



JPS “Hidden Gems” and “Greatest Hits”: Capitalism in Palestine; A Historical Snapshot

Sreemati Mitter

ABSTRACT

In addition to selecting a “greatest hit” and a “hidden gem,” here, Sreemati Mitter provides readers with a broad overview of *Journal of Palestine Studies* (JPS) content on the topic of capitalism in Palestine. Mitter singles out Alexander Schölch’s classic, “The Economic Development of Palestine, 1856–1882” (1981) as a greatest hit and Peter Lagerquist’s haunting “Vacation from History: Ethnic Cleansing as the Club Med Experience” (2006) as a hidden gem. Read together, she argues, these two pieces help elucidate how powerful forces of global market capitalism converged on Palestine’s storied Mediterranean coast to shape its economy in the modern period.

KEYWORDS

precapitalist economy;
global capitalist markets;
agricultural products; the
sea; commodification

WHEN ASKED BY JPS editors to choose two articles on capitalism from the *Journal’s* fifty-year archive, I knew I had been given a difficult task. A first problem was one of definition: what exactly would encompass, for the purposes of this essay, capitalism? I knew it had to be a category narrower than that of either political economy or economic history, both terms I prefer to capitalism because of the broader inclusivity they imply for Middle East studies, scholarly works on capitalism being all-too-often restricted by a rather myopic focus on the United States and Europe.¹ I also knew that any articles I chose would have to grapple in some way with understanding the processes inherent to market capitalism, that is, the private ownership of essential means of production (for instance: land, capital, labor) and the salience of markets and profits in determining how resources are allocated.

A second problem was posed by the thought that I would have to hunt for the proverbial needle in the haystack, because JPS has always sought, since its founding in 1971, to appeal to a broader public that travels between the worlds of politics, advocacy, and diplomacy, as well as academia. Its archive would, I worried, reflect that ambition, tending more toward political histories, policy pieces, and analyses of current events rather than works that could be viewed strictly as scholarly expositions of capitalism as I understood the term.

But, plunging into the treasure trove that is the fifty-year archive, I found that I was wrong: although it is true that current events and political analyses dominate, there is also a rich vein of works that illuminate how capitalism functions on the ground in Palestine. The task of choosing two from among these many pieces quickly turned into a headache-inducing cocktail of joy and unease: joy at the discovery of so many “hidden gems” and at the rereading of so many “greatest hits”; unease at having to pick only one of each.

There were a few articles I thought of right away, pieces that ought to be read, pencil in hand, by anyone interested in understanding how capitalism has shaped the Palestinian

economy. An initial first choice was Salim Tamari's classic analysis of class and labor, "Building Other People's Homes: The Palestinian Peasant's Household and Work in Israel."² A perfect accompaniment to this, I thought, would be either Leila Farsakh's "Palestinian Labor Flows to the Israeli Economy: A Finished Story?"³ or Adam Hanieh's review essay, "Stone, Labor, and the Building of Israel."⁴ Viewing these as "greatest hits" by established names in the field, I felt it would be fitting to include as my "hidden gem" a lesser-known piece by an early-career scholar, and so I turned to Jeremy Siegman's "'Super-Israel': The Politics of Palestinian Labor in a Settler Supermarket," which beautifully complements the works by Tamari, Farsakh, and Hanieh.⁵

But each of these works examines only one constitutive element of capitalism: labor. I thought this limiting, and felt it would be better to choose, instead, articles that presented a broader view of the ways in which the forces of market capitalism, working hand in hand with colonialism, have subjugated all factors of Palestinian production. This led me to the three influential pieces by Sara Roy on Gaza (and much agonizing over which of them I should choose for this exercise): "The Gaza Strip: A Case of Economic De-development"? Or "The Political Economy of Despair: Changing Political and Economic Realities in the Gaza Strip"? Or, most recently, "De-development Revisited: Palestinian Economy and Society since Oslo"?⁶ As a complement to these greatest hits on Gaza, I thought one of George Abed's articles on Palestinian development—either "Developing the Palestinian Economy" or "The Economic Viability of a Palestinian State"—would be an ideal pairing.⁷ But then, upon reflection, I decided it would be even better if I stuck to my initial impulse of juxtaposing pieces by early-career scholars against those by senior scholars, in which case, Omar Jabary Salamanca's "Assembling the Fabric of Life: When Settler Colonialism Becomes Development" emerged as the perfect hidden gem to accompany either one of Roy or Abed's greatest hits.⁸

These articles on Palestinian development (and de-development) deal only with the post-1967 period, however, which dissatisfied my own preference, as a historian, to seek answers—particularly to a question so large as the one about how capitalism has shaped the Palestinian economy—in the past. Then I chanced upon Nahla Zu'bi's "Development of Capitalism in Palestine: The Expropriation of the Palestinian Direct Producers,"⁹ which I'd never come across before—truly a hidden gem. But the article focuses mainly on British fiscal policies during the Mandate era, making only a brief detour into the Ottoman period, and thus offering what struck me as a blinkered view of the longer history of capitalism in Palestine. I felt compelled to go further back, to the period when Palestine was still a province of the Ottoman Empire and to that pivotal moment, during the mid-to-late nineteenth century, when changing Ottoman revenue collection and land tenure policies, combined with rising European and Ottoman demand for Palestinian agricultural goods, transformed a locally oriented precapitalist economy into one that was fully integrated, albeit only as a producer of primary goods, into global capitalist markets.

Alexander Schölch and the Precolonial Palestinian Economy

This led me, happily and inevitably, to Alexander Schölch's classic, "The Economic Development of Palestine, 1856–1882," a greatest hit if there ever was one.¹⁰ This article, which appeared in 1981, was one of a series by Schölch on late Ottoman Palestine before his untimely death in 1985 robbed Middle East studies of one of its most original and prolific social historians.

In this particular article, Schölch drew on an unusual set of sources—the reports and personal correspondence of European consuls and commercial representatives based in Palestine—to track the changing patterns of regional and European trade through the ports of Jaffa, Haifa, and Acre between 1856 and 1882. Beyond the fact that it is the only article in *JPS*'s archive (that I could find) that evaluates the impact of capitalism in Palestine prior to both Zionist and British colonialism, I admire it for the careful assessment it offers, weighing benefits and harms, of the processes of market capitalism as it functioned on the ground in Palestine.

The article is set in the heyday of the Ottoman Tanzimat, an era of administrative reforms implemented between 1839 and 1876 by a cohort of energetic Ottoman bureaucrats in Istanbul, who, licking their wounds from various humiliating losses at the hands of the Europeans, sought to modernize the empire so that it could better compete with its rivals. But Schölch, eschewing the Istanbul-centric view often adopted by scholars of the period, centers his analysis on Palestine itself, and tracks in meticulous, if sometimes meandering, detail the exponential growth of Palestinian agricultural exports to Europe during this period of bureaucratic transformation in the Ottoman Empire.

Going region by region, crop by crop, and wherever possible, year by year, Schölch tabulates exports from the three key Palestinian ports to Europe starting in 1856, when the suspension of grain distribution from southern Russia after the Crimean War led to increasing demand in European markets for wheat, barley, and other crops from elsewhere. Schölch dates the beginning of capitalist production in Palestine to this moment, when Palestinian agricultural products that had previously only been sold locally, or to neighboring areas within the empire, became hotly traded commodities on global markets. Schölch uses the export statistics he gathered to show how the sustained agricultural surpluses that Palestine enjoyed throughout this period allowed it to not only contribute to the overall food supply of the greater Syrian region but also to equilibrate the overall Syrian balance of trade, which would have otherwise run a deficit. Thus, Schölch demolishes the notion, often repeated in studies based on Zionist and British sources, that Palestine was an inconsequential economic backwater of the Ottoman Empire before the first wave of Zionists arrived in the late nineteenth century. This, in my opinion, is one of the most important contributions of the piece.

A second insight of Schölch's is that capitalism proved, in Palestine as elsewhere, to be a mixed blessing, engendering prosperity for some and poverty for others. The enterprising band of Palestine-based European (English, French, German, and Austrian) consuls who, sensing an opportunity, were the first to begin exporting Palestinian wheat and barley to key markets in Europe were also the first to grow rich from this new trade. The Greek and Levantine merchants and shippers, the middlemen who ferried the goods from farm to port, were the next set of winners. Then came those Palestinian farmers, usually large landowners, who were best able to scale and adjust their production to meet changing European tastes. All three groups grew rich during the course of the years tracked by Schölch. But a vast majority of others—the smaller farmers and the landless peasantry who had worked those lands for centuries—did not; there were few lasting trickle-down benefits for the Palestinian economy as a whole from this rapid commodification of Palestinian agricultural goods. Schölch lays part of the blame for this on the Ottoman bureaucrats in Istanbul, whom he faults for devising “ever new ways and means to siphon off the profits [of the exports] by tax increases, special imposts and monetary and other financial manipulations, without offering an equivalent service in return for the benefit of the Palestinian economy.”¹¹ But a larger share of the blame, Schölch implies, must be directed at the inequalities that market capitalism engenders everywhere.

A third major contribution that Schölch makes is to show how the rapid process of commodification transformed the structure of the entire Palestinian economy from precapitalist to capitalist production. Schölch offers a balanced view of the effects of this structural transformation, weighing, as before, benefits and costs: on one hand, it incentivized greater diversity and flexibility in agricultural production, which rendered the overall economy, and the individual farmers concerned, less susceptible than they had been earlier to adverse local shocks such as those caused by bad rains and other climatic conditions. But the opening up of a once-sheltered economy to global markets also made it acutely sensitive to even the most minor fluctuations of demand and price in those markets. The mixed blessings inherent in this structural opening are captured in the brief but illustrative history Schölch provides of cotton production in Palestine during the U.S. Civil War in 1863, when the absence of U.S. cotton led to soaring European demand for high-quality cotton procured elsewhere. This led the European consuls in Palestine to prod local farmers to forego their customary crop rotations in favor of cotton. For a brief time, the farmers who were able to transform themselves into cotton growers reaped soaring profits. But with the end of the U.S. conflict in 1864, the resulting glut of cotton on global markets led to a collapse in demand and prices; this in turn destroyed those would-be Palestinian cotton magnates. A similar pattern was repeated later in the Palestinian citrus industry, which soared and collapsed on the changing whims of European demand.¹²

This checkered history shows how the process of transforming agricultural produce into global commodities ensured the peripheralization of the Palestinian economy within global markets, thereby condemning it to structural distortions and weaknesses long before the dual assault of Zionist and British colonization. This is the third and broadest contribution of Schölch's analysis.

Peter Lagerquist's Vacation from History

The starting points for the global trade in Palestinian products, the historic Mediterranean port cities of Acre, Jaffa, and Haifa, play starring roles in Schölch's article. This now-lost coast, taken by the Israelis in 1948 and deeply mourned and yearned-for ever since in the Palestinian imagination, is also the setting for Lagerquist's haunting essay, "Vacation from History: Ethnic Cleansing as the Club Med Experience," which *JPS* published in 2006, twenty-five years after Schölch's piece.¹³

At the time, Lagerquist was a journalist based in Palestine (he is now a graduate student in anthropology), and his effortless writerly style, coupled with a reporter's keen eye for narrative detail and human interest, honor *JPS*'s tradition of publishing works that appeal to the general reader. The article is an exposé, written in quiet fury, about the luxury French resort chain Club Med and its acquisition of a pristine, supposedly uninhabited, piece of the Mediterranean coast in 1961 through a leasing arrangement with the Israeli government. The French company erected a "village" resort that, in Lagerquist's words, "became the pride of Club Med's global village archipelago, topping customer approval ratings for six years running."¹⁴ But, as Lagerquist reveals, the land was anything but uninhabited, having been a thriving Palestinian village of some two thousand sea-faring residents until May 1948, when Haganah forces ensured its depopulation through brutally efficient acts of violence involving executions of young men and gang rapes of women.¹⁵

Although Lagerquist's article is ostensibly set in the present moment, it wades through layers of modern Israeli history—from the incipient global capitalism of the 1980s and 1990s

to the faux kibbutz socialism of the 1950s and 1960s—until it reaches back to that essential starting point: the 1948 ethnic cleansing, destruction, and erasure of Palestine, and the myth-making on which much of Israeli capitalism is based.

The article illustrates an essential point of market capitalism: how consumer tastes, converted into demand, then into sales, and then into profits, trump all other considerations—of morality or conscience or justice—in the market. The (mostly) Israeli consumers who covet and purchase the holiday experience offered by Club Med in Israel thus emerge as the central focus of Lagerquist's essay. He marvels over the willful ignorance that enables the tourists and hotel managers—the consumers and producers—to collude in the ongoing dispossession of the Palestinians without, seemingly, having any awareness of their own complicity or guilt. He also devotes space to the original inhabitants of the destroyed village, the evicted Palestinians who have lived, since 1948, hardscrabble lives inscribed with poverty and insecurity on the fringes of the luxurious resort. This contrast, between consumer and dispossessed, illustrates the ways in which capitalism and consumerism worked hand in glove with settler colonialism to first steal, then erase, and finally transform—and thus commodify—Palestinian property, destroying, in the process, thousands of Palestinian lives.

Lagerquist's article differs in every way—genre, scope, chronology, tone—from Schölch's. But, when read together, the effect is, I think and hope, one of striking complementarity. To start with, both pieces are, as noted above, located on the same northern Mediterranean coast: the port cities of Acre, Jaffa, and Haifa in Schölch's article, the destroyed Palestinian village of al-Zib, just north of Acre, in Lagerquist's. This is not coincidental, and it underscores the key role played by the sea in the development of capitalism in Palestine in both the nineteenth and twentieth centuries. A second substantive point in common is that both pieces are concerned with the commodification of an essential Palestinian asset: in Schölch's case, agricultural produce; in Lagerquist's, land. Third, both articles critique the ways in which foreign, and particularly European, consumption patterns impacted the Palestinian economy, peripheralizing it in Schölch's example, and destroying it in Lagerquist's.

Finally, each article relies on three key sets of actors to tell its story. For Shölch (although he is more interested in structural change than in human actors), these are the nineteenth-century European consumers who capriciously hankered after various Palestinian agricultural goods; the chain of European consuls, traders, and shippers who ensured that those goods reached their destination; and the Palestinian farmers who either thrived or sank according to how well they could adjust their production to meet this European demand. For Lagerquist, who relies on human beings to tell his story, there are also three groups of actors: the Franco-European tourist behemoth, Club Med, which sought to bolster its profits and global reach in the 1960s by expanding to new markets in the Eastern Mediterranean; the Israeli bureaucrats and entrepreneurs who strove, from the early 1950s, to transform their newly created state into a welcoming entrepreneurial oasis—a shining Israel Inc.—for such behemoths; and the original Palestinian residents of the destroyed village of al-Zib who tried and failed, using every resource they had despite their poverty and statelessness, to regain their lands.

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Taken together, this “hidden gem” and “greatest hit” on the subject of capitalism provide the chronological bookends for what is considered to constitute the modern period in Palestinian history. The first is set in the mid-to-late nineteenth century. The second unfolds

in the recent past. They span 150 years and, read together, help elucidate how powerful forces of global market capitalism converged on that storied Mediterranean coast to shape the Palestinian economy, battering it into submission to powerful external interests as inexorably as the wind and water and sun have, for centuries, shaped and battered the physical shoreline.

About the Author

Sreemati Mitter is the Kutayba Alghanim Assistant Professor of Middle Eastern History and International and Public Affairs at Brown University. Her work examines the economic and financial dimensions of statelessness.

Endnotes

1. See, for instance, Vanessa Ogle's recent, apt observation that "one of the more embarrassing traits of the history of capitalism has so far been not just a general focus on the Western world, but its unreflecting and at times self-congratulatory US-centrism" in Vanessa Ogle, "Time, Temporality and the History of Capitalism," *Past and Present*, no. 243 (May 2019): pp. 312–27, <https://doi.org/10.1093/pastj/gtz014>.
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9. Nahla Zu'bi, "The Development of Capitalism in Palestine: The Expropriation of the Palestinian Direct Producers," *JPS* 13, no. 4 (Summer 1984): pp. 88–109, <https://doi.org/10.2307/2536992>.
10. Alexander Schölch, "The Economic Development of Palestine, 1856–1882," *JPS* 10, no. 3 (Spring 1981): pp. 35–58, <https://doi.org/10.2307/2536459>.
11. Schölch, "The Economic Development of Palestine," p. 51.
12. Sreemati Mitter, "Bankrupt: Financial Life in Late Mandate Palestine," *International Journal of Middle East Studies* 52, no. 2 (2020): pp. 299–300, <https://doi.org/10.1017/S0020743819001120>.
13. Peter Lagerquist, "Vacation from History: Ethnic Cleansing as the Club Med Experience," *JPS* 36, no. 1 (Autumn 2006): pp. 43–53, <https://doi.org/10.1525/jps.2006.36.1.43>.
14. Lagerquist, "Vacation from History," p. 46.
15. Lagerquist, "Vacation from History," p. 44.