[364] *Ibid*, 458.
[365] William A. Sundstrom, "The Color Line: Racial Norms and Discrimination in Urban Labor Markets, 1910-1950," *The Journal of Economic History* 54: 2 (1994), 382-396.

white workers.[366] Similarly, Nabil Khattab and Sami Miaari characterize Palestinian labor as a "substitute on the bench," the first to be discharged from employment during an economic recession and the last to be employed during an economic boom—adhering to the Last In First Out (LIFO) hypothesis.[367] This finding suggests that Palestinian labor is very elastic in recessions and inelastic in booms, serving as a reserve supply of labor—a "shifting pool of unemployed."[368]

Ghettoization is also a main feature in both examples. Similar to the black population in the US under Jim Crow, Palestinians in Israel are predominantly concentrated in skilled and supervisory positions within local municipalities.[369] Khattab attributes their overrepresentation in this positions to a lack of alternatives for Palestinian university graduates outside their municipalities.[370] Working for the municipality—as teachers, nurses, and social workers, for example—is considered prestigious, most likely because it offers relative stability.[371] According to Imad Telhami, there are already 20,000 'extra' teachers in Palestinian municipalities, with an estimated 500 additional people aspiring to become teachers every year.[372] The reason Palestinians continue to seek teaching jobs is because the labor market outside the municipality is not imagined as offering disadvantaged workers the same opportunities it offers the rest of workers, namely some level of upward mobility and stable employment—or entry into this market simply seems inconceivable.

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[366] Baron, "The Demand for Black Labor," 451.
[367] Nabil Khattab and Sami Miaari, "On the Reserve Bench: Palestinian Employees in Israel," in Khattab and Miaari, *Palestinians in the Israeli Labor Market: A Multi-Disciplinary Approach*, 28-29.
[368] Fine, *Labour Market Theory*, 179.
[369] Daniel R. Fusfeld and Timothy Bates, "Black Economic Well-Being since the 1950s," in Hayes, *A Turbulent Voyage*, 478-480.
[370] Nabil Khattab, "Ethnicity, Class and the Earning Inequality in Israel, 1983-1995," *Sociological Research Online* 10: 3 (2005), 1-23.
[371] Yuval P. Yonay and Vered Kraus, "Strategies of Economic Endurance: Israeli Palestinians in the Ethnic Economy and the Public Sector," *Research in Social Stratification and Mobility* 18 (2001), 207-247.
[372] Imad Telhami, interview, Misgav, July 20, 2014.

Questions of disengagement

In both cases, there has been a push to divert labor to achieve institutional independence. In the case of black labor, there was a tension between 'black institutions' mandated by Jim Crow laws and their eventual role as institutions of empowerment. The politicized spaces of historically black colleges and universities have been credited with playing a leading role in the civil rights movement by breeding vocal opposition to and activism against the policies of Jim Crow.[373] Travis Albritton describes the autonomous space they created as mechanisms of socioeconomic empowerment and instruments of liberation.[374]

Within black power movements, there were dynamic debates over the question of institutional independence. Some argued that attachment to separate institutions merely delayed the possibility for equal integration, while others contended that 'integration' into national institutions was only possible on an individual, rather than collective, level and therefore undermined the struggle for collective rights. This perspective maintained that the entire structure of black subjugation must be dismantled prior to the possibility of integration, and it accordingly mobilized initiatives for self-sufficiency through internal economic solidarity, such as the creation of black businesses.[375]

Disengagement is not one specific policy that can be broken down and deconstructed; it is a general appeal to channel labor for the purpose of self-empowerment and self-sufficiency. It is a voluntary separation from the primary economy, perceived as being controlled by the government or dominant group. The call for disengagement is proactive and assertive, based on providing alternatives, building and producing, defying the image of oneself as passive or as incapable and aspiring to overcome a regime of oppression through self-empowerment. In the case of Palestinians in Israel, it is based on the perception that

[373] Travis Albritton, "Educating our Own: The Historical Legacy of HBCUs and their Relevance for Educating a New Generation of Leaders," *The Urban Review* 3 (2012), 311-331.
[374] *Ibid*, 314.
[375] Michael Banton, *Racial and Ethnic Competition* (Cambridge: Cambridge University Press, 1983), 85.

engagement with national economic institutions prolongs exploitative relations, undermines the cohesion of political solidarity, or is simply ineffective when it comes to addressing the actual needs of the population. The motivation for disengagement comes from a fundamental belief that there is no space for true equality, and it takes place in conversation with the state's developmental discourse, styling itself as an alternative to it.

The demand for independent institutions in Palestinian municipalities stems from a history of inadequate government funding. In recent years, around five percent of the budget has been directed at Palestinian communities, despite representing more than 20% of the population.[376] The result is an array of institutional deficiencies, ranging from unpaved roads to poor public transportation to underfunded schools.[377] Parallel institutions have burgeoned, competing with Jewish ones to which access is difficult or undesirable. This principle of disengagement lurks behind several projects, and its logic resonates with many Palestinians. For instance, The Future Vision documents contain a call to restructure economic relations based on a two-fold strategy: merging into the national labor market and creating internal momentum.[378] While integration is perceived as necessary, it is still depicted as insufficient for Palestinian workers to become "relatively free from dependency and attain social unity and equality."[379]

I have come across similar narratives in news articles, policy-oriented literature, philosophical and artistic work, as well as during discussions with interlocutors. For example, a prominent lawyer, Mufid Badir, calls for Palestinian citizens to re-orient their economic

[376] Mossawa Center, "The Mossawa Center's Analysis of the Government State Budget 2012—Main Findings," February 23, 2012, http://www.mossawa.org/uploads/2012%20Main%20Findings%20of%202012%20State%20Budget-%20Focus%20on%20Land%20and%20Planning.pdf.
[377] Khattab, "Ethnicity, Class and the Earning Inequality in Israel."
[378] The National Committee for the Heads of the Arab Local Authorities in Israel, "The Future Vision of the Palestinian Arabs in Israel."
[379] *Ibid.*

activities towards international financial markets and overseas investments. Insisting that Palestinians can no longer ignore rampant discrimination, he describes this as the only way for them to "catch up with the civilized world."[380] His solution claims to remedy structural inequality while seeking to transform the image of 'Arab labor' by bringing it on par with the "civilized" world. However, since the call to divert economic resources to the global level may not always be feasible, there have been calls for partial disengagement even within Israel. For instance, in the wake of the events of the second intifada, Azmi Bishara lamented the lack of a single Palestinian bank, insurance company, or printing press, and called on Palestinian investors to "begin to think of local economic ventures with their own structures, market, and labor, even if of necessity it will be linked to the Israeli economy."[381]

Similarly, after a conference convened by financial magazine *Malakom* about real estate, Nabil Armali summarized one of the main questions of the conference. This included questions about the role of Arab contractors, whom, he argued, were not investing in Arab cities, although they "build thousands of residential and commercial units in Jewish cities but do not approach Arab cities."[382] Is it true, he asks, "that the Arab community is not culturally ready for construction of its own cities, or is this an excuse by contractors who are searching for guaranteed projects afforded to them in the Jewish market?"[383]

Another example I personally encountered was the Arab Workers Union, which brands itself as an alternative to the Histadrut, given the Histadrut's well-known ideological commitment to Zionism and, by extension, its unreliability in defending Palestinian

[380] Mufid Badir, "*Ayn ʿarab 48 min al-iqtiṣād wal-aswāq al-mālīya?*" [Where are the Arabs of '48 in the Economy and the Financial Markets?], *Panet,* August 6, 2007, http://www.panet.co.il/online/articles/63/83/S-71002,63,83.html.
[381] Bishara, "Reflections on October 2000," 65.
[382] *Mijalat Malakom, al-ʿadad 51, shabaṭ* 2012, p. 3 [Malakom magazine, Issue Number 51, February 2012, p. 3].
[383] *Ibid.*

workers.[384] The Arab Workers Union, previously known as Sawt al-ʿAmil (The Laborer's Voice), follows a history of attempts by Palestinian citizens to unionize.[385] Another example that is relatively well-known is Ittijah ('Direction' in Arabic), the Union of Arab Community-Based Organizations, a Haifa-based network established in 1995 that comprises around sixty organizations that have expressed a desire to disassociate from Israel.[386] This includes the Islamic Movement, particularly the northern branch led by the Sheikh Raed Salah, which has expressed an inclination towards self-sufficiency and an independence from reliance on state funding. This is predicated on mobilizing latent capabilities among the local population and creating networks to provide necessary infrastructure.[387] A public demonstration of the Islamic Movement's successful mobilization was in Kafr Bara in the Little Triangle, where it famously built several communal institutions in record time without government funding, defying both the state and local leaders.[388]

Jamʿiyat iʿmār lil-tanmiya wal-taṭwīr al-iqtiṣadī (Eamaar Association for Economic Development and Growth), also known as *Eamaar* (Construction) for short, is an organization affiliated with the northern branch of the Islamic Movement that was active between 2008 and November 2015, until Israel declared the Islamic movement illegal, along with 17 charities and NGOs affiliated with it, accusing them of ties to Hamas and the Muslim Brotherhood.[389] The organization worked to spread awareness of economic issues, described

[384] Wehbe Badarneh, interview, Nazareth, July 6, 2014. See also Wehbe Badarneh, "Sawt al-'Amil's Assessment of the Histadrut," *Sawt al-'Amil*, June 2008.
[385] Oded Haklai, "State Mutability and Ethnic Civil Society: The Palestinian Arab minority in Israel," *Ethnic and Racial Studies* 32: 5 (2009), 870-871. The director of Ittijah, Ameer Makhoul, has been imprisoned since May 2010 over accusations of collaborating with an enemy, namely Hizbullah, but his arrest has largely been recognized as political, a way to silence Palestinian activism.
[386] Payes, *Palestinian NGOs in Israel*, 165-167. Previous examples include the Congress of Arab Workers, a Maki-affiliated trade union, and the Christian Labor Union in Nazareth set up Bishop George Hakim.
[387] Tilde Rosmer, "Resisting 'Israelization': The Islamic Movement in Israel and the Realization of Islamization, Palestinization and Arabization," *Journal of Islamic Studies* 23: 3 (2012), 325-328.
[388] Laurence Louër, *To Be an Arab in Israel* (London: Hurst and Company in association with the Centre d'Etudes et de Recherches Internationales, Paris, 2007), 70.
[389] See Jonathan Cook, "Behind the Ban on the Islamic Movement in Israel," *Middle East Research and Information Project (MERIP) Online*, January 11, 2016, http://www.merip.org/mero/mero011116.

as a fundamental part of the national project, while supporting small-scale ventures by Palestinian youths and entrepreneurs. Eamaar's quarterly publications featured a section on projects it has funded, which have included environmental projects, such as water conservation or educational institutes.[390] An example of its attempt to spread awareness of economic issues is its annual report on poverty.[391] In addition, it has launched numerous campaigns, such as an annual campaign held in Ramadan that encourages consumers to purchase products from Palestinian producers and shops, dubbed "*Sharwit Ramadan min baladī* [Ramadan purchase from my country]," followed by a similar campaign for Palestinians to celebrate *eid al-fitr* (the Muslim holiday that follows Ramadan) in Palestinian areas, and workshops, such as "*Ḥaqaq ahdāfak al-māliya: al-khaṭawāt al-ʿamaliya li-taḥqīq al-ḥuriya al-māliya*, [Achieve Your Financial Goals: The Practical Steps towards Achieving Economic Freedom]," which was held in Umm al-Fahm, Nazareth, Baqa al-Gharbiya and Rahat.

[390] *Mijalat Eamaar*, *al-ʿadad 22*, *tishrīn thanī* 2015, p. 34 [Eamaar magazine, Issue Number 22, November 2015, p. 34].
[391] Jam'iyit Eamaar lil-tanmiya wal-taṭwīr al-iqtiṣadī, "*Al-faqr fi al-mujtamaʿ al-falasṭinī fil-dakhil: qiyasahu wa-ʿawamilahu wa-iṣqaṭatahu, taqrīr Eamaar al-sanawī,"* [Poverty among the Palestinian Community of the Inside: Its Indicators, Factors and Projections: Eamaar's annual report], 2013.



Figure IV. The above is a flyer for Eamaar's workshop. "The Eaamar Association for Economic Development and Growth announced the organization of a workshop: Achieve your financial goals: the practical steps towards economic freedom."

The Director of Eamaar and the Head of Public Relations for the Islamic Movement, Yusuf 'Awawdeh, expounds on the group's philosophy of 'economic freedom':

> We have two choices: the first choice is to sit and wait, blame the government's policies and hope [they] will change…the second choice is, yes, to place the responsibility with the Israeli government and expose it on all levels, but we must also work hard to find independent solutions that change the situation [*yanbaghī aydān al-*

ʿamal wal-ijtihād li-ijād ḥulūl dhātiya tughayar min al-ḥāl]…[392]

ʿAwawdeh asserts that supporting communal initiatives is one "independent solution" to strengthen employment in the Palestinian economy, emphasizing that all it requires is a slight redirection of resources such as labor and savings. He advocates reducing spending on luxury goods and instead investing in the Palestinian economy, while referring to social justice and solidarity measures such as the collection and distribution of zakat (alms-giving in Islam). Through this paradigm, the very act of provision becomes a mechanism for resistance.[393] These initiatives are heavily imbued with a political character, depicted as a form of self-empowerment in defiance of political restrictions. They can be contrasted to the state's development program, which is perceived predominantly as an attempt to de-politicize the struggles of Palestinian labor.

[392] Yusuf ʿAwawdeh, "*Fuqarāʾ wa-lakin…"* [We are Poor But…], *Eamaar*, January 19, 2014, http://eamaar.org/?mod=article&ID=5244.

[393] The discourse of provision as resistance is also utilized by Hamas, which depicts its struggle, and success, in providing for its population in the face of a total blockade, as a mechanism of resistance against being besieged. For a discussion on Hamas' governance and policy, see Benedetta Berti, "Non-State Actors as Providers of Governance in Gaza between Effective Sovereignty, Centralized Authority, and Resistance," *The Middle East Journal* 69: 1 (2015), 9-31.

Developing labor

The Palestinian labor market has been a key target of the Israeli machinery of development since the early 2000s. Investigations of the current divide between Palestinian and Jewish labor have cited several official and unofficial reasons, blaming geographic limitations, lack of networks outside Palestinian localities, poor public transportation, and inadequate infrastructure such as roads.[394] The professed goals of current schemes for Palestinian employment are twofold: increase the number of Palestinians in the labor market, and promote economic development and higher standards of living.

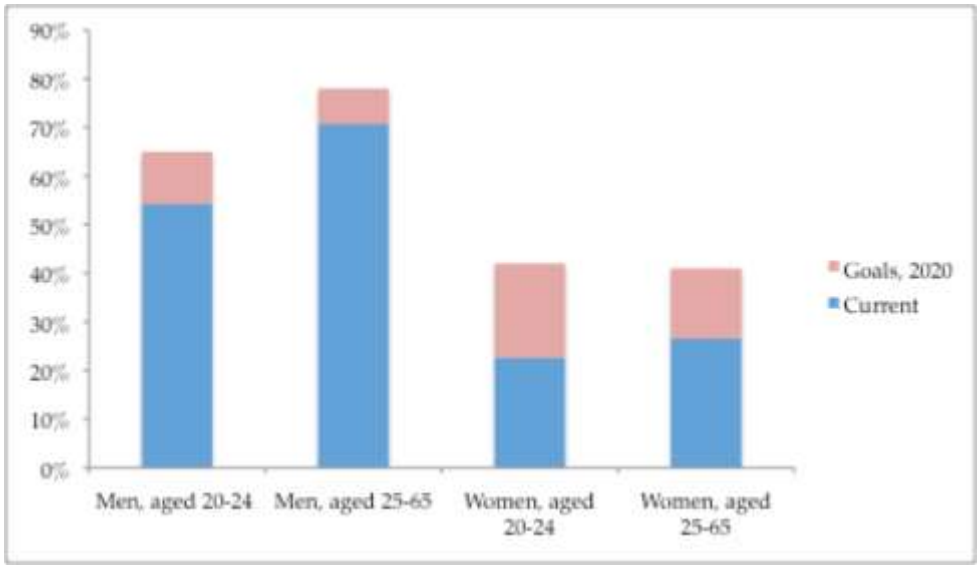


Figure V. The chart demonstrates the government's goals for Palestinian employment, contrasting current levels, as of 2013 and 2020. The chart was created by the author using data from the Inter-Agency Task Force on Israeli-Arab Issues in July 2013.

Projects include subsidy schemes for employers who hire more than five Palestinians (NIS 85 million budget), a private equity fund to invest in Palestinian businesses (NIS 80 million budget), a resolution to expand and construct industrial parks in Palestinian towns

[394] Avivit Hai, "Arab Citizen Employment in Israel: Critical Concern and Great Potential," *Inter-Agency Task Force on Israeli-Arab Issues*, July 2013, http://iataskforce.org/sites/default/files/resource/resource-1052.pdf.

(NIS 141 million budget), and a resolution to expand training programs and placement centers (NIS 730 million budget).[395] There have also been private initiatives, such as the NIS 85 million investment by Israeli industrialist Stef Wertheimer, who chose to establish his seventh industrial park in Nazareth. The park is described as a "unique model to promote the advancement of Arab-Jewish Israeli export companies" and "provide meaningful employment for Arab populations while fostering peaceful coexistence."[396] Wertheimer himself has linked the industrial park to economic peace, declaring, "When people are working together, they have no time for nonsense. They're too tired at night to commit terrorist acts."[397] This statement is part of a discourse that has sought to 'manage' Arabs (especially young Arabs) in order to 'save' them from fundamentalism and terrorism.[398] It also aims to undermine the reasons behind political violence, which is portrayed as simply a result of unemployment or idleness.

Despite a plethora of government resolutions and rulings, the majority have not been implemented, even in cases when they have been challenged at the Supreme Court.[399] Residents of Tayibe spoke to me about an earlier government plan to invest NIS 150 million in the city that never materialized. Mossawa ('Equality' in Arabic) compiled a list of 15 examples of different government decisions related to the Palestinian community that were

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[395] Eran Yashiv and Nitsa Kasir, "The Labor Market of Israeli Arabs: Key Features and Policy Solutions," Tel Aviv University and Bank of Israel, January 2014, http://www.tau.ac.il/~yashiv/Israeli%20Arabs%20in%20the%20Labor%20Market%20--%20Policy%20Paper.pdf.

[396] Avigayil Kadesh, "Stef Wertheimer Opens Nazareth Industrial Park," *Israeli Ministry of Foreign Affairs*, June 18, 2013, http://mfa.gov.il/MFA/IsraelExperience/Pages/Stef-Wertheimer-opens-Nazareth-Industrial-Park.aspx.

[397] Hadas Manor, "Stef Wertheimer's New Middle East," *Globes*, January 5, 2004, http://www.globes.co.il/en/article-758199.

[398] Mayssoun Sukarieh, "From Terrorists to Revolutionaries: The Emergence of "Youth" in the Arab World and the Discourse of Globalization," *Interface* 4: 2 (2012), 4231-432.

[399] Mossawa Center, "Position Paper on the Israeli State Budget and the Government Decision for Economic Development in the Arab Community for the Years 2016-2020," February 2, 2016, http://mossawa.org/uploads/Position%20Paper%20Budget%202016-2020.pdf; Sawsan Zaher, "On Institutional Discrimination in the Implementation of Israeli Supreme Court Decisions," Adalah's Newsletter Vol. 63, August 2009, http://adalah.org/features/education/Sawsan_No_Implementation_article_English%5B1%5D.pdf.

either not implemented or the funds not fully distributed. One of the most telling examples is Resolution 980, which was depicted as a first step towards Palestinian-Jewish reconciliation after the Or Commission, yet only half of the NIS 4 billion budget of was actually dispersed.[400] For many Palestinians, this served as confirmation that government-sponsored development initiatives have little interest in the actual fate of Palestinians.

There has also been a delay in the distribution of the funds for a NIS 15 billion five-year-plan for Palestinian communities, passed in December 2015, targeting education, transportation, employment, and housing. There is widespread suspicion that the funds will never actually be released, especially due to the deteriorating political climate. More importantly, many Palestinians viewed the budget as containing an ulterior motive, an element of hostility or control—a view that was confirmed when the cabinet conditioned funding to towns on the demolition of illegal structures. Palestinian municipalities responded by withdrawing from the proposal, stating that they will not participate in the demolition of homes.[401] For many, this suggests that development projects are not simply unable or unwilling to initiate changes, but they amount to new schemes to expel Palestinians from their lands and homes, suggesting a direct continuity with colonial practices.

Most Palestinians are slightly suspicious or even downright distrustful of development projects.[402] Palestinian workers were aware of the ways in which these development projects reinforce their inferior status. Such skepticism was not only channeled towards the state and its bureaucratic apparatuses but also towards the very commodification and packaging of their decades-long struggle into projects and resolutions that market Israeli

[400] Yashiv and Kasir, "The Labor Market of Israeli Arabs," 50.
[401] Jack Khoury, "Israeli Arabs Cry Foul on Move to Tie Funding to Home Demolitions," *Haaretz*, June 20, 2016, http://www.haaretz.com/israel-news/.premium-1.725992.
[402] Lori Allen deploys cynicism as an analytical concept as a form of the 'politics of *as if*,' following Lisa Wedeen, in order to discuss the persistence of the human rights industry in the West Bank. Similar to Allen's use of the term, cynicism here does not imply repudiation; rather, it emerges from a sense of disillusionment and reflects a critical consciousness. See Allen, *The Rise and Fall of Human Rights*, 26.

policy towards Palestinians as benevolent. Distrust was similarly levelled at the Palestinian upper class who have taken part in designing labor development projects, such as Ayman Saif, the Head of the Authority of Economic Development of the Arab, Druze and Circassian Sectors.

Such projects are perceived as feeding into a tradition of de-politicizing disparities and placing them outside the spectrum of existential difficulties Palestinians face in Israel. In other words, development policies are only enacted as long as they do not alter existing political relationships and the underlying order that keeps them in place, as long as they do not challenge Zionism and Jewish supremacy. By divorcing development from the history of dispossession, de-territorialization, and political marginalization, these policies ultimately fail to address the underlying reasoning behind segregated labor markets. Rather, they subsume the Palestinian population's grievances within the policymaking process in an attempt to both neutralize these grievances and at the same time empty them of meaning—a known characteristic of the 'new spirit of capitalism'.[403] They aim to transform the state into an apolitical agent, even though it is viewed not only as an inherently political agent but also the main instrument behind injustice.

To elaborate on the Palestinian response to labor development schemes, I look at four critiques of the role of development in the policymaking process, all of which pertain to the view of de-politicization as a cornerstone of the development discourse. The first critique arises from the starting point of such projects, which contradicts and often even opposes the logic animating Palestinian reconciliation proposals. The most obvious example is the dismissal of the history of Palestinian subjugation, which is imperative not only to comprehending the creation of Palestinian identity but more importantly to addressing the

[403] Luc Boltanski and Eve Chiapello, *The New Spirit of Capitalism*, trans. Gregory Elliott (London: Verso, 2007), 199.

salient demands the community has articulated. The second is the use of internal explanations such as culture to explain inequality, rather than structural and political problems, thereby passing the blame onto the victims. This discourse features in policy designs, such as in development planning in the Galilee.[404] It is also discernible among figures in the private sector who are involved in the consultation, design, and implementation of projects.

The third critique relates to the objectives of development. Integration of Palestinian labor is depicted as a strategic goal for Israel rather than an attempt to rectify injustice. Palestinian labor is thus called upon to boost the Israeli economy after suffering from decades of exclusion. Development of Palestinian labor is both an attempt to improve Israel's standing internationally, especially after the OECD's focus on labor market divisions in Israel, and recruit Palestinians as a new 'frontier' for Israeli economic growth. The final criticism pertains to the theoretical foundations of development policy, which operationalize the aforementioned principles of economic peace but continue to overlook underlying power imbalances and the exacerbating influence of the market on inequality.

Historical narratives

The term 'development' as expressed by the Israeli government (*hitpaṭḥut* in Hebrew) elicits apprehension in Palestinian communities. It is associated with policies such as the forced settlement of the Bedouin community (resulting in the Prawer plan in 2012) and waves of Judaization in the Galilee. The very notion of development is tied to regimes of land expropriation that were designed to create opportunities that *exclude* Palestinians, such as the infamous case of the industrial zone of Tsiporit near Nazareth and the lesser known case of the industrial zone of Teradion near Sakhnin.[405] In both situations, the industrial zones were

[404] Wesley, *State Practices and Zionist Images*, 134-150.
[405] *Ibid*, 124-133; Fadi Eyadat, "Much Needed Money Funneled Away from Arab towns," *Haaretz*, May 7, 2010, http://www.haaretz.com/print-edition/news/report-much-needed-tax-money-funneled-away-from-arab-towns-1.288820.

built on confiscated lands and villages, yet their financial benefits have been disproportionately allocated to Jewish localities. This was not merely a question of misallocation of benefits, but it was the goal of these projects.

Unsurprisingly, schemes to develop Palestinian labor evoke widespread suspicion. This history features in the ways in which such projects are depicted and received. For example, when asked about the integration of Palestinians into Israeli labor markets, Randa, a student at a leading Israeli university who specializes in physics, argued in favor of separate initiatives and projects:

> We need to boost our bargaining power…There are no Arab scientists in Israel. There are no female Arab scientists…[Historically] Arabs had to feed their children; that was their first priority, so they ended up working for the Jews. This is not how it always was. When Israel was established, we were not allowed to farm or create…This is the reason for the relationship that exists now…But we cannot always talk about oppression and unfairness as they [Palestinian leaders or politicians] do. We need to do something in order to steer the factors of production towards us [*nuwajih ʿawāmil al-intāj tijāhunā*].

The time trajectory that her narrative traverses reflects the ways in which her everyday reality is informed by this history, and it is because of this history that she endorses separate mobilization. Through her discussion, separation appears to be a powerful narrative that arises from a desire to re-orient the Palestinian economy in Israel and reform the political structure determining Palestinian-Jewish relations, which tend to be embedded within narratives of dependency and subservience, in typical secondary economy fashion.

Her discussion favors the community-based initiatives discussed in the previous section, indicating that the drive for disengagement may transcend political and ideological spectrums, with its supporters drawing on a range of socialist, capitalist, modernist, and Islamist arguments. Expressing a similar historical starting point and sense of sabotage, ʿAwawdeh declares:

> We know, as [successive] Israeli governments know too, that we are not a society that was born poor and chose its poverty…no, never, we are a society that was faced with

> a catastrophe and stripped of its essential resources [*fa-naḥnu naʿlam wal-ḥukūmāt al-isrāʾīliya taʿlam ayḍan annā mujtamaʿ lam yūlad faqīran wa-lam yakhtar faqruʿan sibq raghba...lā adaban, fa-naḥnu mujtamaʿ intakab wa jurad min mawārīduhu al-asāsīya*], it lost its land and sea, and was subjected to military rule for decades, and many doors have been closed in the face of its children, and it was deprived of the elements of progress and development [*faqad arḍu wa baḥru, wa-furiḍ ʿalayhu ḥukman ʿaskarīyan li-ʿuqūd wa-awṣadat amām abnāʾuh abwāban kathīra, wa ḥurim min muqawimāt al-taqadum wal-taṭawur*].[406]

In line with the discussion from the previous chapter about the suffocation of development, this narrative links the current status of the Palestinian economy to the state's establishment and the policies it has since enacted. Projects to develop labor refuse to acknowledge this starting point and are accordingly perceived as de-politicizing this history.

Meanwhile, Khalil, who is from a village in the northern Galilee, was trained as an engineer but has never been employed as one. He has worked as a bus driver for nearly a decade and occasionally assists family or friends when they are planning to build homes. He describes development as a "new type of occupation" that Israel implements specifically for the Palestinian population, tied to the position they occupy in society as 'non-Jews'. The fact that development projects are grounded within specialized schemes (part of 'minority' sections of the government, such as a team of Arab experts) reminds Khalil of the military control of the 1950s and 1960s.

When my conversation with Khalil took place, I asked what he thinks of development projects aimed at labor empowerment—whether such projects have influenced his perception of relations between Palestinian labor and the state, and his response, discussing the history of his family's internal displacement in the Galilee, initially left me wondering whether he misunderstood the question. After the conversation ended one hour later, and as I kept crossing paths with Khalil and his family throughout the following weeks, I understood that his encounter with changes to labor processes is informed by the experience of internal

[406] ʿAwawdeh, "*Fuqarāʾ wa-lakin…*"

displacement. For him, job opportunities (or lack thereof) are simply a continuation of displacement and disorientation in Israel, a testament to his non-belonging.

An acknowledgment that discrimination towards Palestinian citizens is rife, without historicizing and contextualizing its emergence, implies that solutions are likely to be temporary or even to suffer from fundamental impotence, as they do not engage with the root cause. The manifestation of widespread discrimination is, after all, not just a result of ethnic tensions between Palestinians and Jews, but it has historically been ingrained within the system and is foundational to the story of Palestinian labor in Israel.

Internal explanations

'Awawdeh's strong emphasis on the Israeli government *knowing* that Palestinians were 'deprived of elements of progress and development' is a way to refute another part of the development discourse that is considered problematic: the reliance on internal explanations. These essentialized justifications often cite 'problems' within Arab or Palestinian culture, most famously, the *ḥamula* (clan) structure. Zev Hershkowitz, the CEO of Israeli consultancy Nihul Neto which has worked with Palestinian firms to 'Westernize' their operations, attributes the low level of entrepreneurship by Palestinians to Arab culture in Israel, such as patriarchy and family politics, although the absence of law and order in Palestinian areas is similarly presented as an obstacle, yet an 'internal' obstacle.[407] Criminal activity is depicted as an essentialist trait of the population, rather than a failure of the state.

Much like the question of poor infrastructure in Nazareth discussed in the previous chapter, the view of Palestinian areas lacking basic safety or security ignores the state's own responsibility in providing law and order. One example of how normalized this state of

[407] David Shamah, "Arab Businesses, Israeli Banks: A Test of Coexistence," *The Times of Israel*, April 9, 2014, http://www.timesofisrael.com/arab-businesses-israeli-banks-a-test-of-coexistence/.

affairs has become is found in an anti-violence campaign produced by young members of Tishreen Association, an NGO in Tayibe, in which they declare:

> We know that the police do nothing about it [violence] and the government is to blame. Of course! If the police would take control and prevent people from holding unlicensed weapons and would take care of gun firing cases, this would prevent the proliferation of crime in the city, and everything would be great. And we would feel safe in our city…But the police don't bother and the government doesn't care. What's new?[408]

Other internal explanations tend to create the Palestinian population as naturally proletarian. For example, Nir Plotkin, the owner of She'ar la-Migzar ('Gate to the [Arab] Sector' in Hebrew), emphasizes that the 'flight' of the Palestinians from Palestine during 1947-48 was mainly a flight of the upper class and intelligentsia who could afford to leave, thus leaving behind the peasantry, a population that is more "resistant" to development and modernization.[409] His depiction of Palestinian society as naturally proletarian helps contextualize why Randa and Yusuf 'Awawdeh started making their case by retelling history—as a reminder that poverty in Palestinian society was a result of Israeli policy, and not inherent.

Notwithstanding the sheer classism of this comment, it is particularly significant given that Plotkin heads a marketing firm that sells its knowledge of Palestinian society to potential Jewish investors who wish to advertise products to Palestinian communities. He sells his expertise of the 'sector' to firms, yet his depiction of Palestinian society is based on a series of Orientalist images and stereotypes, such as violence. Young Arabs, he declared, may call themselves 'Palestinian' when in public but if their fathers heard it, they would get a *kaf* (slap) to their faces.

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[408] "*Fardak bi-qatl baladak*," [Your Duty in the Death of your Town], YouTube video, 4:30, uploaded by "Tishreen08," January 26, 2015, https://www.youtube.com/watch?v=cvaGeC8qsQY.
[409] Nir Plotkin, interview, Hofit, December 18, 2012.

The use of internal explanations is itself a method of social closure, reinforcing the perceptions that establish 'Arab labor' as inferior. They imply that there is something intrinsically inferior about Palestinian workers that prevents them from attaining a certain occupational status. Such explanations also tend to implicitly blame the developmental gap exclusively on the workers, emphasizing workers' inability to escape poverty by using 'innovative' ways.

In a speech by Netanyahu about the integration of minorities in the economy, he calls for the creation of opportunities for Palestinians and Haredim in order for them to "get out of the mentality of dependency and distribution of funds to the mentality of independence and creativity."[410] This discourse of blaming the victim is found elsewhere, such as the UK, which casts minorities (including the unemployed, immigrants, migrant workers and ethnic minorities) as being 'work-shy' and by extension, a burden on the welfare state. By undermining the system of values encoded in the state's relationship with its citizens, these groups are rendered problematic citizens or non-citizens, as John Flint contends.[411]

"Look at all the [Palestinian] doctors in Haifa!" exclaimed Plotkin when I explained to him the nature of my research, implying that the presence of professionals is what should define the experience of Palestinian labor and the inquiry into the continued reproduction of Palestinians as 'Arab labor' is misplaced.[412] Touting individual examples, the exclusive focus on a minority of well-paid and mobile professionals aims to de-politicize widespread barriers that the rest of the population faces—often to an insurmountable point. According to this perspective, the existence of Palestinian doctors in Haifa demonstrates that it is possible to 'break out,' which implies that discussions on employment barriers, job insecurity or

[410] Mtanes Shehadeh, "Towards Redefining the Economic Inferiority of the Palestinians in Israel," *Jadal* 14, July 2012, 1-7.
[411] John Flint, "Subversive Subjects and Conditional, Earned and Denied Citizenship," in *Subversive Citizens: Power, Agency and Resistance in Public Services*, eds. Marian Barnes and David Prior (Bristol: Policy Press, 2009), 83-98.
[412] Nir Plotkin, interview, Hofit, December 18, 2012.

inequality, and marginalization generally is manufactured by the working class as an excuse. By extension, those who are stuck in temporary, unstable, or low-income employment are in this position because of their own failures. Neo-liberalization plays a role in these discourses, as it views unemployment as always being voluntary and advocates greater 'flexibility' for labor as a solution for unemployment and poverty.

Strategic values and threats

At the 2011 Annual Prime Minister's Conference for the Authority for the Economic Development of the Arab, Druze and Circassian sectors, Israel's former Central Bank Governor Stanley Fischer argued, "The fact that there are skilled and trained [Palestinian] people who cannot work in professions that use those skills is a waste for the market, not just for them." He added, "It is a waste of resources that [if reserved] could aid in the success of the market."[413] Similarly, in her first public speech as the new Governor of the Central Bank, Karnit Flug described the under-representation of Haredim and Palestinian women in the labor market as "a strategic threat to Israel's economy and society."[414] Much of the support for labor development projects has been based on referring to the lost potential Israel can capitalize upon—or, alternatively, the savings it will make by cutting spending on poor sectors. Government projects have accordingly been phrased in terms of additional returns to GDP in order to seem attractive. The Abraham Fund Initiative, for instance, proposes budgetary policies for the government, formulating the cost-benefit analysis in terms of additional percentage yielded to the national annual GDP, and phrasing the dangers of

[413] Nadav Shemer, "Fischer: Economic Success Needs More Arab Participation," *The Jerusalem Post*, March 23, 2011, http://www.jpost.com/Business/Business-News/Fischer-Economic-success-needs-more-Arab-participation.
[414] "Flug Calls for More Arabs, Haredim in Workforce," *Globes*, October 29, 2013, http://www.globes.co.il/en/article-1000889483.

alienating Palestinians as "undermining Israeli GDP and the Israeli economy as a whole."[415] The entire subject of Palestinian labor is often phrased in terms of the opportunity cost to GDP, measured at $26 billion annually.[416]

Furthermore, Israeli development programs have previously been expressed as a way to combat Palestinian extremism, such as the gravitation towards radical politics and Islamism. Debates have continued to take place regarding whether creating a 'modernized' Palestinian minority would be less hostile towards Israel.[417] Similarly, the integration of Palestinian women into the labor market is regularly expressed as a crucial component in a demographic war, as it may result in lower fertility rates.[418] This suggests that seemingly benign programs are often ensconced in ulterior motives, including, historically, government spending on infrastructure, electricity, road development, and transportation.[419]

The statements by Flug and Fischer may merely be attempts to galvanize Israeli public opinion to support such initiatives, and policymakers have described them as 'win-win' situations, attempts to overcome the zero-sum equation of the past in order to benefit both Israel and the Palestinian minority. However, for many Palestinians, they signal that the empowerment of the disenfranchised minority is not a goal in itself, and this conjures an idea of limited empowerment: a specific type of economic but not political empowerment.

By virtue of not being able to question certain issues affecting Palestinians, most notably land policy, development efforts are viewed as futile or simply a practice in self-

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[415] *Ibid.*

[416] Yaacov Sheinen, "*Moshav pituaḥ kalkalat ʿaravey yiśraʾel: sikum ha-diyun ba-keness*" [Session on the Development of the Israeli Arab Economy: Summary of the Discussion at the Conference], Paper presented at the Annual Herzliya Conference, Herzliya, February 2, 2010, http://www.herzliyaconference.org/_Uploads/3189EconomicDevelopment_IsraeliArab.pdf.

[417] Yochanan Peres, "Modernization and Nationalism in the Identity of the Israeli Arab," *Middle East Journal* 24: 4 (1970), 479-492.

[418] This is part of the colonial arithmetic Kanaaneh discusses. See Kanaaneh, *Birthing the Nation*, 32-25.

[419] The head of the Histadrut's Arab department, Reuvin Barkatt stated, "The electrification of the Arab village has an immense value not only in economic-cultural terms; it has also a significant security value…If we glow this darkness, we take them out of the darkness and place them under our supervision. The same is true with regard to streets and transportation." Quoted in Saʿdi, *Thorough Surveillance*, 38.

confirmation and self-legitimization. This perspective was voiced by Ali, a middle-aged schoolteacher from Tira, who incredulously answered my question on the presence of employment initiatives on the ground by asking: "You think these programs are for Arabs? They are all for Israel; for the idea of Israel, [in support of] what they think it [Israel] is to themselves, their conscience, and…the world." In other words, development becomes a performance, not only for the state to legitimize its own self-defined role as 'modernizing' or 'developing' Palestinians but also for the international community. The development of minority groups—whose status and rights have become a benchmark for democracy or pluralism—thus becomes a way to mitigate against the fundamentally exclusionary nature of the Jewish state.

A group of leading Palestinian organizations publicly expressed this position after the OECD's report on Israel in 2010. They described the government's labor development policies as a way to obtain international legitimacy after the OECD report highlighted high levels of poverty and inequality in Israel.[420] The group of NGOs, which includes organizations such as The Galilee Society and Mada el-Carmel, also criticized the OECD's approach to the Palestinian minority, maintaining that its framework ignores the fact that economic inequality is a fundamental part of the larger political exclusion:

> The [OECD's] report…did not deal with the economic reality for the Palestinians in Israel through the political context, as a national minority that has been marginalized and excluded, but it only pointed to socio-economic divisions that are sharp, though normal in any normal society [*ḥāda lakinaha ṭabīʿiya fi mujtamaʿ ṭabīʿī*]. The report also ignored the fact that the economic conditions and the poverty are part of the political status of Palestinians in Israel [*tajāhal al-taqrir kon al-awḍāʿ al-iqtiṣādiya wal-faqr ka-juzʾ min al-makānah al-siyāsiya lil-falasṭiniyīn fi isrāʾīl*].[421]

[420] The Organisation for Economic Cooperation and Development. "Israel: A Divided Society," 7.
[421] "*Risāla ilā munaẓimat al-tanmiya wal-taʿawun al-iqtiṣadī*" [A letter to the OECD], 2010, http://www.rikaz.org/ar/newsletter/issue1/Position_Paper_OECD.pdf.

The report and the subsequent Israeli policies were thus depicted as external phenomena in support of Israel rather than the Palestinians—a fleeting agenda rather than a dedication to full equality.

Economic indicators

Palestinians have also criticized the use of neo-classical economic models and theories to explain discrepancies and design development projects. Neo-classical economic theory stipulates that increased economic integration would in fact be 'win-win' for both Palestinian- and Jewish-Israelis. Assuming that greater integration would lead to greater trade, the Jewish population would gain from cheaper goods and the Palestinians would gain from additional income due to trade expansion.[422] This builds on Richard Cobden's ideas of a liberal-functionalist peace the 19th century, which have also been advocated by John Maynard Keynes.[423]

A similar logic is discernible in the government's current policy regarding wage disparities, which assumes that the gap will disappear in the long-run by speaking out against discrimination (while also relying on "private movers" to boost labor, as Netanyahu argued in the 2012 Conference on Economic Development of Minorities). One vocal critic within the Palestinian academic community, Mtanes Shehadeh, argues that the only change in the Israeli government's developmental policies is the reinvigorated embrace of the tools of neoliberal economics.[424]

Reconstructing wage disparities under the logic of neoliberal economics reinforces the notion that the core of the problem is actually a distortion in wage scales. It fails to

[422] Wolfgang Stolper and Paul A. Samuelson, "Protection and Real Wages," *Review of Economic Studies* 9 (1941), 58-73.
[423] Richard Cobden, *The Political Writings of Richard Cobden, Volume 1*, 2nd ed. (London: William Ridgway, 1868); John Maynard Keynes, *The Economic Consequences of the Peace* (London: Macmillan, 1919).
[424] Shehadeh, "Towards Redefining the Economic Inferiority of the Palestinians in Israel."

engage with the reason behind this discriminatory structure and does not adequately question the underlying structure in which the very concept of 'Arab labor' is embedded. Instead, it serves as a precedent to blur the fundamental power imbalance, effectively cloaking it in economic indicators. Deeply ingrained sentiments of injustice consequently become little more than a market failure, which rids the state of any responsibility in creating the situation.

More importantly, this discourse is perched within the problematic assumption that it is possible to achieve economic equality between two groups who do not yet have civil or political equality, and it accordingly shifts the focus away from questions of power and identity. Instead, it publicizes development projects using buzzwords such as 'participation' and 'partnerships' in private ventures, rather than working to dismantle colonial processes.

The argument that competition will ultimately eliminate discrimination has not been supported by statistical evidence, and the discussion on wage convergence remains highly theoretical, as it is still bound by structural, legal, and political impediments. Khaled Abu Asbah, who writes on the political economy of Palestinians, has argued that the lack of Palestinian integration cannot be resolved until the Israeli political leadership takes steps to relay to the Palestinians of 1948 that they are *equal* Israeli citizens with *equal* rights, thereby transforming the entire discourse.[425] At the same conference, Aziz Haidar suggests that a discussion on development should entail an inspection of the policies in Israel that hinder Palestinian economic development and are actually related to political dynamics in Israel.[426]

These examples suggest that Palestinian scholars have sought to re-politicize such data. In their research of the 'ethnic penalty,' Miaari and Khattab demonstrate that the hourly

[425] Khaled Abu Asbah, "Integrating Arab Citizens into the Israeli Workforce: Challenges and Opportunities," (lecture, Israel Democracy Institute, Jerusalem, November 23, 2011), http://en.idi.org.il/events/conferences-and-seminars/integrating-arab-citizens-into-the-israeli-workforce-challenges-and-opportunities.
[426] Aziz Haidar, "Integrating Arab Citizens into the Israeli Workforces: Challenges and Opportunities," (lecture, Israel Democracy Institute, Jerusalem, November 23, 2011), http://en.idi.org.il/events/conferences-and-seminars/integrating-arab-citizens-into-the-israeli-workforce-challenges-and-opportunities.

wage of Palestinians is NIS 29 in comparison to NIS 44 among Jews, and they maintain that this penalty has persisted despite fluctuations; it is only reduced among the highly skilled, which means that it disproportionately afflicts the working class.[427] An analysis of the figures from the Central Bureau of Statistics (CBS) further reveals that the notion of wage convergence is still far-fetched, as 70% of Palestinian households that were included in the 1985 CBS sample and 73% of Palestinian households included in the 2003 sample belonged to three lowest income deciles.[428]

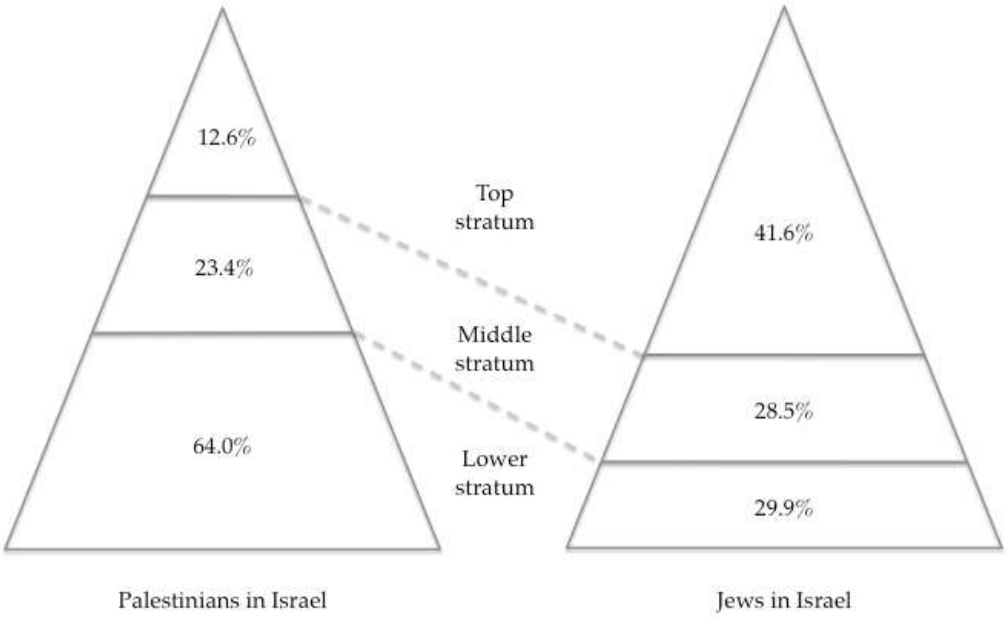


Figure VI. The figure contrasts the concentration of Palestinians and Jews in Israel in the different socioeconomic strata as of 2010. It was created by the author using figures from the Adva Center's 2013 publication, "Israel's Middle Class 1992-2010," while rely on an analysis of Income Surveys in the Central Bank Statistics of 1992, 2002, and 2010.

What this example has sought to demonstrate is that contrary to the intuition advertised by constructs such as economic peace, de-politicization can actually work *against* normalization. Economic peace assumes that increased collaboration in a de-politicized setting is likely to develop into political acceptance or 'coexistence'. However, financial incentives do not necessarily erode institutionalized perceptions and constructions. Neither do

[427] Miaari and Khattab, "The Persistent Wage Gaps between Palestinians and Jews in Israel, 1997-2009," 62.
[428] Central Bureau of Statistics, "Income Survey," *Statstical Abstract of Israel*, 1985 and 2003.

they undermine accompanying sentiments of inequality that have become deeply entrenched in encounters, as the next section demonstrates.

Encountering inequality in the labor market

While the previous section dealt with perceptions of state-sponsored development, this section shifts the focus to address the ways in which the overriding sentiment of inequality among Palestinian laborers has consolidated segregation. It deals with the experience of inferiority, offering a deeper analysis of the effects of the image of 'Arab labor' in politico-economic encounters. I argue that experiences in the labor market sustain separation and reproduce inequality, especially as encounters are deeply dictated by asymmetry.

To understand the extent to which images of inequality are ingrained within Palestinian perceptions of labor relations, I look at three specific contexts. The first is Palestinian construction workers, who tend to epitomize 'Arab labor' and are largely absent from discussions on labor development. The image of Palestinians being affixed to construction work remains relatively intact despite the consolidation of a professional and entrepreneurial class during the past few decades and despite the additional layer of segmentation introduced by Palestinian workers commuting from the West Bank who also tend to be concentrated in construction.[429] This image continues to feature not only in Israeli perceptions but also in perceptions by middle-class Palestinians seeking to distinguish themselves from symbols associated with this class.

The second example relates to the implementation of a welfare-to-work project in Nazareth known colloquially as the Wisconsin Project. Residents viewed the project as targeting them specifically, resulting in a backlash that led to widespread mobilization. I explore the ways in which this project had a highly politicized dimension in Nazareth, seen as a continuation of Israeli colonialism and a method of displacement and impoverishment. The

[429] Leila Farsakh, *Palestinian Labour Migration to Israel: Labour, Land and Occupation* (London: Routledge, 2005).

final example relates to discussions of everyday encounters between Palestinians and Jews at the workplace throughout the course of the Gaza war in 2014. The spill-over of wartime tensions into encounters at the workplace—whether in everyday life or in the discourse of Palestinians as 'traitors'—reinforced the insecurity of Palestinian labor. It is highly reminiscent of the history of Palestinian employment as entangled within and even contingent upon one's political loyalties. These examples suggest that there has been no actual change to the status of Palestinian workers in Israel; on the contrary, the construct of 'Arab labor' remains present within everyday encounters and ultimately sustains the separation of labor.

Politics of invisibility: the Arab construction worker

During a visit to a family in Tayibe, I noticed lines of bulky buses parked on the side of the road in the evening. I inquired about the buses and learned that they stand there overnight, waiting until dawn to transport groups of construction workers to different construction sites throughout the country. Their presence in the narrow roads causes traffic jams in the evening and takes away parking space that is especially valuable on Ramadan evenings when people gather to socialize.

The acquaintance I was visiting in Tayibe had repeatedly expressed her concern over not being able to reach her extended family in Gaza, where a ground operation by the Israeli military was underway. Coupled with her nine-year-old daughter's continuous pleas to celebrate the upcoming *eid al-fitr* despite widespread calls in the Palestinian community for mourning, my questions about the buses led to an atmosphere of tension and a few minutes of silence that were broken by her husband. "The buses," he said, as if to settle the matter, "are a reminder of the city's status as *muḥtalla, muḥaṣara, wa-muhamasha* [occupied, surrounded/besieged and marginalized]. They invade our space to carry the sons of the city around the country to build homes for the Jews." His statement of a 'besieged city' echoes

the discussion with Sami about the entry of products to Sakhnin, although the term means something different in each context: one indicates a ban on entry, and the other suggests penetration into the city—and even into its homes, where the buses 'take' the sons of the city.

The sentiments and images the statement encompassed revive the dynamic of colonizing the land *and* labor. Palestinian historiography in Israel has been shaped by the projection and internalization of proletarianization, with construction workers in particular embodying the dynamics of invisibility. I am reminded of a well-known poem by Samih al-Qasim, "A Speech from the Market of Unemployment," in which he reflects on the politics of humiliation and exhaustion that the Palestinian proletariat experienced:

> If you like, I will forfeit my wages, and put up my clothes and bed for sale. I'll work as a stonecutter, porter or street cleaner, and search for grain in the dung of cattle, and languish, naked and hungry, but with you, the sun's enemy, I will not bargain. With the last throb in my veins I will resist.[430]

The images of stonecutters working in quarries, or other menial jobs such as street cleaning, are common to Palestinian poetry in Israel during the 1950s and 1960s, and are tied to both poor working conditions and a political sentiment of steadfastness.

Although Palestinian labor has witnessed significant changes since this period, many of these historical images—unknown workers in poor conditions—continue to underlie political and economic narratives and consciousness. Construction workers are often depicted as the epitome of 'Arab labor' and the process of proletarianization. Historically, thousands of Palestinians were hired by Israel's Histadrut-affiliated construction company, Solel Boneh, which was mostly given contracts for public projects. The segmented structure of labor was also reproduced within the Histadrut, where two wage-scales existed side-by-side: one for Palestinian workers and another for Jewish workers.[431]

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[430] Samih al-Qasim, "A Speech in the Unemployment Market," in *When the Words Burn: An Anthology of Modern Arabic Poetry, 1945-1987*, ed. John Asfour (Dunvegan: Comorant, 1988), 204-205.
[431] Sa'di, "Incorporation without Integration," 431.

The link between 'Arab workers' and construction was described by one construction worker who told me, "People think of an Arab and they immediately think of a construction worker." The same link is discerned in a widespread joke of a father in a kibbutz telling his son that he had previously worked as a construction worker, to which the child replies, "Really? Were you once an Arab?"[432]

Even today, more than a quarter of Palestinian men are employed in construction.[433] The majority are employed by contractors, which further obstructs their bargaining power, as it negatively impacts their ability to engage directly with their employer, to organize, or negotiate the conditions of their employment. Construction workers travel the country extensively, crisscrossing its geography, juxtaposing their mobility across the country's landscape with their continued invisibility. While literally building the economy by erecting structures and entire communities, their presence is normatively non-existent. Rather, their labor reflects the very warped realities in which Palestine and Israel continue to live: Israel is being built by Palestinians—to the extent that Palestinians inadvertently form the modern-day version of Israeli 'pioneers'—and both sides are dependent upon one another in the exchange of capital and labor in yet another silent irony of the conflict. As Wehbe Badarneh, the head of the Arab Workers Union reminds us, with almost a sense of pride or a claim to ownership, "Arab workers built all the Israeli towns."[434]

My first meeting with a group of construction workers was at a site in Jaffa, where construction is highly contentious due to concerns over gentrification.[435] The very first

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[432] Zvi Lavi, "The Aims of Kibbutz-Education: A Critic of the Technological Paradigm," in *Communal Life: An International Perspective: Lectures Delivered at the International Conference on Kibbutz and Communes, May 1985*, eds. Yosef Gorni, Iaacov Oved and IditWyEd Paz (New Brunswick: NJ, Transaction Books, 1985), 393.
[433] Yashiv and Kasir, "The Labor Market of Israeli Arabs," 31.
[434] Quoted in Alon Aviram, "From Factories to Farms, Labor Union Champions Rights of Palestinians in Israel," *+972 Magazine*, November 4, 2012, http://972mag.com/from-factories-to-farms-labor-union-champions-rights-of-palestinians-in-israel/58933/.
[435] Tarek Ibrahim, "Unprotected Citizens: Amidar Public Housing Company Threatens to Evict 497 Palestinian Families in Jaffa-Tel Aviv," *Arab Association for Human Rights*, trans. Shaul Vardi, May 2008, http://www.arabhra.org/HraAdmin/UserImages/Files/JavaEvacuationReportFinalEng.pdf.

question I was asked was, "You want to interview me? Why? I'm just a construction worker." He expressed the statement with strong suspicion towards my intentions, but it was also telling of the internalization of the image of oneself as a member of this invisible underclass. Salah, in his mid-30s, described his work:

> You can't really ask for much, and you're not asked or required to…What you are supposed to do is build people's homes…not ask for much…try to manage with the salary you are given…not get into fights at the [building] site or with your employers…Ah! And the most important thing, be careful if a Jewish person gets hurt near the site because then they'll call you a terrorist! (*Everyone laughs*)

The stigma associated with construction workers is linked to job insecurity, the need to accept what one is given. This is found in Saleh's reference to living "with the salary you are given," which implies giving up even on the possibility of upwards mobility and instead learning to accept the dominant power scheme. This encounter is key to understanding the crux of dependency, as the very survival of construction workers is dependent upon maintaining positive hierarchical relations. But the other dominant power scheme jokingly reconstructed by Salah is the higher value of the life a Jewish passer-by and the emphasis that a Palestinian must "be careful" or he will be called a terrorist.

The joke is telling of the precariousness of the job—that one needs to pre-empt the potential designation as a terrorist, needing to make sure there is no available reason to be dismissed. It suggests that the perception of Palestinian construction workers as terrorists is almost a natural outcome that one must make an effort to avoid. There is another dark side to the joke, however, in light of Israel's high rate of fatal construction accidents. Approximately 30 construction workers die on the job every year, and the majority are Palestinians who are pushed by contractors not to halt work despite hazardous conditions, such as unsafe weather.[436] There is little outrage over the deaths of construction workers, and often they

[436] "Israel's Construction Workers' Lives Matter, Too," *Haaretz*, January 30, 2016, http://www.haaretz.com/opinion/1.700451.

themselves are criticized for being reckless and failing to follow proper safety procedures, with little attention paid to deliberate negligence practiced by contractors. Describing the investigation into the death of his brother at a construction site, Khaled Khalila argued that it was "as if it were obvious that Arab workers are killed in work accidents."[437] At least ten Palestinian construction workers were reportedly killed in the first five months of 2016.[438] The development discourse has hardly paid attention to working conditions in the construction industry, focusing instead on the more 'profitable' demographic of Palestinian society: young Palestinian students who have graduated from university (which will be discussed in more detail in the following case study).

Palestinian construction workers only seem to enter public debates as potential perpetrators of acts of terror. An outcry followed a decision in 2002 to place an X on helmets of Palestinian construction workers working near the Knesset, and a similar backlash resulted following the decision by Itamar Shimoni, the mayor of Ashkelon, to ban Palestinian construction workers from working near kindergartens in November 2014, citing security concerns. He also ordered armed guards to deploy near construction sites employing Palestinians. Similar bans on construction workers in schools resurfaced as a response to Palestinian stabbings, including in Tel Aviv.[439]

Despite the historiography of Palestinian construction workers as steadfast and resilient, they are notably absent from the nationalist political rhetoric expressed by the urban middle class. Khamis, who is a father of two in Nazareth, evokes the image of construction workers to position himself as a member of the city's educated urban middle-class, in contra-distinction to the working class, whom he associates with manual labor:

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[437] Jack Khoury, "Arab Town Looks to Build Awareness of Deaths on Construction Sites," *Haaretz*, May 24, 2016, http://www.haaretz.com/israel-news/.premium-1.720991.
[438] *Ibid.*
[439] Jeffrey Heller, "Four Israeli Cities, Citing Security, Ban Arab Workers from Schools," *Reuters*, October 18, 2015, http://in.reuters.com/article/israel-palestinians-idINKCN0SC0K720151018.

> What do you think they will be doing if they work for the Jews? They [his daughter and son] would have to work *as cleaners, construction workers, jobs of that type.* Only these types of jobs are left [for Palestinians] there…that is not why they graduate from university. With God's will, they will be able to find work here in Nazareth, and we hope it would be unnecessary to go [work for]…the Jews [my emphasis].

Although his children are well-educated Hebrew speakers from a middle-class background, he imagines the process of 'breaking out' as "working *for* the Jews [*ʿind al-yahūd*]"—even though I asked the question using the phrase "working *with* the Jews [*maʿ al-yahūd*]." This shows that the idea of his children working alongside Jewish graduates in a high-paying position was somewhat inconceivable.

He was only able to conceive of Palestinians working alongside Jews in working class jobs and settings—supposedly the only jobs 'left' for Palestinians in the Israeli labor market. This image acts as another deterrent to changes to established labor relations, as it plays a role in the creation of a collective suspicion towards attempts to amalgamate Jewish and Palestinian labor markets. It demonstrates that there is a desire to withdraw from shared spaces where the Palestinian worker's position of inferiority is revealed and even highlighted. This trend can also explain the significant representation of middle-class Palestinians in NGOs as well as in government-affiliated positions in localities.

The case of the Wisconsin Project in Nazareth

Originally called Me-Ha-Lev ('From the Heart' in Hebrew), the Wisconsin Project, as it was colloquially named, after a similar project in the US state of Wisconsin, was an Israeli welfare-to-work plan piloted in 2005 that included four international private companies and Israeli partner organizations. Aiming to privatize employment services, the project brought international companies to towns with high unemployment rates and sent welfare recipients to training centers for 30-40 hours per week. They had to attend the training until they secured employment, and in the meantime, they may be assigned full-time unpaid work, such

as voluntary work, practical training, or a form of community service. If one chooses not to show up to the training, the volunteer work he/she is assigned, or turns down a job, then he/she forfeits the right to welfare stipends.

Mounting public criticism of the Wisconsin Project accused it of attempting to push impoverished populations off welfare as opposed to into the labor market, a fact that was even recognized in an OECD report.[440] For example, the fact that corporations were given incentives not to employ full-time laborers and instead use 'free' labor implied a greater allegiance, on behalf to the government, to the private sector than to unemployed citizens. Following this widespread criticism, the project was revamped and renamed Orot Letaʿasukah ('Lights for Employment' in Hebrew) in August 2007.[441] The difference was mostly rhetorical, with the new scheme discussing its commitment to the enhancement of worker capacity by boosting skills and helping poor people find long-term job stability. The Knesset's Labor, Welfare, and Health Committee eventually nullified the plan in 2010—a decision that Israel's then finance minister decried as "cheap populism and irresponsibility."[442]

The implementation of the project in Nazareth resulted in a strong backlash from the start, as it was viewed as an exploitative project targeting society's poorest. Residents of Nazareth mobilized heavily against the project—even reportedly attacking its headquarters in the city. At least 55% of the project's participants between May 2008 and June 2010 quit in protest, citing a "policy of subjugation [*qahr*] pursued by the corporations."[443] Palestinian participants represented 50% of the targeted population of the Wisconsin Project, which was

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[440] The Organisation for Economic Co-operation and Development, "Increasing Employment among Low-Qualified Workers," in *OECD Reviews of Labour Market and Social Policies: Israel* (Paris: OECD Publishing, 2010), 125.
[441] For an overview of the changes, see *Ibid*, 125-136.
[442] Roni Sofer, "PM: Ending Wisconsin Plan a Blow to Labor Market," *Ynet*, February 5, 2010, http://www.ynetnews.com/articles/0,7340,L-3883544,00.html.
[443] *The Wisconsin Plan: From Welfare to Work?* produced by Sawt al-'Amil [The Arab Workers Union] (Nazareth: Sawt al-ʿAmil, 2007), DVD.

also implemented in Jerusalem, Ashkelon, Netanya, Natseret ʿIllit, Sderot, Hadera, and Wadi ʿAra, but they were disproportionately represented, since they only make up around 20% of Israeli citizens and around 30% of those receiving income support.

The project was viewed as an obscure alliance between global corporations, the Israeli state, and even Palestinian politicians in Israel who had not resisted its entry or did not have the authority to overturn it and who did not understand the extent to which it affects society and household dynamics. Politicians associated with the communist ruling party in Nazareth were vilified as perpetrating injustice and taking part in oppressing the Palestinian working class, although they eventually condemned it. The agencies where unemployed people had to spend the day were described as diverting attention away from household needs (and by extension damaging the fabric of Palestinian society and future generations), as well as institutionalizing a new regime of work that thrives off the poor. Demonstrators described the Wisconsin Project almost exclusively as a scam by the government to force people to give up unemployment benefits, as part of the government's agenda to "outsource [its] responsibility" for marginalized populations while enriching a private corporation that "specializes in the torture of workers [*tatafanan fī taʿdhīb al-ʿumāl*]."[444]

Although the project faced widespread criticism nationwide, including in exclusively Jewish areas, its political role in Nazareth was distinct. Palestinian mobilization against the Wisconsin Project was motivated by an underlying sentiment of exploitation and inequality, as it was seen as yet another "excuse for the government not to invest…in the Arab community, such as the development of industries and public infrastructure, vocational

[444] Hassan Mawasi, "'*Khiṭat Wisconsin' al-israʾīliya lil-biṭāla tantahik ḥuqūq falasṭīney al-'48*" [The Israeli 'Wisconsin Project' for unemployment violates the rights of the Palestinians of'48], *al-Mustaqbal*, December 23, 2005, http://www.almustaqbal.com/v4/Article.aspx?Type=np&Articleid=156663.

training programs and affirmative action to combat racial discrimination."[445] Badarneh, who led popular campaigns against the Wisconsin Project, argues:

> The fact that the Israeli government chose Nazareth, the biggest Arab town and some neighborhoods in Natseret 'Illit that have an Arab majority as pilot areas is in itself discrimination…If the government wants to make real changes in the labor sector, it must invest money in the Arab community in Nazareth…it can open factories, provide new places of work and industrial areas, and not invest in humiliating the people and turning them into an experiment.[446]

The images evoked during the criticism of the Wisconsin Project were predominantly of collective degradation: elderly women waiting for hours at employment training facilities or children returning from school to empty homes because their parents were stuck at training facilities, leading the children to dwell and work on the streets.[447] One report was tellingly entitled, "Empowerment: Exploitation and Humiliation are Part of the Wisconsin Participants' Daily Life." Protesters held signs against the "terrible exploitation of working women [*al-istighlāl al-bashiʿ lil-nisāʾ al-ʿāmilāt*]" and demanded "freedom for all the women and mothers who are detained in the centers of Agham MeHaLev [*al-ḥuriyya lil-nisāʾ wal-ummahāt al-muḥtajizāt fī marākiz sharikāt aghām me-ha-Lev*]." The sense of being detained was supported by strict rules at the centers, such as a ban on cell phones.[448]

Criticism of the Wisconsin Project, accordingly, was framed using a narrative of rising degradation and poverty in an overall regime of exploitation based on "*taʾyīs wa-taṭfīsh* [making people hopeless and wanting to leave]."[449] This policy of *taʾyīs wa-taṭfīsh* is linked to the overall history and status of Palestinians in Israel, in which government policies have been enacted with the expressed goal of de-populating Palestinian territories inside Israel.

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[445] Sawt al-'Amil, "Stop the Welfare-to-Work Wisconsin Plan in Israel!" Memo by Sawt al-'Amil [The Arab Workers Union], February 1, 2007.
[446] *The Wisconsin Plan: From Welfare to Work?*
[447] *Ibid.*
[448] Ruth Sinai, "Participants in Wisconsin Project Asked to Give Up Cellphones," *Haaretz*, August 16, 2005, http://www.haaretz.com/news/participants-in-wisconsin-project-asked-to-give-up-cellphones-1.167035.
[449] *The Wisconsin Plan: From Welfare to Work?*

Demonstrators holding a sign that says “They have taken away the land, and now they have taken away the labor” (see Figure VII) evoked continuity from this history—a reminder that the ultimate goals of Zionism have been to colonize the land *and* labor, with colonizing labor perceived as an essential part of Palestinian participation in Israeli political economy. Through privatization and neo-liberalization, the Wisconsin Project is seen as a continuity of this process of colonizing labor. The attacks levelled against the Wisconsin Project were formulated in reference to its role in oppressing the Palestinian minority *in particular* and contributing to an additional layer of national humiliation.



Figure VII. The picture above shows two women demonstrating against the Wisconsin project in Nazareth, courtesy of the Arab Workers Union.

In the same vein, Wehbe describes the “downfall [*isqāṭ*]” of the Wisconsin Project as a euphoric moment, a time of revolution that led to a rupture of colonialism and capitalism and a triumph over privatization. The small battle against the Wisconsin Project, as Wehbe relayed it to me, was considered one of the most tangible successes for the conditions of Palestinian laborers in Israel. The moments of collective mobilization against the Wisconsin

Project were no longer necessarily about the project, but they acquired a life of their own: they represented an unwavering declaration of opposition to dispossession and further colonization of labor. In fact, Wehbe recounts the mobilization against the Wisconsin Project as a direct continuation of his history of political activism and support for the Palestinian struggle, which had led to his arrest for nine months in 1989.

Encounters in the workplace: the war in Gaza in June-August 2014

The link between the political situation and labor patterns is particularly visible during times of conflict, when encounters between Palestinians and Jews in the workplace further cement and subsume the dialectic of inequality. Throughout the course of the war in Gaza, several Palestinians in Israel faced dismissal from their place of employment after expressing controversial political views. These cases demonstrate how political identities spill over into the workplace and how wars create a dominating paradigm of with-us-or-against-us, as even seemingly mundane activities are enveloped within the fighting.

One example is a doctor in Jerusalem who was suspended from Shaare Zedek Medical Centre after describing Israeli soldiers as murderers on social media. Similarly, a nurse was suspended from his job at Sheba Medical Center in Tel ha-Shomer in Ramat Gan, following an online post criticizing the Israeli military, though he was reinstated a few weeks later. Meanwhile, a sanitation worker at Safed municipality and a psychological counsellor employed by Lod municipality were suspended for calling for the liberation of Palestine and expressing joy over the death of Israeli soldiers, respectively. In the latter case, the mayor of Lod said the employee showed 'disloyalty to the state' and urged all public agencies to follow suit and fire 'traitors'.[450] This terminology of being a 'traitor' is at the core of this

[450] Or Kashite, Eli Ashkenazi and Nir Hasson, "Workplaces Discipline Israeli Arabs for Facebook Posts against Gaza Incursion," *Haaretz*, July 23, 2014, http://www.haaretz.com/news/national/1.606681?utm_source=dlvr.it&utm_medium=twitter.

sense of exclusion resulting from the militarization of the public arena, as expressed by Ashraf: "Flags are everywhere...supporting the soldiers in their operation…the whole society is trying to say: you are [either] with us in the massacre of your people, or you are not welcome here because you are a traitor."

Furthermore, vigilante groups created websites on social media listing the names of Palestinians in Israel who expressed such 'disloyalty' either by organizing or attending demonstrations, or by expressing anti-Israeli views on social media. The objective of the website was to pressure employers to fire 'disloyal' workers as a form of punishment for taking an anti-Israeli stance.[451] Such heightened vigilance should not be understood as an aberration: it is a result of the state's current security practices and discourses, which pushes citizens to embody the state's suspicions "as a trait of good citizenship."[452]

More importantly, these are not isolated incidents. They emerge from a history of punishing Palestinian workers for political activism. For example, Majd Hamdan, a 23-year-old student at the Hebrew University, was fired from his job as a youth trainer following his participation in a demonstration against the war in Gaza in 2012, while Abeer Yehua was fired from her job as a cashier for refusing to stand a minute of silence for the victims of Israel's army.[453] And during the second intifada, a website called *ʿavodah ʿivrit* posted names of firms that only hire 'Hebrew labor' to encourage the Jewish public to buy from them and boycott 'Arab labor,' per the foundations of Zionism.

Labor has long been embroiled within questions of loyalty. Zionist institutions such as the Histadrut have historically been reluctant to side with Palestinian workers on such occasions. Although Palestinians were members of the Histadrut, they still faced mass

[451] Hagar Sheizaf, "Following Waves of Protests, Israel Arrests Scores of Arab Activists, Minors," trans. Ofer Neiman, *+972 Magazine*, July 23, 2014, http://972mag.com/following-wave-of-protests-israel-arrests-scores-of-arab-activists-minors/94131/.
[452] Juliana Ochs, *Security and Suspicion: An Ethnography of Everyday Life in Israel* (Philadelphia: University of Pennsylvania Press, 2011), 12.
[453] Arab Workers Union, "Annual report," 2012.

expulsions from work for activism during the second intifada when it sided with the government. Similarly, during the Land Day demonstrations in 1976, the Histadrut had indicated to Palestinian workers that whoever participates in strikes would face expulsion from work.[454] Such proclamations point to the lasting and rooted implication of employment being a privilege that is contingent upon accepting a certain type of citizenship, predicated on accepting Zionist ideals.[455]

Even among those who were not threatened with dismissal, times of conflict still presented challenges—particularly in 'mixed' places. Ahmad, for example, who is in his late-20s and works for a supermarket in Tel Aviv, described having to wake up early to alternate between a number of Palestinian and Jewish buses, moving through the militarized public setting. After getting on his last bus, he hears the radio discussing the war:

> They were broadcasting a Palestinian woman in Gaza yelling about the death of all her children [in Arabic], followed by the Hebrew military spokesperson…he doesn't describe the context of what happened…[they were] announcing the successes of the army and announcing the pain and fury of a Palestinian mother [*yaʿlinū ʿan injāzat al-jaysh wa-yaʿlinū ʿan alam wa-ghaḍab um falasṭīniya*]…I am awakened to the shouts of her dead children…I don't want to be here…then [when I get to work] I hear the way they talk about Palestinians, Arabs, Muslims….What can I do [*ma laʿaśot* in Hebrew]. I stay quiet and try to do my job. That is what I am here for.

Even jobs that require constant interaction with Jewish workers tend to reveal the 'inferiority' of the Palestinian worker compared to his Jewish counterpart, exacerbated by the fact that Jewish workers are more likely to be in skilled and supervisory positions. The tensions created by these fixed statuses is encapsulated in the statement, "This is what I am here for," which implies an inherent pecking order in which 'Arab labor' is normatively inferior. As the workplace itself becomes a space in which perceptions of invisibility are

[454] Wehbe Badarneh, "Sawt al-'Amil's Assessment of the Histadrut," *Sawt al-'Amil*, June 2008.
[455] Sa'di cites the case of a student who was trying to get hired as a teacher, who declares, in June 1963, "It should be stated that *I am not involved in politics. I have been all the time, and shall stay, a faithful citizen of the state* [italics in original]." Sa'di, *Thorough Surveillance*, 127. More recently, Silvia Pasquetti quotes a resident of the city of Lod who believes that the way to obtain a license for a business is to become an informant. Silvia Pasquetti, "Legal Emotions: An Ethnography of Distrust and Fear in the Arab Districts of an Israeli City," Law and Society Review 47: 3 (2013), 478.

reiterated and the patterns of exclusion are lived, these encounters often result in strong discomfort and an inclination towards embracing separation.

The labor market and belonging

The school teacher from Tira, Ali, who incredulously asked me whether I think Israel's development projects are actually 'for the Arabs,' continued his discussion by stating, "Israel was not created for us. It does not want us, and it never will." For the majority of Palestinians discussing labor relations, the space demarcated for their 'secondary' labor continues to be innately tied to their status as 'non-Jews'. In other words, the perception of oneself as being *outside* the Israeli national collective and Israel as a political entity inadvertently affects economic imaginations and is reflected in a dysfunctional multi-tiered labor market.

Returning to the comparison at the beginning of the chapter with black labor in the US, a main distinction between the case of black labor and the Palestinians of 1948 is that part of the Palestinian struggle is the very nature of the state. During the era of civil rights in the US, the push for greater self-sufficiency by black labor was often implicitly accompanied by a push for integration. Having it "both ways" was tied to a belief that the civil rights movement could ultimately change racist policies. The space for this manipulation and re-interpretation pertained to the fact that the state was not an explicitly 'white' state by definition, despite its implementation of an array of exclusionary regimes towards the black population.

This stands in opposition to the case of Palestinians who view the state's self-definition as their main battle. Responding to the well-known mantra, "But Arabs are better off in Israel than in any other Arab countries," Saʿid, who is from Haifa, argues, "When they discuss economic indicators of Israelis, there is racist discrimination [*tamyīz ʿunṣurī*]. Arabs are always compared to Arabs in the other Arab countries, whereas Jewish Israelis are compared to the West…like two different classes of people."

This contrast is frequently mentioned in discussions on Palestinian political economy, and it defines the parameters of the discussion on development. This statement powerfully highlights the external status of 'Arab labor,' which is placed on a different tier altogether. The statement places Palestinian workers outside 'normal' labor functions, attuned to their construction of 'Arab labor,' disordered and disheveled.

Seeking to point out that Israel is a positive force for Palestinians, this discourse tends to invoke the relatively higher standards of living enjoyed by Palestinians in Israel, particularly in comparison with non-oil producing Arab countries such as Jordan and Egypt or the Palestinians in the West Bank and the Gaza Strip, who receive a significantly lower income. This comparison is often made with explicit reference to government schemes for Israeli citizens such as health care, retirement schemes, or unemployment benefits, or it refers to support for the rights of women and religious minorities.[456] The comparison is concurrently deployed to emphasize a certain level of democratic pluralism in Israel, relative to Arabs living under oppressive governments or facing armed conflict.

In a speech by Netanyahu to a Joint Meeting of the United States Congress on 24 May 2011, he stated: "Of the 300 million Arabs in the Middle East and North Africa, only Israel's Arab citizens enjoy real democratic rights…Israel is not what is wrong with the Middle East. Israel is what is right in the Middle East."[457] One palpable implication of this statement is that Palestinians of 1948 are not actually accepted as citizens or equals. It implies that the state does not even believe it *should* view Palestinians as equal to the majority population. It holds an even more problematic hidden assumption that Palestinians (or minority groups in general) can live in lower conditions than the majority population, because they are

[456] Israeli Ministry of Foreign Affairs, "People: Minority Communities," accessed on 27 July, 2016, http://www.mfa.gov.il/mfa/aboutisrael/people/pages/society-%20minority%20communities.aspx.
[457] "Transcript of Prime Minister Netanyahu's Address to the Congress," *The Globe and Mail*, May 24, 2011, http://www.theglobeandmail.com/news/world/transcript-of-prime-minister-netanyahus-address-to-us-congress/article635191/?page=all.

comparatively better off to their compatriots elsewhere, whether ethnic, national, or religious. A near-identical discourse was used in the case of apartheid South Africa to justify the government's discrimination towards the indigenous population, which was compared to the populations of other neighboring African countries that were conflict-ridden or poverty-stricken.[458]

At the same time, this discourse effectively re-locates the Palestinians of 1948 from the Israeli space into the 'Arab' space (where they are normatively seen as 'belonging'), posing a number of contradictions, voiced eloquently below by Sami and Asaad, respectively, who both used their trips to Egypt to explain these tensions to me:

> Why are we being compared to other Arabs in other countries when we cannot even visit most of these 'enemy' Arab countries? Our ties were largely severed to the Arab countries…if an Arab from the inside goes to Egypt, he will be treated just like an Israeli, with security guards following him everywhere, fearing his every step…and his security!

> All my life in Israel they told me I was an Arab, nothing but an Arab, always an Arab [*kul ḥayātī fī isrā'īl qālulī anta ʿarabī, ʿarabī wa-sataẓil ʿarabī*]. When I went to Egypt, it was the first time I realized that I was not an Arab. They only saw me as an Israeli.

Similarly, Sajid links the state's approach to Palestinian labor to its view of the Palestinian worker as not being "sufficiently Israeli [*lo maspiḳ yiśre'eli*, in Hebrew]":

> What I do not understand is how the state has enough money to constantly build new settlements, to expand the space available for the Jews, to subsidize these settlements [*daʿm al-mostawṭināt*], but they cannot pay for basic services in our towns [*al-khadamāt al-asāsiya bil baldiyāt tabaʿnā*]. What does that mean, that the government cannot pay or is unwilling to pay? You tell me…They simply do not see us as part of Israel [in Hebrew: *hem pashut lo mityaḥsim elenu ke-ḥeleḳ me-yiśra'el*]. They do not want to invest in our infrastructure because they think someday we might not be there anymore. They are waiting to resolve us [*yiḥulu amrina*].

Despite having reached relative 'economic' security, he lives in constant political insecurity, especially relative to the Jewish population, anticipating a law, order, or decision that will

[458] Anne-Marie Kriek, "South Africa Shouldn't Be Singled Out," *The Christian Science Monitor,* October 12, 1989, http://www.csmonitor.com/1989/1012/ekri.html.

suddenly change his life, without prior consultation or knowledge on his behalf. By saying that they are "waiting to resolve" him, it seems as though this eternal process of waiting, over which he has no control, defines the way he relates to Israeli 'development' policy. (This sentiment has been echoed by upwardly mobile and middle-class Palestinians as well. For example, Yara Mashour, whom I mentioned in the previous chapter, has argued, "I do not feel 100% Israeli. I perceive myself to be a Palestinian Arab who lives here, and there is no certainty that I will remain."[459])

This feeling of political deprivation can thus be linked to labor inequality and overall separation. Having obtained a relatively 'higher' status than that of Palestinians in the West Bank and Gaza or Arabs elsewhere, which is visible in higher wages (or social services and benefits), has not implied greater integration among the Palestinians of 1948 or an acceptance of Israeli rule. There are examples of similar dynamics elsewhere that suggest that the persistence of labor segmentation are structured by political considerations: in the case of Cyprus, for example, which is divided between Turkish and Greek Cypriots in an intractable conflict, Turkish Cypriots rejected the opportunity to join the European Union for fears of greater political deprivation despite the potential for increased economic benefits to the community.[460]

Labor segmentation, accordingly, reflects not only the economic landscape of separation that is maintained actively through mechanisms of social closure but also a political landscape of separation, upon which the entire structure of citizenship has been built and conditioned. Skepticism towards plans to develop labor, and even general disengagement

[459] Quoted in Deborah Sontag, "Nazareth Journal: A Magazine is Unveiled, in More Ways than One," *The New York Times*, April 28, 2000, http://www.nytimes.com/2000/04/28/world/nazareth-journal-a-magazine-is-unveiled-in-more-ways-than-one.html.
[460] Tozun Bacheli, "The Lure of Economic Prosperity versus Ethno-Nationalism: Turkish Cypriots, the European Union Option and the Resolution of the Ethnic Conflict in Cyprus," in *Minority Nationalism and the Changing International orde*r, eds. Michael Keating and John McGarry (Oxford: Oxford University Press, 2001), 211.

from the Israeli labor market, are accordingly not simply a strategic response in search of alternatives in a labor market where one's labor is deemed uncompetitive, but they are more importantly a political tool to effectively re-interpret, or even implicitly sabotage, government policy. It may prompt groups to pursue attempts to modify or disrupt the intended objectives of public policy, as they search for alternative zones of empowerment. This perspective fits with the conceptual reinterpretation of the labor market as a political as well as an economic space.

Conclusion

Labor markets are a multi-layered terrain, infused with tensions that are socio-economic and political at the same time. All over the world, labor market practices often seem arbitrary, with wage structures presenting paradoxes that contradict professed roots to justice, meritocracy, and equal opportunity. These arbitrary patterns are difficult to justify and tend to inherently defy the image of a rationally functioning labor market. They illustrate that labor markets are considerably more complex than merely sites of economic exchange and de-personalized spaces of interaction, as they operate within the confines of political systems and their informal boundaries, including ethnic and socio-economic restrictions.

This chapter hopes to have provided an insight into the ways in which Palestinians encounter, organize against, or perceive the segregated labor markets in Israel. It focused on the different aspects of Palestinian decision-making that sustain the current trend of labor segmentation, which include state-sponsored development policies that are seen as a de-politicizing endeavor to re-affirm Palestinian dispossession.

The starting point of development projects is itself a source of tension, as it presumes an ahistorical and apolitical background to the problem, divorcing it from the colonial context in which it is located. Furthermore, the use of internal explanations to understand ethnic disparities attempts to rid the state of its culpability in decades of institutionalized racism, which is the reason behind current levels of poverty and inequality. Meanwhile, there is resentment towards the developmental discourse advertising lucrative benefits to the Israeli economy, rather than focusing on the pursuit of corrective justice. Finally, the use of economic indicators and theories to explain the disparities conceals the need for de-colonization in favor of promises of eventual convergence. These examples indicate that development has not enfeebled the making and remaking of ‘Arab labor’ as a separate and unequal category.

At the same time, the paradigm of inequality has continued to affect everyday encounters in the labor market, urging conformity to the status quo. This means that while labor markets are technically open, they are also unequivocally characterized by ethnic stratification and polarization. The epitome of this invisibility is found among Palestinian construction workers, who represent a quarter of Palestinian wage-earners but are excluded from public space and national narratives—even in discourses among middle-class Palestinians. Another case is the Wisconsin Project, a contemporary effort to weaken and (re)conquer 'Arab labor,' precipitating widespread mobilization. Finally, the tension-infused encounters between Palestinians and Jews during the Gaza war served as a reminder to Palestinian workers of their position with the country's socio-economic and political hierarchy.

These examples demonstrate that labor market patterns cannot be detached from political dynamics, consciousness, and sentiments and that economic discourse is fundamentally shaped by political experiences. Inequality is more than an official measure that can be improved through development projects; rather, it is a political condition that cannot be quantified or traded. The conditions of Palestinian workers are not only tied to the wages they receive or the terms of their employment but also to their continued designation as 'Arab labor,' a political process that reflects their status as secondary citizens in Israel.

CHAPTER THREE

INDUSTRY: DOMESTIC OUTSOURCING AND ARRANGEMENTS OF CHEAPER LABOR

The previous chapter discussed the ways in which politico-economic transformations have affected the nature, form, and organization of labor. Building on the deconstruction of 'Arab labor,' this chapter investigates the rise of domestic outsourcing, arguing that it represents as a new arrangement of 'cheaper labor' during the past decade. It serves as a telling example of the transformations in industrial relations and entrepreneurship, with its advocates purporting that it represents a new and innovative model for integration and development.

Overwhelmingly touted as a step towards economic empowerment and political coexistence, domestic outsourcing has become inscribed within the state's developmental discourse and policymaking. It has received praise from public officials, private sector figures and the press, and it has also appealed to international audiences, as demonstrated by the plethora of English-language news praising the subject. Its endorsement has even transcended bitter political rivalries in Israel, as it has garnered widespread support across the political spectrum and the Palestinian-Jewish divide.[461]

The domestic outsourcing industry is representative of the direction which the Palestinian labor market appears to be heading. Although it currently employs a few thousand people, it has grown rapidly and has received widespread acclaim and resources. This suggests that it is increasingly accepted—in Israel and globally—as a model for Palestinian integration in the Israeli workforce, especially in high-tech. In Nazareth alone, the number of

[461] One notable exception is an article by Khalil Ghurra, which criticizes the emergence of a high-tech sector in Nazareth. It does not criticize the model of domestic outsourcing itself, but it criticizes rather the close connections of the high-tech sector to the Israeli Defense Forces, particularly the notorious intelligence unit, Unit 8200. Khalil Ghurra, "'*High-tech' bil-Nāṣra bi-riʿāyat kharījiy al-mukhābarāt al-ʿaskarīya*" ['High-tech' in Nazareth Sponsored by the Graduates of the Military Intelligence], *Arab48*, March 8, 2016, http://bit.ly/26yJXvt.

high-tech jobs grew from 30 to 700 between 2008 and 2016. According to Tsofen, the number of Palestinians in the high-tech industry reached 3,000 in 2016, an eight-fold increase from 2008, and one estimate claims that by 2025, the number of Palestinians in high-tech may reach 10,000.[462] Meanwhile, the number of employees working at Babcom, one of the two firms this chapter is centered on, has grown from 20 since its inception in 2008 to 1,300 in 2013.

Essentially a new term for the long-standing practice of sub-contracting, domestic outsourcing is also known as home-shoring, onshore outsourcing, or outsourcing to remote domestic locations.[463] It is defined as a contract "with a third party situated in the same country as the client organization for the completion of a certain amount of work, for a specific length of time and at a cost and level of service."[464] It has grown as offshore outsourcing started to dwindle, signaling the end of the boom of the 1990s and early 2000s. A trend of 're-shoring' (or 'in-sourcing') has been predominantly attributed to the incremental decline of the global labor arbitrage due to rising wages in offshore destinations.[465] In this arrangement, higher labor costs incurred by re-shoring are offset by lower expenditure due to shortened supply chains and lower transportation costs. Re-shoring has been discussed in the electronics industry and manufacturing and has been linked to the rise of industrial automation.[466]

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[462] Joe Charlaff, "Integrating Arabs into Israel's High-Tech Sector," *Tsofen*, February 3, 2016, http://tsofen.org/en/integrating-arabs-into-israels-high-tech-sector/.
[463] Sub-contracting in the construction industry can be traced to at least the late 18th century. Harry Braverman, *Labor and Monopoly Capital: The Degradation of Work in the Twentieth Century* (New York and London: Monthly Review Press, 1974), 42-44; Robert G. Eccles, "The Quasifirm in the Construction Industry," *Journal of Economic Behavior and Organization* 2: 4 (1981), 335-357.
[464] Ilan Oshri, Julia Kotlarsky, and Leslie P. Willcocks, *The Handbook of Global Outsourcing and Offshoring: The Definitive Guide to Strategy and Operations*, 3rd ed. (Basingstoke: Palgrave Macmillan, 2015), 32.
[465] Charles Fishman, "The Insourcing Boom," *The Atlantic*, December 2012.
[466] IPC, "On-Shoring in the Electronics Industry: Trends and Outlook for North America," September 2013, http://www.ipc.org/TOC/ONSHOR-13.pdf; Harold L. Sirkin, Michael Zinser and Douglas Hohner, "Made in America, Again: Why Manufacturing Will Return to the US," *The Boston Consulting Group*, August 2011, https://www.bcg.com/documents/file84471.pdf; "Here, there and everywhere," *The Economist*, 19.01.2013, http://www.economist.com/news/special-report/21569572-after-decades-sending-work-across-world-

Economic nationalism is an essential determining factor, especially in light of a public backlash towards offshore outsourcing since the early 2000s. The appeal of economic nationalism can constitute part of the branding for domestic outsourcing firms, as evinced by nationalist slogans. For instance, the Nazareth-based NCS Software Services proclaimed to be "blue-and-white for the benefit of the client, the state, the economy and Israeli industry [*kahol-lavan le-toʿelet ha-laḳoaḥ, ha-medinah, ha-kalkalah ṿe-hataʿaśiyah ha-yiśraʾelit*]."[467] It stressed that all its activities are carried out *within* Israel and all its employees are Israeli professionals, as are any external bodies the firm contracts. The owner of the firm, Hatem Zoabi, was on a list of influential figures in the Israeli economy and was described as "one of the pioneers who has caused the desert of Arab high tech to bloom."[468]

I focus on two domestic outsourcing firms in the Galilee: Galil Software and Babcom, chosen predominantly due to their immense popularity and the acclaim they have received. Both are involved with the information and communications technology sector and follow a similar ethos, presenting their enterprises as preliminary steps towards industrial development and economic integration. They are not subsidiaries of Israeli companies (known in the outsourcing literature as captive centers) but independent firms that offer Business Process Outsourcing services to multiple clients. This entails outsourcing specific responsibilities to third party providers in order to 'free up resources' for firms to focus on their "core competencies" or invest in new technologies, as management theories claim.[469] Firms

companies-are-rethinking-their-offshoring. On industrial innovation as a type of outsourcing, see Michael Palm, "Outsourcing, Self-Service and the Telemobility of Work," *Anthropology of Work Review* 27: 2 (2009), 1-9.

[467] NCS Software Services, "About Us," http://www.ncs-software.com/#, accessed December 1, 2015.

[468] Quoted in Guy Grimland, "#49 Khatem Zuabi, NCS Software Services," *Haaretz*, September 6, 2011, http://www.haaretz.com/israel-news/business/49-khatem-zuabi-ncs-software-services-1.382776. (Hatem's name is misspelled as Khatem in the article.)

[469] Christopher B. Clott, "Perspectives on Global Outsourcing and the Changing Nature of Work," *Business and Society Review* 109: 2 (2004), 153-170; C. K. Parahalad and Gary Hamel, "The Core Competence of the Corporation," *Harvard Business Review*, May-June 1990, 79-90.

typically outsource labor-intensive tasks, seen as boosting profit margins without compromising the quality of the main product or service.[470]

Inas Sa'id, the former CEO of Galil Software, estimates that outsourcing by Israeli high-tech firms to engineers outside the country (in India, China and Eastern Europe, for example) amounts to an annual $3bn loss for Israel, as this money is dispersed to non-Israeli citizens.[471] Tapping into the potential *within* the country's borders was the rationale behind Galil Software, conceived by renowned figures in high-tech, including Jimmy Levy, Itzik Danziger, and Zeev Bregman, who secured state financing for the project. It employs 150 people (of whom 90% are Palestinian), and a government subsidy covers 25% of the cost of a new employee within his/her first 2.5 years.[472] Israeli firms can save around 30% by outsourcing to engineers working at Galil Software, attributed to "competitive" wages, lower production costs, lower municipal taxes, and the aforementioned state subsidy.[473]

Galil Software is located in Nazareth, home to the burgeoning outsourced high-tech sector that has witnessed a flurry of activity in the past few years. Refashioning itself as an 'Arab high-tech hub,' Nazareth has received a flow of investments since the state pinpointed Arab integration into high-tech as a matter of "national interest," in the words of Mark Regev, the prime minister's chief spokesperson until 2015.[474] The Authority for the Economic Development of Arab, Druze and Circassian Sectors was therefore given $45

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[470] Examples are human resources departments or client satisfaction services such as call centers or tech support. See Subrata Chakrabaty, "Strategies of Business Process Outsourcing: An Analysis of Alternatives, Opportunities and Risks," in *Electronic Business: Concepts, Methodologies, Tools and Applications*, ed. I. Lee (Hershey: Information Science Reference, 2009), 290-312.

[471] Karin Kloosterman, "Israeli Company Envisions Peace through Outsourcing," *Israel21c*, April 4, 2009, http://www.israel21c.org/social-action-2/israeli-company-envisions-peace-though-outsourcing/.

[472] Assaf Gilad, "*Ha-Siliḳon ha-Ṿadi: kakh hafkhah Natseret le-birat ha-hi-tech shel ha-migzar ha-ʿaravi*" [Silicon Wadi: The Transformation of Nazareth into the High-Tech Capital of the Arab Sector], *Calcalist*, March 30, 2011, http://www.calcalist.co.il/internet/articles/0,7340,L-3513258,00.html.

[473] "Business Diary: Inas Said, Galil Software," *The Financial Times*, August 23, 2010, http://www.ft.com/cms/s/0/033c2c7c-aee2-11df-8e45-00144feabdc0.html#axzz3RvumYg8j.

[474] Ben Lynfield, "Booting Up Arab Access to Israeli High-Tech Jobs," *The Christian Science Monitor*, April 12, 2013, http://www.csmonitor.com/World/Middle-East/2013/0412/Booting-up-Arab-access-to-Israeli-high-tech-jobs.

million to invest in technology, while the Ministry of Economy allocated Tsofen and ITWorks $2.5 million to train and integrate university-educated Palestinians into high-tech.[475]

Established with an analogous mission to salvage the "thousands of jobs going to India, Eastern Europe and elsewhere in the world," Babcom is led by sub-contracting veteran Imad Telhami, who previously at the Tel Aviv-based textile giant Delta Galil Industries, which was run by Dov Lautman.[476] At its peak, Delta employed 15,000 workers and 20,000 sub-contractors in destinations as varied as the Far East, Egypt, Jordan, and settlements in the West Bank.[477] Babcom employs around 1,500 people across four branches in Beersheva, Nazareth, Misgav Industrial Zone (directly outside Sakhnin), and Tefen Industrial Zone (10-15km north of Misgav), picked deliberately for their proximity to clusters of residential areas. It is divided into Babcom Centers, focusing on call center, technical support services, and market research categorized loosely as business solutions, and Babcom Software, focusing on engineering or computer programming services. The latter resembles Galil Software and has around 100 engineers, computer scientists, and graduates of tech-related fields.

Gaining many tenders since its inception, Babcom's clients include large and well-known Israeli firms, such as Cellcom, Hot, Pelephone, and Orange, and subsidiaries of tech companies such as Texas Instruments and DSP Group. Babcom's revenue amounted to NIS 21.5 million in 2010, with its profit amounting to NIS 3.15 million.[478] IT giant Matrix

[475] "Israeli Ministry of Foreign Affairs, "Funds Allocated for Integration of Minorities into Hi-Tech Sector," January 19, 2015, http://mfa.gov.il/MFA/InnovativeIsrael/Economy/Pages/Funds-allocated-for-integration-of-minorities-into-hi-tech-sector-19-January-2015.aspx.
[476] Quoted in "*101 mashpiʿim le-ṭovah—ha-anashim she-hofkhim et yiśraʾel le-maḳom ṭov yoter*" [101 People Who Make Israel a Better Place], *The Marker*, May 9, 2010, http://www.themarker.com/misc/1.580509.
[477] See Delta Galil Industries Ltd, "2014 period report," February 25, 2015, http://deltagalil.com/media/2014_annual_report.pdf.
[478] Shmulik Shelah and Tamar Koblenz, "Matrix Buys Israeli-Arab Co Babcom Centers," *Globes*, April 14, 2011, http://www.globes.co.il/en/article-1000638896.

acquired a 50.1% share in Babcom in 2011 at a cost of NIS 15 million, making Babcom one of its many subsidiaries.[479]

There has been extensive critical discussion around offshore outsourcing, analyzing its 'predatory' characteristics through an analysis of global value chains, the impact of 'capital mobility' on workers' bargaining power, dynamics of control in call centers, the influence of outsourcing on identity, its effects on the experience of work, and the labor process it induces.[480] In contrast, there has been little critical reflection on *domestic* outsourcing, especially its role in Israel, where it is accepted as an economic development project. The phenomenon has largely been divorced from the context of neo-liberalization from which it emerged, as a cost-cutting and profit-maximizing mechanism, as well as the background of a history of sub-contracting in the Galilee.

Although the two firms I deal with here are based in the Galilee, they are part of a larger trend that is neither exclusive to the Galilee nor to Palestinian citizens. Outsourcing has sought to appeal to other marginalized groups in Israel. One example is the Negev Technology Solutions Centre in Yeruham, which targets minority populations such as Ethiopians, Haredim, and (Palestinian) Bedouins—but army veterans only.[481] Such initiatives rely on a similar ethos combining development and coexistence and are often encoded with

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[479] Matrix acquired more than 50 firms and employs more than 4,000 IT professionals. Its annual revenue in 2015 was NIS 2.28 billion, an 8.5% increase with the previous year. Its net profit was around NIS 100 million, an increase of 11.6% from 2014. It is traded on the Tel Aviv Stock Exchange.

[480] William Millberg and Deborah Winkler, *Outsourcing Economics: Global Value Chains in Capitalist Development* (Cambridge and New York: Cambridge University Press, 2013); Kate Brofenbenner, "Uneasy Terrain: The Impact of Capital Mobility on Workers, Wages and Union Organizing," US Trade Deficient Review Commission, September 6, 2000, http://govinfo.library.unt.edu/tdrc/research/bronfenbrenner.pdf; Carol Upadhya, "Controlling Offshore Knowledge Workers: Power and Agency in India's Software Outsourcing Industry," *New Technology, Work and Employment* 24: 1 (2009), 2-18; Divya C. McMillan, "Outsourcing Identities: Call Centres and Cultural Transformation in India," *Economic and Political Weekly* 41: 3 (2006), 235-241; Alison Davis-Blake and Joseph P. Broschak, "Outsourcing and the Changing Nature of Work," *Annual Review of Sociology* 35 (2009), 321-340; Phil Taylor and Peter Bain, "'India Calling to the Far Away Towns': The Call Centre Labour Process and Globalization," *Work, Employment and Society* 19: 2 (2005), 261-282.

[481] Inbal Orpaz, "*Mirkaz tekhnologi ḥadash bi-Yeruḥam yi'asiḳ 'uvdim Etiopim, Haredim ve-Bedvim*" [New Technology Centre in Yeruham Will Employ Ethiopian, Haredi and Bedouin Workers], *The Marker*, September 13, 2012, http://www.themarker.com/technation/1.1823591.

an analogous civilizing mission.[482] Another example is the Talpiot R&D center established by Matrix in the settlement of Modi'in 'Illit.[483] As of 2015, it employed around 900 Haredi women at very low pay.[484] Also known as Kiryat Sefer, Modi'in Illit is a Haredi settlement in the West Bank, located between Jerusalem and Tel Aviv, with a population of around 60,000, the largest settlement in the area. Subsidized by the Israeli government which pays roughly one-fifth of salaries, the establishment of the Talpiot project is a testament to the political role of domestic outsourcing in service of the goals of Zionism. It represents an attempt to normalize settlements as part of Israeli economic circuits, and it demonstrates the ways in which 'developmental policy' aims to consolidate Israeli control over occupied territory. It is an indication, as Gadi Algazi argues, that Israeli capitalism can be "both colonial and digital, and move back and forth between global markets and colonial settlements, and between campaigns for unbridled privatization and heavy government subsidies."[485]

Outline

The following section deals with the landscape of industry and entrepreneurship in Palestinian areas, providing a historical context for industrial patterns. I conceptualize Palestinian areas in the Galilee as 'enclaves' operating on the fringes of the Israeli economy and discuss the constraints embedded within the relationship between the Palestinian and

[482] Both populations are characterized as 'cheaper labor,' and in both cases, domestic outsourcing is presented as a solution to their cultural or religious practices. A brief mention of outsourcing to Haredi women in an overall survey of outsourcing is telling: it describes their labor as "inexpensive," and the "modern, well-equipped offices" as filled only with "women wearing religiously-conservative attire of long skirts, long sleeves, and head coverings." Erran Carmel, Mary C. Lacity and Andrew Doty, "The Impact of Impact Sourcing: Framing a Research Agenda," in *Information Systems Outsourcing: Towards Sustainable Business Value*, eds. Rudy Hirschheim, Armin Heinzl and Jens Dibbern, 4th ed. (Heidelberg: Springer, 2014), 418-419.
[483] The CEO of Matrix Moti Gutman describes the employment conditions there as "well suited to Haredi women" and argues that "the blessings rabbis have given Talpiot make for a very loyal workforce." Moti Gutman, "Offshore in Israel—High Quality Development at Low Cost," *Matrix*, accessed on July 27, 2016, http://www.matrix.co.il/en/Experts/Pages/OffshoreinIsrael.aspx.
[484] Inbal Orpaz and Amir Teih, "Religious Women in Israel Juggle High-Tech Jobs and Ultra-Orthodox Life," *Haaretz*, January 11, 2015, http://www.haaretz.com/israel-news/business/.premium-1.636211.
[485] Gadi Algazi, "Offshore Zionism," *New Left Review* 40 (2006), 27-37. See also Adi Kunstman and Rebcca L. Stein, *Digital Militarism: Israel's Occupation in the Social Media Age* (Stanford: Stanford University Press, 2015).

Jewish economies, such as structures and devices that maintain the 'enclave' as a distinct space. These are linked not only to private and public institutions but also to the hierarchical process of enframing. The enframing of Palestinian labor and spaces as 'cheap' or 'developing' with Jewish labor and spaces as the opposite, is a constitutive feature of the outsourcing project. This binary is mutually defining and therefore unable to bring Palestinian labor into parity with Jewish labor. The conceptual structure, in other words, negates the possibility of equality.

This is followed by a section that aims to contextualize domestic outsourcing, first by linking it to Israeli neo-liberalization since the 1990s, then by elaborating on the continuity between domestic outsourcing and previous sub-contracting trends. I introduce domestic outsourcing as a continuity of previous policies and outlooks towards industrial development in the Galilee, entailing sub-contracting to unemployed or underemployed Palestinian labor—even though it is currently driven by an entrepreneurial Palestinian bourgeoisie. I argue that domestic outsourcing only departs from previous sub-contracting trends in the developmental mission it espouses and that this mission is at odds with its operational structures, which ensure profit-maximization and continued Palestinian-Jewish separation.

The fourth and fifth sections discuss this dialectic. The fourth documents operational separation in wages and spaces, while the fifth critically analyzes three aspects of the firms' self-professed aspirations: increasing Palestinian employment, empowering women, and building coexistence. I contend that inequality in outsourcing projects is not inadvertent, but it is at the core of their establishment, as they rely on 'cost-efficient' labor as their competitive advantage to accrue profits. The objective is not merely to argue that the practice is exploitative but to frame it as a continuation of a history of awkward, unequal engagement and problematize its portrayal as an agent of development, integration, and coexistence.

Discussing the political dynamics behind the emergence of domestic outsourcing, the sixth section critically analyzes with the construction of Palestinians as ‘cheaper’ labor. While the previous chapter argued that ‘Arab labor’ and the images it conjures function as a way to distinguish and encircle jobs, spaces, and aspirations, I argue here that patterns of domestic outsourcing re-establish and give credence to the notion that ‘Arab labor’ is inherently ‘cheaper,’ despite an emphasis on professionalization and focus on *skilled* laborers. Lower wages (one of the defining features of ‘cheaper labor’) are part of a recurring pattern, discourse, and approach that treat such inter-ethnic chasms as a given. ‘Cheaper labor’ is, therefore, as related to the lower wages of workers in outsourced plants as it is to the political patterns within which they are engulfed, namely a dynamic where Palestinian citizens continue to comprise a secondary labor force subjected to ongoing dispossession.

Landscape of entrepreneurship and industry

Contextualizing the emergence of domestic outsourcing requires an understanding of the landscape of entrepreneurship and industry in the Galilee, which makes sub-contracting ventures both possible and profitable. Following many scholars who deal with the Palestinian economy and note prevalent industrial separation between Palestinian and Jewish areas, I conceptualize the Palestinian economy in the Galilee as an enclave, a characterization that is related to both economic and geographic factors. This enclave is sustained by an array of structures, such as distorted credit markets, as well as rhetorical devices, such as discourses of chronic underdevelopment.

The enclave

The term 'ethnic enclave' originates from a sociological theory that emerged in reference to immigrant communities in the US, such as the Cuban community in Miami or Chinese immigrants in large metropolises.[486] It describes an alternative economic space carved by minority groups to offset wage disparities or overcome their non-competing status, often relying on informal means such as social networks. It has been depicted as a form of 'resistance' against economic exclusion, although it can also foster exploitative relations.[487]

The structure of an enclave can sustain distinct trajectories of industrial development, contribute to socioeconomic inequality, and perpetuate spatial segregation. It is especially apt when analyzing the economic disconnect between Palestinian enclaves and the overarching economy, as it demonstrates how 'ethnic' economic activity can remain distinct from the larger economy. The geographic distance between the Israeli 'center' and the Palestinian 'periphery' makes this division more pronounced, disabling the Palestinian economy from

[486] Kenneth L. Wilson and Alejandro Portes, "Immigrant Enclaves: An Analysis of the Labour Market Experiences of Cubans in Miami," *American Journal of Sociology* 86: 2 (1980), 295-319.
[487] Edna Bonacich, "A Theory of Ethnic Antagonism: The Split Labor Market," *American Sociological Review* 37: 5 (1972), 547-559.

acquiring spatial connections and industrial linkages. As a result, it remains an external player in the Israeli economic space.

The enclave sustains its separation from the national economy by recycling funds. This process is inevitable in the context of weak synergy: the revenue generated by activity within the enclave acts as a multiplier and is spent back into the enclave, thereby sustaining its autonomy. This process, however, can indirectly contribute to a situation whereby minorities are confined to the enclave, a 'non-competitive' island catering exclusively to its own community. During an interview with Jabir Asaqla, the co-executive director of Sikkuy, he described the enclave status of his town of Maghar in the Galilee (10km east of Sakhnin, itself previously a sub-contracting destination for the textile sector) as being surrounded by a metaphorical wall that few entrepreneurs have been able to pierce.[488] Only several businesses in a town of 24,000 people succeeded in piercing this 'barrier,' while the rest generally service the village itself.

The emergence of the enclave structure can be linked to the historical limitations Palestinian industry has faced in Israel.[489] Even after martial law was lifted in 1966, industry remained highly regionalized and localized. Until the 1980s, industry was limited to coal and lime factories, stone quarries, oil presses, and flour mills, and they were mostly small.[490] Only a few Palestinian enterprises grew beyond 10 employees in the 1960s, such as a cigarette factory in Nazareth and a pickle factory in Baqa al-Gharbiya, but their growth was met with policies aimed at protecting Jewish industry, and both eventually shut down. The closures reportedly discouraged future entrepreneurs in the Little Triangle for decades.[491]

[488] Jabir Asaqla, interview, Jerusalem, August 6, 2014.
[489] Michael Sofer and Izhak Schnell, "Over- and Under-Embeddedness: Failures in Developing Mixed Embeddedness among Israeli Entrepreneurs," in *Embedded Enterprise and Social Capital: International Perspectives*, ed. Michael Taylor (Aldershot: Ashgate, 2002), 222-247.
[490] Shaul Zarhi and A. Achiezra, *The Economic Conditions of the Arab Minority in Israel* (Givat Haviva: Center for Arab and Afro-Asian Studies, 1966).
[491] Schnell, Sofer and Drori, *Arab Industrialization in Israel*, 39-40.

This is indicative of the atmosphere of the nature of economic relations between Palestinians and the Israeli government, where the latter was known to regularly engage in measures of sabotage.

Although the term 'enclave' conjures an image of complete disjuncture, industrial relations are determined by implicit encounters. Absolute spatial closure is a myth, and engagement, even indirect, is a fundamental factor that shapes the industrial landscape. The structure of the credit markets and the discourse of underdevelopment are both telling examples of distortions formed through implicit encounters, which create and sustain the enclave.

Credit markets and 'underdevelopment'

Markets in the Galilee continue to be characterized by separation between Palestinian and Jewish entrepreneurs who live side-by-side but hardly communicate, according to one study.[492] While increasingly reaching out to riskier markets, Palestinian entrepreneurs face hurdles due to lack of credit, support, and capital. Alienation from financial institutions has led to high risk aversion and kept innovative ventures at a minimum.

Palestinian firms primarily rely on 'unofficial' sources of funding for entrepreneurship, including extended networks, personal savings, family funds, and/or private investors. I interviewed the uncle of one of my main interlocutors, who runs a small shop in a town close to Nazareth, specializing in designing, building, and selling doors. While not massively profitable, the shop has been in operation for decades, but he has not once secured assistance from a bank and, more importantly, seemed uninterested in finding out why. When he wanted to expand the premises, he borrowed money from his brother. The reliance on

[492] Michael Sofer and Izhak Schnell, "Ethnic Entrepreneurship and Embeddedness: The Case of Lower Galilee," in *Proximity, Distance and Diversity: Issues on Economic Interaction and Local Development* (Aldershot: Ashgate, 2005), 70-88.

private resources has not only restricted the ability of firms to expand; it essentially limits entrepreneurship to those who have resources and connections.

A study analyzing impediments to industrial development among Palestinians found that only 15% of 70 entrepreneurs even *sought* financing from a bank.[493] This low number is related to established patterns and expectations. Relations with financial institutions have been subjected to an underlying politicization, since credit markets are linked to the precarious issue of land, which lies at the core of Palestinian grievances towards Israel and serves as a reminder of the unnatural state in which they live. The majority of Palestinian land tends to be undervalued, unrecognized, unregistered, or registered to another family member, and therefore it cannot be used as collateral. Many Palestinians may also not want the attention of using land as collateral, since it provides the state with an occasion to review—and potentially undermine—the status of their claims to ownership.

Unofficial expectations play a role too. Banks view Palestinian businesses as unreliable, lacking knowledge for entrepreneurship, or even incapable of industrial development, which also stems from a lack of presence on the ground.[494] Banking is accordingly instilled with complex and highly politicized undertones. 'Special' funds have been set up to work around such limitations, also emerging within the framework of development. One example is the Koret Israeli Economic Development Funds (KIEDF), including the KIEDF Microenterprise Fund or KIEDF Israeli Arab Loan Fund, which works with Bank Hapoalim.[495] However, such initiatives have done little to address the persistence of underdevelopment as a dominating paradigm and have instead promoted higher returns for

[493] Schnell, Sofer and Drori, *Arab Industrialization in Israel*, 143.
[494] Until a few years ago, only two out of the six main Israeli banks operated in the Palestinian economy: the Arab-Israel Bank (a subsidiary of Bank Leumi) and Mercantile Discount Bank. Both were typically involved in the household sector, targeting consumers rather than firms, but the latter recently started targeting corporations and businessmen. Recently, Bank Hapoalim also opened branches in Arab areas.
[495] Koret Israel Economic Development Funds, "2013 Community Report," accessed on July 27, 2016, http://koret.org/wp-content/uploads/2013/12/afkiedf_report.pdf.

investing in a 'riskier' market. For example, Bank Hapoalim cites lucrative opportunities in Palestinian markets, described by its CEO as "the sector with the fastest potential growth."[496]

The perception of Palestinian industry as underdeveloped, which is held by banks and other Israeli institutions, extends from the construction of Palestinian labor as 'Arab labor,' as discussed in the previous chapter. Palestinian areas are portrayed as operating in the midst of a lawless ghetto, beyond the state's territorial jurisdiction, with such images reinforced by the government. For example, then-Minister of Economy and Trade Naftali Bennett declared at an annual conference in 2013, "A businessman cannot open a corner store [in Arab areas] without paying off criminals."[497] This statement designates the economic activity that takes place in Palestinian areas as inherently illicit and Palestinian economic actors as 'illegitimate' entrepreneurial agents. Bennett's statement thus does not only have legal and economic implications for Palestinian entrepreneurialism, but it also makes a claim regarding their supposed cultural and ethical habits—implying that are incapable of embracing the rule of law and Israeli economic systems and institutions. Discourses on criminality form part of the larger reproduction of the Palestinians of 1948 as non-citizens, as Silvia Pasquetti demonstrates.[498]

The way the Palestinian economy is symbolically produced and represented is thus integral to its spatialization as an enclave, with such mental images contributing to ideas of Palestinian business culture as underdeveloped. An overlap is discernible between 'official' criteria, such as banks describing Palestinian areas as high-risk, and 'unofficial' images suggesting unreliability, lower skills, different values, or even crime. This delineation is symptomatic of the enclave status.

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[496] Meirav Arlosoroff and Guy Grimland, "Israeli Arab Sector Has the Fastest Growth Potential, Says Bank Hapoalim CEO," *Haaretz*, May 12, 2011, http://www.haaretz.com/business/israeli-arab-sector-has-fastest-growth-potential-says-bank-hapoalim-ceo-1.361183.
[497] Maayana Miskin, "Fighting Racism, Bennett Style," *Israel National News*, February 4, 2013, http://www.israelnationalnews.com/News/News.aspx/166698#.VPRdzeOqkpo.
[498] Pasquetti, "Legal Emotions," 486.

The conceptualization of domestic outsourcing rests on such symbolic devices. Firms frame the discussion and their contributions towards economic development based on an acceptance of the characterization of the Palestinian economy as underdeveloped. Outsourcing does not only operate amidst such constraints, but its existence hinges on them, perpetuating the enclave status, rather than taking measures to redress the forces behind its creation.

The outsourcing industry

This section provides additional context on the domestic outsourcing industry in Israel. The first part links outsourcing to the neo-liberalizing atmosphere of the 1990s, particularly Israel's integration in the global economy and alignment with international capital, focusing particularly on the instrumentalization of discourses of economic peace. The second section deals with earlier waves of sub-contracting, centered on the transition from Delta to Babcom and the textiles industry between the 1970s and 1990s, which can be seen as a precursor to the current industry. The main difference is that contemporary firms are tapping into 'skilled' labor (i.e. university graduates) that has not been absorbed by the Israeli market, rather than 'unskilled' labor embodied by women in sweatshops or construction workers. The final section analyzes the framing of the outsourcing project, considering both the neo-liberalizing atmosphere and the history of sub-contracting in the Galilee.

The neo-liberalizing context

The consolidation of the neoliberal consensus in Israel throughout the 1990s has led to a variety of outsourcing arrangements, often described as a privatization of Zionism. The public sector and the army underwent various reforms that internalize an entrepreneurial rationale. For example, the Israeli military was required in 1991 to focus on its 'core competencies' and submit its core functions to competition with the private sector, leading to arrangements of outsourcing with third parties, following a corporate model.[499] One well-known example is the privatization of checkpoints in the West Bank to private security firms,

[499] Shira Havkin, "Outsourcing the Checkpoints: When Military Occupation Encounters Neoliberalism," in *Israelis and Palestinians in the Shadows of the Wall: Spaces of Separation and Occupation,* eds. Stéphanie Latte Abdallah and Cédric Parizot, 25-38 (London and New York: Routledge, 2015).

which began in 2003. According to Shira Havkin, the private security guards deployed to many of the checkpoints were mostly on renewable short-term contracts with low salaries.[500]

Neoliberal restructuring also enabled Israel's the rise of the high-tech industry, which has subsequently become a highly strategic aspect of the Israeli economy.[501] The incorporation of Palestinians in the high-tech industry is a way—some say the *only* way—to sustain the industry, which is in need of skilled labor—"or else it will crumble."[502] The attempt to incorporate Palestinians in high-tech is based on 'new forms' of employment that are derived from neo-liberalization, including the creation of 'flexible' labor to compete with 'low-cost' labor from outside the country. With its increased exposure to the global economy, Israel has had to find cheaper, and more insecure, sources of labor.

Emerging as a hub for outsourced economy activity, the Galilee offers many benefits. Geographic proximity to central Israel (where financial and technological hubs are located) implies that transportation costs can remain constant while firms capitalize on a 'cheaper' labor force that is familiar with the language, industry and the way business is carried out.[503] Other 'perks' include operating under the same legal system and time zone and a corresponding level of political and economic instability—as opposed to other popular outsourcing destinations in the region such as Egypt or Jordan.[504]

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[500] Shira Havkin, "Outsourcing the Checkpoints: When Military Occupation Encounters Neoliberalism," in *Israelis and Palestinians in the Shadows of the Wall: Spaces of Separation and Occupation,* eds. Stéphanie Latte Abdallah and Cédric Parizot, 25-38 (London and New York: Routledge, 2015).
[501] Nitzan and Bichler, *The Global Political Economy of Israel*, 274-353.
[502] Inbal Orpaz, "*Ḳriʾah le-Netanyahu*: '*Hemlits la-ḥevrot hi-tech leshalev ʿuvdim ʿaravim'"* [Call to Netanyahu: 'Urge High-Tech Companies to Integrate Arab Workers'], *The Marker*, April 12, 2015, http://www.themarker.com/technation/1.2612167.
[503] Saʻid himself argues that domestic outsourcing is more advantageous than offshore outsourcing because of the "proximity, the cultural match, the language…[and] within an hour-and-a-half we can be in Tel Aviv." Quoted in Arieh O'Sullivan, "Arab High-Tech Entrepreneurs Changing the Face of Nazareth," *Green Prophet*, August 10, 2010, http://www.greenprophet.com/2010/08/arab-israeli-engineers-nazareth/.
[504] Although Egypt remains a popular outsourcing destination for Israeli firms, the uncertainty they face there was highlighted in the case of Azzam Azzam, an engineer from Maghar in the Galilee, who was arrested in Cairo on charges of espionage while working at a textile plant. He was released in 2004 after spending eight years in jail. As for Jordan, it signed a project with Israel allowing 700 Jordanians to cross to Eilat for minimum-wage jobs in hotels. It will include up to 1,500 workers, who must return to Jordan by 20:00 every evening, where they sleep in a company dormitory. In Eilat, they cannot leave the city or change employers. The

In the West Bank, where firms have produced low value-added goods such as textiles, the PNA has invested in the high-tech sector in ways that complement the Israeli economy. It has received funding from international donors to establish industrial zones that utilize 'cheaper labor' in the West Bank, as part of its own neo-liberalization program.[505] Several firms based in Ramallah, such as Exalt Technologies and Asal Technologies, have provided services for Israeli subsidiaries of Cisco, Microsoft, HP, and Intel.[506] Similarly, the commercial hub of the new Palestinian city, Rawabi (near Ramallah), has been trying to attract tech firms from Israel, invoking cheaper Palestinian labor.[507] Although wages are considerably lower in the West Bank than among Palestinians in the Galilee, economic ties are more complex due to the occupation. Business transactions in the West Bank take place under the shadow of violence and military occupation and in an environment where 'normalization' remains somewhat taboo and consistently looms over and circumscribes such transactions.

The outsourcing industry is closely aligned with international capital, receiving private and public funding and political support from beyond Israel/Palestine. Like other development initiatives, outsourcing projects tend to be embedded within the principle of

terms of their employment state that they must work as cleaners, not cooks, waiters or bartenders. William Booth and Ruth Eglash, "In a First, Israel Lets Jordanian Workers Cross Border for Jobs," *The Washington Post*, May 16, 2016, https://www.washingtonpost.com/world/middle_east/in-a-first-israel-hires-jordanians-to-wash-the-dishes-change-the-sheets/2016/05/16/0126d87c-164e-11e6-971a-dadf9ab18869_story.html.

[505] The Palestine Reform and Development Plan has been viewed as a cornerstone of the PNA's policies of neo-liberalization. Unleashed in 2008, it was conceived in close consultation with international development institutions, such as the World Bank and the International Monetary Fund. Palestinian National Authority, "Palestinian Reform and Development Plan, 2008-2010," Ministry of Planning, 2007. http://www.mopad.pna.ps/en/attachments/article/2/National%20Plan%202008-2010.pdf. However, even before 2008, the PNA has been involved in ambitious industrial development projects, designed in accordance with Israel as well as global actors, such as export processing zones. See Lagerquist, "Privatizing the Occupation." On the role of neo-liberalization as a framework for Palestinian state-building, see Raja Khalidi and Sobhi Samour, "Neoliberalism as Liberation: The Statehood Program and the Remaking of the Palestinian National Movement," *Journal of Palestine Studies* 11: 2 (2011), 6-25.

[506] The Palestine Information Technology Association of Companies estimates that outsourcing accounts for 10% of the West Bank's GDP and has been increasing. "IT in the West Bank: Palestinian Connection," *The Economist*, February 26, 2014, http://www.economist.com/blogs/schumpeter/2014/02/it-west-bank.

[507] Judy Maltz, "In Rare Public Appeal, Palestinians Woo Israeli High-Tech Firms," *Haaretz*, July 13, 2017, http://www.haaretz.com/israel-news/business/.premium-1.801260.

economic peace, even inside Israel, depicting business as a space for Palestinians and Jews to work together to establish commonalities. Professionalism is described as being *above* political conflict, valuable enough to transcend political disputes. "There is no time for political disagreements; no religion, no politics, none of this," Imad Telhami, the CEO and founder of Babcom, told me in an interview.[508] Babcom is styled after Delta Galil Software, where Telhami used to work, under the tutelage of Dov Lautman, who expressed similar views on the peace process as a form of economic growth, particularly as a way method of attracting foreign investors.[509] Ironically, this apolitical sentiment has itself been transformed into a political statement that both the state and the private sector draw upon in their efforts to establish de-politicized spaces.

An outspoken advocate of the domestic outsourcing model and staunch supporter of economic peace, Israel's former president Shimon Peres led a delegation of 30 Israeli economic figures to tour Nazareth in 2010 when he was still president.[510] The tour highlighted opportunities for outsourcing to the Galilee, especially in the high-tech sector, a strategic industry that in 2014 was responsible for one-fifth of the country's total exports. Peres publicly congratulated Telhami for Babcom's five-year anniversary, describing it as "built on a lot of wisdom and understanding [*banui ʿal harbeh meʾod hokhmah ṿe-havanah*]."[511] Furthermore, Saʿid and Levy have received considerable praise for their role in the firm, including an award from the Prime Minister's Office for Galil Software's impact in encouraging science, technology and innovation.

[508] Imad Telhami, interview, Misgav, July 20, 2014.
[509] Shafir, "Business in Politics: Globalization and the Search for Peace in South Africa and Israel/Palestine," 260.
[510] Peres' vision for economic peace is laid out in Shimon Peres and Arye Naor, *The New Middle East* (Shaftesbury: Element, 1993).
[511] "*Shimon Peres mevarekh et Babcom le-regel 5 shanim*" [Shimon Peres Congratulates Babcom for Turning Five Years], YouTube video, 1:20, posted by "Nir Bar Av," May 9, 2015, https://www.youtube.com/watch?v=QNc7OUn5mXY.

Attempts to incorporate Palestinian spaces within the Israeli network of information technology—whether through Matrix's purchase of Babcom, or the emergence of a high-tech hub in Nazareth—have an explicitly political goal. As I suggested regarding the example of Talpiot, this process attests to the ways in which economic development is another expression of an ongoing colonial project of de-territorialization. Throughout this chapter, I view domestic outsourcing as a representation of this nexus between the development agenda and patterns of neo-liberalization, and as a project that attempts to assert Israeli control and dominance in the Galilee.

The history of sub-contracting

When I was approaching Misgav Industrial Park to visit Babcom, I stopped a group of young Palestinian women to ask for directions to the office. One of the girls in the group, Amira, said she knew where it was because she worked there in the past and offered to walk me. Thinking I was going for a job interview myself, she spoke to me about her experience, telling me to emphasize my Hebrew skills above all. The position she had was predominantly in customer services and therefore required fluent Hebrew for interacting with customers. After I explained that I was merely investigating the structure of the firm and the nature of industrial relations between Jews and Palestinians in Israel, she mentioned that she received a salary that was close to minimum wage:

> I went to work for a supermarket in a nearby village [instead]…the salaries are not much different, same as what most jobs around here pay…but in Babcom you have the possibility to make additional money with bonuses and rewards…There is nothing truly innovative [about the firm] despite the nice building, the industrial zone, all this…I didn't learn much, but we are hired because we already know how to speak Hebrew anyway.

Surprised that the firm pays its employees close to minimum wage after being advertised as a ground-breaking model for development, I asked more people, who

corroborated this, although none were employees. As was the case with other sub-contracting trends, there seemed to be a general awareness among residents that as capitalist enterprises, these projects are set up to take advantage of lower labor costs and limited opportunities.[512] What quickly became clear to me was that the low wages were widely known and accepted, with one person responding to my incessant queries by asking, aptly, "What else did you think?"

The operation of outsourced firms and their ability to mediate a network that includes both Palestinian laborers in the Galilee and Jewish clients in central Israel is complex, involving negotiation over both the general terms of the agreement and the actual day-to-day conduct of affairs; yet, the project seems to reflect, in the words of Arif Dirlik, a "maximum advantage for capital against labor as well as freedom from social and political interference."[513] It is not only about the profit-making motive and the low wages, which are central to the operation, but the leveraging of the politico-economic construction of Palestinians as 'cheaper labor,' which has itself played a role in the opportunities available to them, since outsourcing relies on an insecure labor force in precarious work conditions. Such political arrangements structure the emergence of the outsourcing market. The state is involved in and benefits from this project, but there are other actors "beneath and beyond the state."[514] These actors include the private sector and a neo-liberalizing Palestinian upper class that is fundamentally tied to the rise of domestic outsourcing.

[512] This was also the case among employees in the textile industry in the Galilee. Israel Drori, *The Seam Line: Arab Workers and Jewish Managers in the Israeli Textile Industry* (Stanford: Stanford University Press, 2000), 199.
[513] Arif Dirlik, "The Postcolonial Aura: Third World Criticism in the Age of Global Capitalism," *Critical Inquiry* 20: 2 (1994), 348.
[514] Margarita Estevéz-Abel and Hobson, "Outsourcing Domestic (Care) Work: The Politics, Policies, and Political Economy," *Social Politics* 22: 2 (2015), 138. For a discussion on the role of the state in outsourcing, see Aradhana Sharma, introduction to *The Anthropology of the State: A Reader* (Malden and Oxford: Blackwell, 2006), 1-41.

Sub-contracting has historically and contemporarily been popular in sectors such as construction, but it proliferated in the Galilee during the 1970s, employing thousands of Palestinians, mostly women, in the textiles sector, which, along with food products, has been one of the key manufacturing sectors in Palestinian areas.[515] The sub-contracted textiles industry was tantamount to women in sweatshops, a trend that continued throughout the 1980s until plants started to experience closures in the early 1990s.[516] A few firms forestalled such closures by refashioning themselves as 'hi-tex'—specialized, high-quality textile factories that used advanced technology rather than abundant labor, but eventually they shut down as well.

The Galilee came to be viewed as too expensive, and firms relocated to Egypt and Jordan, citing considerably 'cheaper' labor costs. For example, around 50% of Delta's production had been transferred to Egypt and Jordan by 1998—a year with record-high profits.[517] As Israel Drori shows, the closures followed a process of cutbacks and attrition, during which employers constantly reminded workers that their counterparts in offshore destinations are paid a tenth of their salaries.[518] The departure left employees vulnerable, as they had not obtained transferable skills that would boost their employability elsewhere or assist with business ventures in the future. The Arab Workers Union suggests that over 30,000 textile workers in the Galilee lost their jobs due to these relocations, many without severance pay and sufficient notices.[519] Discussing the closures, Drori notes that "the massive

[515] Mtanes Shehadeh and Raja Khalidi believe industry declined by 30% from 1990-2008 due to transformations in the Israeli economy, namely the shift to high-tech and capital-intensive industry, which undermined the ability of the Palestinian economy to compete. Shehadeh and Khalidi, "Impeded Development," 125.
[516] On sweatshops, see Naomi Klein, *No Logo: No Space, No Choice, No Jobs* (London: Flamingo, 2000).
[517] The value of Delta's stock rose 241%. Uri Ram, "'The Promised Land of Business Opportunities': Liberal Post-Zionism in the Glocal Age," in Shafir and Peled, *The New Israel*, 231.
[518] Drori, *The Seam Line*, 214. It is worth noting this is a global phenomenon. South Asian labor plays a similar role with respect to Arab, including Egyptian, labor—i.e. the constant undermining of salaries by reference to the availability of (even) 'cheaper' labor in South Asia.
[519] Wehbe Badarneh, interview, Nazareth, July 6, 2014. Sawt al-'Amil, "No Bread and No Roses: Arab Women Textile Workers in the Galilee, Israel," Memo by Sawt al-'Amil, [The Arab Workers Union], October 7, 2008.

firing went unnoticed at the national level, another echo of the Arab women's outsider status."[520]

Telhami was personally in charge of Delta's sub-contracting operations in the Galilee and Egypt, and he identifies this experience of closures as the motivation behind his decision to establish Babcom. He describes the textile plants in the Galilee as having been a "source of employment for Arab men and women, particularly women," and when they relocated, he wanted to create an alternative:

> There were no longer jobs in textiles…When I left the company, I thought, how can I return jobs to women, but not through textile, through something more modern, something more developed, something more appropriate for our time [*akthar modern, akthar mutaṭawir, akhtar mulāʾim lil-ʿaṣr*]? Through discussions with friends and through consulting companies, I studied the subject and then I decided to open Babcom.[521]

Because Babcom is loosely affiliated with high-tech and targets 'strategic' sectors such as women and youth, it seems more "modern, developed and appropriate for our time." It conjures images of professionalization among workers who have some 'technical' knowledge and specialized skills, images that typically accompany relative security for employees.[522] The refashioned domestic outsourcing sector, however, combines a level of skill—as demonstrated by the requirement of university degrees, for example—with low pay, taking advantage of the precarious conditions of employment that await Palestinian graduates.

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[520] Drori, *The Seam Line*, 215.
[521] Imad Telhami, interview, Misgav, July 20, 2014.
[522] There are also many employees with 'technical' skills who not have this job security and are characterized as 'flexible' labor. They are still somewhat well-paid and tend to bounce from one contract to the next. Much of the research carried out on this phenomenon is on labor arrangements in the US. Arne L. Kalleberg, *Good Jobs, Bad Jobs: The Rise of Polarized and Precarious Employment Systems in the United States, 1970s-2000* (New York, Russel Sage Foundation, 2013); Paul Osterman, *Securing Prosperity: The American Labor Market, How It Has Changed and What to Do About It* (Princeton: Princeton University Press, 1999); Sharon Cohany, "Workers in Alternative Employment Arrangements: A Second Look," *Monthly Labor Review* 121 (1999), 3-21.

Unlike textile workers who do not need to interact with clients, call center workers must communicate with clients directly and therefore must have a fluent grasp of Hebrew, hence Amira's statement linking the entire firm to the availability of Hebrew speakers. Nevertheless, call center workers face similar threats that textile workers faced when plants started threatening to transfer to 'cheaper' destinations. Several Israeli firms have outsourced to call centers in Egypt, employing Egyptian university graduates who specialize in Hebrew language. These fluctuations attest to the constant sense of insecurity that affects employees involved in outsourcing.

Reframing the project

The continuity between Babcom and Delta as sub-contracting projects is straightforward in Telhami's discussion, but the establishment of Babcom relative to the context of the Galilee is worth discussing in a bit more detail. Although it is a replica of the Delta model, Babcom's entry and interaction with its surroundings is distinct, as is the way it defines itself according to development policies and purports to uphold Palestinian economic integration, an agenda that has been prioritized, financially and politically, by successive Israeli governments.

As a sub-contractor, Delta entered the Galilee as an *external* player. A large corporation headquartered in Tel Aviv, it stood out in stark contrast to most small-scale local businesses, even though its plants were not particularly large. Babcom is not exactly an external player; unlike Delta, it has been depicted as a form of local entrepreneurship, albeit one that has strong connections to the 'center' and is also a large employer. It is significant

that when Matrix purchased a majority stake in Babcom, *Haaretz* described the purchase as "the first exit for an Israeli-Arab high-tech company."[523]

Yet, entrepreneurial endeavors such as Telhami's are considered a "minority example," as Ziyad Abou Habla, who is himself involved in entrepreneurship, explained to me.[524] It can be attributed not only to Telhami's experience in the world of sub-contracting but also to his embeddedness within elite business circles in Israel, enabling him to mobilize stakeholders to support the establishment of Babcom and obtain the necessary political support. Telhami's relations open up such possibilities for engagement with the Jewish economy—where there are "industrial hubs, experts, consultants and investors," noted Abou Habla. Lacking such connections, infrastructure and capital, most Palestinian entrepreneurs "do not even have the courage (*al-jarāʾa*)" to embark on such an endeavor, he concluded.

As a Maronite Christian who grew up in the Druze village of Isfiyya in the Galilee yet possesses such extensive connections, Telhami depicts his role as a mediator. He maintains that he 'understands' both sides, as he is familiar with Arab society and the difficulties associated with being a Palestinian in Israel, yet he is at the same time familiar with Israeli economic policies, interests, and business culture. Telhami is indeed part of a minority—a group that has increasingly relied on the power of its economic mobility and political connections and has been at the forefront of the transformations affecting the Palestinian economy in Israel. It is a group that possesses resources for industrial enterprises, as well as the means to work with the resources of the state, adjust its framework to its advantage, and participate in revamping economic relations.

Similar to Babcom, Galil Software was a collaborative project between renowned figures in the Jewish-Israeli high-tech industry and Sa'id. The latter reportedly met Itsik

[523] Orr Hirschaug and Matan Mittelman, "Capital Market/Matrix Buys Babcom for NIS 15m," *Haaretz*, April 15, 2011, http://www.haaretz.com/business/capital-market-matrix-buys-babcom-for-nis-15m-1.356066
[524] Ziyad Abou Habla, interview, Baqa al-Gharbiyya, August 1, 2014.

Danziger while studying for an MBA at Tel Aviv University, and Danziger himself has stated, "We brought the access to the market and we opened the doors. Without the investors, all of whom are senior people in Israeli high tech, there is no way that Galil Software would have succeeded in reaching market."[525] Israeli financial newspaper *Globes* concedes that without "the lions of the world of high-tech industry serving as some of its shareholders," Galil Software would not have succeeded to recruit, within a span of two years, the 10 high-tech companies working with it.[526]

The figures behind the inception of Galil Software and Babcom describe the firms not as capitalist enterprises in search for cost-efficient labor, but as revolutionary projects reflecting coexistence and economic collaboration. The crucial ingredient that was introduced in this 'new' model is the self-definition of firms as positive agents that contribute to a process of industrialization with positive socioeconomic and political effects. This developmental function aligns with the objective of increasing competition by opening up markets in new frontiers, and it reflects a larger trend in which the boundaries between the 'private' and 'public' spheres have become increasingly blurred, with private corporations taking on 'public' sector roles.[527] This is especially the case in the Israeli tech industry.[528]

Contemporary outsourcing projects, it seems, embrace two ostensibly contradictory approaches, which lay bare the fundamental inconsistency of this development-as-neo-liberalization approach, and illustrate the ways in which this approach re-packages the binaries inherent to a colonial dynamic. Alongside a self-proclaimed urge to adopt

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[525] Meirav Arlosoroff, "Business, Not as Usual," *Haaretz*, June 25, 2010, http://www.haaretz.com/israel-news/business-not-as-usual-1.298274.

[526] Shmulik Shelah, "*Elisha Yanai: ayn le-taʿaśiyat ha-hi-tech katovet ba-mimshalah*" [Elisha Yanai: 'The Government Does Not Have an Agenda for Employment in High-Tech'], *Globes*, December 26, 2012, http://www.globes.co.il/news/article.aspx?did=1000809183.

[527] Gerard Hanlon, "Total Bureaucratisation, Neo-Liberalism and Weberian Oligarchy," *Ephemera* 16: 1 (2016), 183.

[528] An example is Cisco Israel. Under the auspices of Zika Abzuk, a senior business development manager at Cisco Israel, the firm has led various initiatives in Palestine, investing $10 million to support the development of high-tech in the West Bank. Abzuk founded MaanTech, a program aims to incorporate Palestinians of 1948 in the high-tech industry, and was involved in the foundation of KamaTech, a similar initiative for Haredim.

'progressive' policies aimed at industrial development and economic empowerment, domestic outsourcing projects continue to depend on the current ('non-progressive') relationships and structures in place, such as Palestinians comprising a 'cheaper' labor pool, which are discernible in firms' operational practices. Together, the two approaches coalesce to extend, rather than disrupt, current relations, with the problematic but widespread belief that eventually such unequal relations will dissipate under conditions of development. Such an assumption has long-influenced capitalist economic thought and has been projected by international financial institutions.[529]

An apparent tension arises from the firms being profit-maximizing and self-interested actors yet concurrently advocating a mission of development. The remainder of this chapter discusses each of these two approaches, relying on the cases of Babcom and Galil Software. It looks at the prevailing operational separation in wage scales and spaces, along with the development discourse that pertains to hiring patterns, gender, and peace-making. It argues that, together, these approaches embody the continued separation of the Palestinian 'enclave' from the overarching Israeli economy, in its everyday production and functions, as well as in its relationships and the way it continues to be enframed. These examples show that the persistence of the Palestinian labor force as 'cheaper labor' (part of the larger designation of 'Arab labor') does not simply reflect a policy of inaction or a static continuity. Rather, it is a result of mechanisms that continue to deeply enhance this dynamic of separation and inequality, including, in this case, the rise of domestic outsourcing as the trendiest form of development.

[529] Michael U. Klein and Bita Hadjimichael, *The Private Sector in Development: Entrepreneurship, Regulation, and Competitive Disciplines* (Washington: The World Bank, 2003).

Operational separation

Although firms sometimes outsource operations from their 'core' competencies, the most common outsourcing arrangements tend to involve temporary workers carrying out routine tasks.[530] This tends to result in what Vicki Smith describes as a polarized division of labor, and it also means that there is still a significant degree of operational separation, with clients of outsourced firms controlling and directing its activities.[531] This relationship tends to be characterized by 'asymmetric interdependence,' particularly if the outsourced sector is easily replaceable.[532]

Outsourced engineers in the Galilee are usually concentrated in support and software testing, rather than software engineering, as is common in many outsourcing arrangements. For example, the majority of Indian software firms who work in outsourcing are involved in routine and labor-intensive tasks, rather than research and development, engineering, or product development, which constitute only 15% of the industry's activities.[533] Carol Upadhya asserts that although the industry proclaims to be moving up the value chain, it is in fact still dependent on "low-end work and labor cost arbitrage for…survival."[534] Workers generally do not have an opportunity to specialize in their areas of interest or in the lucrative 'core tasks' of firms, which naturally restricts their career paths.[535]

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[530] This is especially the case if the firm's own workers are highly skilled (such as engineers or other employees of the high-tech industry), but there are also cases where firms that lack the capacity contract external workers to obtain highly specialized skills and expertise that are required temporarily. Further research also suggests that when managers divide workloads between in-house and outsourced workers, they tend to assign in-house workers more complex responsibilities. Brenda Lautsch, "Uncovering and Explaining Variance in the Features and Outcomes of Contingent work," *Industrial and Labor Relations Review* 56: 1 (2002), 23-43; Arne L. Kalleberg and Peter V. Marsden, "Externalizing Organizational Activities: Where and How US Establishments Use Employment Intermediaries," *Socio-Economic Review* 3: 3 (2005), 389-416.
[531] Vicki Smith, "Institutionalizing Flexibility in a Service Firm: Multiple Contingencies and Hidden Hierarchies," *Work and Occupations* 21: 3 (1994), 294.
[532] Marjolein Caniels and Adriaan Roeleveld, "Power and Dependence Perspectives on Outsourcing Decisions," *European Management Journal* 27: 6 (2009), 402-417.
[533] Upadhya, "Controlling Offshore Knowledge Workers," 4.
[534] *Ibid*.
[535] C. P. Chandrasekhar and Jayati Ghosh, "IT-Driven Offshoring: The Exaggerated 'Development Opportunity,'" *The IDEAs Working Paper Series*, March 2007.

The location of firms in the value chain is simultaneously linked to other forms of operational separation, such as wage differentials and the configuration of the workspace. Similar to previous examples of sub-contracting, the outsourcing industry operates on the side-lines of the Israeli economy and adheres to the binary relation that locks the Israeli economy into a superior status, distinct from the 'third world' or 'developing' Palestinian population. Operational separation does not imply that there is no contact, but it points to a specific type of contact that reinforces separation.

Wage scales

The goal of domestic outsourcing is essentially to increase a firm's profit margin by decreasing expenditure by cutting down on wages, which usually represent the bulk of its costs. The logic is relatively straightforward, premised on salaries of employees in outsourced plants being significantly lower than the salaries of employees in-house. The growing high-tech scene in Nazareth, which includes at least 20 different firms so far, is built upon these principles. There is a stark difference between the wages of employees in high-tech in Nazareth and the salaries of employees working in high-tech in areas near Tel Aviv such as Ramat HaSharon, Herzliya Pituah, or Ranaana. According to figures from Israeli business newspaper *Calcalist*, the wage of an employee at the junior level in Nazareth is between 35% and 40% less than the wage of an employee in central Israel, which amounted to a difference of around NIS 10,000 to NIS 12,000 per month in 2011.[536] The wage of an employee at the senior level in Nazareth can be up to 50% less than the wage of an employee in central Israel, which amounts to a difference of NIS 15,000 to NIS 20,000 per month.[537]

[536] Gilad, "*Ha-Siliḳon ha-Ẏadi*."
[537] *Ibid.*

Furthermore, many starters receive around NIS 7,000 per month—well below an average starting salary in high-tech in Israel.

And there has been no indication of wages equalizing. Rather, the fluctuation and evolution of the Palestinian and Jewish high-tech industries appear to follow different scales. The latter has experienced consistent growth throughout the past five years, as salaries for employees in high-tech in central Israel have risen progressively. In 2014, the average employee received a pay rise of 5.4%, which according to high-tech hiring firm Ethosia is the fifth straight year of salary increases in the industry and the largest increase in a single year in recent history.[538] Israeli business magazine *Globes* described 2014 as a "peak year for high tech in almost every parameter: financing, stock exchange offerings, exits and demand for programmers."[539] This trend continued in 2015, with high-tech jobs increasing around six percent due to a 'shortage' in skilled employees, according to the Ministry of Finance, which also reportedly approved easier visa rules to enable the entry of foreign tech workers.[540]

One would presume that the high salaries in the Jewish high-tech sector are the motivation behind outsourcing to 'cheaper' labor, making their continuous rise counter-intuitive. From a neo-classical economic perspective, the rise suggests that the demand for skilled labor in high-tech is higher than the supply—which is not true, given the number of unemployed or underemployed Palestinian graduates and those who are working for the outsourced sector. At the same time, the price of Jewish labor has not been affected by the parallel outsourcing industry that has grown significantly since 2008, nor do jobs in this sector seem threatened.

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[538] Inbal Orpaz, "High-Tech Salaries Climb as Firms Scramble for Too-Few Workers," *Haaretz*, January 2, 2015, http://www.haaretz.com/business/1.635007.
[539] Tzahi Hoffam, "High-Tech Salaries Stay Strong in 2014," *Globes*, January 1, 2015, http://www.globes.co.il/en/article-high-tech-salaries-stay-strong-in-2014-1000997903.
[540] Amiram Barkat, "Israeli High-Tech Salaries Rose 6% in 2015," *Globes*, March 13, 2016, http://www.globes.co.il/en/article-israeli-high-tech-salaries-rose-6-in-2015-1001109762.

The 'laws' of the market are themselves conditioned by this separation, perceiving the Palestinian labor market as external to the available skilled labor pool. Palestinian workers are called on to meet the rising demand for 'cheaper labor' that has threatened Israel's high-tech industry, but they are recruited to different jobs, structures, and arguably even a different economy altogether. Not only does this demystify the link between wages and the theoretically apolitical principles of the free market, but more importantly, it confirms that the Palestinian and Jewish sectors operate as if in different worlds. Jewish workers in the high-tech industry thus continue to be protected against competition from Palestinian workers.

Domestic outsourcing projects are thus institutionalizing and capitalizing on this wage disparity, which I have referred to in the previous chapter as an 'ethnic penalty,' following the work of Miaari and Khattab.[541] The ethnic penalty determines what Palestinian employees are normatively expected to earn, as 'peripheral' citizens. They are accordingly taught to continue to tie economic aspirations to ethnic identity, in turn reiterating and even normalizing the political image of Palestinians as inherently 'cheap' and as *justifiably* making less despite having comparable qualifications and output. Ahmad argued:

> It is normal that the wages are lower…I don't know if it's because we're not Jewish or what…but no one expects to make as much money as the people in Tel Aviv, that would be out of the ordinary...the situation has always been like that [*daʾimān kān al-waḍʿ hīk*].

If one accepts that what constitutes a normative or 'fair' wage is firmly rooted in expectations, as discussed in the previous chapter, then it is telling that salaries in the Jewish-Israeli high-tech industry are not perceived as a legitimate benchmark for the wage scales of Palestinian graduates. To return to the terminology used in the previous chapter which distinguishes between 'primary' and 'secondary' labor, this rationale suggests that Palestinian

[541] Miaari and Khattab, "The Persistent Wage Gaps between Palestinians and Jews in Israel, 1997-2009," 61-84.

high-tech workers are not even imagined to encompass part of the country's primary labor market or the primary economy—aside from the upper classes and their resources.

Ahmad is one of the two employees I met with who work for Galil Software. It is important to emphasize that neither was overtly critical of the firm (or the entire phenomenon of outsourcing), even if they expressed some frustrations. Sara cited low salaries as her main criticism of the firm, while Ahmed added that there is little upward mobility and a high turnover, contrary to the firm's claims. Both recognized these issues as significant limitations yet they sought to leverage the benefits to their favor. As Sara argued in a characteristic combination of Arabic and Hebrew:

> This job, it is not really a career [*ha-ʿavodah hazot, hi lo beʾemet ḳaryerah*, in Hebrew], to be honest. It is like a bridge. The idea is that now you have some experience, even working on the margins [*ʿalā al-hāmish*], and that is a step in the direction of a career in high-tech [*khaṭwa fī itijāh 'ḳaryerah' bil-high-tech*]. You are telling companies that you know what they are doing…you've worked in the sector before, maybe you meet someone…you learn about their businesses and their operations. You can give them a reason to consider you if they are hiring.

Sara's discussion demonstrates her awareness of both the limitations and the advantages of the outsourced high-tech industry, which she explicitly seeks to play to her advantage. The most significant limitation of the firm she expressed was its role in her long-term career path ("it is not *really* a career [my emphasis]") and in the economy ("working on the margins").

Notably, her description is dismissive towards the professional ethos projected in her employer's official narrative. The firm lists professionalism as the first of its six core values, with its ultimate goal being 'building careers in hi-tech'.[542] Sara's claim that it is a bridge, with the ultimate goal actually being *leaving* the industry, directly contradicts this goal of offering Palestinian engineers a long-term career in high-tech. The way she encounters

[542] Galil Software, "About—Company Profile," accessed on 27 July, 2016, http://galilsoftware.com/about/.

Jewish, as opposed to Arab, high-tech firms, with only the former providing the opportunity for a career, further attests to her separation between the two.

This sentiment corresponded to the conversation with Amira that I described earlier, during which she emphasized that her previous job at Babcom is no different than her current job at a store in Sakhnin. Amira similarly challenges Babcom's professional ethos and its projection of its employees as knowledge professionals. The firm's mission statement also refers to its 'top-quality professionals' and to 'long-term careers as professionals'.[543] This demonstrates weak employee identification with the organizational images promulgated by the firm.[544]

Sara and Amira's discussions on wage scales seemed to be inevitably tied to professionalization, suggesting that they recognized a discrepancy between being paid lower wages and being advertised as professionals. Besides the money, they sought to challenge the images of professionalization in reference to skills they were acquiring (or lack thereof), the responsibilities they were given, how much they were learning, and the firms' own goals. I will return to the discussion on professionalization and how it fits with the production of 'cheap labor' in the final section of this chapter.

The workspace

Domestic outsourcing is frequently referred to in Israel—both in the press and by firms themselves—as 'near-shoring'.[545] A term with transnational connotations, near-shoring tends to be used in reference to offshore outsourcing by firms to a nearby location. Well-known examples include near-shoring from the US to Mexico and near-shoring from Europe

[543] Babcom Centers, "About Us," accessed on 27 July, 2016, http://en.babcomcenters.com.websitepanel.co.il/Pages/Show/2.
[544] Jane Dutton, Janet Duckerich and Celia Harquail, "Organizational Images and Member Identification," *Administrative Science Quarterly* 39: 2 (1994), 239-263.
[545] Galil Software, Matrix, NCS Software, and Teldor use this term on their official websites.

to North Africa. The term itself reveals the mental map in which the outsourcing sector in Israel functions, as though Palestinian areas such as the Galilee are in another country. The geographic relationship is constructed by politico-economic relationships and encounters, which determine the way work is both produced and received. Spaces are, as theorized most famously by Henri Lefebvre, a reflection of complex experiences, histories, and discourses.[546] The material aspects of space are thus closely intertwined with surrounding structures, and both are in a dynamic motion that constructs, organizes, and manages relations of production. Thus the fact that outsourced firms are conceived as separate spaces has an effect on the larger conduct of their work—whether in the relationships they forge, their professional capacity, or their general positioning.

A case in point is this nascent high-tech hub in Nazareth, which, as Sara's earlier comment suggests, serves as a back-door entrance to the 'real' Israeli high-tech industry, a metaphorical bridge that enables employees in the 'enclave' to interact with and experience the Israeli high-tech industry first-hand, albeit from an external position. Sara described the cluster of firms in Nazareth as detached from the cluster of high-tech firms in the center of Israel, while Ahmad viewed it as rivalling firms in central Israel by gaining recognition at the international level. He pointed, for example, to the Hackathon, a global two-day event that was held in Nazareth for the first time in 2013, as confirming Nazareth's place in the global tech world, but he described it as distinct rather than complementary to the high-tech industry in Israel.

In fact, the firms in Nazareth are not spatially linked to the 'center' in a meaningful way that establishes professional links or puts forth new patterns of production. In fact, most of the professional visits involve high-level figures in the high-tech industry scoping new projects or making promotional trips, with many of these figures directly linked to the

[546] Henri Lefebvre, *The Production of Space*, trans. Smith Nicholson (Oxford: Blackwell, 1991).

military intelligence. Galil Software, for example, has participated in *Hybrid*, a program with a NIS 1.5 million budget that aims to identify and invest in 10 start-ups from the Palestinian community.[547] Hybrid is run in direct coordination with alumni from the Intelligence Corp's Unit 8200, a unit that is notorious for espionage towards Palestinians. Its involvement in the development of the emerging high-tech scene in Nazareth has therefore invoked a geography of control, one that is simultaneously marked by a developmental mission. Khalil Ghurra reflects on this marriage between technology, development, and colonialism:

> [This project is an attempt] to whitewash Israel's image in front of the world, to prove to the world that it looks after Palestinian citizens, helps them, and facilitates an environment that embraces their ambitions and creative thoughts, that it provides a space for innovation…this is a way to cover up its various forms of subjugation, repression, and colonization.[548]

Key figures such as managers are among the few who have direct contact or influence in organizing and arranging such connections, and these 'mediating' figures or institutions often become essential to the entire arrangement, as Smith and Neuwirth show in their study of the temporary help service industry.[549] Despite Sa'id's discussion on the advantages of proximity for business relations, distance is not simply an abstract measure, as spatiality is affected by perceptions and experiences. Spaces are, according to Gregson and Rose, interrelational and performative, not essential.[550]

The way employees in the Galilee encounter such spatial disjunctures on a micro-level is shaped by such overarching relationships and experiences. Muna, a call center respondent at Babcom, describes the manifestation of this spatial divide in phone calls with Jewish-Israelis. Her discussion illuminates the reciprocal nature of the divide that dominates

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[547] Inbal Orpaz, "Israeli Intelligence Veterans to Help Arabs Join Startup Nation," *Haaretz*, March 8, 2016, http://www.haaretz.com/israel-news/business/.premium-1.707280.
[548] Ghurra, "'*High-tech' bil-Nāṣra bi-riʿāyat kharījiy al-mukhābarāt al-ʿaskarīya*."
[549] Vicki Smith and Esther Neuwrith, *The Good Temp* (Ithaca: Cornell University Press, 2008).
[550] Nicky Gregson and Gillian Rose, "Taking Butler Elsewhere: Performativities, Spatialities and Subjectivities," *Environmental and Planning D: Society and Space* 18: 4 (2000), 433-452.

the 'joint' operational space, which is not necessarily imposed by one side but built carefully with both parties having an interest in maintaining it:

> The clients sometimes ask me where I'm from…because of the accent…So I say '*ha-tsafon*' [the north], and they always ask '*eyfo ba-tsafon*?*'* [where in the north?]…like they know all the Arab villages! And then we'll become friends and they will come over for tea to meet my husband?...You know, sometimes I start thinking they are Shabak [acronym for Shin Bet, the Israeli internal security service]…I am always very polite of course.

Attempts by Muna's clients to transcend the established norms of contact were interpreted almost as a form of dislocation. Not only did she reject these attempts, but she also viewed them as invasive, threatening the supposed safe distance of the phone and the anonymity it offers. She suggested that such attempts to strike up a friendly conversation were an abuse of the client's power, especially by pointing out that she is always "very polite," as mandated by her professional role—which is, of course, disciplined by an omnipresent surveillance mechanism in place.

The way she described the encounter suggested a spatial divide that was "planned, practiced, and imagined."[551] Muna compared the conversations with Jewish-Israelis on the phone to the organized and similarly controlled meetings between Palestinian and Jewish students in the Galilee, in which she had participated during primary school. These 'peace meetings' were a widespread phenomenon during the 1990s, but they were often awkward, unnatural, and under their own form of surveillance:

> The teacher would stand, with her eyes on the students to make sure no one said anything reckless [*mutahawir*]...But no one said what they really wanted to and everyone wanted to pretend everything was normal…And the teachers said we had to exchange gifts! That was terrible! [*hiyah norah*! in Hebrew]…We bought the Jewish classroom a much more expensive gift than they bought us, although obviously we're poorer…To tell you the truth, I don't even think the teachers understood [what was going on]…After [the teacher] opened their gift [to our class], everyone just became quiet.

[551] Scott Taylor and André Spicer, "Time for Space: A Narrative Review of Research of Organizational Spaces," *International Journal of Management Reviews* 9: 4 (2007), 335.

Muna reconstructed distance and contact in both scenarios in an uncomfortable way, resembling the relationship between the high-tech industry in Nazareth and high-tech in the center of the country. In both situations, the encounter does not produce meaningful results, and more importantly, even though contact is facilitated at the top level, it is still experienced as unnatural and unintuitive. It evokes a feeling of discomfort and isolation, a latent feeling that has travelled with her for over a decade.

The encounter between outsourced firms and their client firms fits the conceptualization of a hybrid workspace, as theorized by Susan Halford.[552] The workspace enables the establishment of a virtual professional encounter between the firms using intangible flows and processes, but it also appears to internalize and project operational separation. The cornerstone of this joint workspace in the outsourcing industry is its ability to mediate between spatial disjunctures, re-imagining the geographic separation but without reconfiguring the polarized division of labor and physical segregation. In its efforts to define relations of production, the workspace dictates a continued division between the two groups of workers.

The workspace continuously gives the illusion that the two sides are moving towards interconnectedness while ensuring that they remain separate. In other words, although the workspace theoretically facilitates the proximity of the two economies and spaces to new and unprecedented levels, it simultaneously uses incentives to ensure the continued peripheralization of the Palestinian economy—part of a larger cultural process of making and remaking the periphery.[553] The spatial disjuncture is a fundamental part of development: it is an attempt to bring Palestinian spaces into the Israeli economy, while keeping them at a distance, separate, and dependent.

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[552] Susan Halford, "Hybrid Workspace: Re-Spatialisatons of Work, Organization and Management," *New Technology, Work and Employment* 20: 1 (2005), 19-33.
[553] See Erez Tzfadia and Haim Yacobi, *Rethinking Israeli Space: Periphery and Identity* (London: Routledge, 2011).

Organizational cultures of development

During my interview with Telhami, he stressed Babcom's positive role in bringing employment to the Palestinian population, describing it as "your door to hope, peaceful coexistence, success and excellence [*bābkum lil-ʾamal, lil-taʾāyush al-silmī, lil-najāh, lil-tafawuq*]," using the play on the word Babcom, which also means 'your door' in Arabic.[554] The firm, he argues, sets a series of positive processes in motion, by "combining the investment potential [*istithmār al-ṭāqāt*] of young Arab men and women, reducing the circle of unemployment [*taqlīṣ dāʾirat al-biṭāla*], and providing high-quality services [*khadamāt rāqiya*] to high-level and major companies."[555]

Telhami does not merely view Babcom as a commercial undertaking; rather, he views it as being wholly immersed in the socio-cultural and political lives of residents. The firm is essentially depicted as a transformative project to reconfigure Palestinian society and economy, to guide it towards the ideals of 'development' and 'modernity'. The firm proclaims to pave the way for other firms in the Palestinian economy, with its success shattering 'mental barriers' such as a "culture of fear and sacrifice."[556] Declaring that "glass ceilings are something built in the brain," Telhami presents Babcom as a project that can alter the expectations of the Palestinian labor force, which he describes as being "more modest" than their Jewish counterparts.[557] A similar perspective is discernible among figures affiliated with Galil Software. Sa'id has referred to 'cultural problems'—such as a "lack of an entrepreneurial culture" among Palestinians—to explain the current status of Palestinian

[554] Imad Telhami, interview, Misgav, July 20, 2014.
[555] Ghassan Basoul, "*Imad Telhami li-Bukra: "[Babcom] badaʾat bi-ʾishrīn muwaẓẓaf wa-al-ān 1300*" [Imad Telhami to *Bokra*: [Babcom] Started with 20 Employees and Now 1,300], *Bokra*, October 13, 2013, http://www.bokra.net/Article-1224349.
[556] Shuki Sadeh, "'*Ani miʿuṭ be-tokh miʿuṭ be-tokh miʿuṭ ye zeh ha-coaḥ sheli*'" ["I Am a Minority in a Minority in a Minority and That Is My Strength"], *Haaretz*. March 31, 2010, http://www.haaretz.co.il/misc/1.1195508.
[557] *Ibid.*

industry in Israel, relying on the essentialist discourse of underdevelopment I mentioned earlier.[558]

This section will analyze the developmental narratives behind Galil Software and Babcom's organizational cultures, which advocate employment of Palestinians in the Galilee, with a particular emphasis on women, alongside a peace-making and co-existence scheme. In my understanding of an organizational culture, a term that has been derived from the work of Edgar Schein, I follow Mary Brannen's definition of a top-down culture that is *imposed* but can coexist alongside numerous sub- or mini-cultures within the organization.[559]

As I have already suggested, much of this developmental agenda aims to preserve current conditions, affixing itself to the established relationships and structures, while sustaining the divide between Israel and Palestinian spaces. For instance, the focus on boosting Palestinian employment creates 'solutions' to accommodate the widespread practice of institutionalized discrimination in hiring patterns, while the gendered element purports to challenge patriarchy yet translates it into the cultures of the firms. Co-existence and peace-making, part of a larger umbrella of economic peace, proclaim to be neutral but uphold the government-imposed agenda characterized by persistent de-politicization.

The employment project

There is a disproportionate focus on Orientalist factors such as "culture and mentality" in Palestinian and Arab society, cited by Telhami as obstacles to employment among outsourcing firms.[560] This mimics a discourse that is prevalent in the Israeli press: an

[558] Shelah, "*Elisha Yanai: ayn le-taʿaśiyat ha-hi-tech katovet ba-mimshalah*."
[559] Edgar Schein, *Organizational Culture and Leadership*, 4th ed. (San Francisco: Jossey-Bass, 2010); Mary Brannen, "Negotiated Culture in Binational Contexts: A Model of Culture Change Based on a Japanese/American Organizational Experience," *Anthropology of Work Review* 18: 2-3 (1998), 6-17.
[560] Babcom's mission claims that creating employment "requires a non-trivial amount of support in terms of business, logistics, culture and mentality." Quoted in "*101 mashpiʿim le-ṭovah—ha-anashim she-hofkhim et yiśraʾel le-maḳom ṭov yoter*."

article in *Globes*, for example, refers to Palestinian candidates *seeming* "humble and timid" during interviews, as opposed to Jewish candidates who have "confidence…[and] engage in self-promotion."[561]

Such explanations are especially pronounced when it comes to discussing employment patterns in the high-tech sector, which has an "intimate relationship" with Israel's defense establishment from which it historically emerged.[562] Ahmad argued that if you are an Arab man in high-tech, it is "preferred that you go to the army [*mustaḥab tefūt ʿal jaysh*], which is part of the culture of high-tech. "If you say you went to the army," he continued, "It just makes them trust you more, simply."

Many figures involved in high-tech in Israel are veterans of elite military units and are thus less inclined to hire 'outsiders'. One article estimates that referrals account for around 80% of new job placements, asserting that work relationships, "particularly in the high-tech arena, are founded in Israel's army culture."[563] Danziger, one of the chairmen at Galil Software, describes high-tech as "a branch of mouth…of social relationships and shared service in certain military units," adding, "It is certain that an average Israeli director will not recruit an Arab engineer he does not know."[564]

Palestinians are thus criticized for lacking social networks and capital, which are often seen as 'nurtured' in the army. The irony is that such networks-based employment resembles the informal factors deemed problematic in the Palestinian economy and named as obstacles to the development of a 'modern' business culture. In the case of Israeli tech firms, however, it does not seem to suggest corruption but is accepted as an unchangeable *fact* of hiring practices—either one that requires accommodation or otherwise a slight aberration to a

[561] Shelah, "*Elisha Yanai: ayn le-taʿaśiyat ha-hi-tech katovet ba-mimshalah*."
[562] Yoav Fromer, "The Nazareth Code: Can Israel's Booming Tech Sector Heal the Wounds of Israeli Arabs?" *Tablet Mag*, July 18, http://tabletmag.com/jewish-news-and-politics/137742/nazareth-tech-arab-israel.
[563] Kloosterman, "Israeli Company Envisions Peace through Outsourcing."
[564] Shelah, "*Elisha Yanai: ayn le-taʿaśiyat ha-hi-tech katovet ba-mimshalah*."

generally functional system. While the exclusion of Palestinians from the high-tech sector is analyzed as a market imperfection (by a supposedly rational economic agent), actions by Palestinian workers are construed as an inherent cultural category.

Critiques of informality among Palestinians do not merely overlook the extent to which 'networks'—especially in the army—continue to play a role in Israeli employment, but they also disregard the extent to which employment has been contingent upon questions of loyalty and has continued to be part of a larger patronage system, as I illustrated in the previous chapter. This becomes particularly clear in Ahmad's statement about a 'preference' for Palestinians to have gone to the army for a job in high-tech, reinforcing the idea discussed in the previous chapter of employment being contingent on loyalty to the state. Even 'skilled' labor must take measures to pre-empt any possible concerns over reliability and trust.

The government has taken measures to address discrimination, most notably a public campaign and financial or tax incentives for employers who hire individuals from minority groups, but such networks-based employment has continued to pose an obstacle to the government's objective of Palestinian recruitment. The outsourced high-tech sector is accordingly viewed as stepping in to resolve this problem, by offering an alternative for well-educated Palestinian citizens who are unable to enter the Israeli high-tech industry, especially graduates from Israel's prestigious Technion. Around 17% of the Technion's graduates are Palestinian (studying various types of engineering, including mechanical engineering), but between 1.5 and three percent are employed in high-tech. This logic dictates that discrimination (or 'bias' in hiring patterns) has proven to be such a strong force that the solution is simply to resort to a separate space and build an alternative structure.

The emphasis on domestic outsourcing as a method of integration, rectifying irregularities present in current industrial relations, follows a form of cognitive dissonance, seeking to accommodate, rather than address, decades of Palestinian economic exclusion. It

at best ignores and at worst legitimizes rampant discrimination and decades of systematic marginalization.

The role of gender

After my interview with Telhami, Samira, an employee at Babcom, showed me around the firm. She explained that one of the firm's missions is to establish a family-friendly environment and build "harmony between the home and the workplace [*tawāfuq bayn al-bayt wal-shughul*]."[565] This is a key part of Babcom's self-description as an agent of development for women, linking its establishment of offices throughout Israel's periphery to this mission of helping Palestinian women find work by bringing available jobs to their doorsteps, immersing the firm into their lives, and remedying 'cultural taboos' about women commuting to and from work by providing transportation for employees.[566] Babcom, Telhami declares, is a "modern firm that is sensitive to tradition."[567]

Yet, this emphasis on cultural taboos over women commuting to and from work is in many ways problematic. For starters, it pins the entire phenomenon of acute unemployment among women on such concerns. Additionally, it is not credible that women who have received at least an undergraduate degree, even if they commuted from home throughout the duration of their study, are not permitted to work. And more importantly, it disregards the real issue: the lack of a public transportation system that residents can use to safely commute to and from work, which must then be filled by the firm.

The provision of transportation is billed as a culturally specific response to the atypical needs of the Palestinian community, but it is actually common in call centers (and other jobs) around the world for both men and women. Historically, free or subsidized public

[565] Imad Telhami, interview, Misgav, July 20, 2014.
[566] The firm argues that its goal is to 'integrate [itself] into the lives of workers and adjust itself to them." Quoted in "*101 mashpiʿim le-ṭovah—ha-anashim she-hofkhim et yiśraʾel le-maḳom ṭov yoter*."
[567] Quoted in Sadeh, "'*Ani miʿuṭ be-tokh miʿuṭ be-tokh miʿuṭ ye zeh ha-coaḥ sheli*.'"

transport was part of many Israeli Jewish workers' pay packet. Nowadays, in call centers in Cairo and several cities in India, all it is is a welcome gesture by the employer to assist with transportation fees—a gender-free 'perk' that perhaps aims to 'make up' for low salaries or inadequate benefits. Offering employees transportation is not merely part of a benefits package in the context of Babcom, where it is relayed as resulting from cultural sensitivities and is thus transformed into a highly gendered practice. Furthermore, since many of the employees are involved in call center activities, shifts often take place in the evening. Transport and the emphasis on harmony and flexibility is necessary because the hours are inconvenient for anyone with domestic responsibilities (although several second-hand accounts have complained precisely of the demanding hours of the jobs, whether in terms of inconvenient shift hours or minimal holidays).

Meanwhile, the firm emphasizes the empowerment of women as career-oriented individuals, but it reproduces, accommodates, and internalizes various patriarchal structures. For example, the reliance on younger women to staff Babcom Centers can be linked to the structure of the gendered labor market: women comprise a secondary labor market within the secondary labor market of Palestinians in Israel's periphery, and therefore their wages are even lower and more insecure than the wages of Palestinian men. Only around 21% of Palestinian women are employed, and there are nearly 11,000 Palestinian women with university degrees who are unemployed.[568] Tapping into this market is highly strategic for the outsourcing firms. This gendered relationship was central to previous methods of sub-contracting as well: in Drori's ethnographic account of the textiles industry in the Galilee, he

[568] As I described in the previous chapter, Israel tends to blame this on Arab culture. For a response to such a claim made by Israel's then finance minister Yuval Steinitz, see Himmat Zoabi, "Why Do Fewer Arab Women Have Jobs in Israel than in Saudi Arabia?" *Haaretz*, November 23, 2009, http://www.haaretz.com/print-edition/features/why-do-fewer-arab-women-have-jobs-in-israel-than-in-saudi-arabia-1.3606.

notes that the Jewish managers on the upper floor of the shops adopted patriarchal values and motifs in their encounters with the Palestinian seamstresses and supervisors.[569]

Many of the women I spoke to seemed to incorporate these considerations in their decision-making, such as the way they calculate their time, the decision over which 'battles' to fight, and even the way they negotiate with the management. Because of the low pay, Muna argued that she is careful not to allow her employer exact more time than the job 'deserves'—arguing that the firm would otherwise want to "make us slaves for the company." This statement is widespread, as employees are often aware of the ways in which the cost-cutting strategies of employers negatively impact their own well-being.[570] The prevalence of this statement, however, directly contradicts claims of sensitivity to domestic responsibilities or work-life balance.

Galil Software espouses a similar gendered discourse, stemming from its emphasis on hiring and empowering female engineers and supposedly breaking cultural taboos. It highlights the 'progressive' or 'revolutionary' role of women in the male-dominated domain of high-tech. The Israeli press is filled with articles on empowered young Arab engineers breaking stereotypes, referring especially to Muslim women, with detailed descriptions of their dress codes, particularly whether or not they choose to wear a *hijab*.[571] In this narrative, Israel is implicitly or explicitly praised for saving them from patriarchy and religion and

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[569] Drori, *The Seam Line*, 39-41. He argues that Jewish managers reconstruct patriarchal relations in Arab society to 'control' Palestinian women's labor. This was one of many hierarchical relations the book deals with, between Palestinians and Jews, Palestinian men and women, and workers and managers. The relationships between the female Palestinian workers and Jewish managers are captured with a great deal of nuance; however, in this account, all Palestinian men in the book appear to exhibit abusive or violent behavior towards women.
[570] Jasmine Folz, "High-Tech Workers, Management Strategy, and Globalization," in *Management Practices in High-Tech Environments*, eds. Dariuisz Jemielnak and Jerzy Kociatkiewicz (Hershey: Information Science Reference, 2008), 42-57.
[571] Manar Shehadeh, "'*Araviyah, tseʿirah, ye-sa-mankal ḥevrat hi-tech—zeh efshari*" [A Young, Female Arab CEO of a High-Tech Company—It Is Possible], *Ynet*, March 20, 2011, http://www.ynet.co.il/articles/0,7340,L-4039414,00.html; Nevi Elis, "Confidence in Me," *The Jerusalem Post*, December 6, 2013; Lior Akerman, "The Successful Integration of Israeli Arabs into Hi-Tech," *The Jerusalem Post*, February 12, 2015, http://www.jpost.com/Opinion/The-successful-integration-of-Israeli-Arabs-into-hi-tech-390890; Fromer, "The Nazareth Code."

giving them an opportunity to embrace science and technology. This drive to 'save' Muslim women and the obsession with veiling practices have been part of a global discourse and a gendered form of Orientalism.[572] At their home in Nazareth, Sara, her sister, and I traded stories of our experiences with this issue. Sara said:

> It sometimes actually seems that being a working woman is more acceptable [to Israeli society] when you're Christian! I'm always asked: are you Christian; or, but you're Christian? And if they find out that I'm Muslim and work in tech, then they say, *kol ha-kavod* [in Hebrew, literally meaning 'all the respect,' but it implies 'congratulations' or 'great job'], or but you're not religious, right? [Jokingly:] *lā ilāh illā Allah*! I swear no one ever told me computers were *ḥarām* [forbidden in Islam].

Her sister responded, "To be honest, it's actually not that strange. It is a country where a group of people claimed to return to their land, their land which other people lived on for centuries. Nothing here is normal [*mā fī ishi 'ādī hon*]!"

Both women referred to the multi-levelled official and unofficial forms of patriarchy that affect their lives and are often intertwined and internalized into bureaucratic apparatuses. These 'everyday' forms of patriarchy extend to encounters with firms whose underlying capitalist ethos is allied to patriarchal structures—something that is not unique to the case of the outsourcing industry in the Galilee but has been documented among Palestinian women in Israel generally, as well as across various international case studies.[573]

The peace-making agenda

The narrative espoused by domestic outsourcing firms is built upon 'coexistence' and 'integration' between Palestinians and Jews, which theoretically takes place in the context of

[572] Lila Abu-Lughod, *Do Muslim Women Need Saving?* (Cambridge: Harvard University Press, 2013), 88.
[573] Rhoda Ann Kanaaneh and Isis Nusair, eds. *Displaced at Home: Ethnicity and Gender among Palestinians in Israel* (Albany: State University of New York Press, 2010); Aihwa Ong, "The Gender and Labor Politics of Postmodernity," *Annual Review of Anthropology* 20: 1 (1991), 279-309; Stevi Jackson and Sue Scott, *Gender: A Sociological Reader* (London: Routledge, 2002), especially the chapters comprising Parts Two and Three.

an apolitical and professional space. The 'unique' model is hailed by Sa'id, who calls for economic cooperation to bridge political chasms. He reports:

> So far, politics has not entered out workplace—there has been no incidence of Jewish-Arab tensions. Even during the three-week conflict in Gaza [in 2008-2009]…when the company was six months old and there were demonstrations in Nazareth, all 30 engineers working for us at the time turned up for work, including the four Jewish ones.[574]

This apolitical space is crucial for Babcom as well. When I interviewed Telhami in early July in 2014, the war in Gaza had just started. Conceding that it made business difficult, he depicted the war predominantly as an interruption to the flow of daily life. He makes it clear that he is not interested in taking part in the political discussions raging throughout the country, reiterating his stance that he "does not talk politics, is not involved in politics and does not pretend to understand it."[575] This sentiment has been echoed by other businessmen from the Palestinian community in Israel.[576]

According to this philosophy, such an apolitical space deals with more important questions than the existential political questions that are cast as *emotional*, rather than *productive*, and thus irrelevant in the realm of business. Similar to the discourse on employment, there is a lingering question of who sets the discursive devices dictating such professionalism as well as what and when exceptions are acceptable. While such standards are sometimes depicted as universal, the normative role of politics in the business setting can in fact be linked to the "expectations and influences of powerful groups," particularly their ability to manipulate meaning to universalize a specific subjectivity.[577] When, for example,

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[574] "Business Diary: Inas Said, Galil Software."
[575] "*101 mashpiʿim le-ṭovah—ha-anashim she-hofkhim et yiśraʾel le-maḳom ṭov yoter*."
[576] In an interview, Badie Tannous also declares that he "hates politics." He also states that politics has never affected his business in the Jewish economy, "especially since the work was not with individuals, but we worked with companies or a group." Quoted in Ghada Asaad and Wa'il Awad, "*Badie Tannous: Al-amāna hiya assās al-najāḥ*."
[577] Jacky F. L. Hong and Fiona K. H. O., "Conflicting Identities and Power between Communities of Practice: The Case of IT Outsourcing," *Management Learning* 40 (2009), 315.

would sentiments of mourning be acceptable, and when would they be considered unprofessional?

Despite professing to be a neutral or politics-free zone, this vision does possess a political motive, and the apolitical stances established as part of this peace-making discourse have themselves been transformed into a political statement. They aim to create a new normal that is based precisely on a logic of apolitical 'constructive' engagement. The outsourced firms acquire significance beyond merely being places of employment; they become symbolic of a space within Israel for its Palestinian citizens. As 'Arab start-ups,' they are viewed as finally giving 'Arabs' a place within the so-called Start-up Nation.

For example, Shimon Peres's son Chemi Peres, who runs Pitango, a large venture capital fund which in 2010 launched its own Arab subsidiary called al-Bawadir, describes 'connectivity' as key for appealing to the [Palestinian] youth in Israel, stating, "Many young Israeli-Arabs will tell you: Forget about the Palestinians. We want to be part of Israel."[578] Supported by top government officials, such as Ayman Saif and Avishay Braverman, the fund purports to bridge gaps between investors and entrepreneurs and is reportedly investing around 40% of its capital in technology firms.[579]

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[578] Richard Behar, "Peace through Profits? Inside the Secret Tech Ventures that are Reshaping the Israeli-Arab-Palestinian World," *Forbes*, August 12, 2013, http://www.forbes.com/sites/richardbehar/2013/07/24/peace-through-profits-a-private-sector-detente-is-drawing-israelis-palestinians-closer/2/?optimizely=a.

[579] One of its main goals is to take advantage of the ties between Palestinians in Israel and the larger Arab world and Middle East, in order to tap into these markets. However, it has failed to attract Palestinian entrepreneurs. In response to questions regarding the fund's limited investments, alongside extremely high management fees of around NIS 10 million, Saif defended the project for creating a "new ecosystem that hasn't existed before in the Arab community." Quoted in Tali Heruti-Sover and Inbal Orpaz, "A Venture Capital Fund's Rough Ride in Boosting Israeli Arab Industry," *Haaretz*, May 29, 2015, http://www.haaretz.com/israel-news/business/.premium-1.658628. Al-Bawadir has been supported by top government officials, such as Ayman Saif, the Director of the Authority for the Economics Department of the Minorities Sector at the Prime Minister's Office, and Avishay Braverman, who was the Minister of Minority Affairs from 2009-2011. However, it has failed to attract Palestinian entrepreneurs. In response to questions regarding the fund's limited investments, alongside extremely high management fees of around NIS 10 million, Saif defended the project for creating a "new ecosystem that hasn't existed before in the Arab community." Quoted in Tali Heruti-Sover and Inbal Orpaz, "A Venture Capital Fund's Rough Ride in Boosting Israeli Arab Industry," *Haaretz*, May 29, 2015, http://www.haaretz.com/israel-news/business/.premium-1.658628.

Employment in the apolitical spaces carved by domestic outsourcing is thus advertised as giving Palestinians the opportunity to "be part of Israel," if only on the periphery. Despite the focus on building peace and coexistence, the practice of domestic outsourcing ultimately ensconces a separate structure. Coexistence itself is tellingly dependent upon the apolitical agenda as a necessary mediator, in which political sentiments are either overlooked or reduced to a technical issue, as James Ferguson notes in his critique of the development industry in Lesotho.[580] And although proponents of domestic outsourcing seek to strip it of political meaning in favor of a 'professional' ethos, it is nevertheless imbued with asymmetric power relations that not only establish the rules of the game but also keep a dynamic of inequality in place.

[580] James Ferguson, *The Anti-Politics Machine: "Development," Depoliticization, and Bureaucratic Power in Lesotho* (Cambridge: Cambridge University Press, 1990).

The politics of 'cheaper' labor

> Kiva originally saw Israel as a developed economy, a member of the OECD. It took us a couple of years to convince them that not all of Israel is like that. We persuaded them that some sections of Israeli society—notably Arab and Bedouin women—are actually Third World. It's not a political issue.[581]

The above quote is from the Managing Director of KIEDF, in reference to a micro-finance project targeting Palestinian women in Israel. Although the author maintains that it is not a political issue, this juxtaposition aptly reflects the way Palestinians in Israel are constructed: third world, conjuring images of poverty, disenfranchisement, and powerlessness, but "it's not political." This is hardly unique. Another example is a statement by Jimmy Levy (the founder of Galil Software and co-founder of Chemi Peres' al-Bawadir), who describes Palestinians in Israel as "an emerging market within Israel's developed economy."[582]

This vocabulary reflects the ways in which the government and private sector have framed the Palestinian economy, as part of a developing country, emerging market, third-world labor force, etc.—constructs that are both economic and political but have been depicted almost as second nature and have become embedded within the bureaucracy of development. For example, at a roundtable at an Israeli business conference held in 2012 dealing with the high-tech sector, Danziger discussed the role that Palestinians can play in the Israeli economy, asserting that they "can compete successfully in offshore centers such as those in India."[583] A critical reading of this statement begs the fundamental question of why it is the case that Palestinians who are citizens of Israel and who hold Israeli qualifications are relegated to compete with an offshore industry with a significantly lower income.

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[581] Desmond Bentley, "Boosting Israeli-Arab Entrepreneurship through Micro-Loans," *Israel21c*, August 10, 2011, http://www.israel21c.org/social-action-2/boosting-israeli-arab-entrepreneurship-through-microloans/.
[582] Nevi Elis, "Exclusive: Arab High-Tech Made in Israel," *The Jerusalem Post*, March 17, 2014, http://www.jpost.com/National-News/Exclusive-Arab-Israeli-start-ups-eye-users-across-political-boundaries-345584.
[583] Shelah, "*Elisha Yanai: ayn le-taʿaśiyat ha-hi-tech katovet ba-mimshalah*."

It is difficult to justify even from a classical economic logic. The view of Palestinians as 'cheaper labor' is often explained using the Ricardian principle of comparative advantage, but there is no actual explanation for *why* 'cheaper labor' is still their comparative advantage. If they have received a similar education (and by extension would possess comparable skills) to their Jewish counterparts, why are lower wages still the main comparative advantage of Palestinian citizens? Why are Palestinian graduates still viewed as comparable to non-Israeli graduates from 'emerging markets' rather than Jewish-Israeli graduates? How do they prove themselves worthy of comparison to Jewish-Israeli graduates; and more importantly, why do they have to, and is it even possible? Needless to say, these questions are not addressed at the roundtable, which discusses the model of domestic outsourcing as a way to 'integrate' Palestinians into the Israeli economy.

The model of domestic outsourcing similarly relies on taking advantage of the inferior characteristics that have been attributed to Palestinian workers over the years, such as their 'cheaper' value. Such characteristics—which are not only a result of the government's continuous neglect but arguably an ongoing colonial policy—are what makes the Palestinian economy seem lucrative nowadays and drive the desire to tap into its potential. One is inclined to further deconstruct the notion of 'cheaper labor,' which is not exclusive to Israel but is prevalent on a global scale as well.[584] What is cheaper labor? Are there tangible factors that truly make one laborer inherently cheaper than another? And how does an entire labor force come to possess properties associated with being 'cheaper'?

From the perspective of economic theory, wages are low when the demand for labor is lower than the supply, but there are actually many interrelated factors that determine wage

[584] Laborers in non-urban areas and the south of the US have been typically paid lower wages. This has been used as a comparative advantage to try and encourage firms to relocate there. Another, perhaps extreme, example of 'cheaper' labor is the use of convict labor, which arguably amounts to a form of slavery. See Alexander C. Lichtenstein, *Twice the Work of Free Labor: The Political Economy of Convict Labor in the New South* (London: Verso, 1996).

levels, including purchasing power of wages based on location, workers' productivity and education, global and local dynamics, and government policy (it was a national policy of China to keep wages low to attract low-cost manufacturing, for example). While defending corporations' practice of paying the bare minimum to employees in offshore destinations, acclaimed economist Paul Krugman argues that this "minimum is determined by the other opportunities available to workers."[585] Or perhaps lack thereof.

While some cite lower skills, lower cost of living, and lower municipal taxes as a justification for lower wages in Israel's periphery, I view it as stemming from a political process that locks Palestinian labor into a perpetual state of inferiority. This is a process that transcends income. Neither lower skills nor a lower cost of living are applicable in this case, and perhaps more than anything, the main difference is lack of opportunity or alternatives, which means that certain groups of workers have become less entitled to security in their jobs—whether that means fair wages, bargaining power, or imagined value. Writing about the South African context, Harold Wolpe asserts that controlling labor is essentially "a function of the conditions of the production and reproduction of that labour power."[586]

Numerous examples have highlighted the process of making a 'cheap' labor force. For example, Jefferson Cowie's *Capital Moves* deals with the social history of industrial relocation in the 1940s, demonstrating that capital investment consistently sought new pools of underemployed or unemployed populations.[587] A similar process of making labor is discernible among arrangements involving other secondary workers: Smith and Neuwirth argue that the temporary help service industry in the US has continued to "manufacture and

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[585] Paul Krugman, "In Praise of Cheap Labor: Bad Jobs at Bad Wages are Better than No Jobs at All," in *The Accidental Theorist and Other Dispatches from the Dismal Science* (New York: W W. Norton & Co., 1998), 80-86.
[586] Harold Wolpe, "Capitalism and Cheap Labour-Power in South Africa: From Segregation to Apartheid," *Economy and Society* 1: 4 (1972), 428.
[587] Jefferson Cowie, *Capital Moves: RCA's Seventy-Year Quest for Cheap Labor* (Ithaca: Cornell University Press, 1999).

market" temporary work to the extent that it has become an 'acceptable' and permanent employment practice today.[588]

Such a political interpretation of 'cheaper labor' is consistent with the work of Aihwa Ong, who argues that the categorization of a group of laborers as a cultural or natural 'other' is used as a justification for low wages.[589] Following Ong, I view the consistently lower wages in the Palestinian case as paradigmatic of their general status in Israeli society. A 'cheaper' laborer is thus in many ways also a product of a political imagination, and the changes in industrial relations have deliberately preserved—and enhanced—the foundations of this imagination. The imagination of Israeli entrepreneurs in the high-tech roundtable reflects such politico-economic segregation, depicting Palestinian citizens in Israel as *inherently* 'third-world' and, of course, non-Israeli—even prior to assessing skills or cost of living. Outsourced operations further reinforce these dynamics, constructing the Palestinian economy as naturally comprised of cheaper laborers who form a profitable colony of standby workers. Firms such as Babcom and Galil Software thus become indispensable tools in the institutionalization of Palestinians as cheaper laborers, inventing a niche industry based on this peripheral status of Palestinians as secondary workers, which thrives on ongoing worker insecurity.

En-skilling and de-skilling: the professionalization debate

The patterns that accompany domestic outsourcing projects can thus be viewed as a continuation of previous projects and periods of sporadic sub-contracting to Palestinian areas. As these projects have abided by the underlying logic of Palestinians as 'cheaper labor,' they

[588] Smith and Neuwirth, *The Good Temp*. For an ethnographic account of temporary employment in the high-tech industry in the Silicon Valley and the meanings ascribed by different actors to this new organizational arrangement, see Stephen R. Barley and Gideon Kunda, *Gurus, Hired Guns, and Warm Bodies: Itinerant Experts in a Knowledge Economy* (Princeton: Princeton University Press, 2004).
[589] Ong, "The Gender and Labor Politics of Postmodernity," 292.

illustrate strong elements of continuity in their production and reproduction of the Palestinian economy as inferior vis-à-vis the Jewish economy.

Previous trends of sub-contracting employed laborers that have been typically associated with 'Arab labor'—meaning 'cheap' and 'unskilled' (such as in textiles and construction). One of the reasons that the current project of domestic outsourcing is viewed as revolutionary (compared to previous forms of sub-contracting) is because it enables Palestinians to work in industries from which they have historically been barred. This already challenges the rules of occupational segregation. In that sense, Galil Software's ability to employ Palestinians in high-tech, in defiance of the Israeli tradition of excluding Palestinians from the sector, is advertised as contributing to a trajectory of professionalization, or 'en-skilling,' of Palestinian workers, a process that has already been spurred by expanded access to higher education. In this context, professionalization is the corollary to 'de-skilling,' a cornerstone of the 'degradation' of work.[590]

This process claims to 'en-skill' Palestinian workers in the Galilee, who no longer remain an undistinguished reservoir of workers to be trained for tedious factory work but become skilled workers en route to a professional career. Although it does not give them the opportunity to work in Israeli high-tech, some argue that domestic outsourcing is still altering the system in which 'Arab labor' is embedded, by changing the images associated with the workplaces in which Palestinian laborers are likely to be concentrated. In other words, they transform the image from 'Arabs as construction workers' to show that Arabs can be engineers as well.

Giving Palestinians the opportunity to practice professions that were previously closed off to them already changes the facts on the ground, argues Ron Gerlitz.[591] The

[590] Braverman, *Labor and Monopoly Capital*.
[591] Ron Gerlitz, interview, Jerusalem, August 6, 2014.

process of en-skilling is already taking place: as Palestinians *become* pharmacists, engineers, and IT experts, they are breaking barriers, expectations, and prejudices regarding the structure and capacity of the Palestinian economy in Israel, which explicitly challenges the images of Palestinian concentration in construction work and other forms of menial labor. This change, argues Gerlitz, has already taken place, as Palestinians are 'servicing' Jews on a daily basis—not just through cleaning classrooms (which is the example he uses, reflecting on images from his own childhood) but also by working in pharmacies, for example. In his eyes, this shift is itself revolutionary and has culminated in a sense of threat towards established norms within Israeli society.[592] In other words, the mere presence of Palestinians in middle and upper class spaces is described as a positive stride for the developmental mission, which will ultimately pave the way for equality.

However, this supposed organizational restructuring contains many contradictions, most notably that 'new' work arrangements rely on the same relationships and assumptions and thus become subsumed within the market's established logic. It is true that domestic outsourcing projects give Palestinian graduates an opportunity to work and pursue careers in industries from where they were previously excluded, but it does so based on operational separation. Spaces and wages are still separate, and Palestinians are still viewed as only capable of producing non-core work, fitting within the overall perception of 'Arab labor' as unreliable or generally inadequate. For example, while Babcom is meant to be more "modern, developed and appropriate for our time," relying on 'professionals' rather than unskilled labor, it is grafted with relics of the same logic that motivated Delta. Both firms use 'cheaper labor' and lack of opportunity in order to magnify profits and bypass the high salaries of employees in the 'center'.

[592] *Ibid.* He argues that this has elicited the growing right-wing backlash against Palestinians in Israel.

Although current sub-contracting trends draw upon more 'skilled' workers, they are still considered 'cheaper'—despite have attained this level of skill. As Rouhana argues, it has no longer become feasible to summarily exclude a skilled Palestinian labor force—which has experienced significant expansion in education—from high-paying jobs.[593] Their "incorporation" into outsourcing therefore represents a novel way to continue excluding them.

Such relative inferiority challenges the notion that domestic outsourcing alters the framework of secondary 'Arab labor'. Even if it challenges the types of jobs associated with 'Arab labor' and increases the 'value' of 'Arab labor,' it continues to rely on this normative idea of Palestinian labor being inferior. Rather than dismantle the system in which 'Arab labor' has been embedded, the developmental mission advocated by domestic outsourcing perpetuates and institutionalizes the notion of 'Arab labor' as inherently inferior and 'cheaper,' even if the laborer is an (outsourced) engineer as opposed to a construction worker. In other words, the Palestinian labor force remains 'cheaper'.

The 'professionalization' argument continues to rely on a separation between the economic and the political. Tellingly, Gerlitz advocates a "focus on public transportation and…schools, rather than a focus on the definition of the state."[594] He insists that Israeli society is "not ready" to handle the implications of political equality for the Palestinian community, but it may be ready to handle a move towards greater economic equality. This view is in line with the government's own position on development, which acknowledges the destructive impact of economic inequality on the Israeli economy and society but has yet to even accept the tenet of equal rights.

[593] Nadim Rouhana, "The Political Transformation of the Palestinians in Israel: From Acquiescence to Challenge," *Journal of Palestine Studies* 18: 3 (1989), 43.
[594] Rob Gerlitz, interview, Jerusalem, August 6, 2014.

Conclusion

Much has been written about the politics of outsourcing, determining whether it diverts jobs away from lower income workers in developed countries, critically assessing phenomena promulgated by outsourcing such as sweatshops, and studying it as an apolitical concept in the context of productivity in international trade in an increasingly globalized world. This chapter purposely tried to steer clear of these debates, instead seeking to shed light onto the purported role of domestic outsourcing as part of a series of politico-economic transformations in the Galilee and as an agent of development and industrialization, as it has been depicted and positively received across Israel. Under the auspices of domestic outsourcing, the Galilee has once again transpired as a site for sub-contracting, with the independent firms of Babcom and Gail Software representing examples of this emerging and widely praised trend. These two examples are not unique, however, as similar firms have sprouted around the country, with local and international investment, drawing on comparable objectives and a corresponding ideology.

As with other politico-economic transactions I discuss, my intent is to locate domestic outsourcing within its surrounding context, critically assessing it in relation to the underlying power dynamics informing its conception. I have thus sought to investigate domestic outsourcing firms by analyzing the setting in which they were conceived and in which they operate. The making of outsourcing firms as agents of development is in many ways a profound result of neo-liberalization, reflect in the volatility of labor arrangements and the rise of an upwardly mobile entrepreneurial class. At the heart of the ascendancy of domestic outsourcing is a turn to a ‘corporate’ format of development, based on an alliance between the public and private sectors, to deliver a supposedly more efficient re-distribution—even though it clearly privileges a profit-making motive. Domestic outsourcing firms themselves

constitute part of the social technology of contemporary political economy, in which the immobility of workers is a cornerstone.

I have highlighted the multiple layers within this relationship, particularly the role of the Palestinian firms as intermediaries and stakeholders, which demonstrates the emergence of new forms of sub-contracting. Nevertheless, I have argued that domestic outsourcing is essentially a continuity of previous sub-contracting trends to Palestinian enclaves. By historicizing the phenomenon alongside the textile industry, which proved ephemeral and non-committal, this chapter sought to draw parallels and challenge its portrayal as a form of development ushering in an era of economic equality. My objective is not to argue that outsourcing is inherently exploitative (at least no more than any other capitalist labor arrangements), but rather that it is unlikely to contribute to economic empowerment or alter current patterns of inequality between Palestinians and Jews in Israel. While there may be good intentions behind the project, I maintain that it is built upon unequal structures and institutionalized separation, which repackage the idea of 'Arab labor' and ensure that the essentialist and categorical positions occupied by Palestinian and Jewish labor remain unscathed.

The most obvious manifestation of an imbalance in power is the institutionalized wage disparity explicit in outsourcing arrangements and the continued adherence to the norm of spatial segregation in Israel. Another example is the developmental discourse implanted within domestic outsourcing, which emphasizes employment opportunities, focusing particularly on women, and championing a peace-making agenda. A crucial aspect of the domestic outsourcing project is the delineation of the Palestinian economy as spatially, economically, and politically distinct. The images and metaphors discussed throughout this chapter (such as 'third world,' 'emerging market' or 'underdeveloped') participate in the creation of such separation. Such conceptual categories and labels have the power to shape

material processes, and this discursive process becomes an authoritative method of defining and engaging with the Palestinian economy. Economic relations, approaches, and practices have become bound to this process, disputing the image of the economy being neutral, free of political influence, or based on substantiated data.

Questioning why the 'solution' to the low levels of industry and entrepreneurship in Palestinian areas lies within trends of sub-contracting such as domestic outsourcing, I have argued that this model attests to the ways in which economic development is an expression of the enframing of the Palestinian economy, labor, and spaces as underdeveloped and 'cheaper'. I accordingly sought to challenge the narrative that depicts outsourcing almost as a *natural* solution (based on the comparative advantage offered by Palestinians) or a *complementary* solution (based on the orientation of the Israeli economy), seeking to irrationalize these supposedly rational or neutral prescriptions. Certainly, the relative surplus of—both 'skilled' and 'unskilled'—human capital, combined with a shortage of capital, underlies the attractiveness of the Galilee as a sub-contracted labor pool, and its definition as cheaper; yet this category of 'cheaper labor' is also at heart a political construct. This designation has determined the current status of industry and entrepreneurship, dictating policy responses and designs, and it influences the ways in which the different actors, including the government, have shaped and structured markets.

The fact that it is possible for such a pattern to exist within one country is telling, especially since the lower cost of labor is not linked to any decisive difference in cost of living, and the actual geographic distance is insignificant**.** The lower cost of labor can instead be linked to the reproduction of this binary, which dictates available opportunities, perceptions, and imaginations. The disparity reflects the culmination of decades of Israeli perspectives vis-à-vis Palestinian industrial development and entrepreneurship. Although they keep relations static, changes in industrial relations are not merely a policy of inaction;

they are a specific mechanism of capitalist development, ensuring that Palestinians are circumscribed as ‘cheaper’ labor-power.

CHAPTER FOUR

CLASS: NEO-LIBERAL CONTESTATIONS AND THE REDEFINING OF CITIZENSHIP

Following from the previous discussion on the role of the Palestinian bourgeoisie in the emergence of domestic outsourcing, this chapter investigates the ways in which a segment within the upwardly mobile Palestinian class has encountered politico-economic transformations. It is in many ways an account of indigenous capitalism and intra-class violence, which has become central to the story of transformations in Palestinian political economy. I am particularly interested in the political meanings of upper class participation in changing structures, such as how members of this class 're-make' themselves in the increasingly neo-liberalized economy and how it shapes their political configurations.

As they are part of the Palestinian minority, members of the upper class are generally viewed as being on the margins of Israeli society, but they have also succeeded in taking advantage of new opportunities, such as expanded access to and familiarity with Israeli public spaces and institutions, in order to propagate their own programs and ideals for the future. Although they work to retain their privileges under current patterns of capital accumulation, they also purport to destabilize established political arrangements and aim to contribute to the evolving discourse on the status of Palestinians in Israel. Indigenous capitalist classes are often perceived as complicit within colonial dynamics and representations; therefore, a discussion of their role offers insights into the politics of class structures and class formation.[595] Rather than only viewing this group as a comprador class, I have attempted to take seriously the viewpoints, approaches, and interpretations it propagates

[595] Ritu Birla, *Stages of Capital: Law, Culture and Governance in Late Colonial India* (Durham: Duke University Press, 2009).

in order to provide a critical but nuanced account of contestations among the Palestinian upper class in Israel.[596] The purpose is to also emphasize disunity within the upper class and demonstrate the emergence of a new, aspiring social class as part of the current phase of capitalist development.

This class is undoubtedly an integral part of the capitalist and dominant class, deriving its political resources from the consolidation of economic resources; yet, given the colonial context, it cannot be described as a ruling class. Having attained unique positions in Israel as both beneficiaries and subjects of colonialism, members of this class utilize their empowerment to engender structural changes, and they attempt to redefine political relationships, including Zionism itself. Despite representing—and even reproducing—various forms of class domination, this class aims to destabilize aspects of the current order and contribute to alternative political arrangements. This neo-liberalizing Palestinian class tends to identify against the Jewish-Israeli or Zionist establishment, its institutions and officials, and their hegemonic ideologies, while frequently challenging the traditional Palestinian upper class.

Throughout this process, however, members of this class have affixed themselves to practices and methods associated with neo-liberalization and contributed to a 'marketized' paradigm of citizenship, a paradigm that is exclusionary and marginalizing in its own way. Because the only 'inside' position afforded to Palestinians comes through the political economy and associated culture of neo-liberalization, such attempts to rebel against Zionism ultimately fall back on elitism: to fight 'from the inside' requires an implicit disregard of the factors that massively limit the capacity of most Palestinians to employ this strategy.

[596] Robert Vitalis, "On the Theory and Practice of Compradors: The Role of 'Abbud Pasha in the Egyptian Political Economy," *International Journal of Middle East Studies* 22: 3 (1990), 291-315.

This case study considers not only Palestinian-Jewish relations but also intra-Palestinian class dynamics, a vital component of the political economy of Palestinian citizens. Building from the previous case study, which shed light on the ways Palestinians have themselves internalized and advanced aspects of the state-sponsored development project, this chapter further nuances the analysis of encounters between the non-monolithic entities I deal with throughout this dissertation, namely the Palestinian population, the Israeli state and the economy. It demonstrates the dynamic nature of class politics and the mutations that occur as they come into contact with other forces. The focus is not just on individuals in this group and their lifestyles, but their attempts to challenge the system and the ways in which they project power through newly acquired economic advantages.[597]

The Palestinian class I am referring to in this chapter has not merely attained its position through local Palestinian structures. Rather, the spaces available to the individuals I refer to are a result of their ties to, and indeed cooperation with, Jewish-Israeli circles. In the dialectic they face between fighting from 'inside' the system and refusing to recognize it altogether, a dialectic that is familiar to all, their approach to change has been overwhelmingly aligned with the former strategy, in favor of augmented engagement and integration.

This class operates predominantly outside of formal state institutions, taking advantage of spaces available under neo-liberalization in an attempt to infiltrate state power. Its members, mostly confined to the private sector and to the third-sector space, rely extensively on the practice and discourse of economy to achieve political goals. The ability to

[597] This focus is in line with Ralph Miliband's view that the personal interests and the ties of the bourgeoisie should be analyzed as part of an understanding of the capitalist state. Ralph Miliband, *The State in Capitalist Society* (London: Weidenfeld and Nicholson, 1969). This prompted a response from Nicos Poulantzas, who insists that this relationship is insignificant, as the fundamental goal of the capitalist state is to sustain the interests of the bourgeoisie. See Nicos Poulantzas, "The Capitalist State: A Reply to Miliband and Laclau," trans. Rupert Swyer, *New Left Review* 95 (1976), 63-83; Ernest Laclau, "The Specificity of the Political: The Poulantzas-Miliband Debate," *Economy and Society* 4: 1 (1975), 87-110.

fluidly navigate these circles of public, private and third sectors, even amidst continuous political uncertainty and socioeconomic reordering, is a vital feature that defines their status, more so than a measurable income. As Michael Hartmann contends, following the work of Klaus von Beyme, "The influence of the economically powerful cannot be measured in terms of the number of people who seek to directly articulate such interests in the state's power apparatus, because this group also has other means of achieving this end."[598]

Huibert Shijf identifies such interlock as part of a broader flexibility and adaptability to new conditions—a necessary survival strategy for contemporary upper classes.[599] Similarly, in his analysis of the 'interpenetration' of the ruling class in sub-Saharan Africa, Jean-Pascal Dolaz concludes, "What is certain is that we are almost never dealing with impermeable groups, huddled up in their respective spheres."[600] The same principle is applicable on a transnational level, demonstrating global linkages between class and capital, and it can be extended beyond formal processes and institutions into informal networks and diachronic entities.[601]

As with any group, there are countless internal discrepancies and divergences, as voices compete to speak on behalf of the Palestinian upper class and the entire population. By pinpointing *changes* within the upper class, I aim to address these contestations without

[598] Hartmann, *The Sociology of Elites*, 105.
[599] Huibert Schijf, "Researching Elites: Old and New Perspectives," in *The Anthropology of Elites: Power, Culture and the Complexities of Distinction*, eds. Jon Abbink and Tijo Salverda (Basingstoke: Palgrave Macmillan, 2013), 41.
[600] Jean-Pascal Daloz, "'Big Men' in Sub-Saharan Africa: How Elites Accumulate Positions and Resources," in *Elite Configurations at the Apex of Power*, ed. Mattei Dogan (Leiden: Brill, 2003), 283.
[601] An example is the alliance between different groups in Bolivia and transnational capital, including among the 'counter-neoliberal' social movement in order to secure domestic political change. Brent Z. Kaup, "Transnational Class Formation and Spatialities of Power: The Case of Elite Competition in Bolivia," *Global Networks* 13: 1 (2013), 101-119; On informal links, see Roderic A. Camp, "Informal and Formal Networking among Elite Mexican Capitalists and Politicians," in Dogan, *Elite Configurations at the Apex of Power*, 135-154. For another example on elite structures in Mexico, see John Gledhill, "The Powers behind the Masks: Mexico's Political Class and Social Elites at the end of the Millennium," in Shore and Nugent, *Elite Cultures*, 39-60.

merely succumbing to the perception of the ruling class as fragmented and fraught with internal discord—a lens that is over-utilized in studies of Palestinian politics in Israel.[602]

The subjects of this chapter are all professionals who hold white-collar positions requiring formal qualifications, although many are involved in professions and activities external to their formal area of expertise. For instance, I interviewed many lawyers who did not actually work in law but were employed in sectors as diverse as business, politics, and advocacy.

Outline

The next section of this chapter contextualizes the parallel roles of the Palestinian upper class as a capitalist and indigenous class. I look at the notion of the upper class as a 'patriotic bourgeoisie' and a vehicle for revolutionary change per communist historiography, contrasting it to the role of the Arab Business Club, a forum and interest group that brings together affluent businessmen in the Palestinian community. The club symbolizes the rise of new neo-liberalizing modes that have increasingly reformulated power and political activity. At first glance, the two structures seem to be conflicting, representing two patently contradictory ideological streams. However, the rise of private and economistic discourses and spaces such as the Arab Business Club have contested, but not entirely displaced, the communist outlooks, and both entities have influenced and engaged one another in a dialogical manner.

The remainder of the chapter addresses precisely these ensuing changes and contestations. Through a discussion with a young and wealthy member of the Arab Business Club who has relocated to Tel Aviv, the third section examines the rise of this urban

[602] See Amal Jamal, "The Arab Leadership in Israel: Ascendance and Fragmentation," *Journal of Palestine Studies* 35: 2 (2006), 6-22.

bourgeoisie. Pivoting on the experiences of hybrid 'Arab Tel Avivians,' I deconstruct his bold declaration that Palestinians should 'move to Tel Aviv' to take part in urban structures and capitalize on present opportunities. The enthrallment with urbanization corresponds with deeper engagement with Israeli political economy and Jewish society. This attempt entails modifying the Palestinian discourse to fit with the frameworks, agendas, and interests of the upper class. However, there are strong elements of elitism underlying pleas for cosmopolitanism, which are contingent upon and delineate wealth and power, and I argue that they actually function as mechanisms of exclusion.

The subsequent section addresses shifts in methods of expressing discontent. It describes three professionals who reframe dissent as 'efficient,' 'civil,' and 'civilized,' in contrast to the dominant political discourse of Palestinian politicians in the Knesset. These three interconnected principles saturate the feeling of discontent with considerable *strategic* significance, promulgating a type of dissent that emphasizes individual planning and self-reliance, rather than rights and entitlements—attuned to the principles of neo-liberalization. The impact of neo-liberalization was encapsulated in an emphasis on using one's 'human and social capital,' a clear indication of the influence of an entrepreneurial model on the framing of political dissent. Such demarcating terms contain various formal and informal credentials, which not only reinforce the exclusivity of the status of this upper class but also implicitly transform it into a statement about moral superiority.

Building on this critique, the fifth section conceptualizes the imaginations and activities of this upper class as part of a continuously evolving project of neo-liberalization. This project is discernible in an embrace of the ethos and values of neo-liberalization and an operationalization of its components and processes, based on the promise of socioeconomic mobility to offer an escape from political dependency. Although the neo-liberalizing process suggests a sustained commitment to challenging the dominant framework of Zionism, it

marketizes state-citizen relations in a way that disentangles a Palestinian political existence and renders a de-politicized and private concern.

An indigenous and capitalist class

Members of the Palestinian upper class Israel tend to have a convoluted relationship with the state and its institutions, as they are stakeholders in the political system yet frequently find themselves clashing with it. The reliance on any rigid categorizations in the context of the Palestinian upper class is thus bound to be problematic, as despite forming a capitalist class in Palestinian society, they concurrently proclaim to challenge the larger Zionist framework.[603] They ally with members of the Jewish upper class and affix themselves to Israeli structures, enabling them to preserve their positions, but they also frequently align with popular Palestinian stances. In fact, many members of this class describe their political activity in a way that resembles a revolutionary or anti-colonial struggle, identifying with the discourses and struggles common to 'street politics,' even if their professional positions ostensibly contradict this discourse.[604]

The fluidity of these lines is demonstrated in a collection of two books published in 2012 by Mohammed Bitar, entitled *Najāḥāt ʿAzāʾim ʿArabiya* ('Successes of Arab Resolve'), which deals with 53 "success stories" from the Palestinian community in Israel. In his introduction to the book, Bitar asserts that he has deliberately avoided including political (and religious) figures, but political sentiments are a central matter that features in the different accounts of 26 scientists and academics and 27 businessmen and businesswomen.[605] The

[603] The role of the Palestinian upper class as both inside and outside the system means it does not necessarily fit the dichotomy of an elite—whether through its conceptualization in the elitist theories of Pareto and his disciples, or through its conceptualization as the 'other' to the subaltern in subaltern studies. See Vilfredo Pareto, *The Mind and Society*, trans. Arthur Livingston (London: J. Cape, 1935); Gaetano Mosca, *The Ruling Class* (*Elementi di scienza politicia*), trans. Hannah D. Kahn (New York and London: McGraw-Hill, 1939); Robert Michels, *Political Parties: A Sociological Study of the Oligarchical Tendencies of Modern Democracy*, trans. Eden Paul (New York: Dover, 1959). For a critical review of these theories, see Tom Bottomore, *Elites and Society*, 2nd ed. (London and New York: Routledge, 1993); Michael Hartmann, *The Sociology of Elites* (London: Routledge, 2007), 5-21. For an example from subaltern studies, see Ranajit Guha, *Elementary Aspects of Peasant Insurgency in Colonial India* (Durham and London: Duke University Press, 1999).

[604] This is line with Sherene Seikaly's position regarding the study of Palestinian 'men of capital' in the mandate period, how they define themselves and how they present their own projects and ideas. Sherene Seikaly, *Men of Capital: Scarcity and Economy in Mandate Palestine* (Stanford: Stanford University Press, 2015).

[605] The author himself is a telecommunications engineer by training (the first Arab to receive this degree, as he reminds his audience on multiple occasions) whose clients included Israeli corporations such as El Al. At the

inception of the book as a national project is manifest in several blatant ways, not least the image on the cover: a map of the territory of Israel/Palestine populated by the faces of his key informants, which misleadingly suggests that the book will not only deal with Palestinian citizens of Israel, but the entirety of historic Palestine. The volume encases the supposed contradictions between economic success and nationalism, using figures from realms such as industry, science, and trade who have 'made it' in Israel to inspire and instill feelings of national pride.

It effectively illustrates that wealthy Palestinians may not acknowledge tensions between their economic enterprises and their national (and even nationalist) statements.[606] Many of the individuals interviewed in Bitar's volume explicitly linked their positions and roles to the Palestinian national project, notwithstanding capitalist pursuits that are arguably aligned to and actively benefit the Israeli state and economy. For example, magnate Ali Qadamani, whose 'biggest accomplishments' include building power stations in Tel Aviv, Hadera, and Ashkelon and establishing concrete factories in the Galilee, is quoted saying, "The nation is the land, there is no nation without the land [*al-waṭan hiya al-ʾarḍ, mafish waṭan bila ʾarḍ*]."[607] Nevertheless, his company was the first Arab firm whose shares were traded in the Tel Aviv Stock Exchange in 1978. Qadamani's narrative resembles several accounts of renowned figures, who depict their capitalist successes as supplementing a history of resistance, yet another testament to the interlock between their political and economic roles.[608]

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same time, he was working as a businessman. He later became a diplomat at the British embassy in Tel Aviv and subsequently ran for mayor of Nazareth under the slogan '*ruʾya ʿaṣriya li-madina ḥaḍāriya'* (a modern vision for a civilized city).

[606] Seikaly documents a similar trend among wealthy figures during the mandate, who "collaborated with and resisted…subordination, engineering initiatives that wedded economic achievement to national independence." Seikaly, *Men of Capital*, 2.

[607] In the same interview, Qadamani quotes PLO leader Khalil al-Wazir. "Ali Qadamani," YouTube video, 5:33, uploaded by Mohammed Bitar, August 6, 2012, https://www.youtube.com/watch?v=DbPFH-DrTMY.

[608] Isa Khoury is another example. He was the founder of one of the largest steel firms in Israel, which specialized in constructing electric power plants. Earlier in his life, Khoury had been displaced from his village

Communist politics and the 'patriotic bourgeoisie'

A handful of intellectual figures, poets and artists—described by Khalil Nakhleh as the 'people of the pen'— formed a new intelligentsia after the well-documented fracture of the 'notables' who comprised the upper class prior to 1948.[609] One indication of the significance this intelligentsia eventually acquired is found in the infamous memorandum Yisrael Koenig wrote to the Interior Ministry in 1976, which pinpointed the prospect of rising upward mobility among Palestinians as an existential threat.[610] Identifying with communist principles and the proletarianization that Palestinian society in Israel underwent, members of this group emphasized their anti-Zionist credentials and denounced the collaborative class.

When Maki's then-Secretary General Issam Makhoul wrote an article in December 2006 describing the Palestinian bourgeoisie as feudalist and implying that it has only pursued its narrow interests, it invited a passionate and elaborate rebuttal.[611] Published less than a

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of al-Barwa (which no longer exists) and had reportedly been arrested by the Israeli authorities for political activism. See "*Min sajīn siyāsī fī al-sujūn al-isrāʾīliyya ilā wāḥid min akbar rijāl al-aʿmāl*" [From a Political Prisoner in an Israeli Prison to One of the Largest Businessmen], *MBC*, September 6, 2012, http://fw.to/sGccLU.

[609] Khalili Nakhleh, "Palestinian Intellectuals and Revolutionary Transformation," in *The Sociology of the Palestinians*, eds. Khalili Nakhleh and Elias Zureik (New York: St Marin's Press, 1980), 188-189. Meanwhile, Oded Haklai describes this group as a "handful of unorganized, if outspoken, intellectuals" and "mostly secular, educated urbanites who were less committed to the traditional ḥamula practices and were attracted to the egalitarian doctrine of the Communists." Haklai, *Palestinian Ethnonationalism in Israel*, 71-73. According to Azmi Bishara, "Palestine within the armistice lines was emptied of the urban classes, rising bourgeoisie, middle class, and the large landowners." Azmi Bishara. "*Hal yushakil al-ʿarab fi isrāʾīl ḥāla siyāsiya?"* [Do the Arabs in Israel Constitute a Political Case?], *Assafir Palestine*, December 2010, http://palestine.assafir.com/Article.aspx?ArticleID=1759. See also Salim Tamari, *Mountain against the Sea: Essays on Palestinian Society and Culture* (Berkeley: University of California Press, 2001); Issa Khalaf, *Politics in Palestine: Arab Factionalism and Social Disintegration, 1939-1948* (Albany: State University of New York Press, 1991).

[610] The Palestinian intelligentsia's mobility was a threat because it leads to political power and may encourage irredentism: "The social and economic security that relieves the individual and the family of economic worries and day-to-day pressure, grants them, consciously and sub-consciously, leisure for "socialist-nationalist" thought which is taken advantage of by hostile elements for various forms of incitement, a sense of power and the possibility of public protest." "The Koenig Report: Demographic Racism in Israel," *Middle East Research and Information Project (MERIP) Report* 51 (1976), 11-14.

[611] Issam Makhoul, "*Aṭrūḥāt al-ḥizb al-shīyūʿī fī al-masʾala al-qawmiya—ḥālāt al-jamāhīr al-ʿarabiya fī isrāʾīl"* [The Theses of the Communist Party on the National Question: The Case of the Arab Masses in Israel], *Al-Hewar*, December 31, 2006, http://www.ahewar.org/debat/s.asp?aid=84719&t=4.

month later, the rebuttal denounced Makhoul's terminology regarding the "*hijra* [migration]" and "*raḥīl* [departure]" of the 'traditional' Palestinian bourgeoisie during the Nakba, highlighting that the majority were in fact forcibly displaced and lost their assets during the war. The author stresses that this 'conventional' bourgeoisie subsequently supported the 'new' intelligentsia, and together, they represented a "patriotic bourgeoisie [*būrjwāziya waṭaniya*]," who became "allies of the workers and peasants in the battle against colonialism and Zionism, and for the independence of Palestine [*ḥalīfat al-ʿumāl wal-falāḥīn fī al-maʿraka ḍid al-istiʿmār wal-ṣuhyūniya, wa-min ajl istiqlāl falasṭīn*]."[612] He points to the nationalist platforms of figures from the Communist Party under the British mandate, such as Fuad Nassar, Emile Touma, and Emile Habibi.

The author of the rebuttal is the now well-known Ayman Odeh, the charismatic lawyer who rose to fame in the 2015 elections as the leader of the Joint List, a coalition of four Palestinian parties, and chairman of al-Jabha.[613] Odeh dismisses Makhoul's 'stigmatizing' categorizations of the upper class as an opportunistic bourgeoisie and as *qawmajiya* (a derogatory version of *qawmiya*, nationalism, implying pretending to be nationalist). Instead, he prefers to view members of this class as intellectuals who formed a bulwark against collaborators and co-opted groups. Per a Leninist understanding of an upper class as a vanguard, he describes these intellectuals as "attached to the people and their issues" and thus having a stake in leading political changes.

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[612] Ayman Odeh, "*Itifāqāt wa-ikhtilāfāt maʿ al-rafīqayn Issam Makhoul asāsīyan wa-Raja Zaatrah juzʾīyan, min al-irtihān lil-māḍī ilā al-rahān ʿalā al-mustaqbal"* [Differences and Agreements with Comrades Issam Makhoul Mainly and Raja Zaatrah Partly: From a Dependence on the Past to a Stake on the Future], *Al-Jabha*, January 19, 2007, http://www.aljabha.org/?i=24851.

[613] Receiving 13 seats, the Joint List became the third largest party in the Knesset. Odeh was praised for his ability to unite the rivalling parties to present a joint 'Arab' voice. Fears of fragmentation had been compounded by Israel's decision to change its threshold for entry to the Knesset to 3.25% in March 2014—interpreted by many as a deliberate attempt to keep Arab out of the Knesset. The Joint List has colloquially been considered the 'Arab ticket,' but it officially ran as an Arab-Jewish party that includes anti-Zionist Jews. See commentary in Diana Buttu, Asʻad Ghanem and Nijmeh Ali, "The Joint List in Israel's Elections: Palestinians in from the Cold?" *Al-Shabaka*, March 11, 2015, https://al-shabaka.org/roundtables/the-joint-list-in-israels-elections-palestinians-in-from-the-cold/.

Odeh's views on the Palestinian class dynamics are not only relevant because of his current position, but also because as the head of al-Jabha since 2006, he is a symbol of the change that communist Palestinian politics has undergone as it has adjusted to the neo-liberalizing atmosphere. He has presided over the eroding framework of communism and an increasing complacency with the surrounding capitalist status quo, especially since the collapse of the Soviet Union. However, rather than becoming an anachronistic category, the principle of a patriotic bourgeoisie has also been restyled to maintain its relevance in this new politico-economic milieu. Instead of leading a revolutionary change, the 'patriotic bourgeoisie' increasingly projects power through economic performance and depends on expanding technologies, resources, and spaces.

The Arab Business Club

The 'Arab Business Club in Israel' (*Moʿedon Anashey ʿAsaḳim ʿAraṿim be-Yiśraʾel* in Hebrew, and *Nādī Rijāl al-Aʿmāl al-ʿArab fī Isrāʾīl* in Arabic) is a nascent forum that brings together a group of businessmen from the Palestinian community in Israel. Members of the club meet regularly to discuss relevant business developments and organize collective action, such as conferences aimed at investment promotion and expansion of professional activities. For example, the club was involved in the establishment of the first technology incubator in Nazareth, alongside other firms and investors, and it has offered scholarships to Palestinian students.[614]

The Arab Business Club is a telling example of the links between the Palestinian economic space and Jewish-Israeli political circles, as well as the ideological alignment of the Palestinian upper class with Western development structures and discourses. Many of its

[614] Dar Zuri, "First Incubator in the Arab Sector will be Inaugurated This Week in Nazareth," *The Marker*, August 19, 2001, http://www.themarker.com/misc/1.87446.

members are wealthy figures whose power has increasingly derived from development activity, tapping extensively into funds dedicated to development, both from the government and international organizations.[615] The club combines a developmental and economistic discourse, demonstrating the importance of the development enterprise as a mode of production and system of relations for projecting power in Israel in the current era.

Following a technocratic self-image, the club depicts its role as responsible and neutral. For instance, it does not have a political affiliation, but it has used its influence to try and lobby the government regarding business-related activities in the Palestinian economy in Israel. Furthermore, in August 2014, I was informed of an upcoming meeting between the Arab Business Club with Isaac 'Bougie' Herzog, who was then-chairman of the Labor Party. The meeting came at a time when disgruntlement with Netanyahu's government seemed to be peaking (and before Herzog's shift further to the right to somewhat align himself with Netanyahu), and many perceived remarks made by Netanyahu as implicitly endorsing violence towards Palestinians inside Israel, in addition to instigating a bloody war in Gaza. The meeting initially seemed to be at odds with the club's characterization of itself as a non-political organization, but it suggested the use of the forum to debate an alternative or give and withdraw support for political forces—although this should not be mistaken for an endorsement.

The club's members are predominantly eminent businessmen, including Ahmed Afifi (the CEO of Afifi Group, a leading transport company in Nazareth that dates back to the 1920s, which also branched into tourism and real estate), Tamim Yassin (chairman of NGT Technological Incubator), and Subhi Bashir (who founded the Trans Biodiesel Ltd, a company that is currently traded on the NASDAQ). Other figures whom I referred to in

[615] An analogy can be drawn with a 'globalized' Palestinian class in the West Bank and the Gaza Strip. See Sari Hanafi and Linda Tabar, *The Emergence of a Palestinian Globalized Elite: Donors, International Organizations and Local NGOS* (Jerusalem: Institute of Jerusalem Studies, 2005).

previous chapters include Badie Tannous (the well-known businessman and founder of BST, the company involved in the BIG Fashion shopping mall) and Imad Telhami (the CEO and founder of Babcom). A child of the Center for Jewish-Arab Economic Development (CJAED), the Arab Business Club symbolizes a changing reality, one that has fetishized globalization and championed privatized, exclusive spaces and assemblies to project interests. Owing to the vast connections of its members, it is well-integrated in a range of (Jewish and Arab) structures.

Known to the public as affluent figures participating in bourgeois spaces, many of the figures associated with the Arab Business Club have publicized development and community-related activities. This is part of the approach adopted by this 'new' upper class, whose members embrace change via globalization and entrepreneurialism. Ramzi Halabi, the former director of the club (who is also the former mayor of Carmiel and a lecturer in economics at Tel Aviv University), is one of the most visible examples: he is on the board of directors for Tsofen, the NGO advocating Palestinian integration into high-tech, Arab-Jewish organizations such as Sikkuy and the Abraham Fund, as well as the Israeli Postal Bank, and previously the Arab-Israeli Bank.[616] He has advocated reconciling the Arab economy with transformations in the Israeli economy "characterized by globalization, capitalism, global investment and technology."[617] In this vein, he calls for the heads of local authorities to act as "economic entrepreneur[s] [*mubādir iqtiṣādī*]" who are "proactive and well-versed in economic affairs" to ensure the "feasible and effective performance" of local authorities,

[616] Speaking of his new role as the only Arab on the board of the Israeli Postal Bank, Halabi emphasized his vision to improve the bank's operations among "vulnerable segments of society," including in Arab areas. Quoted in Mohammed Awad, "*Doctor Ramzi Halabi: sa-aʿmal ʿalā jaʿl al-bank tujārīyun murbiḥun wa-fī nafs al-waqt yakhdim al-shāraʾiḥ al-ḍaʿīfa*" [Dr Ramzi Halabi: I Will Work to Make the Bank Commercially Profitable and at the Same Time Serve Vulnerable Segments], *Sonara*, July 31, 2015, http://bit.ly/1Vwn3xq.
[617] Ramzi Halabi, "Summary of Lecture," (lecture, 7th Herzliya Conference, Herzliya, January 24, 2007), http://www.herzliyaconference.org/eng/?ArticleID=1827&CategoryID=223.

based on "capabilities and competencies [*qudrāt wa-kafāʾāt*]."[618] He urges Palestinian entrepreneurs and investors to professionalize and expand their operations, while pushing the government to implement affirmative action policies for large private corporations.[619]

Halabi's activism and positions are not unique. Telhami, who has depicted his role in Babcom as a major effort to stimulate economic development, has similarly boasted his involvement in 14 different NGOs.[620] In both cases, their stances and endeavors reflect an orientation towards privatized spaces, motivated by a belief that the private sector is the key to increase integration. Even their participation in the non-profit sector through NGOs tends to revolve around enhancing the role of Palestinians in the private sector. Despite being a supposedly apolitical interest group, members of the Arab Business Club appeared to be continuously engaging with the political demands of the Palestinian minority, albeit modifying and articulating these demands to their advantage.

The semblance of ideas that members of the Arab Business Club have put forth indicates a larger-scale change in the modus operandi of the Palestinian upper class, but it reflects an amalgamation with the communist framework, rather than a complete rupture with it. The club's own principles reify and reformulate the notion of a patriotic bourgeoisie that challenges the state's logic of exclusion and aims to foster political reform. It upholds the ideal of the bourgeoisie occupying a national political role, even if not a revolutionary one.[621]

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[618] Ghassan Basoul, "*Doctor Ramzi Halabi li-Bokra: manāṭiq ṣināʾīya mushtarika lil-sulṭāt al-ʿarabīya wal-yahūdīya"* [Doctor Ramzi Halabi to Bokra: Joint Industrial Areas to Arab and Jewish Authorities], *Bokra*, March 19, 2014, http://www.bokra.net/Article-1244584.

[619] "*Doctor Ramzi Halabi: al-mubādarāt al-iqtisādīya yajib an tatajāwaz al-atar al-ʿāʾilīya"* [Dr Ramzi Halabi: Economic Initiatives Must Overcome the Frameworks of the Family], *Bokra*, May 30, 2015, http://shahidlive.com/Video-1199688.

[620] Bitar, *Najāḥāt ʿazāʾim ʿarabiya* [Successes of Arab Resolve], 2 vols. (Self-published, 2012).

[621] The concept of a 'patriotic bourgeoisie' has faced heavy criticism, and many deem it unfit to the revolutionary change envisioned by Marxists. In an article published on *Al Manshour*, an Arabic socialist forum, Kamil Dagher discusses the role of a leading and revolutionary working class in the thought of Mahdi ʿAmil (a pseudonym for Marxist intellectual Hassan Abdullah Hamdan), reflecting on ʿAmil's dismissal of the 'patriotic bourgeoisie' as an oxymoron. Kamil Dagher, "*Dor al-ṭabaqa al-ʿāmila al-qīyadī al-thawrī fī fikr Mahdi ʿAmil"* [The Role of the Leading Revolutionary Working Class in the Thought of Mahdi ʿAmil], *Al Manshour*, March 7, 2013, http://al-manshour.org/node/3627.

Yet this Palestinian capitalist class also embraces neo-liberalized structures and spaces, a process that is evident in two examples. The first is professionals who publicly advocate increasing Palestinian engagement with and even migration to Tel Aviv, which they depict as an ultimate urban setting of opportunity and creativity, and the second is expressions of dissent formulated in a way that aims to achieve maximum efficiency. In both examples, members of the upper class place themselves on the cusp of both Arab and Jewish societies and combine a dialectic of integration and dissent, and in both cases, their discourses seem profoundly elitist.

'Move to Tel Aviv!'

I was introduced to the Arab Business Club in July 2014 by Asaad Joubran, a lawyer in his mid-30s who lives and works in Tel Aviv. The total number of Palestinians who live and work in Tel Aviv is marginal: it is still an overwhelmingly Jewish city, and as of 2014, 93% of its inhabitants were Jewish, with the majority of the remaining seven percent predominantly being foreign workers, refugees, and migrants.[622] Palestinians represent around 1.4% of the population of Tel Aviv.[623] In addition to students attending university in Tel Aviv, there are some Palestinians (of 1948) who work in the city, mostly in low-wage jobs.[624] Many are commuters, although some reside there, particularly those who come from faraway places such as the Galilee or the Negev. There are only a handful of Palestinian professionals who have moved to Tel Aviv, like Asaad, and they are undeniably from an upper class background.

At the time, Asaad was the deputy director and legal adviser for OPC, Israel's first large independent power producer, although he has since founded his own energy firm, Albatross Power Ltd. His professional status is exceptional for multiple reasons, not least because he was handling transactions worth hundreds of millions of dollars before he turned 30 and had already gained the experience of a veteran businessman.[625] He joined the board of directors at the Israel Electric Corporation (IEC) at the age of 25, after having worked as a commercial lawyer at a prominent law firm and, previously, as the first Palestinian flight attendant for Israel's national airline, El Al. (Being the first Palestinian/Arab to do *x* was a common theme among this class.)

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[622] Central Bureau of Statistics, "Localities and Population by District, Sub-District, Religion and Population Group," *Statistical Abstract of Israel,* 2015.
[623] *Ibid.*
[624] Palestinians represent five percent of students in Tel Aviv University, for example.
[625] Amiram Barkat, "*Asaad Joubran: sa-mankal OPC me-bayt ha-ḥevrah le-yiśraʾel ḳariera meḥashmelet"* [Asaad Joubran, Deputy Director-General of OPC from Israel Corp: An Electrifying Career], *Globes*, March 1, 2012, http://www.globes.co.il/news/article.aspx?did=1000729451.

Asaad departs considerably from the tacit 'laws' of employment among Palestinians and Jews, which restrict most Palestinian lawyers to Palestinian clients in the 'ethnic economy,' involved with property and civil rights or NGOs. He traces his unique status to his family's history and started by telling me about his grandfather who was a clerk in the Haifa court during the British mandate. His father, Salim Joubran, is a renowned political figure, the only Palestinian currently serving on the Supreme Court and the only Palestinian to hold the position permanently.[626]

As a result of this atypical position and vast exposure to the Israeli economy, Asaad has been a token of the potential integration of the Palestinian minority, a cause to which he is dedicated, like the majority of the Arab Business Club's members. He is thought to have been the primary architect of the IEC's affirmative action policy, which reportedly increased the number of Palestinian employees three-fold in four years.[627] Asaad is also a member of the board of Kav Mashve ('Equator' in Hebrew), a non-profit organization that works towards Palestinian employment in Israel, particularly in the business sector and among university graduates.[628]

I met Asaad for lunch at a fancy sushi restaurant in Tel Aviv, where his acquaintances periodically interrupted our conversation. To start his discussion on Palestinian-Jewish economic relations, he first explained to me the Hebrew word *badlani*, which means isolationist, or "wanting to be separate," in his words. Palestinians in Israel, Asaad claimed,

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[626] On account of his career and current position, Joubran has faced frequent criticism from both sides. For example, he stirred controversy when he stood visibly silent while other Supreme Court judges sang the Israeli national anthem at a ceremony in 2012. The same tactic has been adopted Palestinian MKs during swearing-in ceremonies, including Ahmad Tibi in 1999 and Ayman Odeh in April 2015.

[627] Barkat, "*Asaad Joubran*."

[628] Kav Mashve, which is popular among the Palestinian upper class in Israel, was founded by Dov Lautman in 2007. Lautman also founded Delta Galil Software, the textile manufacturing firm that was a prominent sub-contractor in the Galilee in the 1980s. He is also a shareholder in Babcom. Lautman is regarded as a philanthropist in Israel, having won the Prize of Israel in 2007. He is described as having been "an eminent member of Israel's community of industrialists who were involved in public affairs" until he passed away in 2013. Delta Galil Industries Ltd, "Mr Dov Lautman, Founder of Delta Galil," accessed on 27 July, 2016, http://deltagalil.com/company/history_and_heritage/dov_lautmna/.

can be characterized as *badlanim*, preferring separation over engagement. In fact, he maintained that *badlanut* (isolationism) is a reality that affects every aspect of their lives. "Most of the Arabs are not really a minority group within Israel, but live in another world, culturally, economically, politically," he told me. "In some ways, it truly is like a separate country."

Although Asaad's criticism throughout the conversation extended mostly to the Palestinian population's actions, he attributed the reality of isolation to actions of both groups and firmly advocated steps to end this phenomenon of *badlanut*. He set up this concept in juxtaposition to integration and asserted that any future integration of Palestinians into economic and political spaces will need to be accompanied by a deeper understanding of Jewish-Israeli society, how it works, what it desires and a willingness to learn its culture and religion.

When I prompted him for his policy recommendations in greater detail, Asaad nonchalantly stated that his first piece of advice for Palestinians who seek upward mobility in Israel is to "move to Tel Aviv"—a step that alone, he asserted, already makes a significant difference. Perhaps observing my bewilderment, Asaad elaborated on how the move to Tel Aviv would 'make a difference':

> Many people tell me that they want to move abroad and leave the country…Maybe they want to move to New York or London…but the truth is, many of the people who want to leave have not lived in Tel Aviv…instead of having to travel to the end of the world to go to a city like New York, why don't they move to Tel Aviv?...It's like New York came all the way to them, just hours from their homes…Listen, most of the Arabs who go to America lose their identity by the third generation, if not earlier. They cannot even speak Arabic after the second generation usually…here [in Tel Aviv] you can keep your identity and work on improving the situation for your people...in your own homes and lands [*fī baytak wa-arḍak*]…

The advice seemed to reflect a completely different reality—his reality—grounded in his own experiences, growing up in a bourgeois setting in Haifa and possessing an elite social and financial status in Tel Aviv. In an article published by *The Marker,* Asaad identifies his

move from Haifa to Tel Aviv as a transformative moment in his life: "[It] changed my career, resulted in engagement with new fields, and exposed me to key people in Israel's legal and business world," he stated.[629] Asaad also spoke to me of the progress that he personally witnessed since his move to Tel Aviv, a city which he argues has become increasingly 'open' to the Palestinian minority, although they are still noticeably absent from it.[630]

When he joined his previous job in the early 2000s, only 60 out of its 13,000 employees were Arabs, he recalled, and of these 60 people, around 50 were affiliated to the army in varying capacities. But things have changed now:

> The entire system of discrimination started showing signs of disintegrating but only recently. Before, in the 1970s and 1980s, [Palestinian] graduates of even the Technion could not get jobs…so why bother to attend? There were no incentives [to attending], only disincentives…that's why everyone chose to study teaching.

According to this narrative, modifications to the incentive structure have improved the situation, and many Palestinians have learned that economic integration is indeed possible. Asaad contends that to eliminate the barriers altogether, the segregated school system in Israel must be revamped. Mirroring his advice on Palestinians 'moving to Tel Aviv,' he proposed radical changes to the educational system to enable Palestinians to attend Jewish schools and stated that the initial steps must come from the government, which should make mixed classrooms mandatory at all schools by mandating that Jewish schools 'absorb' Palestinian students until they represent at least 10% of all students. 'Mixed' schools, for both Palestinians and Jews, are still rare. The burning of a bilingual Arabic-Hebrew school in

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[629] "*40/40 ha-tseʿirim ha-mevṭiḥim 2009: ha-meshpaṭnim"* [40 Promising Young People in 2009: The Lawyers], *The Marker*, May 15, 2009, http://www.themarker.com/career/1.529344.

[630] On Arab-Jewish encounters in Haifa compared to Tel Aviv, see Joseph Leibovitz "Fault-Line Citizenship: Ethnonational Politics, Minority Mobilisation, and Governance in Israeli "Mixed Cities" of Haifa and Tel Aviv-Jaffa," *Ethnopolitics* 6: 2 (2007), 235-263. On the ability of Haifa's spaces of leisure to mediate Arab-Jewish encounters, see Yosef Jabareen, "Urban Leisure as a Place of Trust for an Ethnic Minority—the Case of the German Colony in Haifa," *Journal of Architectural Planning and Research* 25: 3 (2008), 240-253.

Jerusalem by anti-assimilation group Lehava serves as a recent reminder of this, but this policy has been deliberate since the foundation of the state.[631]

Co-mingling in Jewish schools, he maintains, would lead both sides to realize that they 'are not so different,' which is already a first step towards a deeper engagement that transcends the isolationist reality. This enables an incremental 'mixing' that can be constructive for both sides—"even if it means taking Arabic lessons in private." Asaad's proposition is linked to his conviction that every Palestinian who has gone to a Jewish school has done well. But much like his advice on moving to Tel Aviv, his vision for mandatory 'mixed' education is still quite theoretical and its implementation far-fetched.

Asaad's advice sounded particularly controversial due to the timing. It was at the start of the onslaught of the war in Gaza in 2014, and most Palestinians I met were discussing the deterioration of inter-communal relations in Israel to an almost all-new low, with several cases of violence towards Palestinians in Tel Aviv. The extent to which his statements were far removed from the reality on the ground made me initially wonder whether they were merely delusional. Furthermore, there are significant prohibitive hurdles for most of the Palestinian population to implementing these ideas or partaking in these spaces, such as the unlikelihood of being able to rent an apartment, find a job, or simply afford to pay rent and live in Tel Aviv, where the cost of living is the highest in the country (and all of the Middle East).[632] As Deborah Schmueli and Rasem Khamaissi explain, "Migration away from the locality involves social, cultural and financial costs which [most of] the Arabs in Israel

[631] See Sa'di, *Thorough Surveillance*, 135.
[632] Ronit Domke, "Tel Aviv Surges in Cost of Living Survey," *Haaretz*, July 12, 2014, http://www.haaretz.com/israel-news/business/1.604507.

cannot afford."[633] This keeps migration to Jewish areas somewhat limited, especially outside of the upper and middle classes.[634]

Perhaps Asaad's vision was delusional, and still is, but before moving on to the discussion on the fundamentally elitist components of this perspective, I would like to suggest that his radical level of engagement does contain a form of anti- or post-Zionism, as do other stunningly neo-liberal self-profiles of 'Arab Tel Avivians'. They attempt to take integration to the extreme—to a point where neither side would be comfortable. This tactic aims to push everyone's boundaries and prove to both sides that they are still deeply engrossed in an isolationism that contradicts the rhetoric of a collective economic and political future. It also represents an idealistic outlook, motivated by a strikingly straightforward logic that there should be no reason for a Palestinian citizen of Israel to not be able to move to Tel Aviv. This itself is a form of rebellion against the established norm of exclusion and a refusal to abide by the principles that currently govern Jewish-Arab relations in Israel.

Underlying Asaad's recommendations is an insistence on demanding his own rights, refusing to be excluded, and overcoming all obstacles that have enabled, institutionalized, and normalized such elaborate isolationism. He continued:

> We cannot afford to live as black and white anymore. Maybe the Jews can, but we simply cannot….You [addressing the Palestinian population] want to protect your language, your identity, your religion? Please do…but you've already tasted the worst things a person can possibly experience: you were uprooted, your grandparents, your people were massacred…you need to find a way to now make it work…And being a minority can be an advantage.

[633] Deborah F. Shmueli and Rasem Khamaissi, *Israel's Invisible Negev Bedouin: Issues of Land and Spatial Planning* (Cham: Springer, 2015), 17-18.
[634] For more than a decade, Palestinians have increasingly moved to Natseret 'Illit, officially making up 19% of its population, although unofficial sources say the figure is closer to 25%. Most of those who migrate are professionals and young couples who face difficulties with construction in Palestinian towns. Jonathan Cook, "Nazareth Dispatch," *Middle East Report* 267 (2013), http://www.merip.org/mer/mer267/nazareth-dispatch.

The way Asaad proudly explains his vision suggests that it is an attempt to construct a political meaning from his own lifestyle and decisions, such as a rebellion against consistent segregation in this case. He also presents it as a continuation of the Palestinian practice of *ṣumūḍ*, typically regarded as a type of resistance.[635] The principles of *ṣumūḍ* are discernible in Asaad's emphasis on "staying in your own homes and lands," even though he advocates moving to a new city. It is especially noteworthy that 'your homes and lands' includes Tel Aviv, a city that was conceived as a Zionist utopia. Yoram Bar-Gal describes Tel Aviv as "a created artefact that testifies to the vitality and power of Zionism," a living symbol that was "built by cultivated, working, and diligent Jews as an alternative to the decadent, non-productive landscape of the native Arabs."[636] 'The first modern Hebrew city' was constructed both physically and discursively as a contrast to pre-Zionist Palestinian cities and history and was in fact preconditioned on the "erasure of the existing Arab presence."[637]

But Asaad's idea of 'one's home and land' is the entire country, which he has made his home, in spite of the prevailing principles of isolationism. And moving to Tel Aviv constitutes a small-scale and personal act that signifies de facto changes in making the country his home. He is hardly discreet about being a Palestinian who lives and works in Tel Aviv and has instead continued to take steps to further publicize and normalize the presence of Palestinians in Tel Aviv. For example, he has established a 'business society' for young Palestinians who live in Tel Aviv, focusing on networking and empowerment, exemplifying the aspiration to participate in the post-industrial Tel Aviv and in the urban life and its

[635] Alexandra Rijke and Toine van Teeffelen, "To Exist is to Resist: Sumud, Heroism, and the Everyday," *Jerusalem Quarterly* 59 (2014), 86-99.
[636] Yoram Bar-Gal, "From European Oasis to Downtown New York: The Image of Tel Aviv in School Textbooks," *Israel Studies* 14: 3 (2009), 21.
[637] Mark LeVine, "The New-Old Jaffa': Tourism, Gentrification, and the Battle for Tel Aviv's Arab Neighbourhood," in *Consuming Tradition, Manufacturing Heritage: Global Norms and Urban Forms in the Age of Tourism*, ed. Nezar AlSayyad (London: Routledge, 2001), 242-244.

neoliberal conditions.[638] The role of Tel Aviv as a place of opportunity for Jewish professionals stands in stark contrast to its role for Palestinian laborers, who have represented an invisible 'cheaper labor' in Tel Aviv since the foundation of the state, even during the era of military rule.[639]

The politics of an 'Arab Tel Avivian'

Asaad is not the only Palestinian professional to speak so highly of Tel Aviv in a way that glorifies the process of urbanization. Adeeb Awad, the CEO of a marketing firm in Tel Aviv, echoes some of Asaad's concerns about isolationism and attributes "the real problem" of Palestinians in Israel to lack of urbanization, a process he describes as a 'natural' step towards upwards mobility.[640] In the same passage, Adeeb argues:

> Around the world, people move from the village to the city, and it is the primary cause behind economic and social mobility. The Arab sector in Israel is *voluntarily imprisoned* [my emphasis] in villages that continue to expand without infrastructure [*holkhim u- mitnapkḥim bli tashtiot*]. Actually, the physical devotion to the land is what is causing backwardness [*daγḳa ha-dγeḳut ha-fizit ba-adamah hi gorem ha-neḥshalut*].

Questions of urbanization have been highly pertinent to the construction of Palestinian identity in Israel, and the presence of a thriving urban upper class is discernible in nostalgic accounts for the pre-Zionist era, especially in the coastal cities, as the first chapter demonstrates regarding representations of modernity.[641] Although many Palestinian areas

[638] For an analysis of gentrification in urban spaces, see David Ley, *The New Middle Class and the Remaking of the Central City* (Oxford: Clarendon Press, 1996).
[639] In an exchange between Shimon Peres (then vice minister of defense) and Zalman Aran (minister of education) in 1963 regarding over the permits system, Peres asks what if the Arabs were to "move to Tel Aviv," to which Arran responds, "Thousands of Arabs work in Tel Aviv, Arabs even work in the *kibbutzim*." Quoted in Arnon Yehuda Degani, "The Decline and Fall of the Israeli Military Government, 1948-1966: A Case of Settler-Colonial Consolidation?" *Settler Colonial Studies* 5: 1 (2014), 11.
[640] Vered Kellner, "*Be-γillot be-Wadi ʿAra garim anashim she-ʿovdim kmo ḥamorim"* [People Living in Villas in Wadi ʿAra are Working Like Dogs], *Globes*, June 3, 2012, http://www.globes.co.il/news/article.aspx?did=1000752782.
[641] Rachel Kallus, "Reconstructed Urbanity: The Rebirth of Palestinian Urban Life in Haifa," *City, Culture and Society* 4: 2 (2013), 99-109.

have grown to reflect urban levels of population density, this is a result of growth within villages, rather than migration to urban settings, resulting in forms of 'hybrid urbanism'.[642] This specific historical experience, which scholars have labelled 'latent urbanization' or 'peasantized urbanity,' has meant that characteristic features of urban life are still lacking.[643] By contrast, Tel Aviv, the country's main metropolis, can be seen as exemplifying urbanism, enabling Palestinians to have a share in the somewhat exclusive and acclaimed 'geography of creativity'.[644] This is linked to the perception of the urban terrain not only as a setting for political and economic decision-making and reform but also as the core of "21st-century creative capitalism."[645]

The perception Adeeb and Asaad share of Tel Aviv as a 'global' city and metropolis reflects the way it has been advertised in Israel, almost mythographically, "as an extension of Europe or as the local version of New York."[646] Both Adeeb and Asaad appear to view the circuits of capitalism that urbanism facilitates as a transformative experience. In particular, Adeeb's disparagement of Palestinian affinity with the *physical* land and how that breeds 'backwardness' implies that he views attachment to one's land, nation, and country as something that can be more abstract and fluid; it can be modified in the quest to 'reconstruct' an urban upper class.

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[642] In 2013, around 95% of Palestinian citizens were living in localities officially defined as urban, but this urban concentration is described as "statistical, rather than sociological." Calvin Goldscheider, *Israeli Society in the Twenty-First Century: Immigration, Inequality, and Religious Conflict* (Waltham: Brandeis University Press, 2015), 84-93. On hybrid urbanism, see Nezar AlSayyad, "Hybrid Culture/Hybrid Urbanism: Pandora's Box of the 'Third Place,'" in *Hybrid Urbanism: On the Identity Discourse and the Built Environment* (Westport: Praeger, 2001), 1-41.
[643] These patterns are also discernible in the West Bank and Gaza. On the re-emergence of a cosmopolitan identity and urban functions in Ramallah, see Taraki, "Urban Modernity on the Periphery," 61-81.
[644] Richard Florida, *The Rise of the Creative Class: And How It's Transforming Work, Leisure, Community and Everyday Life* (New York: Basic Books, 2002). For a critical reading of Florida, see Jamie Peck, "Struggling with the Creative Class," *International Journal of Urban and Regional Research* 29: 4 (2005), 740-770.
[645] Richard Florida, "Cities and the Creative Class," *City and Community* 2: 1 (2003), 3.
[646] Bar-Gal, "From European Oasis to Downtown New York," 34.

Touching upon his multiple attachments, Adeeb describes himself as "a proud Tel Avivian, proud Arab, proud Palestinian and proud Israeli," and he expounds on this mix of identities by stating:

> I feel the same sense of belonging in Tel Aviv, where I live, as I do in Haifa, where I was born, or in Sakhnin, where I sometimes work. That's my blend of identities, and I've even learned to enjoy it. In the modern world I like to think we live in, multiple identities don't have to mean an identity crisis…I'm used to being judged by my taste in clothing, in art, by my culinary sophistication or by the sort of wine I like, the brands I wear, and on occasion, my level of intelligence. But to find myself being judged based on one thing only—being Arab—and to dare call it profiling—is truly insulting.[647]

While 'name-dropping' several posh restaurants and cafés in Tel Aviv that effectively demonstrate his familiarity with 'cool' spaces, Adeeb is able to demonstrate his 'ownership' of the city. His discussion resembles what Rachel Kallus describes in reference to Haifa, as offering "new possibilities for envisioning and re-envisioning a Palestinian community that redefines its destiny by re-thinking urban space and employing dynamic tactics for reconstructing a thriving urban culture."[648] After he displays his ability to transcend the sharp cleavages in Israeli society and the supposed paradoxes governing his life, the remainder of Adeeb's article proceeds to criticize the way Palestinians are treated when flying through Ben-Gurion airport—part of a securitization of citizens that reduces complex human beings to one, threatening, entity. Adeeb thus chastises the Israeli political and security establishment for failing to truly appreciate the diversity of his 'Arab Tel Avivian' experience, an experience that enables him to protest such routine exclusion and brands him the more cosmopolitan actor.

A final example of a figure who analogously embraces urbanization in protest against accepted segregation is Reem Younis, who co-founded Alpha Omega with her husband in

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[647] Adeeb Awad. "*Lamah raḳ be-Natbag ani margish afilayah"* [Why I Only Feel Discrimination in Ben-Gurion Airport], *Haaretz*, February 29, 2012, http://www.haaretz.co.il/opinions/1.1652870. The translation above is from Dahlia Scheindlin, "Airport Security Turns Citizens into Lumps," *+972 Magazine*, March 3, 2012, http://972mag.com/airport-security-turns-citizens-into-lumps/36948/.

[648] Kallus, "Reconstructed Urbanity," 102.

Nazareth in 1993. She is currently the CEO of the firm, which designs medical devices for neurosurgery and neuroscience. Alpha Omega is one of the earliest and most famous success stories of a high-tech Palestinian start-up in Israel, and as a result, both Reem and her husband have been active in working to stimulate Palestinian economic development, particularly in the trendy tech sector.[649] Alongside other figures mentioned in this chapter, Reem is a member of the board of Kav Mashve and, like other Palestinian entrepreneurs, speaks frequently on issues of integration, mobility, and aspiration.

However, during a panel on ways to promote Palestinian employment in the business sector, she cautions against the 'integrationist' model that fails to consider the consequences of further isolation and even perpetuates such isolation. Implicitly calling for steps to transform Tel Aviv to make it more inclusive towards the Palestinian minority, Reem states:

> If we take this [plans to integrate Palestinian citizens in the business sector, as discussed during the panel] to the extreme, we will see that some companies will transfer branches to Arab towns, and then we forget about the Arabs who work in Tel Aviv. I would very much like to live in Tel Aviv and raise my children to live near Jews [*ani rotsah meʾod liḥyot be-Tel Aviv ẏe-legadel et ha-yeladim sheli liḥyot liyad ha-yehudim*], but I want them to learn the Arabic language and Arab culture, and if that was possible, it would lead to a connection between us [Arabs and Jews], rather than separating the Arabs in Arab cities [***ẏe-im zeh hayah efshari, ze hayah*** *ʿośeh lanu et ha-ḥibur, bimḳom lehafrid et ha-ʿaraẏim le-ʿarim ha-ʿaraẏiot*].[650]

As I have argued regarding Asaad's bid to move to Tel Aviv, these patently neo-liberalizing and obviously elitist discourses also challenge Zionist political economy. In other words, this class is not disinterested in politics, or Palestinian nationalism to be precise; rather, it has sought to adjust and reframe politics in accordance with its search for socioeconomic distinction.

[649] For example, Reem is involved with nazTech Accelerator, which works to assist Arab entrepreneurs in launching high impact technology ventures.
[650] Quoted in Dafna Barmali, "*Shiluv ʿaravim ba-taʿasuḳah: "ha-sakhar be-Natseret taḥruti, kmo be-Herzilya"* [Integration of Arabs in Employment: Salaries in Nazareth are Competitive, Like in Herzliya], *Globes*, December 13, 2015, http://www.globes.co.il/news/article.aspx?did=1001087849.

The discourses of Asaad, Adeeb and Reem, all wealthy urban professionals, suggest a willingness to refuse to be confined to only parts of the country, the spaces that are deemed 'for Palestinians'. This presents a clear challenge to the current identity of Tel Aviv, almost a form of gentrification that enables them to make a territorial claim on the city and even 'reclaim' their lands. These efforts denote a re-adaptation of key paradigms: behind the glory of the urban setting is the principle that Israel should eventually become 'a state for all of its citizens'—an ideal many Palestinians still hold and is discernible in the above discourses despite their extensive collaboration with Israeli institutions.

The bid for inclusion into mainstream Israeli culture and institutions rebels against the widely held assumption that Tel Aviv is not a place for Palestinians, as opposed to other places where Palestinian urbanism seemingly does exist, such as Haifa.[651] Kallus expresses this norm in her analysis of 'reconstructed urbanity' in Haifa, concluding, "What Tel Aviv is for young Jews, Haifa is for young Palestinians—a space in which to express opposition to both their own society and the Jewish society, thereby setting social change in motion."[652]

The discourses on social change are fundamentally neo-liberalizing: in addition to gentrification and middle-class consumption, they rely on flexibility, individualism, and cosmopolitanism. The way members of this class advertise their presence in Tel Aviv espouses more flexible identities and regimes of citizenship. While thousands of Palestinians moving to Tel Aviv may not amount to a transmutation of the state into a bi-national one, these individuals still view their own *individual* actions as a counter-hegemonic act against

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[651] On Palestinian sub-culture in urban settings, see Roy Arad, "The New Underground: Israel's Palestinian Citizens Dance through the Culture Clash," *Haaretz*, November 30, 2013, http://www.haaretz.com/israel-news/.premium-1.560904. On Haifa in particular, see Diaa Hadid, "In Israeli city of Haifa, a Liberal Arab Culture Blossoms," *The New York Times*, January 3, 2016, http://www.nytimes.com/2016/01/04/world/middleeast/in-israeli-city-of-haifa-a-liberal-palestinian-culture-blossoms.html?_r=0. Ayed Fadel, who was interviewed for the article in *The New York Times*, criticized the paper for censoring his views on Palestinian cultural resistance. See James North and Philip Weiss, "Palestinian Source for Feel-Good 'NYT' Story on Haifa Says Newspaper Censored His Political Views," *Mondoweiss*, January 4, 2016, http://mondoweiss.net/2016/01/palestinian-newspaper-political/.

[652] Kallus, "Reconstructed Urbanity," 107.

the status quo. It is a way for them to personally reconcile their status and interests with the surrounding political realities, yet this is precisely the reason this urbanism is deeply deformed and undoubtedly contains a dark side. It is fundamentally exclusive and thus limited in its potential application beyond this small circle.

Elitist urbanism

In May 2016, an 'Arab Tel Avivian' was assaulted by border police. Maysam Abu al-Qian, who was 19 years old, also lived and worked in Tel Aviv, but he had a different profile, working two jobs, at a supermarket and a Burger King branch, in central Tel Aviv. He had gone outside to take out the trash and was approached by plainclothes officers, who asked to see his identity card; when he refused, he was beaten up, with additional policemen and citizens joining in.[653] He was seen as a security threat, a suspect, and a 'dirty Arab,' as he was called, an outsider in the quintessentially Jewish space.[654] Abu al-Qian was eventually taken into custody and placed under house arrest, following reports from the police that he had attacked them. He was subsequently given an order that barred his entry to Tel Aviv.

Although Asaad declares that Tel Aviv, and indeed the entire country, is becoming more open towards Palestinians, the contradiction between his experience and Abu al-Qian's indicates that it is only more open to a certain type of sub-group. Asaad encounters Tel Aviv as a place of professional expansion; Adeeb experiences it as a place that defines one of his complex and 'modern' identities and a place that enables him to express such an identity; and Reem perceives the city as a place of potential coexistence and one that is hypothetically accessible to her and her family. These cases must be contrasted to Abu al-Qian's story

[653] Yaniv Kubuvich and Jack Khory, "*Shoṭer mishmar ha-gvul mekeh 'oved markol be-merkaz Tel Aviv*" [A Policeman from Border Guard Beats a Supermarket Worker in Central Tel Aviv], *Haaretz* video, 0:40, 22 May, 2016, http://www.haaretz.co.il/news/education/1.2951613.
[654] Almog Ben Zikri and Yaniv Kubovich, "Arab Worker Freed to House Arrest Hours after Barbaric Police Beating in Tel Aviv," *Haaretz*, May 23, 2016, http://www.haaretz.com/israel-news/1.721066.

specifically and incidents of violence towards Palestinians in public spaces in Tel Aviv generally, to demonstrate the extent to which class dynamics color one's experience.

As I already suggested in my initial reaction to and dismissal of Asaad's recommendations, these visions of urbanism are closely linked to the financial security and connections that accompany the socioeconomic status of the upper class. As much as they aim to function as a catalyst for revamping arrangements of Jewish exclusivity, they are embedded with their own form of inter-class dominance and violence. They contain inherently exclusive and marginalizing features that reproduce socioeconomic schisms and enhance measures of stratification. They disregard intra-economic fissures, failing to associate or even engage with the realities of the lives of the rest of the Palestinian population in Israel, especially those who live in sub-standard and often segregated conditions. And contrary to claims of a *voluntary* imprisonment, the lack of migration was for a long time a result of government policies to deliberately restrict urbanization, particularly in the Galilee.[655]

The elitism behind the urbanist project is based on ideals of cosmopolitanism, which Sara Ahmad describes as 'fantasies of proximity'.[656] They are premised on the belief of increased understanding and coexistence as a result of proximity, which itself is transformed into a promise.[657] But this has a limited application and embraces a de-politicizing logic. For example, in a study examining ways in which the Jewish majority of Natseret 'Illit perceives professional Palestinians, Rabinowitz concludes that small-scale interactions may result in amicable relations and trust, but they are still viewed as isolated incidents and accordingly

[655] Ghazi Falah, "Israeli 'Judaization' Policy in Galilee and Its Impact on Local Arab Urbanization," *Political Geography Quarterly* 8: 3 (1989), 229-253.
[656] Sara Ahmed, "Happy Objects," in Gregg and Seigworth, *The Affect Theory Reader*, 49.
[657] *Ibid*.

exclude the 'rest' of the Palestinians in Israel.[658] In this context, Palestinians can be accepted as individuals, bearers of an atomized and neo-liberalized identity, but not as a collective.

Due to insufficient disposable income, the majority of Palestinians are unable to take part in the aforementioned lifestyles afforded to the upper class. Their exclusion is enshrined in their absence from the visions discussed above. The neoliberal restructuring pertains not only to urbanization, but also an associated culture that requires engagements in official and unofficial bodies. One example is Asaad's emphasis on learning 'everything' about Jewish-Israelis, including their culture, language, and religion, to find—or create—commonalities. This perspective fails to consider those who do not have such access, and it overlooks his own unique position in Israeli society. For instance, in an article published by *Globes* dealing with Asaad's career, the author introduces Asaad by referring to his celebrated family, stating, "Joubran is an honored Maronite family with deep roots in this country/land for centuries [*Joubran hi mishpaḥah maronit mekhubedet she-shorasheihah natuʿim baʾarets zeh meʾot shanim*]."[659] It is relevant that Asaad's family is Christian and that the article acknowledges its 'roots' in the land, an acknowledgment that suggests they may not necessarily be viewed as threatening towards Zionist claims to the land.

Although members of this class are not exclusively Christian (the first two informants in the next section are Muslim, for example), it is worth briefly discussing the over-representation of Christians in upper class circles. While this can be seen as stemming from the historical prominence of Palestinian Christians in commerce, politics, and culture, it is more importantly a testament to the ways in which politico-economic transformations in Israel have created a somewhat larger space for Christians.[660] In other words, these

[658] Dan Rabinowitz, "Trust and the Attribution of Rationality: Inverted Roles amongst Palestinian Arabs and Jews in Israel," *New Series* 27: 3 (1992), 517-537.
[659] Barkat, "*Asaad Joubran*."
[660] Una McGahern, *Palestinian Christians in Israel: State Attitudes towards Non-Muslims in a Jewish State* (London and New York: Routledge, 2011), 73; Laura Robson, *Colonialism and Christianity in Mandate*

transformations have facilitated the quasi-inclusion of certain groups or individuals on the plane of neo-liberalized political economy and culture—some more so than others. This has led to the emergence of a young generation whose members identify as "Palestinian, Christian and Israeli, and, no less important, middle class and secular."[661]

Palestine (Austin: University of Texas Press, 2011), 7-9; Noah Haiduc-Dale, *Arab Christians in British Mandate Palestine: Communism and Nationalism, 1917-1948* (Edinburgh: Edinburgh University Press, 2013).

[661] Merav Mack, "Christian Palestinian Communities in Israel: Tensions between Laity, Clergy and State," in *Sacred Space in Israel and Palestine: Religion and Politics*, eds. Marshal J. Breger, Yitzhak Reiter and Leonard Hammer (London and New York: Routledge, 2012), 285.

The language of dissent

"Law," Asaad told me, "is an art based on language." For him to be successful in his chosen profession, he asserted, a fluent grasp of Hebrew is a decisive asset. Similarly, Asaad's sister, Rania, whom I met in Haifa, explained the importance of the Hebrew language for socioeconomic mobility, discussing its utilitarian value for her own career. Also a lawyer by training, Rania was the first Palestinian in Israel to graduate from the foreign ministry's cadet training program in 2006 and served as a political adviser at the Israeli embassy in Amman, although she eventually quit, citing various personal pressures.[662] Rania traces her fluent command of Hebrew to her attendance of a Hebrew-language kindergarten, which, she argues, was a rare decision on behalf of their parents but one that proved to be critical. It meant speaking Hebrew from a young age, which entailed a great deal of exposure to the language and culture. "Of course," she told me, "We are Palestinian, and I truly understand and respect that, but we need to live in the society where we live, and not live somewhere else." The image she invoked, of displacement and/or alienation from 'society,' was reminiscent of Asaad's discussion and fear of isolationism.

But the focus on language was not just about speaking Hebrew flawlessly (and with "no accent," as Rania told me) as a key to unlocking privileges and a step towards empowerment, it was also about participating in cultural, social, and economic projects in Israel.[663] This emphasis on participation was relayed as part of a larger process of expressing

[662] While Israeli news outlets advertised the presence of an Arab in this exclusive course, her actions also prompted a backlash from many Palestinians in Israel, who were still uncomfortable with such a level of collaboration.

[663] The accent relates to the idea of 'camouflaging' in Jewish spaces, which Rania also touches upon, stating that maybe people do not recognize that she is Palestinian. One anecdote was when she answers the phone in Arabic in public places in Tel Aviv, which invites looks of surprise. Many have described this ability to camouflage as an advantage. See Ziv Koren, "Lucy Aharish: 'People Don't Imagine I'm an Arab,'" *The National*, July 11, 2009, http://www.thenational.ae/arts-culture/lucy-aharish-people-dont-imagine-im-an-arab#full. Others, however, recognize it as part of an institutionalized prejudice of how Arabs are supposed to look, sound and behave. Amer Dacca describes two 'classic' statements directed towards Arabs (myself included): "You don't look like an Arab" and "You don't have an accent." See Amer Dacca, "What It's Really Like Being Arab in the 'Liberal' City of Tel Aviv," *Haaretz*, May 24, 2016, http://www.haaretz.com/opinion/.premium-1.721126.

demands, claims, and criticisms, which entails a profound understanding of Jewish-Israeli society and the ways in which one can appeal and adjust to its economic and political spaces. Expressions of discontent are thus frequently intertwined with familiarity of the Jewish community and participation in Israeli institutions and culture.

As one article noted in reference to Odeh, "He is comfortable enough in the language and culture of the Jewish majority that he will pepper his comments with Talmudic quotes, or analogies from Zionist history."[664] In addition to directly appealing to the Israeli public in speeches that reflect in-depth knowledge of the Hebrew language, Jewish history, and the Israeli experience, Odeh is one of many figures who are adept at speaking to international audiences, using historical parallels and events to elaborate on the struggles of being a Palestinian in Israel.[665] There are plenty of examples of Palestinians who do this, in politics and regular conversations on a daily basis, capable of traversing the boundaries of the 'Arab' and 'Jewish' spheres.[666] There is a vast literature on this subject from beyond Israel/Palestine, dealing with colonized people speaking the language of the metropole, national minorities attempting to assimilate through speaking the language of the ruling group, and immigrants who try to lose their accents in order to "pass" in their new societies.[667] These groups adopt various strategies to create new spaces for themselves, challenge their status as an external, or

[664] David Green, "The Arab Joint List is Reshaping Israeli Politics," *Tablet Magazine*, March 12, 2015, http://www.tabletmag.com/jewish-news-and-politics/189554/arab-joint-list.
[665] Lisa Goldman, "'I Have a Dream': Ayman Odeh's Maiden Knesset Speech," *+972 Magazine*, May 8, 2015, http://972mag.com/vid-i-have-a-dream-ayman-odehs-maiden-knesset-speech/106491/.
[666] Adeeb's article in Haaretz is a case in point: it is a way for him to leverage his power, derived mostly from his economic status, to publicize his experience and criticize the well-known practice of racial profiling, making a political claim and demanding a certain right. His experience is likely to strike a chord if the audience can identify with the person speaking and with his lifestyle, which revolves around the fact that *he* in particular is not a threat—as a member of the upwardly-mobile, wealthy Palestinian class.
[667] See, for example, Sumir Sarkar, ""Middle-Class" Consciousness and Patriotic Literature in South Asia," in *A Companion to Postcolonial Studies*, eds. Hanry Schwarz and Sangeeta Ray (Malden: Blackwell, 2000), 252-268.

gain recognition and acceptance. They search for new ways to be heard—a foundational element in the dominant political order and its associated culture.[668]

In this vein, members of this neo-liberalizing class have searched for new methods to articulate dissent, expressing dissatisfaction with the 'traditional' discourse of the Palestinian political establishment in Israel. They actively sought to depart from the well-known tactics the Palestinian political establishment has pursued, which they argue have produced few palpable results. They shunned the 'aesthetic-affective' modes of political expression typically employed by Palestinian politicians; instead, political speech was deemed desirable in accordance with its *strategic* value and was contingent upon expressing oneself in a way that is 'efficient,' 'civil,' and 'civilized'.[669]

These tensions reflect a familiar binary between reason and emotion, in which reason is a cornerstone of a 'civic domain' where disembodied actors supposedly make rational and impartial judgments, an attempt to participate in the Habermasian 'civic public sphere'.[670] The departure from the way the political establishment has voiced dissent in Israel represents an attempt to search for new methods of political expression, which are inextricably intertwined with economic status and the 'human and social capital' that Palestinians have acquired. The rest of this section chronicles these changes and analyzes their meanings, based on conversations with three professionals who work in local development.

I conclude that similar to elitist urbanism, socioeconomic status is integral to these neo-liberalized formulations of dissent. Members of the upper class essentially 'market' their knowledge, skills, and effective participation in Israeli society as a prerequisite to expressing criticism. While this is another attempt to challenge Zionism 'from within,' the way it defines

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[668] Sophia Rosenfeld, "On Being Heard: A Case for Paying Attention to the Historical Ear," *American Historical Review* 116: 2 (2011), 317.
[669] Lincoln Dahlberg, "The Habermasian Public Sphere: Taking Difference Seriously?" *Theory and Society* 34: 2 (2005), 114.
[670] See Iris Marion Young, *Justice and the Politics of Difference* (Princeton: Princeton University Press, 1990), especially the fourth and fifth chapters.

dissent relegates the Palestinian political discourse to a private or personal domain. Furthermore, I argue that this alternative formulation of dissent represents a new moral category formed on the basis of the rationalities of neo-liberalization, one that deliberately obscures discussion on sharp—and expanding—forms of class violence. As suggested in the discussion on the use of 'human and social capital' as a method of resistance, it entails the deployment of various forms of biopower to reconfigure the self as an economic enterprise.

'Efficient,' 'civil,' and 'civilized'

Ziyad Abou Habla is another celebrity-like public figure who writes for Israeli newspapers, including *Haaretz* and *The Marker*. Ziyad is a certified public accountant who established his own business consulting firm, Ziyad Abou Habla & Co. He previously worked for several multi-national accounting firms and has carried out his own research on the economy of local Palestinian municipal authorities. At the same time, he heads the Economic Council for Arab Sector Development (ECASD), an NGO that works to identify and resolve issues affecting Palestinian economic development based on the motto 'one state, one economy'. Ziyad describes his combined efforts as part of a way to combat the 'inefficiency' of the current Palestinian political discourse (*al-niqāsh al-siyāsī*). He identifies the use of polemic and emotional descriptions as a fundamental problem with this political discourse, for which the figurehead is Hanin Zoabi and other Palestinians members of the Knesset. He perceives such discourse, which is not framed through data and scientific facts, as fomenting political divisions. Ziyad's adoption of on an 'efficient' and 'scientific' method mimics the archetypical principles of neo-classical economics, derived from the perception of a de-personalized and rational civic domain.[671]

[671] This is in line with Young's critique of impartiality in general. For a critique on economic methods, specifically the concept of Pareto optimality, see Drucilla Barker, "Economists, Social Reformers, and Prophets: A Feminist Critique of Economic Efficiency," *Feminist Economics* 1: 3 (1995), 26-39.

When confronted with the question of whether Israel is an apartheid state (something he has alluded to elsewhere in a comparison with South Africa), Ziyad dismisses and overturns the question by emphasizing that it is beyond the point; the point is to amend it, work against it, revolutionize policy, and evolve.[672] He described this as "his duty"—to hold Israel accountable, *refuse* to be a second-class citizen, and constantly attempt to engage and rework the system, with whatever power he currently possesses. This formulation resembles what Ahmed describes in reference to racism towards immigrants in the UK: whether racism hurts, she argues, becomes dependent "upon individual choice and capacity: we can let go of racism as "something" that happens, a capacity that is attributed to skill [if you are good enough, you will get by]."[673]

In Ziyad's ethos of efficiency, there is an emphasis on a political *choice* to shun polemical arguments and not be affected by injustice. In fact, it suggests that even the injustice of apartheid can be subverted in his refusal to simply lie idle and accept it. A discussion of politics, Ziyad insists, must be supplemented by *constructive* solutions. In his perception of the 'constructive' as being antithetical to the 'polemic,' Ziyad's decision to adopt the constructive is represented as the more efficient approach. His focus on practical solutions gives his claims more credibility in Israeli public life and enables wider accessibility and acceptance.

Ziyad has, for example, denounced the Netanyahu-led government's unwillingness to implement genuine projects for Palestinian development.[674] As opposed to Netanyahu's policy, he argues that a genuine project would be a "blatant and unwavering decision [*qarār sārikh*]," an unambiguous and immediate change in policy, a commitment to investment, and

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[672] Ziyad Abou Habla, "Israel's Arabs Must Find New Ways to Be Heard," *Haaretz*, April 24, 2013, http://www.haaretz.com/opinion/israel-s-arabs-must-find-new-ways-to-be-heard.premium-1.517392.
[673] Ahmed, "Happy Objects," 49.
[674] Ziyad Abou Habla, "*Le-yidiʿat rosh ha-memshalah: kol beneyah ba-yushivim ha-ʿaravim hi bilti-ḥoḳit"* [To the Prime Minister: Every Building in Arab Towns is Illegal], *The Marker*, January 5, 2016, http://www.themarker.com/opinion/1.2815367.

the incorporation of Palestinian figures in government to ensure that they become partners in the economic decision-making process. He points to the appointment of Ayman Saif as a promising step but calls for more Palestinian decision-makers in top positions.

Similar to Asaad, who tries to use the 'minority position' to his advantage to transcend the black-or-white prism, Ziyad argues that it is *because* there are severe limitations facing Palestinians that one needs to act as a technocrat, aligning oneself with science and technology, "to be both overqualified and well-connected…this is how you can present yourself as an expert." His espousal of technocratic methods can be seen as part of an effort to invent and empower himself at a time of potential opportunity. His discussion is part of the discourse that celebrates individual economic successes as a political statement and even a nationalist project. He writes:

> After more than 60 years of struggle, Israel's Arabs must understand that if they want to improve their position, they have to assume positions of influence. The violence and discrimination against them will not cease as long as they are a weak population with a weak leadership. To gain influence, they must look for ways to connect to the liberal stream of Jewish society, which advocates the separation of religion and state.[675]

And this is what he tries to do. Ziyad's story is relatively well-known: he ran for a seat on the board of directors for Bank Leumi, having obtained the support of the government, a substantial shareholder. Ziyad's messaging ahead of the vote was based on a 'win-win formula,' saying he would "promote a change of attitude to the benefit of the Arab sector, the shareholders of Bank Leumi, and the Israeli economy."[676] In the actual election, however, he was secretly removed from the ballot. The very act of applying for the position was an attempt to gain influence in what Sami Peretz describes as "the old boys' club of

[675] Abou Habla, "Israel's Arabs Must Find New Ways to Be Heard."
[676] Moran Reichman, "Bank-Director Candidate Aims to Fight against Arab Stigma," *Al-Monitor*, trans. Hanni Manor, July 3, 2012, http://www.al-monitor.com/pulse/culture/2012/07/the-prevalence-of-the-black-mark.html#.

Israel's economy."[677] It represents a concerted effort to transform this old boys' club into a 'shared' sphere with Arab representation and influence, which would function as a channel to pursue his 'efficient' and 'constructive' changes 'from within'.

Meanwhile, Yusuf, a lawyer who runs an organization that works to develop local authorities and municipalities, refers to a dichotomy within Palestinian methods between political and civil discourses. Palestinians, he claims, have always been engrossed in political discourse and are only now starting to realize that *civil* discourse may be more instrumental to obtaining rights from the state. Reflecting on various strategies that the Palestinians of 1948 are faced with, Yusuf draws on parallels with the civil rights movement in the US:

> There are several strategies, you know, like Malcolm X or Martin Luther King Jr…the question is whether to fight against the rules and limitations of the system or to not recognize the system at all and fight from outside…I think what many Arabs have decided to do is to fight within, but we are doing so while staying true to our principles. First, end the occupation. Second, return refugees to their lands [in Israel]. Third, return lands that were seized to their rightful owners. Only after these, then we can finally achieve a 'state of all its citizens.'

His willingness to 'recognize the system' indicated that he detected an emerging space for the Palestinians in Israel (similar to Asaad's statement about Tel Aviv becoming more open to Arabs, for example). Insisting on his refusal to abandon the fundamental principles upon which the struggle of Palestinians in Israel has been founded including a 'state for all its citizens,' Yusuf was adamant that the main motivation behind the civil discourse is not ideological, but instrumental. It is, in essence, a framing mechanism.

Civil discourse can thus be viewed as an attempt to produce a tangible improvement, without being subjected to widespread de-legitimization in Israeli society, such as the de-legitimization subjected to The Future Vision documents. For example, a self-identified liberal Israeli Jew told me that the Future Vision documents were alienating because they

[677] Sami Peretz, "Bank On It One Token Arab is Not Enough," *Haaretz*, August 15, 2012, http://www.haaretz.com/israel-news/business/bank-on-it-one-token-arab-is-not-enough-1.458317.

start by referring to Zionism as a settler-colonialist movement.[678] A Jewish-Israeli audience, he cautioned, is unlikely to read beyond that. Even the more liberal factions who support Palestinian rights within the Zionist framework tend to decry the constant discussion on the nature of the state as unhelpful. Accordingly, Yusuf's perceives this civil discourse as simply an attempt to generate a new discussion that can take the dialogue forward.

The triumph of the civil against the political in this dialectic is analogous to Ziyad's emphasis on negotiating 'constructive solutions' in the public civic realm. Yusuf perceives the recourse to a civil rights strategy as an instrumental stance to be adopted in public. And while he declares that the fundamental political principles of the Palestinian population will not be abandoned, he nevertheless relegates them to a private sphere. Limiting these principles to a personal and perhaps individual domain, however, means that they are implicitly discounted from the official political discourse and the normative boundaries within which one can make claims.

Echoing a similar dialectic, Kamil, who works as a lawyer at a civil rights organization, discusses the utilitarian value of a civil discourse in neutralizing accusations of support for violence:

> In Israel, there is a difference between defending the Palestinians of 1948 and defending Hamas. Because I work in civil rights, defending Hamas would mean that they [Israelis] would not want to hear what I have to say about civil rights. Appearing to be sympathetic with Hamas [*mutāʿāṭif maʿ Hamas*], even if you are not a supporter, but even just describing Hamas as a resistance movement, can prevent you from doing something good [*yimnaʿ min inak tsawī ishi minīḥ*].

The moral dilemma for him came from the fact that he still had to abide by Israel setting the terms of the political discourse, even though he views Hamas as a resistance group defending its borders against Israeli aggression, especially in the context of the war in Gaza

[678] He argued that the documents pay disproportionate attention to the political sphere. Characterizing Zionism as a colonial movement, he argues, strikes too much at the core of the 'irreconcilable' political questions, thus leading the documents to be perceived as an *existential* threat, and thus alienates liberal Jews from the cause. Despite conceding that a "shared political sphere" does not exist, he argues that it is more productive to focus obtaining rights for the Palestinian minority in spheres that *are* shared, such as the economy.

in 2014 when this conversation was taking place. Once more, his decision to pursue the more 'productive' route did not denote that there was a qualitative shift in his views towards adopting the mainstream Israeli outlook, but it signified a recognition of the boundaries of the system and what can and cannot be achieved under it.

This refers not only to legal impediments (such as legislation that outlaws joining an armed resistance movement) but also the aesthetics of joining an Islamist group, elucidated in his preference for a more 'civilized' type of resistance. His 'civilized' resistance entails working for a civil rights organization and relying on the 'human and social capital' that he has acquired as an educated figure from the upper class. Juxtaposed to Hamas's resistance, his 'civilized' resistance is deemed not only morally superior as the non-violent route, but also more efficient, due in large part to the negative image Hamas holds in Israeli society:

> It could be because I spend a lot of time in Jerusalem, but I don't think Israel, which has a siege against Gaza, is defending itself from Hamas, and that people can't see that Hamas is also defending itself from Israel…and I simply cannot say this. They will say I'm a traitor…Even though I'm Christian and a lawyer and definitely do not intend to join a Hamas [*maʿ in ana masīḥī wa-muḥāmī wa akīd ghayr mustaʿid anḍam li-hamas*]! Instead, I chose to use my 'human and social capital' [in English] to change the system here in the country [*aghayar al-niẓām hina bil-bilād*]…I'm fighting but in a civilized way [*aḥārib bas bi-ṭarīqa mutaḥaḍira*].

This stance does not reflect all Palestinians in this class, many of whom may be less or more supportive of Hamas; however, its appeal for a controlled discourse in order to achieve a certain goal ("do something good") reflects a common theme. Although he denounces the Israeli perspective that dismisses Hamas as a terrorist organization, Kamil perceives his 'civilized' and non-violent approach to resistance (which lies within the boundaries of the law) as his best opportunity at engendering change.[679] In his view, while

[679] Israel's own discourse has chastised Hamas for imposing a war because of its 'irrationality', and preferring violence over a potentially productive peace. One standard question was how Hamas can afford to fight a war but cannot afford to build infrastructure (which blatantly ignores parallels on the Israeli side, especially regarding Palestinians in Israel). For example, a Jewish-Israeli interviewee who runs an NGO on Arab-Jewish education asked me whether things would not have been different were there a 'revolutionary figure' in Gaza, rather than Hamas: "Someone like Gandhi," he envisioned, "a truly marvelous figure." On the question of a

resistance by Hamas is not illegitimate, it is also not civilized—and his role is thus to participate in 'civilizing' resistance.

Kamil saw his own 'usefulness' as derived not from joining an armed group (which sounded so preposterous to him that it was funny), but rather, from being a lawyer and working in civil rights, internationalizing the struggle through nonviolence and other 'more effective' global appeals.[680] Scholars have linked such *pragmatic* non-violent action, which has become hegemonic, to neoliberal values, ignoring the ways these values contain multiple forms of 'visible and invisible violence'.[681] In this case, Kamil's 'value' came from being well-educated and well-connected, encapsulated in his emphasis on using 'human and social capital,' in other words, converting his knowledge and human relationships into an instrument. Much like Ziyad and Yusuf, Kamil's discourse invokes a schism between a technocratic and a political solution.

'Human and social capital'

While Kamil depicts his 'human and social capital' as a positive force that enables him to become more mobile, literally and figuratively, I would like to deconstruct the term 'human and social capital' briefly—a term that reflects perhaps one of the most widespread infiltrations of market discourse into everyday interactions. Such a utilitarian value of one's own mind and body reflects the ways in which the human body itself becomes capital-intensive, as argued in Foucault's discussions on biopower under a neo-liberal

'Palestinian Gandhi,' see Wendy Pearlman, *Violence, Nonviolence, and the Palestinian National Movement* (Cambridge: Cambridge University Press, 2011).

[680] The intelligentsia's dismissal of violence as a form of resistance reminded me of discussions on "polite resistance" in the West Bank during the second intifada, as chronicled by Lori Allen. See Lori Allen, "Palestinians Debate "Polite" Resistance," in Beinin and Stein, *The Struggle for Sovereignty: Palestine and Israel, 1993-2005*, 288-302.

[681] The authors criticize the version of non-violence advocated by Gene Sharp and his followers, pointing to the ways in which it departs from the Gandhi's teachings. Sean Chabot and Majid Sharifi, "The Violence of Nonviolence: Problematizing Nonviolent Resistance in Iran and Egypt," *Societies Without Borders* 8: 2 (2013), 205-232.

governmentality.[682] In this conceptualization of biopower, what bodies produce is "essentially their own economically productive lives—integrally self-converting into 'human capital'." [683] Human potential and vitality thus become "indistinguishable from capitalist forces of production."[684] In other words, humans themselves ultimately *become* the product; they become subjects of never-ending investment into their own selves and activities. This is part of a tendency in which capital, including human capital, "is treated as a physical asset," rather than a social relation of production.[685]

The focus on human and social capital is part of a larger theme expressed by members of the upper class, who relay political dissent in a way that does not undermine their positions and aspirations. In fact, their efficient, civil, and civilized version of discontent was an *extension* of their economic achievements, a projection of a philosophy of motivation and self-discipline. This rationalized subjectivity stems from 19th century positivism and its set of 'rational' ethics, but it is also based on a profoundly neo-liberalized language appropriated from the market.

It demonstrates a well-documented shift towards an emphasis on self-reliance and individual planning. By doing so, this class can distinguish itself from the remainder of the Palestinian community in Israel, which is frequently criticized in Israeli society for relying on hand-outs and benefits. This process leaves behind those who are "not in a position to constitute themselves as human capital to a 'competitive' degree."[686] In other words, those who are "not in a position to personify the self-productive powers of the process of capital at

[682] Foucault, *The Birth of Biopolitics.*
[683] Massumi, *Politics of Affect*, 109.
[684] Massumi has described this as the 'subsumption of life' under capitalism, which is also described by Antonio Negri as 'immaterial labor.' *Ibid*, 25.
[685] Fine, *Labour Market Theory, 58.*
[686] Massumi, *Politics of Affect*, 110.

full intensity" are seen as insufficiently productive. "They are left behind by the movement of capital," argues Massumi. "In a regime of biopower, they are as good as dead."[687]

To market oneself as an entrepreneurial project becomes a *necessary* component of the ability to take control over one's destiny and shape the future. Ong describes this shift as one that has required subjects to become "free, self-managing, and self-enterprising individuals in different spheres of everyday life."[688] There is an emphasis on individualism, 'working' on the self, rather than reforming the community. In addition to serving as a normative principle of state-citizen encounters, this process has acquired *ethical* dimensions, in which a responsible or productive citizen is depicted as someone who is capable of looking after him or herself.

Such a discourse implicitly, and often explicitly, delegitimizes other forms of protest, ranging from protests and strikes to acts of violence, and it looks unfavorably on political demands associated with aesthetic-affective discourses, which Ziyad sums up as merely polemic political discourses. In this equation, aesthetic-affective discourses become 'bad' feelings ("backward and conservative"), as opposed to the motivation and efficiency that drive 'good' feelings ("forward and progressive").[689] In the words of Ahmed:

> Bad feelings are seen as orientated toward the past, as a kind of stubbornness that "stops" the subject from the embracing the future. Good feelings are associated…with moving up and getting out…The demand that we be affirmative makes these histories [of injustice] disappear by reading them as a form of melancholia (as if you hold onto something that is already gone).[690]

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[687] *Ibid*.
[688] Aihwa Ong, *Neoliberalism as Exception: Mutations in Citizenship and Sovereignty* (Durham: Duke University Press, 2006), 14.
[689] On the dark side of 'positive thinking' in the US, see Barbara Ehrenreich, *Smile or Die: How Positive Thinking Fooled America and the World* (London: Granta, 2010).
[690] Ahmed, "Happy Objects," 50. See also Sara Ahmed, *The Promise of Happiness* (Durham: Duke University Press, 2010).

A state for *some* of its citizens

This chapter has addressed the space in which members of the Palestinian capitalist class contest and mediate alternative political visions pertaining to the future of the Palestinians of 1948. Functioning both as a discursive arena and a 'pressure group' against the Zionist status quo, this space aims to redefine the tone for socio-political interactions and frame the contours of policy reform. Although the ideas and projects relayed by this class were devised as strategies for collective gain on behalf of the entire Palestinian population in Israel, they overwhelmingly reflect class-based interests and assumptions. The two examples above suggest that this alternative space is largely subsumed within methods, structures, and relations that are exclusive to the upper class and their experiences, as it is shaped by the reality in which they live and the transformations they have participated in and, in many cases, even led. The transformations and array of privileges that have accompanied them are inscribed within the paradigms and modalities members of this class have adopted; as such, they risk becoming an indispensable aspect of Palestinian engagement with the state.

The supposedly unifying institutions, practices, and symbols associated with this class inevitably serve as barriers and embodiments of violence—as is the case in other comparable settings.[691] The ability to procure the necessary 'human and social capital,' for example, in order to be able to express an 'efficient,' 'civil,' and 'civilized' dissent is contingent upon participation in formal institutions (such as particular educational institutions) and informal ones (such as social networks). Participation in these institutions entails the adoption and acquisition of certain 'acceptable' features, which are directly correlated with socioeconomic status, much like participation in urban structures. This 'aspirational' process has been described as Sanskritization in the context of 'mobility' in the Indian caste system, or simply

[691] Hon-Chu Leung, "Politics of Incorporation and Exclusion: Immigration and Citizenship Issues," in *Remaking Citizenship in Hong Kong: Community, Nation and the Global City*, eds. Ngai Pun and Agnes S. M. Ku (London: RoutledgeCurzon, 2004), 87-102.

'passing,' as it is known in sociological literature. However, even if Palestinians in Israel 'pass' as part of a bourgeois socioeconomic class, they will nevertheless remain Palestinian/Arab and face continuous racial exclusion. This suggests that these examples of emulation can also be used subversively, as a form of what Homi Bhabha has described as colonial mimicry. By being 'almost the same, but not quite,' mimicry does not simply reflect an internalization of colonial dynamics, but rather its re-articulation of them exposes their failures.[692]

Bringing together different elements from the previous examples, this section offers a deeper reflection on the mechanics of neoliberal processes. It deliberates the ostensibly subversive ways in which a Palestinian upper class attempts to use the market logic, redefining state-citizen relations according to market principles and using the politico-economic transformations that Israel has undergone as leverage against Zionism. I argue, however, that ultimately, the exclusivizing essence of neo-liberalization undermines principles such as a 'state for all its citizens,' thereby entrenching the colonial project.

Neoliberal demands

Attempts by Palestinian citizens to harness the space created by the mechanisms of neo-liberalization attest to its hybrid nature and to the organic processes underlying it. They illustrate that neo-liberalization is not a monolithic project; rather it is a process that can be embraced and internalized by an array of actors in an eclectic manner to serve their own context-specific goals. In neo-liberalization there is a flexibility and mobility that enables upper classes to enact forms of citizenship that are mobile, 'supranational,' and 'latitudinal,' as Ong demonstrates in her work on East and Southeast Asian countries.[693]

[692] Homi Bhabha, "Of Mimicry and Man: The Ambivalence of Colonial Discourse," *October* 28 (1984): 125-133.
[693] Ong, *Neoliberalism as Exception.*

The Palestinian upper class utilizes neo-liberalization as part of its negotiation with Zionism. It articulates on a domestic level processes that are associated with neo-liberalization on a global scale—almost daring the Israeli government to keep up with such new and flexible modes of citizenship, challenging Israel's self-proclaimed identity as a country ensconced in global structures and a site of economic innovations and flourishing technologies. The discourses mentioned throughout this chapter thus rely on various dimensions and 'conditions' typically accompanying neo-liberalizing trends, such as cosmopolitanism, technocratic reformism, and globalization—which have arguably affected how they themselves understand and envision citizenship.[694] They are building on a process that has been put in motion by the accelerated neo-liberalization of the Israeli government, which has already sought to disarticulate some of the state's functions and rearticulate them based on economic categories. Members of the Palestinian upper class, therefore, play on the already established 'ideological legitimacy' of neo-liberalization and identify discrepancies within the state's own interpretation of neo-liberalization. Comparable to other experiences of indigenous capitalism and subject formation in colonial contexts, the neo-liberalizing strategies pursued by members of the upwardly mobile class are in many ways a response to the delineation of Palestinian spaces, structures, and labor as inferior, which means they have to 'legitimize' themselves as economic or modern subjects.[695]

The individuals in this chapter use the country's own logic against it to re-negotiate and re-define a governmentality based on a neo-liberal encounter, in an attempt to dilute the current framework of Zionism, and maybe eventually dismantle it. Experimenting with alternative tenets upon which to construct a potentially post-Zionist Israel, they draw upon

[694] For a critical account of the relationship between cosmopolitanism and globalization, on the one hand, and structures of neo-liberalization, on the other, see David Harvey, *Cosmopolitanism and the Geographies of Freedom* (New York: Columbia University Press, 2009).
[695] Writing about India, Ritu Birla argues that "native officials that were part of the growing administration of the regulation of commerce and industry were key contributors to the emerging public discussion on capitalist development." Birla, *Stages of Capital*, 44.

this commodified interpretation of inclusion as an alternative basis for reciprocity with the state. Participation in economic spaces can become a replacement for Palestinian citizens' lack of participation in crucial institutions that typify 'being Israeli,' such as the army, which has become a symbol of Palestinians' position outside of the country's body politic. Especially as army service has been framed in terms of citizens' *responsibilities* towards the state, Palestinians have often been deemed the non-contributing non-citizens (although the military itself has an internal hierarchy).[696] Socioeconomic status thus serves as an alternative basis to judge participation and contribution, and the accumulation of profit becomes a social or public good in and of itself.

Towards redefining citizenship

The messages and symbols associated with the demands of this class can be interpreted as part of an attempt to reformulate relations with the state according to an alternative mode of citizenship—one that aligns with economic achievements or exchange, as opposed to political entitlements. This process further entrenches socioeconomic status as a 'liberating device' against political marginalization, or at least the belief that it can be one, as demonstrated in the previous examples dealing with urban spaces and the shift in the language of dissent. What these themes collectively indicate is a reorganization of political relations according to a market model.[697] This can be seen as part of a general commodification that has also been extended to citizen-state relations.[698]

A sizeable literature on this subject has emerged in the past decade, dealing with the trajectory of citizenship as a contingent—an accomplishment, rather than a given. For

[696] Yagil Levy, *Israel's Death Hierarchy: Casualty Aversion in a Militarized Democracy* (New York: New York University Press, 2012), 40-41.
[697] Amanda Root, *Market Citizenship: Experiments in Democracy and Globalization* (Los Angeles and London: Sage, 2007).
[698] Brenner, Peck and Theodore, "After Neoliberalization?" 330.

example, Elizabeth Strakosch scrutinizes the neo-liberalized framework of the post-welfare state in Australia and its implementation vis-à-vis indigenous people, demonstrating that it lies somewhere between inclusion and exclusion and derives its power precisely from this liminality. Neoliberal indigenous policy, she argues, "formally includes Indigenous people as citizens…but it [also] allows the selective coercion, racial pathologisation and exclusion of Indigenous subjects in order to maintain settler privileges."[699]

Through the economic re-conceptualization of state-citizen relations under neoliberalism, de jure citizenship becomes a 'necessary but not a sufficient condition' for de facto political inclusion, as Margaret Somers demonstrates. Analyzing 'internal borders of exclusion,' she argues that the criteria of citizenship have become based on one's market value.[700] This phenomenon is particularly stark vis-à-vis the citizenship of indigenous communities, which has increasingly been linked to participation in regimes of capital accumulation.[701]

From the literature on neo-liberalization, there are several key points that are useful to explain the role of the upper class in influencing the extension of marketization to citizenship practices. Building on Polanyi's critique of the myths of the self-regulating free market, scholars have perceived neo-liberalization as another phase in capitalist development, a process that necessitates frequent and continuous intervention, contrary to myths of the state merely 'rolling back' its participation in the economy. As Ben Jackson shows, early theorists

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[699] Elizabeth Strakosch, *Neoliberal Indigenous Policy: Settler Colonialism and the 'Post-Welfare' State* (Basingstoke: Palgrave Macmillan, 2015), 7.
[700] Margaret R. Somers, *Genealogies of Citizenship: Markets, Statelessness and the Right to have Right*s (Cambridge: Cambridge University Press, 2008), 26.
[701] David Rossiter and Patricia Wood, "Fantastic Topographies: Neo-Liberal Responses to Aboriginal Land Claims in British Columbia," *The Canadian Geographer*, 49: 4 (2005), 364. See also James Walsh who looks at the points-based systems adopted by Canada and Australia as the basis for immigration criteria. He argues that this represents an attempt to select migrants according to skills and competitiveness and to promote 'responsiblization' among incoming migrants, who must be "flexible, cosmopolitan, entrepreneurial and autonomous." James P. Walsh, "Quantifying Citizens: Neoliberal Restructuring and Immigrant Selection in Canada and Australia," *Citizenship Studies* 15: 6-7 (2011), 861-879.

of neo-liberalism conceptualized it based on an expansion of state capacity, rather than simply a commitment to the principles of laissez-faire economics.[702] Neo-liberalization has since continued to be "mediated through state institutions" and "involves the recalibration of institutionalized, collectively binding modes of governance…to impose, extend or consolidate marketized, commodified forms of social life."[703] A related inference is that neo-liberalization is a socially embedded process, entailing frequent intervention from multiple actors, beyond the perception of a top-down state-imposed project. It has built a society in which "the market exchange is no longer simply a process, but an all-encompassing social principle," as Gerlinde Mautner declares in her critical analysis on language and neo-liberalization.[704]

The influence of neo-liberalization on framing the discourses of this Palestinian upper class—and using experiences and alignments that are particular to this class to negotiate the future of Palestinians in Israel—represents a notable shift, even if it has not materialized in official government policies. In its attempt to redefine the relationship between the state and its citizens, it affects the parameters of the current 'social contract' of citizenship (to use yet another economistic term to describe political practices). This process "effectively privileges market demands over participation in a polity,"[705] and accordingly represents yet another triumph of capital against labor. It reflects the tension between a 'subject of interest' (*le sujet d'intérêt*) and a 'subject of rights' (*le sujet de droit*), per Foucault's formulation.[706]

Ironically, this attempted resistance against the current formulation embodies an affirmation of Palestinian marginalization in Israel. It amounts to a type of 'post-colonial

[702] Jackson, "At the Origins of Neo-liberalism," 129-151.
[703] Brenner, Peck and Theodore, "After Neoliberalization?" 330.
[704] Gerlinde Mautner, *Language and Market Society: Critical Reflections on Discourse and Dominance* (New York: Routledge, 2010), 1.
[705] Mildred E. Warner and Judith Clifton, "Marketisation, Public Services and the City: The Potential for Polanyian Counter Movements," *Cambridge Journal of Regions, Economy and Society* 7: 1 (2014), 52.
[706] Foucault, The Birth of Biopolitics, 281-286.

colonialism,' representing another node within Israeli colonial structures, relying on neo-liberalization to fortify colonial structures.[707] Not only does the injection of market principles and economic utility into political relations have a strong capacity and propensity to exclude (as demonstrated in the elitism of the urbanist project and in the reliance on 'human and social capital'), but at the same time, acquiescence to an economic exchange and profit-making incentive as a framework for a relationship with Israel and a basis for political integration peripheralizes the struggle for a historical acknowledgment of the situation of the Palestinians of 1948 and the demand for steps towards corrective justice and reconciliation, which thus becomes a de-politicized 'private' concern. Under a neo-liberalized governmentality, a process of 'scattering' culminates in *dis*organization, as Carol Greenhouse argues, which "disrupts or displaces nonmarket-based regimes of value and the relationships they sustain." [708]

Although it aims to unravel a colonial hierarchy, such a formulation reinforces a framework in which state-citizen encounters are framed through a commodified exchange, which disentangles the political existence of Palestinian citizens of Israel as an indigenous minority. Reflecting on these concomitant consequences in her study on citizenship, Somers concludes, "In effect the discursive triumph of market fundamentalism has the effect of freezing in place the identity based inequalities and historical exclusions, and then worsening them through deepening market based inequalities."[709] Subsuming the question of Palestinians of 1948 into a de-politicized logic of neo-liberalization ultimately legitimizes and perpetuates Zionism.

[707] Abourahme, "The Bantustan Sublime."
[708] Carol J. Greenhouse, introduction to *Ethnographies of Neoliberalism* (Philadelphia: University of Pennsylvania Press, 2010), 8.
[709] Somers, *Genealogies of Citizenship*, 105.

Conclusion

This chapter has traced contestations among a particular segment within the Palestinian upper class in Israel, namely those who are perceived as articulating Israeli colonial rule in their attempt to legitimize themselves as capitalist subjects. I have sought to reflect on the 'inside/outside status' that indigenous capitalism occupies and address issues of class contestation and formation within the Palestinian upper class. I have focused throughout this case study on the shifts advocated by figures in this class who have endorsed the ongoing processes of neo-liberalization as a way to combat marginalization and the ways in which they have re-interpreted such processes in pursuit of their political goals. Despite upholding the rhetoric of anti-Zionism, they have relied on capital accumulation as a fundamental cornerstone to their political project and have embraced the social engineering inherent to neo-liberalization.

They do not dispute the existence of institutionalized discrimination against the Palestinian population; rather, such discrimination is predominantly depicted as a starting point, an acknowledgment of the pressing need for reform. They leverage their socioeconomic status to highlight the existing gaps in their citizenship and offer alternative formulations, aligned with discourses on globalization, capitalism, and technology. I argue that the attempt to use neo-liberalization to change the system 'from within' is problematic, as it inherently excludes the majority of the Palestinian population and ultimately results in the marginalization of the political demands of the Palestinians of 1948. It is, in many ways, a form of escapism from the larger Palestinian predicament within Israel.

Drawing on processes of neo-liberalization may initially appear to be a significant departure from the principles underlying Odeh's vision of a 'patriotic bourgeoisie' as a guardian of an impending revolution. It further erodes the framework of communist politics, which has all but disintegrated over the past three decades. However, although the communist

context may have diminished, the principle of a bourgeoisie that induces collective political changes and transformations is still discernible in this new wave of discourses that I have focused on throughout this chapter.

Groups such as the Arab Business Club can be seen as the neo-liberalized manifestation of this bourgeoisie, deriving their power from NGOs aimed at economic development. These structures evidently retain the perception of an upper class as a vital leader of political change, but they revise the tools through which they do so, increasingly drawing on their socioeconomic power and attempting to use neo-liberalization as a potentially subversive process.

I have discussed ways in which members of this class portray themselves as intermediaries in contemporary debates. They highlight the importance of being 'within'—meaning frequent and dynamic engagement with Israeli institutions and structures. At the same time, they have used such engagement in service of the creation of an unwavering dissident discourse against the official, or 'mainstream,' Israeli state's policy and identity. Despite their integration into Israeli society and their immersion and intertwinement with the Israeli economy, the Palestinian capitalist class has remained critical of Zionism and the state's Jewish identity, often falling back on the ideal of a state for all of its citizens as the main goal for the future.

Notwithstanding the discourse of political change, mechanisms of exclusion were discernible in the neo-liberalized paradigms put forth by this class, which frame future engagement in a way that is intrinsically linked to socioeconomic status. For example, the participation in urban spaces and structures, as expressed by Asaad and Adeeb, is contingent upon wealth as a basis for integration, while the 'efficient, civil and civilized' discourse of discontent requires particular formal and informal institutions to possess the necessary 'human and social capital'. Despite proclaiming to be in favor of increased engagement, the

utilization of shared class-based commonalities and cultural symbols leads to exclusionary practices towards the remainder of the Palestinian population, as they distinguish the upper class from the rest of society.

The transformations that have taken place thus reproduce the current structures of inequality but along socioeconomic lines and ultimately participate in a project of de-politicization. They essentially legitimize the Israeli government's developmental project as a way to resolve Palestinian grievances against dispossession and de-territorialization. In other words, although it may seem that the upper class are the Palestinian 'winners' of neo-liberalization, there is something illusory about this success, which does not only legitimize these overall economic transformations but also materially and ideologically reinforces Zionism itself—the very system members of this class aim to unravel. This is yet another example of how the developmental project is an articulation of ongoing neo-liberalization and how both development and neo-liberalization coalesce under the umbrella of Zionism.

CONCLUSION

THE DEVELOPMENT ECONOMY AND ITS POLITICAL ARTICULATIONS

This dissertation has sought to re-introduce Palestinians of the 1948 territories as a point of analysis and the economy as a site of political performance. The economy is depicted as a space that is produced in an affective and relational manner, a space where political contestations are waged, rather than a sovereign sphere or self-regulating order. I have sought to demonstrate that the politico-economic transformations taking place under the umbrella of development represent an overlooked terrain of Israeli policy towards Palestinian citizens, one that has produced new imaginations and discourses. I view development as an expression of a particular stage of neo-liberalization, enacting an 'epistemic shift' in the political economy of Palestinian citizens. As an example of the reshaping and reforming of neo-liberalization, this shift demonstrates that neo-liberalization cannot simply be dismissed as anachronistic and that Palestinian citizens are not merely absent from Israeli capitalist development.

The four case studies demonstrate that politico-economic transformations do not only 'reverberate' among the Palestinian population, nor do they translate into a mutation on the local level; rather, various dimensions of these fluid processes are constituted through such encounters. I have, therefore, paid special attention to instances that exemplify the inconsistencies, limitations, and often explicit failures of the processes of development, and the ways in which these instances are reproduced in micro-level encounters and relations. Through these spaces and moments, one can understand the meaning of the 'market' or 'economy' as a discursive political arena.

Development has been at the forefront of transformations to Palestinian political economy in Israel, and it has been increasingly assertive since the early 2000s, redefining the

way the state engages the Palestinian community. The decision to focus on development was predominantly a result of the ambivalence surrounding the role and positioning of development: it is neither a purely political nor a purely economic phenomenon, as it straddles the realms of the public, private, and third sectors. Economic development is an expression of a government vision that is grafted onto market practice and conduct, and reinforced through a variety of third sector spaces, such as the array of NGOs that have emerged in Israel purporting to support Palestinian development.

The emergence of the current form of development towards Palestinian citizens follows a history in which the term has had a dual meaning. 'Development' has meant colonialism and entailed an explicit attempt to confiscate lands from Palestinians, such as the examples of the expropriation of thousands of dunams of land and the demolition of homes. In this sense, it is a re-articulation of previous Israeli policies of control towards the Palestinian minority, which have been at the heart of the state's attempt to consolidate its control over the population and the land. Such processes of 'development' towards the Palestinian population were more explicitly hostile during the early era, but since the 2000s onwards, under an increasingly integrationist turn, development has been derived from the principles of liberalism. This is a common feature of policymaking since the 20th century, even beyond the state and on a transnational level, where an entire regime of international development agencies currently operates. The infusion of this discourse of development with the principles of the free market is a core characteristic of the contemporary liberal praxis of development, and its alignment with regimes of capital accumulation has become a standard characteristic.

Much like its conception, the theoretical and empirical conclusions of this dissertation speak to an inter-disciplinary audience. The rest of this concluding section addresses the wider implications that can be extracted from this study, synthesizing the main arguments

that have emerged from the discussions in the four case studies. For example, how can these transformations and processes of development be understood and situated in the larger context of Israeli policy towards the Palestinians of 1948? How do Palestinians themselves shape these transformations, and how do such transformations build on or displace established relations, practices and possibilities? And what can we understand from the re-interpretations, limitations, inconsistencies, or even failures of various aspects of these politico-economic changes?

To answer these questions, I will start by summarizing the key arguments made in the four case studies. This is followed by a discussion on the development industry as (i) a form of marketization, (ii) re-affirmation of separation, and (iii) mechanism of de-politicization, and I pay special attention to the ways in which this de-politicizing discourse has not succeeded. I end with a brief section on the dialectic between engagement and disengagement as two strategies that Palestinians have pursued, another theme that has re-appeared throughout this dissertation. The paradoxes governing Palestinian political economy can be seen as part of this dialectic and as an iteration of a politics of abnormality and irrationality.

Summary of case studies

I have used the accelerating scale of development, as both a policy and a larger discourse targeting Palestinian citizens of Israel, as a main point of departure, from which I have proceeded to analyze politico-economic transformations using four case studies from consumption, labor, industry, and class. Relying on ethnographic methodology common to anthropology, particularly economic anthropology, and embracing an affective and subjective approach, I have sought to analyze Palestinian *encounters* with such transformations to contribute to a critical political economy and a nuanced account of experiences of and with economic development. Focusing the analysis on encounters enables the representation of an

embodied experience and an ongoing interaction with surrounding processes, forces, and histories. These variegated encounters represent ways in which different groups reconfigure and re-conceptualize "what an economy is and how and for whose benefit it functions."[710]

Each of the four case studies sought to analyze a distinct angle or sector that has been affected by development and neo-liberalization. The case studies provide examples of the ways in which Palestinians are placed within the larger circuits of Israeli capitalism in a process mediated by development. These changes were analyzed through the way they were received, mediated, or even led by the Palestinian population.

The first case study dealt with transformations in the realm of consumption, particularly the symbolic representations of consumption in the city of Nazareth, which appears numerous times throughout this dissertation as a target of Israeli development and a central arena for Palestinian political activity. New modes of consumption proclaimed to typify the city's urban becoming, professing to bring Nazareth—and its urban population—into the networks of Israeli modernity. The chapter dealt with two instances of symbolic capital that exemplify the changing landscapes of commodities: the physical construction of BIG Fashion shopping mall at the entrance to Nazareth, presented as part of the modernization of the city's landscape, and the metaphorical conflict between *ruz wa-laban* and sushi during Nazareth's municipal elections in 2013, in which sushi was perceived as invading Palestinian spaces and traditions and attempting to displace Palestinian tradition and culture.

Encounters with changing consumption habits were linked to conceptualizations of modernity, which sought to subvert the Israeli discourse of modernizing the Palestinian population. Palestinians generally embraced changes in lifestyle and consumption habits, but

[710] Joel Beinin, "The Working Class and Peasantry in the Middle East: From Economic Nationalism to Neoliberalism," *Middle East Report* No. 210 (1999), 21.

they concurrently engage in counter-discourses, questioning the meaningfulness of the categories of a modernity that focuses exclusively on materialism. Israeli modernity, rather, was deemed 'incomplete,' in a process that essentially inverted Zionism's historic categories of itself as 'modern' and Palestinians (or Arabs in general) as 'traditional'. A nostalgic discourse for a pre-Zionist Palestine, depicted as globally inter-connected and home to a flourishing culture, also challenged Israel's ownership of modernity and served as a reminder of the ruptures that a dynamic Palestinian society underwent as a result of the Nakba. The first case study argues that although Palestinians do not necessarily reject the symbols of changes in consumption and their often explicit link to Israel, they re-incorporate such symbols into their own experiences and definitions of modernity.

The enframing of Palestinians as subjects of modernization and Palestinian spaces as targets of development is taken a step further in the second case study, which deals with Palestinian labor. I trace the origins of the delineation of Palestinian labor as 'inferior' in Israeli discourse to the mandate period, when 'Arab labor' was placed on a dichotomy with 'Hebrew labor' and was a category to be conquered—first replaced, then weakened and controlled, and eventually, 'developed'.

I compare Palestinian workers to black workers in the US under the Jim Crow era in order to reveal the extent of separation and touch upon the dialectic of engagement versus disengagement, two strategies that both groups have deliberated. I demonstrate that there is a push towards unofficial avenues for self-empowerment within the Palestinian community, arising from widespread skepticism towards Israeli development efforts. In fact, Israel's attempts to 'develop' labor were predominantly viewed as a continuation of concerted attacks on labor. This is because the development programs disregard or deny the history of Palestinian subjugation in Israel, rely on internal explanations that shift the blame onto workers themselves, are motivated by a strategic, capitalistic goal of expanding access to new

markets, and adopt apolitical and de-contextualized economic indicators to discuss paths to long-run development, such as the discussions on wage convergence. The development industry pursued by the Israeli government reflects arrangements that aim to dismantle the existence of a Palestinian collective.

Although the development industry purports to improve conditions for Palestinian labor, it has not effaced the construction of Palestinians as 'Arab labor,' which continues to feature in development programs. The inequality of Palestinian workers is reproduced in the dichotomy between 'Arab labor' and 'Hebrew labor,' even by workers themselves. For instance, I find that this sentiment is internalized by construction workers, who have been viewed as the physical embodiment of 'Arab labor'. Furthermore, it is present in the discourses underlying the widespread collective mobilization against the Wisconsin Project in Nazareth, which identified the project as an expression of a Zionist attempt to (re)colonize Palestinian labor by allying with the private sector. Additionally, encounters in the workplace during the Gaza war in 2014 reinforced the pervasive insecurity that Palestinian workers face and their status as secondary laborers, to be penalized for their 'disloyalty' to the state. I argue that these examples demonstrate that poverty and inequality are political conditions that cannot merely be understood—or measured and improved—using development indices.

The inferior category of 'Arab labor' is leveraged in the emergence of domestic outsourcing, the subject of the third case study. Contrary to the widespread outrage towards the Wisconsin Project, there has been little critical reflection on the developmental role of domestic outsourcing in the Galilee. The third case study chronicles the emergence of this 'new' industrial arrangement, which is advertised as an 'innovative' entrepreneurial project led by members of the Palestinian entrepreneurial class. I analyze the subjectivities of the outsourcing project itself and the way it has been imagined and justified in Israel, as an expression of a new form of industry and entrepreneurship in Palestinian areas.

Focusing on the activities of Babcom and Galil Software, two firms established in 2008 in the Galilee, I argue that domestic outsourcing continues to conceptualize Palestinian workers as 'cheaper' Arab labor, and thus operationalizes the fundamental separation between Palestinian and Jewish workers, in wage structures and workspaces, for example. This process takes place despite an organizational culture highlighting development and proclaiming to boost Palestinian employment in the periphery, particularly with a gendered focus, and a project of peace-making and coexistence.

By historicizing the phenomenon of domestic outsourcing, I contend that it hardly departs from previous methods of sub-contracting, which predominantly employed manual laborers in small plants throughout the Galilee. The main difference between sub-contracting arrangements and domestic outsourcing is the role of members of the Palestinian upper class as intermediaries and stakeholders in the relationship, which is contingent upon close cooperation with Jewish-Israeli capital and connections. Furthermore, domestic outsourcing firms tap into a more 'skilled' cohort of Palestinian workers who have university degrees, rather than manual laborers, and proclaim to be engendering an 'en-skilling' process within Palestinian labor. They nevertheless continue to capitalize on the image that Palestinian workers occupy in Israel, as a cheaper labor pool—a delineation that is consistently upheld as natural or second-nature.

Finally, the fourth case study deals with contestations among the upwardly mobile upper class. It focuses on a group that has mobilized its collective agency in favor of a shift towards marketized discourses, spaces, and projects. Members of this aspirational class has embraced an elitist urbanism, calling, for example, on Palestinians to 'move to Tel Aviv' in order to achieve socio-economic mobility. They increasingly sought to reframe the language of dissent in economistic terms, utilizing an 'efficient,' 'civil,' and 'civilized' discourse, positioned in contra-distinction to a 'polemic' or a 'political' discourse, the type of discourse

that has typically been employed by Palestinian politicians and leaders. Members of this neo-liberalizing class have refashioned themselves as technocrats and professionals, depicting their own selves and bodies as entrepreneurial projects.

Members of this class use the acceleration of neo-liberalization in an attempt to challenge Zionism, but they do so relying on elitist measures that are not accessible to the majority of the Palestinian population. Furthermore, the process of re-framing Palestinian demands in accordance with neo-liberalization results in further atomization of Palestinian society. By redefining engagement with the state according to an economistic logic, this discourse ultimately peripheralizes demands for Palestinian recognition as an indigenous minority, as well as the struggle for justice and reconciliation. Instead, the history of Palestinian colonialism and dispossession are rendered 'private' matters, thereby reinforcing the very goals of Zionism.

Marketization, separation, and de-politicization

Through the example of development, the four case studies demonstrated a rising penetration of the market into encounters between Palestinians and the Israeli state. I argue that the market is not just a tool to reform socioeconomic status, but it shapes political encounters as well, including the conceptualization of citizenship and state authority as well as the expression of visions for the future. The development industry advertises Israel's policies towards the Palestinians of 1948 as not only benevolent but also business-friendly, aligned with modernity, technology, and globalization. It is a process through which decades of institutionalized violence and racism mutate into a lucrative industry.

The market increasingly becomes an indispensable mediator in the colonial relationship: it is the market that can 'modernize' Palestinian citizens through consumption habits and render them 'good' citizens; it is the market can 'develop,' 'integrate' and 'en-

skill' Palestinian labor in Israel. And it is through the market that the Palestinian upper class attempts to defy Zionism. Development is thus a vehicle for market discipline and practice, and it enables Israel's ongoing amalgamation of colonialism and liberalism.[711]

Despite rapid transformations, the case studies demonstrate the enframing of the Palestinians of 1948 as inferior, evident in various development projects and approaches, remains grounded in Orientalist portraits and militarized foundations. This is discernible in the enframing of Palestinians as consumers and subjects to be modernized, as inadequate Arab laborers to be developed, as cheaper 'skilled' laborers to be incorporated into Israeli technology and science, as 'voluntarily' imprisoned in rural areas. The relationship between the Israeli state and economy, on the one hand, and the Palestinian population, on the other, is continuously framed based on a dynamic between a 'developed' entity and an 'underdeveloped' entity—a well-known phenomenon in colonial encounters with indigenous groups. Palestinians continue to be fundamentally external to the Zionist consensus and the state, a group that continues to be seen as threatening—not just ideologically and demographically, but also socio-economically.

Processes of development have continued to build on essentialist relations and separatist dynamics, subsuming and reproducing these dynamics while seeking to rationalize them. In other words, the promises of economic development have hardly altered the dominating essentialist logic. The reproduction of such categories is not simply a reflection of inaction, nor can it be dismissed as a lack of change. Rather, these new ventures re-inscribe certain relations and are an articulation of markets in novel ways. The processes associated with economic development are thus a continuation of previous policies, yet they can also contribute to new forms of insecurity, alienation, and displacement. The pervasive segregation in economic structures, devices, and epistemological thought is not unique; it

[711] Lagerquist, "Privatizing the Occupation," 11.

mirrors the widespread segregation in various other domains—ranging from spatial to educational—for which there is a general acquiescence in Israel and perhaps even rising endorsement. In that sense, development has become a crucial aspect of providing Israel with legitimacy as a colonial state, strengthening and normalizing its logic of separation. It represents a superficial discourse of coexistence while at the same time facilitating and rationalizing the array of dichotomies inherent to the colonial relationship between the Palestinians of 1948 and Zionism. The inclusion of Palestinian citizens within the Israeli economy is an attempt not only to re-affirm Israeli capitalism but also Zionism in general.

Finally, development appears throughout this dissertation as a deliberate attempt at de-politicization, whether it is expressed by the Israeli state, the private sector, or even members of the Palestinian upper class. The objective of de-politicization is one that overlaps with the dual role of development as an instrument of colonialism and liberalism. It is worth noting that de-politicization is not simply becoming apolitical: it is an active attempt to disentangle the political, in this case from economic performance and disparities, to empty them of differences, histories, and asymmetric power relations.

This means that the politico-economic transformations discussed throughout this dissertation do not simply ignore political inequality (while claiming to dismantle economic inequality); rather, they exacerbate political inequality by further restricting the space to discuss it. De-politicization is a deliberate policy to render a subject or an issue non-political: it is an attempt to reorganize relations and re-create Palestinian citizens as economic subjects, thus undermining a meaningful political discussion. It is a way to eventually displace the existence of political demands from the economic 'conversation,' and to use economic methods as part of a long-standing attempt to disempower Palestinian political consciousness. De-politicization enables the government to enact policies and regimes of flexible

accumulation that do not threaten existing political hierarchies, as Mtanes Shehadeh astutely reflects in several articles.[712]

In addition to conceptualizing the market as an ahistorical and apolitical zone, a blank slate where injustice and oppression are absent, development is contingent upon the notion of the economy as a neutral space in which Palestinians and Jews can potentially nurture improved inter-communal relations. This process is derived from the principles of economic peace, which are seen as inevitably leading to coexistence, yet they extend from (neo-)liberal ideals that define relations between countries—in addition to human beings—purely according to an economic logic. In the case of Israel/Palestine, economic peace fails to address issues such as the ongoing dispossession of the indigenous Palestinian minority. Rather, it has become an ideological principle that enforces a false separation between the political and the economic. As Abourahme argues, behind the equation of economic peace is "a stealthy consolidation and complexification of the colonial order," which in this case takes place through neo-liberalization.[713]

However, this dissertation has dealt with various examples that demonstrate that this attempted de-politicization is not necessarily successful. Palestinian encounters with development have resulted in awkward encounters, instances of disorientation, and even violent outcomes, which frequently become extremely politicized. These are precisely the moments I have tried to capture and give meaning to, such as the disjuncture between the Israeli discourse of modernity and the ways in which Palestinians redefine the phenomenon altogether, rejecting it and appropriating it at the same time. The politicization of the condition of inequality experienced by 'Arab labor' and the widespread suspicion towards Israeli development objectives are another example, expressed in the second case study,

[712] Mtanes Shehadeh, "*Naḥw ṭarḥ iqtiṣādī mustaqil,"* [Towards an Independent Economic Formula], *Arab48*, October 31, 2010, http://goo.gl/WjsS1I; Shehadeh, "Towards Redefining the Economic Inferiority of Palestinians."
[713] Abourahme "The Bantustan Sublime," 506.

which also discusses the ways in which 'Arab labor' is experienced as a political condition. Domestic outsourcing has produced a similar confusion—marketed as a developmental strategy but widely known to employ Palestinians at consistently cheaper wages, and in some cases, the minimum wage. Changes spearheaded by the Palestinian upper class, which seeks to 'economize' political discourse, are unavoidably political. Members of this class attempt to challenge Zionism while concurrently securing their own future relying on processes of neo-liberalization. However, even this is fundamentally political, as neo-liberalization arguably perpetuates and normalizes Zionism by reformulating the terms of Palestinian political engagement with the state.

Failures and inconsistencies are not merely unintended consequences of the machinery of development and neo-liberalization, but more importantly, they demonstrate the limits of the power of these processes and the way these processes continue to adjust and readjust to their surrounding context—often erratically—in order to survive. In other words, frequent mutations and hybridizations are inherent to such processes, enabling them to re-assert and sustain themselves. This feeds into a larger discussion on capitalism and its seemingly erratic or incoherent nature: 'aberrations' and 'imperfections' are key to its fluidity and are part of its operationalization—not only in Israel/Palestine or the Middle East. But these instances are not simply 'dysfunctional' manifestations of the market; they are both explanations and markers of the power and success of capitalism and its affiliated processes, especially capitalist imaginations and myths.

Abnormal lives

Amidst the vast politico-economic transformations taking place, Palestinians in Israel continue to face a familiar dialectic between engagement and disengagement. Neither strategy is fully implemented; even among the upper class whose members advocate a policy

of integration in all institutions and aspects of political, cultural, and economic life, they retain a 'disengaged' discourse on the nature of the state and its history. Meanwhile, among those who advocate the creation of alternative spaces and autonomous institutions rivaling Zionist ones, they still implicitly engage the state through their demands and overall activism. There is constant deliberation over strategies for the future and ways to make sense of, or 'resolve,' the surrounding situation and the 'abnormality' of being a Palestinian citizen of Israel.

Palestinians reflected on the discussion on their citizenship in Israel in a way that suggested the discussion has not yet been resolved. The discussion is grounded in a setting where Palestinian existence in Israel is still tenuous or unresolved (as indicated in the expressions such as "the state is waiting to resolve us"). One consistent expression of this status was the existence of Palestinians in Israel as an 'abnormal' state of affairs. The frequent reference to the abnormal situation suggests that deep-seated ideas about being 'unwanted' and excluded (encapsulated in statements such as "the state of Israel was not created for us") continue to dominate perspectives.

This discussion on the 'abnormal' status of Palestinians was expressed by one interlocutor, who proclaimed that "nothing is normal here" (*mā fī ishi ʿādī hon*), in response to a question about hiring practices. Her statement was an attempt to remind me that it was not only the logic of the market—an invented space and the object of my study—that is abnormal or irrational. Going beyond the space of the market, her reflection on the abnormal status of Palestinians aimed to irrationalize their entire political situation and the peculiarity of the Palestinian experience in Israel, an experience that emerges from the perception of

oneself as still colonized, staying in her land but constantly defending her presence there, and fighting to redeem history.[714]

I came across another reflection on the 'abnormal' in an article by Duaa Hosh Tatour, which followed several deaths of Palestinians at the hands of the Israeli police in 2015, and it adopts a tone of bewilderment towards what a 'normal' life entails for Palestinian citizens of Israel in light of a routinization and bureaucratization of state violence. The author discusses the ways in which bureaucratic apparatuses commonly perpetrate acts of violence—whether these are policemen who kill civilians or the state's own machinery that confiscates their lands—and how these people, the institutions to which they belong, and the state that has employed them are all bizarrely 'hiding in plain sight'.

Tatour's article proceeds to discuss the ways in which poverty, disenfranchisement, and de-territorialization are part of a larger political regime that has become second-nature. She interprets these conditions as part of an 'abnormal' politics that defines the Palestinian experience in Israel, with the economic sphere being one part of the state's architecture of violence. The bureaucracy and discourse of development that I have discussed throughout this dissertation can thus be seen as an extension of this politics of the 'abnormal'. It proclaims to remedy a dysfunction and set a 'correct' path for Palestinian economic integration into the state's structures, and yet it is the state itself that is perceived as the main perpetrator of violence and injustice—*the* main source of dysfunction. In Tatour's words:

> What we have witnessed was not a normal death in normal circumstances and a normal society, especially since the definition of the normal here is a life that contains the minimum standards of stability and safety. But where would we find the 'normal' in [this] environment…Life [itself] implicitly becomes incomprehensible when we live on pathways that were essentially designed for death, and the cultivation of the

[714] Even Palestinians who are not always vocal against the state often reflect on the abnormality of the surrounding situation. One example is television presenter Lucy Aharish, whom many Palestinians describe as a poster child for Zionism. In one segment, she argues that to express outrage over the "slaughter of people is not an act of courage…it means being a normal person, who lives in a normal country, and tries to live life in a normal way." "*Lucy Aharish medaberet me-ha-lev ʿal gazaʿnut, hasatah ye-śinʾah"* [Lucy Aharish Talks from the Heart about Racism, Incitement, and Hatred], YouTube video, 11:44, uploaded by "Rashut Ha-Shidur," November 22, 2014, https://www.youtube.com/watch?v=xbmzkVRHgp8 [7:30-8:00].

land is not a normal occurrence when it is carried out by the [same] machines that are designed to raze it and kill us at once…

A normal life here does not exist among those who are supposed to live it, when you are ruled by an institution that targets you and sets you up with death, humiliation, and poverty in all of their forms [*tuhayaʾ lak mawaʿīd maʿ al-mawt wal-mahāna wal-faqr, bi-shatā ashkāluhum*], as if it promises that every death by a policeman's bullet will be followed by another form of death...The worst thing in the relationship between Arab citizens here and a government that does not recognize them, nor they recognize it, is that the latter consumed the limit of desperation and the former is void of all things…

When the scales of power are unbalanced to this extent, should we not reconsider the formulation of all concepts and meanings [*alays ʿalaynā—ʿindamā takhtal mawazīn al- quwā ila hadhā al-ḥad—an nuʿīd ṣiyaghat kul al-mafāhīm*]? Because as it seems, the human being here does not [even] fight to live [or survive], he is barely escaping death [*laʾino ʿalā mā yabdu faʾin al-insān hunā la yuḥārib li-yaḥyā, huwa bil-kad yanfidh min al-mawt*].[715]

[715] Duaa Hosh Tatour. "*Wa-man lam yamit bi-ruṣāṣ al-shurṭa māt bi-ghayruh*" [And He Who Does Not Die from the Bullets of the Police Dies in Other Ways], Arab48, February 3, 2015, http://goo.gl/aH2qJV.

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