

**EPIDEMIC OF GLOBALIZATION**

*Ventures in World Order, Arab Nation  
and Zionism*

**DR. ADEL SAMARA**

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## ABOUT THE AUTHOR

Dr. Adel Samara is a Palestinian writer and researcher. He was born in Beit Uor, Ramallah area, Occupied West Bank where he continues to live and write today. His undergraduate years were spent at the Beirut Arab University, Beirut, Lebanon, and he holds a Ph.D. degree in political economy and development from Exeter University - United Kingdom.

For more than two decades, Dr. Samara has written extensively about the most vital issues facing Arab and Palestinian struggle. He has written a plethora of books and articles, in both Arabic and English, as well as co-authored and edited numerous articles and essays. His articles were features in several journals and newspapers such as *Journal of Palestine Studies*, *Al-Quds Al-Arabi*, *Al-Hayat*.

Dr. Samara is the editor-in-chief of Kana'an, an Arabic cultural quarterly published in Al-Taibeh / Ramallah – Occupied Palestine and dedicated to the causes of Arabic development and unity. He is, also, a member of the editorial board of Kana'an Online, published both, in Arabic and English, and can be viewed at [www. Kanaanonline.org](http://www.Kanaanonline.org).

Dr. Samara is considered one of the leading Marxist-Nationalist Arab-Palestinian thinkers who is intensively engaged in the political and economic analysis of Arab political life and reality. His analysis is astucious and dives beyond the surface to expose the underlying forces that deeply affect the struggles and the lives of Arabs and Palestinians. He tells the truth as he sees it with courage and almost brutal frankness. His writings are richly informed and full of precious details. His style is engaging, vibrant and reflective of his life - life under occupation.

Due to his political views and activism, Dr. Samara was deprived from any teaching or academic position throughout his political life and was imprisoned several times. He was arrested three times by the Jordanian authority and spent two and half years in West Bank jails before the Arab-Israel war of 1967. Under the Israeli occupation, he was imprisoned for five and half years. In November 1999, as one of the signatories of the Bayan Al-Ishreen (The petition of Twenty)\* he was placed under arrest for twenty-three days by the Palestinian Authority with other Palestinian leaders.

*\* A communiqué signed by a group of twenty Palestinian political leaders, activists, and political writers criticizing the Oslo Accords and the corruption in the PA. It was published in the Occupied West Bank on November 29, 1999 and led to the arrest and imprisonment of some of the signatories.*

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## PREFACE

The conflict that has stormed Arab countries for decades is not, by its nature and causes, isolated from the world order and its interests. This is true today as it was during the classic colonial epoch. It is not possible, therefore, to understand and analyze the Arab-Zionist conflict and the struggle of the Arab nation outside the framework of global relationships and the world order with all its complexities.

This book rejects the dichotomy between the developments in Occupied Palestine, throughout the Arab Homeland, and the rest of the world. It, therefore, rejects the dichotomy between the “local” and “national” on one hand, and the “regional” and “global” on the other.

Globalization, in Dr. Samara’s work, is understood as a regime of global production and capitalistic growth. It is false to claim that we can establish local identities and struggle for national unity and development, and to believe that we are, somehow, outside and immune from the flows of capital and its extensions and interests.

Not to understand and resist globalization as a fragmenting capitalist imperial machine is, in fact, assisting it in implementing its strategies, policies, and goals. Not to understand that the struggle of the Palestinian people and Arab nation is organically linked and tied to the struggle against globalization misidentifies the enemy, the real enemy.

The other pitfall of the strategy of fighting a localized and isolated struggle is that this strategy ignores, negates, and above all, misses the potential alternatives for liberation and development. For the Arabs, it is, therefore, time to confront the intrigue and complexity of our times and history and ground them on this understanding.

In *Epidemic of Globalization*, Dr. Samara defends national and class interests of Arab and Arab-Palestinian masses. He, however, does not adopt narrow chauvinistic claims, rather, embraces humanity. His work does not identify itself with isolationistic political project, but defends the “local” and “national” as integrative components of the global struggle - the international struggle.

Far from the mass media display of this bloody and protracted conflict, what lies behind it? What are the driving forces underlying it? The answer, most of us have, is that it is a conflict between the “Arabs and the Jews”, or perhaps it is a “war of religions” between Jews and Moslems. Some believe that Arabs and Jews “have been fighting for centuries” and it is a war “between two nations” who cannot find a common language or a mutual solution.

Recently, this conflict was “promoted” from an Arab-Zionist conflict, as it was known throughout the twentieth century, to a “Palestinian-Israeli” one. The conflict was, thus, stripped entirely from its Arab and Zionist dimensions and “reduced” to a conflict of “disputed territories”. This characterization, contrary to conventional thinking, does not simplify the conflict. It rather mystifies many of its aspects and complicates its motion. It hinders its progress and ultimately obstructs possible solutions. It does that because it simply distorts the true picture and diffuses the focus, as well as, the underlying forces and components of the struggle.

This is precisely the mission of this book: to go beyond the “common” interpretations and beneath the “superficial” to provide a comprehensive analysis and understanding of the core causes of this conflict and the forces at work.

This book covers issues ranging from globalized world order, Arab nationalism and socialism for Arabs and Jews, to Palestinian economy and the role of non-governmental organizations in the Palestinian society. It presents a unique analysis of the relationship between the colonial - imperialist powers and the Arab nation in the modern era.

With a firm grip on the dilemmas, Dr. Samara illuminates several aspects of a conflict and history that have been concealed by polemical regional and international equations.

The book tells the story of the colonial-imperialist fragmentation of the Arab countries and the suffering of the Arab masses, but it also tells the history of their resistance, struggle, and achievement. *Epidemic of Globalization* also offers compelling alternatives for progressive changes and solutions. The reader is able, at last, to place the struggle of the Palestinian people against Zionist occupation and for national liberation, in its natural position as an integral part and essential component of the struggle of the fragmented Arab nation for development and unity against the troika enemy: imperialism, Zionism, and the ruling Arab comprador. While all this is presented in a style that is engaging and provocative to the minds, the book integrates issues facing Arabs and examines them through the prism of the world order of a globalized capitalist system. The book demystifies national and international events and makes coherent a conflict that has, for most of us, become hopelessly entangled.

Throughout the book, and in such an enlightening style, Dr. Samara demonstrates how the global capitalist world order is, indeed, a victory for capitalism and that the peace it proposes for the Arabs and Arab-Palestinians is nothing but “peace for capital” over their rights, freedom, democracy, and the development and unity of the Arab Homeland.

This book is a work of visionary intensity and potential. It presents major theoretical and political contributions in several aspects of the Arab-Zionist conflict. I would like to mention two such contributions: (a) building the concept of “Development by Popular Protection” as a mode of development and a powerful tool in the combat against globalization and the hegemony of the capitalistic unipolar world system, and (b) envisioning a United Socialist Arab State as a solution for Arabs and Jews.

*Epidemic of Globalization*, with its compelling arguments, is a recommended reading for all those wishing to understand what has gone wrong in the region.

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## INTRODUCTION

This book is written in a new and ever-changing international era. Despite volatile shifts, it remains fundamentally the same - *an age of capital*. The present era of capitalism, known as globalization, is the third capitalistic era, which follows colonialism and imperialism. Globalization is colonialist-imperialist capitalism in a new form with distinctive characteristics of world conflicts. If world conflicts which took place during the era of the Cold War are over, then “hot wars” are underway. These new wars are not limited to the military option; instead, the capitalist interest is the essence and the goal behind these wars. Although capitalist wars may manifest themselves in different forms, such as cultural, religious or ethnic, capital and class interests are the underlying and driving forces behind them.

In the era of globalization, wars take on different and more dangerous routes. They encompass entire nations and not solely their military forces. United States imperialism launches wars for the purpose of demoralizing, those nations and destroy their mere existence, thus creating a new form of aggression: a war from a distance. It is the first time in the history of mankind that a nation commits genocide in an “official manner”-under the umbrella of the United Nations that was established exactly for the opposite purpose.

The role of writer and the objective of writing within such circumstances is, in fact, one form of intellectual resistance.

Some parts of this book were previously published in different versions and appeared in reviews such as *Kana'an*, *Al-Mustaqbal Al-Arabi*, *Al-Osour Al-Jadifah* and *The Journal of Palestine Studies*. These parts were further developed and updated to be published in this book.

The world capitalist order and how ruling capitalist classes in the center have renewed and changed their means to achieve hegemony and domination over the world, is discussed in greater detail in Chapter One. It discusses how capital incorporates culture and intellectuals to spread its domination. As well as demonstrates how the ruling classes became fewer than ever before, which makes the Capitalist World Order more fascist than democratic.

Arab nationalism has been under the attack by the core countries of the world order for almost two centuries. Arab countries have been singled out, and some are still under direct military occupation. Chapter Two discusses the reasons behind this capitalist invasion and the role of the internal forces that serve it. The Chapter argues that the Arab ruling capitalist comprador classes have deepened the un-equal development among Arab countries for the purpose of obstructing Arab unity for the longest possible time.

Among the other issues presented, another element surfaces, hence the new issue of normalization and anti-normalization with “Israel”. Chapter Three explains why the popular classes should not normalize with capitalism, as well as why the Arab popular classes should not normalize with the Zionist entity-Israel. This resistance to normalization ultimately leads to a boycott of the Western capital that supports it.

Having the above in mind, it is imperative to expose the nature of the Zionist entity-Israel, especially some of its internal components. Chapter Four reveals these components as well as debates another vision for the final solution with the Arab-Zionist conflict. In this chapter, I argue that the only solution is a socialist one.

Chapter Five discusses the socio-economic conditions in the Palestinian West Bank and Gaza Strip under the globalized “peace” process. It illustrates how the center of imperialism designed a peace that will serve its own interests, a “peace for capital” not for the people.

The Palestinian Authority (PA) has developed its socio-economic function in the West Bank and Gaza Strip. Chapter Six discusses this issue and explains how a dependent regime, in the era of globalization, has made corruption its own political economy. In Chapters Five and Six I argue that the globalized solution of the Arab-Zionist conflict (Madrid-Oslo Accords) resulted in an accumulation of suffering for the Palestinian people.

Finally, Chapter Seven deals with another aspect of globalization and its manifestation, Non-Governmental Organizations (NGOs). It demonstrates how the forces of globalization, to serve capital and imperialism, are using humanitarian efforts and organizations.

All chapters of this book concentrate on the role of capital in the world center and periphery. They uncover and emphasize the deep alliance between the center of capitalism-imperialism, the Zionist project, and the ruling elites in the periphery especially in the Arab Homeland and the Palestinian occupied areas, the West Bank and Gaza.

Adel Samara  
Ramallah, West Bank  
October 2001

## CHAPTER ONE

### FROM GLOBALIZED PUBLIC SECTOR TO DEVELOPMENT BY POPULAR PROTECTION

This chapter attempts to formulate a vision of the recent developments of the world capitalist system. It intends to examine four interconnected developments at the world level, developments that are reshaping this system. First is the crystallization of a class hierarchy at the level of the ruling classes on a world scale. Second is the crystallization of those economic interests in creating a globalized state capitalist public sector dominated, owned, and/or managed by the ruling capitalist classes in the center, served and executed in an inferior manner by ruling comprador capitalist classes in the periphery. Third, these developments were devoted to help shape an ideology and later a fascist regime on the world scale to replace the 'democratic' bourgeoisie in the center and the military juntas and comprador capitalists in the periphery. Lastly, this chapter tries to demonstrate that de-linking development strategy cannot work since the peripheral nation-state has deteriorated into comprador state, which cannot play the simple role of the failed nation state of the 1950s and 1960s. Therefore, what is needed at the periphery is a strategy of Development by Popular Protection (DBPP), on both national and regional scales.

This must be in harmony with a vision of how labor should challenge capital—the exploited popular classes challenging the ruling comprador capitalist classes on a global scale. This part, however, is beyond the scope of this chapter.

#### **A New Role for the National Peripheral State**

After two decades of imposing neo-liberal economic policies, many new developments took place in the peripheral countries. These developments include the subjugation of most of the states of the periphery to a market ideology; the adoption of 'liberalization of trade'; the Third World's application of the neo-liberal economic policies of the World Bank (WB) and the International Monetary Fund (IMF), and other international financial institutions.

Subsequently, more and more of the popular classes in the Third World discovered that their nations lost their sovereignty. These popular classes realized that their national economies were no longer protected by the national state. The national bourgeois no longer protects the national market, which they supposedly monopolize. The classical economic analysis states that national bourgeoisie insists on controlling its own national market under the guise of protecting its national economy and for the sake of its interests. This national bourgeois has collapsed. This is the real meaning of 'liberalization of trade' and the 'open door' policy. The newly conceptualized sovereignty implies that the world has become one global village. The Palestinian Self-Rule (Autonomy) is a good example of how a capitalist comprador regime would sacrifice sovereignty for economic gains.<sup>1</sup>

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<sup>1</sup> The most recent example of the failure of comprador bourgeois to control its market is the Palestinian Authority (PA). The PA was satisfied with its share of the trickle-down and Casino economies. This bourgeois realized that its

Most of the regimes in the Third World have deteriorated into nothing more than self-rule regimes, if not colonies. Their markets are widely open to the foreign (center's) products. Their industries are obligated to become mere subcontractors to the foreign companies or to simply melt and leave the market. The profitable public sector companies have been sold cheaply to foreigners. The capital of the center bought whatever it chose of the periphery's national assets, especially recently in the 'Tigers' of South-East Asia, Brazil, Egypt, and the Russian Federation.

The other aspect of the problem is the weakness of the national liberation movements in the Third World, which failed to develop new versions of militant organizations able to oppose this new version of globalization.<sup>2</sup> That is the reason the 'opposition' to globalization has remained limited to the regimes that are the same classes that, in fact, strengthened dependency.<sup>3</sup>

The role of neo-liberalism is no longer limited to the economic and political level; it has been extended into the cultural one as well. Through its succession in adapting to the new developments and renewing itself, capitalism in the center has absorbed the threat posed by a new wave of national and social liberation in countries of periphery (COP). The capitalist regimes of the center have devoted considerable effort toward containing the threat from radical intellectuals by supporting the non-governmental organizations (NGOs), which are, a part of the "Marines of US imperialist culture" (i.e. Human Rights Organizations, democracy advocacy and teaching groups, the non-governmental governments...etc)<sup>4</sup> (see Chapter Seven) in the Third World. They attempt to corrupt the leftist and nationalist cadres in a campaign to invade and terminate the struggle of organic intellectuals against imperialism by means high salaries, travel, luxurious offices...etc. These intellectuals have been, and still are, targeted by imperialism in a preemptive plan to block the role of organic revolutionary intellectuals from initiating new social national radical movements.

By doing that imperialism is, in fact, re-educating the people in countries of the periphery (COP) about the capitalist culture, consumerism, market ideology, and internalization of subjugation.

By achieving this, capital succeeds in destroying independent economic, cultural, and political development in

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inability to achieve independence, so it decided to accept self-rule under Israeli economic, political, and military domination.

<sup>2</sup> The anti-globalization struggle in Genoa-Italy (July 2001) and the struggle against racism, racial discrimination, and slavery in the UN WCAR Conference in Durban-South Africa (August-September 2001) are promising signs of the revival of international revolutionary movement.

<sup>3</sup> Egyptian president Mubarak stated that the free market approach has failed and must be reconsidered. "In the emerging world there is bitter sentiment of injustice, a sense that there must be something wrong with a system that wipes out years of hard won development...the time has come for us to rethink the direction our planet is taking" Marica Merry Baker, The "Experts" meet in Davos a Shipload of Frozen fools, *Executive Intelligence Review*, 12 Feb 1999, p.6.

<sup>4</sup> By non-Governmental governments, I mean countries such as Sweden, Norway, Denmark, etc. These countries are 'not' imperialists in the minds of Third World peoples, but at the same time they play in the hands of imperialist centers. Their role is not different from that of NGOs.

the Third World. One of the few exceptions that escaped this, Iraq, became the target of wars and brutal destruction.<sup>5</sup>

### **Two Different Forms of Globalization**

There is no doubt that capitalism in the center succeeded in its goal of containing the Soviet Union (following its disintegration) and China (by open door policy and later by luring its revisionist leadership to apply for WTO membership) and ensuring its eventual integration into the World capitalist system.

This development of the so-called globalization is by no means unified. There are, in fact, two forms of globalization, one for the center and another for the periphery, but both are within one world system. At the center, globalization is characterized by a leading role, a position of domination and exploitation. It is also the transfer of the working productive capital and activation of the Foreign Direct Investment (FDI) that is to be based in the periphery. It should be noted that the transfer of industry from the center to periphery has achieved the aim of liberalization of trade since the products of the center are produced in the periphery itself. Its primary danger is that it challenges and terminates the possibility of the periphery's regional self-reliance and self-development. It creates and alienates the new working class, that of the multinational corporations (MNCs) from the rest of the working class and society. As long as the working class is divided and alienated, the struggle to create a labor movement is weakened. This alienation has made it easy for the dependent ruling class to ignore democracy as long as the main tool in the struggle for democracy is divided.

Globalization for the periphery means dependency on, and being placed at the mercy of, the center within the context of the world division of labor.

For the center, globalization means marketing its products globally, liberalization of trade, and the suffocation of the Third World industries. It intends to block the development of any national heavy industry in the periphery, and appoints its rulers as agents for transferring their countries' surplus to the center either in the form of net capital or paying high prices for cheap imports. It is speculation in the era of globalization that enables the hot money to buy assets cheap, and escape whenever a crisis erupts.<sup>6</sup>

These two different forms of globalization argue against globalization, especially the pretense of those who are marketing globalization as an imperative against which resistance is futile and rejection can only lead to autarky (autarchy). The issue of globalization becomes, then, how to distribute and re-distribute the industries of the core to countries of the periphery (COP) to provide the cheapest labor and raw material, as well as ensure the availability of compradoric regimes needed to repress the working class and offer the most flexible "cheap" investment law to attract FDI. In addition there are two main targets: highly populated nations with a large consumer base and a large working class

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<sup>5</sup> See Scott Peterson, The Gulf War Battlefield is still Hot with Depleted Uranium, in *The Middle East Report* 211, summer 1999.

<sup>6</sup> See James Petras and Henry Veltmeyer, Latin America at the End of the millennium, in *Monthly Review*, vol. 51, July/August 1999, p.39. See as well Daniel Singer, *Who's Millennium*, Monthly Review Press, 1999, p.38.

deprived of the right to organize and willing to accept meager wages, and countries which can afford financial liquidity. This explains why the United States insists on keeping a strong trade relationship with China and India.<sup>7</sup> Moreover, the availability of financial liquidity is the main reason why the same United States is monopolizing the Arab markets, even militarily occupying oil-producing Arab countries, i.e. Saudi Arabia, Kuwait, Bahrain...etc.

### **Globalized Social Structure of Accumulation as a Mechanism for a Fascist World System**

The last decade of the twentieth century witnessed a threefold world crisis: the disintegration of the Soviet Block, the decline of the non-aligned movement, and the on-going crisis in the capitalist centers that is manifested in the absence of a viable alternative. These crises have been associated with a change in the social structure of accumulation at the world scale.

The world witnessed changes that are moving towards the creation of an international political capitalist class center. A class alliance that is being formed between all ruling capitalist classes, each according to its own economic, political, and cultural capacity as well as its position in the world capitalist stratification.<sup>8</sup> This parallels a sharp increase of poverty and unemployment even in the center itself. Within the center, accumulation and monopolization of wealth by the bourgeoisie have continued, albeit by a smaller number. Significantly, this increase has taken place in the recent years at the expense of gains that the working classes realized through a long class struggle, especially in the post Second World War era including relatively adequate salaries, the luxury state, low unemployment, and an increase in the number of working women.

Under globalization, recent economic policies, led to the division of the working class within the center into three main sectors. At the lowest level are the ordinary service workers in malls, retail, fastfood, and restaurants, etc and other manual labor which has little rights, minimum wage, and suffers from significant unemployment. This sector is not well organized in trade unions. The second sector is composed of the workers in the real economy who are at risk of losing ground if they do not develop trade unions into a labor movement. At the top are the high-tech workers who are nearly separated from the rest of the working class.

What neo-liberalism offers now is low wages, no job security, unemployment, and Christian fundamentalism preaching that women should stay home, be 'nice mothers' and never compete for jobs with men, and limit themselves to jobs that males are naturally unable to perform (biological reproduction). It is estimated that the US has 30 million poor people, 500,000 homeless<sup>9</sup>, and 1,381,000 prisoners.<sup>10</sup>

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<sup>7</sup> The former U.S. president Clinton visit to India February 20-23, 2000 is mainly a mission and role of the president represent the globalized capitalist public sector more than a representative of the U.S. diplomacy.

<sup>8</sup> For example, both Egypt and Jordan are included in the hierarchy of world order that is led by US hegemony, but the US considers Egypt a regional power while Jordan is a mere client state at a lower scale.

<sup>9</sup> Doug Henwood, *Left Business Observer*, no. 84, July 1998.

<sup>10</sup> CNN, 12 August 2001.



The social structure of accumulation at the world scale extends itself into the former "socialist" countries. Following the revisionist line of Khrushchev, and later Brezhnev, the Nomenklatura elite of the Soviet Union and its allies in Eastern Europe increased their control over the economy and society to the extent that they succeeded in disintegrating the social bases of these regimes. During the era of the Soviet regime, the Nomenklatura elite maintained the political power, which enabled them to enjoy, but not to own, the surplus. Finally, they owned the means of production following the disintegration of the Soviet Union. Accordingly, a social structure of accumulation developed in these countries represented by speculative and Mafia nepotist capitalism that controls cheaply the industrial base in Russia. One of the characteristics of this capitalism is that it allows foreign capital to purchase local assets at low cost. It is important to note that the new joint ownership is limited to the assets of the Third World but not to those of the center. The resulting internationalization of capital covers concurrently industry, industrial capital, and financial capital—all of which are controlled by the ruling classes of the center. At the bottom of this pyramid of the social structure of accumulation is the Third World bourgeoisie whose role is to repress its masses. This mechanism guarantees its role as an agent responsible for facilitating and protecting the transfer of wealth to the center. In return for performing this role, the Third World bourgeois receives assistance in the form of military, financial, and police training. These donations are 'rent' payment for its political role that includes protecting the imperialist interests, promoting free market ideology and liberalization of trade, "fighting terrorism", and, finally, "normalizing" the relationship between masses on one hand, and the bloody capital and imperialism on the other. This political role has become the livelihood and means for survival of these regimes.

This international social structure of accumulation is the nucleus for a world fascist government already represented by billionaires and millionaires in the center and the periphery.

### **The Way Financial Capital Dominates and Breeds a Fascist World System**

One of the main developments following the post-war II boom era was the increased dominance of financial capital. This rise is related to the large deficit in the US currency account that existed in the 1950s and 1960s and which increasingly deteriorated in the period 1974-1983. The crisis of US economy's crisis began following the 1967s policy of post-industrial society. This encouraged the US dollar to transcend the determined gold level and exchange rate. "The sharp deficit's increase in the first period was due primarily to a large advance in government expenditures, while in the second period it was the result of both: a rise in outlays and a receipts shortfall."<sup>11</sup>

However, concerns over the large U.S. current accounts deficits of the 1950's accompanied by capital exports, resulted in an outpouring of U.S. dollars, decreed

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<sup>11</sup> The real deficit in the U.S. budget in billion of dollars was, 6.1 in 1974, 53.2 by 1975, 73.8 by 1980, 207.8 by 1983 and 150.4 by 1987. See Leonard Santow, *The Budget Deficit: the Causes, the Costs, the Outlook*, 1988, p.3

under the Bretton Woods system to be "as good as gold". This led to the formation of the Eurodollar market and, eventually, to the collapse of the Bretton Woods system itself. Yet another episode involved the petro-dollar deposits following the oil shock, which put enormous funds at the disposal of the metropolitan banks, and made them the key actors in the "recycling" process, thus reducing the IMF to a mere "gendarme of finance capital." These episodes catapulted globalized finance capital to a position of pre-eminence.<sup>12</sup>

"While Dow Jones has hit 11,000, increasing 1,000 points in 24 trading days in late March 1999, the machine-tool builders' association, which is known as the American association for manufacturing technology, announced that for February, machine tool consumption in the United States had fallen 51% between February, 1998 and February, 1999".<sup>13</sup> In the year 2000, "A growing volume of imported goods during September sent U.S. trade deficit soaring 15% higher to a record \$34.3 billion, the Commerce Department said".<sup>14</sup>

There are three interaction curves which cannot function separately, says Richard Freeman, the financial aggregates, the monetary aggregates, and the physical-economic input/output. The top curve represents financial aggregates. That 's the financial bubble. Just to give you an example, in the United States, the capitalization or valuation of all stocks is more than \$16 trillion. The latest figures that we have worked up for the value of derivatives, which are just bets, is \$55 trillion".<sup>15</sup>

Patnaik explains that this financial capital differs from what Lenin wrote about in at least three ways. First, the financial capital in Lenin's conception was nation-based and hence nation-state-aided, while the new financial capital was international, both in the sense of sucking in finance from all over the globe. Second, this financial capital operates not in the context of intra-imperialist rivalry, as in Lenin's time, but as a result of imperialist powers acting in greater unionism. This does not imply that contradictions among them do not exist. Lastly, contemporary financial capital is not "capital controlled by banks and employed by industrialists (to use Hilferding's words quoted by Lenin). It is not the "coalescence of bank and industrial capital of a particular imperialist country" (as Bukharin put it), "but globalized finance drawn from all over and searching for quick profits, usually in speculative activities. In short, much of this financial capital operates in the form of 'hot money' flows".<sup>16</sup>

The issue here is not confined to the international financial funds, rather the fact that an international capitalist class network operates these funds. Here again, the issue of two forms of globalization imposes itself. While the financial capital is international, its national roots, however, are evaporating in the case of the share of the Third World, and becoming stronger in the case of that of the center. In other words, it is international in its free movement, but national in its management. For example, the Arab finance capital in the

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<sup>12</sup> Prabhat Patnaik, Capitalism in Asia at the End of the Millennium, in *Monthly Review*, v.51, no 3, July/August 1999, p p. 53?71

<sup>13</sup> Richard Freeman, America's Economic Recovery is a Myth, in *Executive Intelligence Review*, May 21, 1999, vol. 26, no 21

<sup>14</sup> *Los Angeles Times*, 22 November, 2000

<sup>15</sup> Richard Freeman, 1999, opcit.

<sup>16</sup> Prabhat Patnaik, Capitalism in Asia at the End of the Millennium, in *Monthly Review*, v.51, no 3, July/August 1999, p p. 53?71

imperialist center lost its national roots to the extent that it was used to cover the costs of the military aggression against Iraq, the invasion of Somalia (both are Arab countries) and the support of Israel, as a colonial-settler state that evicted the Arab Palestinian people from their own country. Accordingly, not only has the finance capital at the periphery lost its roots, but capitalists in the periphery themselves lost their national roots and identity. This, of course, reflects the class interests. The 'homeland' for the finance capitalists of the COP was transformed into their 'bank account' from which funds were deposited in the banks of the center, which are, in turn, monopolized and managed by the finance capital of the center. The capitalist regimes in the periphery adopted the neo-liberal policies which did, in fact, facilitate the transfer of surplus to the center by way of direct exploitation, the sale of the public sector holdings and in general privatization policies.<sup>17</sup>

### **The Role of Arab Oil Surplus in the formation of the Dominant Financial Capital**

Arab oil regimes were a main source of financial liquidity for finance capital transferring oil surplus to western banks. Following the two main oil price adjustments (referred to as shocks) in 1973 and 1980, they provided banks with capital to lend the Third World countries. Ironically, those very same countries had contributed funds by paying higher oil prices, i.e. the money paid by Third World countries, including some Arab countries, has been turned to them in the form of loans. This indiscriminately created a negative image about all Arabs as 'stingy people' sucking their little income and depositing it in the western banks or spending it on a luxury.

<SPAN style="FONT-SIZE: 12pt"><SPAN style="mso-spacerun: yes"></SPAN>Saa'doun Hamadi noted that Arab oil has been sold below the appropriate prices needed to maintain the purchasing power of<SPAN style="mso-spacerun: yes"></SPAN>the barrel at its level of 1974. Arab oil countries lost approximately an amount of <SPAN style="mso-spacerun: yes"></SPAN>\$519,860 million in the years 1987-1995. Even Tunisia, which is the smallest Arab oil producer, lost \$433 million in one year (1995), and in the period 1987-1995 lost \$2,688 million. The total losses of Arab countries in the period 1987-1995 totaled more than \$1.5 trillion.<SPAN style="mso-spacerun: yes"></SPAN>These amounts were gained by the ten countries which import Arab oil and export goods and services to Arab countries."<sup>18</sup> These Arab surpluses, which easily and voluntarily flew to the capitalist imperialist centers, became at

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<sup>17</sup> According to the Banco do Brazil (1998) only 30 percent of the privatized assets in Brazil have been acquired by foreign investors (mostly U.S.), although in the sectors of telecommunications and electronics the involvement of foreign firms is higher (39-40 percent respectively). "The rescue package of twenty billion dollars saved U.S. speculators, but subjected Mexico to overt colonial control, its future oil revenues mortgaged to the U.S. Treasury Department." It seems that through this mortgage that the United States succeed in obliging Mexico to increase its oil production in February 2000 in a step to break the new tough OPEX policy. The same for the Saudi Arabia whose Entire country is mortgaged to the U.S. by being "protected" from Iraq. James Petras and Henry Veltmeyer, Latin America at the End of the Millennium, in *Monthly Review*, vol. 51, July/August 1999, p.39.

<sup>18</sup> Sa'adan Hamadi, Losses of the Fallen Prices of Arab Oil, in *Al-Hikmah Review*, no. 3 July 1998, pp.14-41.

large part of the debt burden assumed by the countries of the periphery (COP). This flight of surplus was voluntary because: "...at the time when oil prices have been challenged by a drastic decline in 1978, Saudi Arabia increased its oil exports (oil production) in 1994 from 3, 438,000 million barrels per day to 7,388,000 million barrels. The same was done by Kuwait and the United Arab Emirates (UAE)... Saudi Arabia adopted a dual policy. Inside OPEC meetings, Saudi Arabia supported the limited and quota production, but when Kuwait and UAE increased their production, Saudi Arabia increased its production as well and pretended that the quotas system became useless and if it continued to commit to it, it would lose its market to others who did not commit. That is why the oil price declined below the price which was fixed by OPEC, \$18 per barrel until it reached \$7 by 1990, and probably less than that".<sup>19</sup> There is no doubt that several factors contributed to this policy of the Arab oil regimes. First; the capitalist center is, in fact, dominating decision-making in these countries. Second; these tiny countries are not willing to adopt independent development policies or to start projects that require regional cooperation and self-reliance strategies (see Chapter Two). In addition these regimes are neither ready nor able to deal with or generate dynamics of development, because they believe that oil rent is guaranteed and sufficient to meet the 'needs' of the regimes, not the people. This makes it easy for these regimes to allow oil surplus to flow freely to western capitalist banks. Third: these dependent countries are coordinating with western politics and banks more than with Arab neighbors. This is an indication and a result of the absence of the national factor and the will to maintain or monopolize the regional market. This is further indication of the weakness of the Arab national movement, which is unable to change these regimes or at least to force them to amend their economic policies. The Arab assistance and donations policies as part of the Overseas development Agency (ODA) are evaluated according to Arab oil surpluses. In the period between 1962-1983, Arab oil countries distributed \$9,426 billion as ODA.<sup>20</sup>

### **A Globalized Capitalist Public Sector as another Component of a Global Fascist System**

Liberal and neo-liberal polices always attribute to themselves the role of encouraging the free movement of goods, services, labor, and capital. Recently, this pretense has been frequently repeated under the cover of liberalization of trade on a world scale claiming that 'openness' benefits all countries, when in fact it only benefits the core countries that employ workers who are able to produce competitive goods in the world market. This amounts to self-protection on the part of core countries because most of the poor countries have little to export on the one hand, and those same core countries are always imposing restrictions on the meager Third World exports on the other.

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<sup>19</sup> Ibid, p. 19.

<sup>20</sup> *Al-Taqrir Al-Iktisadi Al-Arabi Al-Muwahad* ( Arab United Economic Report), Arab League publications, Cairo, 1984, p. 296 (Arabic)

There are many conditions that are still imposed over the flow of the periphery's products to the core markets. Financial capital has benefited the most from liberalization policies especially the new facilities that the government of the periphery has provided for the Foreign Direct Investments FDI or through the developed telecommunications and Internet. The more open economic policies there are at the periphery, the less control the state of the periphery will have over its local market and therefore sovereignty over its land becomes tenuous. Accordingly, new forms of dictatorship are emerging in the periphery, leaving their borders exposed to foreign capital, goods, and services. This is in parallel to having a strong, well-armed police used to oppress and then easily rule the working class and the whole society, simultaneously, Third World migrant labor in the center is continually attacked by fascist groups.

These Third World regimes are more like self-rule administrative regimes, not independent ones. The economies of these regimes are increasingly operated by the IMF and the WB, which are, in turn, controlled by the states in the western capitalist center. The public sector which employs a large labor force has been reduced. Through surplus transferred to the center, the core states, are in fact financing jobs for their own workers. Thus, while decentralization expands at the center, the same core regimes tighten their grip on the world economy via the IMF, WB, WTO and the world investment organizations. This centralized administration which controls the world economy is itself a globalized public sector that is controlled economically by international financial institutions of the center and socially/politically by repressive regimes at the periphery. This is the economic and political foundation of the creation of a world fascist regime.

The comprador state in the periphery is paving the way for multinational corporations (MNC) and merchant banks by supporting reactionary regimes there that are terminating the public sector, opening their markets, producing legislative decrees that facilitate the FDI and repressing the working classes. This relieves the core countries from any need for direct military intervention. They are creating and operating their 'global sector' as if it is an internal matter. The United States, for instance, has the upper hand in appointing a prime minister or minister in most Arab countries, and a 'role' in negotiations between El Salvador's regime and the revolutionaries, all in the name of the global village,<sup>21</sup> liberalization of trade, mutual interdependence, and privatization. The MNCs are transferring wealth and surplus to the core countries, which, in turn, create new jobs, albeit ones that offer meager wages. This explains what a globalized capitalist public sector really means. It is an indirect financing of the core state by the periphery that is operated by the financial sector inside it, and further guarantees the creation of jobs in services, research, and development.<sup>22</sup>

The core of this development is still a capitalist one. The private sector is still dominant, either in production or

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<sup>21</sup> Many bourgeois ideologists pretend that the World is a global village. This may be true in terms of open borders, telecommunications ...etc. This same "global" village, however, is still composed of two different and even hostile components: the shanty town and the central/down-town. The differences between the two parts are ever increasing.

<sup>22</sup> The United States spent in 1999 on R&D 218 billion dollar, while Japan spends 118 billion dollar in the same year, *New York Times*, 7 August 2001.

financial capital, but still at the local and national level. However, the role of the state in the periphery has been altered, i.e. the termination of the public sector, which is a complement to the private sector, while serving, at the same time, to reduce social tension. This is the core of the state fascisation that maintains the private sector domestically and supports it in creating a global sector overseas with a 'private content'. The state facilitates this process, either by legislation or by the army and police. The transfer of capital by the globalized capitalistic public sector minimizes social tension inside the core states by creating new jobs. The opposite happens at the periphery, which, in addition to all its problems, is facing high population growth.

The contribution of Third World ruling classes to the globalized public sector, is camouflaged by support for the private sectors in their countries which, according to them, will follow the steps of the private sector in the center. It is well known that historical circumstances that modeled the development of the private sector at the center can never be repeated in the same manner in the periphery. The center's private sector began as a productive one and was locally oriented and self-centered. Moreover, it was often either well protected or did not have to face real and strong foreign competitors. At the periphery, however, the private sector is more dependent, consumerist, and led by dependent regimes that are mainly supported and protected by the core states against the will of their masses.

That is why the disintegration of the public sector is a part of the creation of the globalized public capitalist sector on the one hand and a part of the campaign of regimes of the periphery against their own people on the other. By losing the public sector, the states of the periphery states lose a main vital source of income and become totally dependent upon taxing their own people.<sup>23</sup> Through taxation, the popular classes are milked while the wealthy corruptly evade paying taxes in addition to the opportunity of buying the public companies at low prices. The result is less income for the regime, increased tension between the rich and the poor and further dependency on the colonial countries to feed the regime through aid, NGOs ...etc. This aid is a tiny part of what the MNC, siphoned off from these countries. Parallel to that, the disintegration of the public sector means more unemployment in undeveloped countries, which already have high birth rates; a significant factor given that supplies the labor market with a new army of strikebreakers.

While the center is moving part of its industries to the periphery, this in no way implies that it intends to develop the periphery according to the center itself (as Marx once argued). Instead, dependent centralization is created.

The aim of this same globalized public capitalist sector is to prove that the private sector never cared to employ the labor force even inside its own country. It seeks to attribute a new role to the state reflecting the strengthened role of states as long as it is in harmony with that of the private sector. Subsequent to the 1973 economic crisis within the core

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<sup>23</sup> The opposite is the case in the core counties under neo- liberal policies. The United States today under the Republican administration is the best example for the reduction of taxes which highly benefit the capitalists and deeply cutting down the social benefits and services to the poor and popular classes.

countries, and the accompanying weakening of the luxury state, increase of unemployment, underemployment, wage decrease...etc, something was needed to replace, even if on a relative basis, the role of the state. The only possible areas for that substitution were external not internal. That is why this sector, the globalized public capitalist sector, is:

1- Reinforced by the MNCs overseas, which are supported by the state. This state knows in advance that ultimately these MNCs will fulfill the state's role inside the country by transferring financial capital to nations, which employ people in services, banks, insurance, mortgage, hi-tech and computer industries, and other financial services, the Internet...etc

2- It is limited to those core states represented by MNCs, despite the fact that this sector is related to the national state.

3- It is limited to core states that have interests all over the world and the power to maintain these interests by force if necessary. (Consider what happened to Iraq and Yugoslavia).

4- The rise of this sector parallels the dismantling of the public sector

5- This sector constitutes a mechanism which provides the state with financial liquidity that has been removed from the periphery whose regimes facilitated the transfer of capital to the center through the adoption of re-adjustment and neo-liberal policies.

6- This sector is speculative.

7- This sector is milking the periphery through debt (service and payments).

8- The role of this sector, represented by the bourgeois state, is to minimize tension between capital and labor in the center by financing new service jobs,<sup>24</sup> while simultaneously heightening tension in the periphery. Whenever this tension breaks out into violence, it is always suppressed by police force. The current subjugation of the periphery states to the neo-liberal policies imposed by the core imperialist states, opened all world markets to the imperialist exports, and facilitated the flight of the world surplus to the core countries especially the United States. This explains why the USA escaped depression throughout most of the 1990s. This also puts the periphery's state management of economy in a critical position and minimizes both the chances for radical politics and industrialization of the Third World countries.

Hamid al-Jumaili reaches essentially the same conclusion as mine, but he does not push his analysis to the end, i.e. to deduce that this is a globalized public sector.<sup>25</sup>

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<sup>24</sup> A recent study by the University of Texas estimated that the "Web Economy" generated more than US\$300 billion in revenue and created more than 1.2 million jobs in the United States in 1998. *The World Bank Group*, a Quarterly publication of the West Bank and Gaza office, January 2000, p. 1.

<sup>25</sup> ...Many developing countries adopted the economic decentralization, which in essence means capitalism without capitalists and market economy without market institution. The market institution is an importer, the capitalists never represent national capitalism rather foreign capitalism, which is the capitalism

Briefly speaking, the components of this sector, from the viewpoint of the core countries, is the availability of core state's access to capital mobility on a global scale in order to establish productive projects, sell services, create marketing networks, and finance the continuity of dependent regimes. As for the periphery, it needs comprador capitalist regimes supported by intellectual comprador, theorizing on behalf of dependent globalization. This is characterized by peripheral qualified labor power, but without substantial rights, trade unions, and organized labor movements, as well as open door economic policies supported by special, anti-national investment laws which favours foreign capital. This resulted in national economic disintegration and challenged any cohesion of local industries.

### **Post-Democracy: The Theoretical and Intellectual Preparation for Fascism**

Several conditions are necessary for the completion of the global fascist state, aside from its de-centralization at the center and heightened centralization at the periphery. One of the main conditions of this form of state, is minimization of the sovereignty of the periphery state to the extent that it is reduced to the level of a colony. This colony must have a strong repressive apparatus opposed to labor and popular classes. These are the political and economic factors necessary for this global fascist state to exist. However, it needs the intellectual and theoretical factors as well. This is accomplished by a great deal of false praise for democracy and human rights. That is why some intellectuals pretend that a substantial democratic improvement has been developing in the peripheral countries.<sup>26</sup> In fact, it is democratization in theory, but in practice the economic/political global regime is destroying democracy, both at the center and periphery. In the center, wealth is concentrated in the hands of a few, wages are continuously lagging behind prices, an increased need for second and third jobs to compensate for the low wages of the first ones, and women are supposed to go home to become "good" Christians and limit themselves to biological reproduction.

At the periphery, where conditions are deteriorating harshly, there is an increase in poverty and a rise in birth rates and unemployment. The ruling classes in both, the center and periphery, are launching preemptive campaigns against leftist and nationalist intellectuals by recruiting them and luring them towards high salaried jobs in NGOs intended to distance them from politics and radicalism. By doing that, capital is in fact hindering the possibilities of a new national liberation wave in the periphery. According to the economic/political trend of the world system, the imperialist thinkers have reached the era of post democracy. Samuel Huntington and Zbigniew Brzezinski came to US regime during Carter's administration and even Carter himself from the Trilateral Commission, is an organization that was founded and financed by David Rockefeller in 1973. In 1975, Huntington contributed to the

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of foreign companies and monopoly capital. Hamid al-Jumaili, Political Centralism and the Market System, edited by Imad Abdulatif in *Majallat al-Hikmah*, no 9 year 2, may 1999 p.p.38. (Baghdad).

<sup>26</sup> Several Arab writers looked optimistically when the King of Morocco appointed the leader of opposition a Prime Minister in 1999.



preparation of a report on the Ruling Crisis in Democracies for the Trilateral Commission. It is a study that addresses the feasibility of maintaining the representative democracies and the continuity of institutions and movements which are based on democracies during the adoption of austerity programs which need, according to them, post democratic governments and systems, or non-democratic ones". Huntington was one of three from the Trilateral Commission responsible for the study of the crisis which generated the program called "Democracy Project".

The proposed Democracy Project is, in fact, a non-democratic one. It is a project meant to lure leftist activists and influence them to ignore politics, as well as to collaborate with the oppressive ruling classes at the periphery. Its goal is to absorb these intellectuals in a project that aims at 're-educating' the popular classes, to believe in a market economy, free market ideology, and the American and western culture.

To support his theory on the crisis of democracy, Huntington argues that in post- industrial societies, nations became dissatisfied with being ruled by democratic means. Thus, for a candidate to be a president, he must create an election coalition of a majority of voters distributed all over the country, and since the 1930s, what became most important is the ability of the candidate to gain the support of the main institution leaders in society and government.<sup>27</sup>

Huntington's argument is an open call for regimes, which depend on the economic and political capitalist class to avoid democracy. In other words, it is a call for dictatorship or fascism.

### **Mechanism and Alternative Model: Development by Popular Protection (DBPP)**

How can the periphery challenge this dangerous capitalist project? By what means is it possible for the periphery to break the polarity in the world system, which was imposed upon it by the capitalist centers? Are all regimes in the periphery compradoric, non-nationalist and unable to transcend the blocked development? Is the popular alternative the only hope? All these questions suggest that an official alternative is impossible. The hope is the popular alternative. Yet, the popular alternative is hampered by many obstacles. For instance, there is the bourgeois national state in the periphery, which lost its expected role, that of achieving national development. In addition, capital, through NGOs, had deformed many organic intellectuals in the societies of the periphery, thereby emptying the periphery of its ideological, moral and cultural power as an essential part of a prime motivating factor for transformation (see Chapter Seven).

The experience of national liberation in the Third World and formal political independence ended when comprador regimes lost even the formal control over their own sovereignty. All calls for a new world economic order in the 1970s and cries for the lost decade of the 1980s are a memory.

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<sup>27</sup> Mark Burdman and Scott Thompson, Harvard's Huntington Promotes Descent into Barbarism. In *Executive Intelligence Review*, vol.26. no 36, Sep 10. 1999, p.50.

The experience of the “15 countries” which began in 1990 has yet to deliver. Even today, the last adjustment of oil price might decline. The price of oil is still \$27-30 per barrel. Based on an inflation of 25% from 1992 until 2000, it should be in the range of \$27, which is the current price. However, Saudi Arabia, Mexico, and Kuwait have succumbed to U.S. pressure to increase oil production as the traditional way of reducing prices.

The experience of Malaysia tells a different story. Malaysian Prime Minister Mahatir Muhammad enacted currency and capital controls in order to protect Malaysia from speculative assault. These measures are contrary to IMF prescriptions, yet they had fast and positive effects, and preserved the possibility of resistance though not from a socialist perspective. Imperialist capitalists launched bitter attacks against Malaysia, especially former US vice-president Al Gore in the Clinton administration, who attacked Mahatir in his own country. This is an indication that imperialism might not hesitate to invade any country that adopts a national or an anti capitalist model of development. Regarding Arab attitude towards globalization, Sadiq Al-Azim agreed with Mufid Hilmi's argument. Al-Azim argues that "...now the essential issue for Arab states regarding globalization is neither to stop globalization creeping nor to be a tail for it, but to deal with this phenomenon, or the declared theory which is embodied in the modern world economic system, by as much of wisdom, responsibility, realism and objectivity as possible. This must be based on local self-reliance, pan-Arab self-reliance, and on dealing with the largest phenomenon, which is that of globalization".<sup>28</sup>

The problem with this argument lies in the fact that it is a mere continuation of the thesis of regional self-reliance between a group of national states at the periphery. Nevertheless, while this thesis or model suffers from serious defects by lending credibility to the national bourgeois regimes, Al-Azim still considers the comprador state a vehicle for development. This is not grounded in reality, and contributes to the degradation of the consciousness of the new generation by telling them that comprador capitalism is able to represent the national interests through globalized openness. Is it possible for a group of countries of periphery to adopt a regional, self-reliance- based development model? This model was initiated by the ruling regime, and patriotism is a necessary condition. While this adoption is acceptable in theory, changes at the level of the ruling classes in peripheral countries works against the possibility of applying this model. There is no longer ‘national/patriotic’ regime on which to apply Samir Amin's, Fawzi Mansour's and other radical socialists writers' models of regional self-reliance. The interests of present comprador classes certainly are not in regional self-reliance. Fawzi Mansour, for example asks the current bourgeois ruling classes at the periphery to conduct a job, which can only be achieved by a true Communist party. According to practical experience, even the availability of a socialist party in power is not a guarantee against bureaucratic degradation.

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<sup>28</sup> Mufid Hilmi, Global Challenges and the Necessities of Arab Economic Integration in , in *Al-Nahj*, Winter of 1999, P. 120, Quated in *Ma Al-Awlamah* (What is Globalization), by Sadik Jalal Al-Azm and Hasan Hanafi., (Arabic) Damascus 1999 p.p. 200-201.

At the level of relationships between peripheral states, Mansour writes, "In early 1976, I attended one such Tri-Continental meeting in Sri Lanka... I proposed the adoption, by Third World countries, of seven concise policy guidelines. Trade among Third World countries should be direct...a system of generalized preferences should be established...payments from one Third World country to another should not pass through non-Third World intermediaries...etc."<sup>29</sup> These ideas do not tell us to what extent the ruling bourgeois comprador is willing to commit to these 'nice proposals'. How will these countries re-design their unequal exchange with the capitalist imperialist center? How will the countries of the Third World solve the debt burden of most of its members? Will it be rescheduled or not paid? Will these countries establish internal specialization or integration among themselves, especially in an era of supply-side crisis? Mansour might reply that changes in the internal policy need to be made in order to prepare them for regional cooperation.

That is right, but are the current regimes ready? The self-reliance and the delinking school of thought, the arguments of which are distinguished, does not tell us how to ensure that these models can be conducted and maintained without being betrayed by renegades or used by bureaucrats. The alternative to the wishful thinking of self-reliance under a comprador regime will be Development by Popular Protection (DBPP). This DBPP model is based to a large extent upon The Self-reliance and De-linking Model, but it must transcend it according to the needs in the socio-economic field. It is a model that is derived from the experience of the Palestinian *intifada-1987*. Certainly, this model is not complete yet. I doubt that there is any single model of development that is complete. It is a mass effort that must always remain open to outside contributions. This particular model functions far from the ruling class of the COP. This is its first condition. It assumes that those in power are against it. The best-case scenario is that, those in power might be neutral towards it. Since it is a spontaneous popular initiative, it is by definition a popular decision. Masses do not need a bureaucratic party to teach them the fundamentals of this model. These fundamentals can be understood and developed through popular activities, and are represented by labor movement, grassroots organizations, women's unions, student, and youth movements. All of these forces voluntarily adopt and develop the position of 'Internal Withdrawal', they withdraw from working in Israeli industries and consuming Israeli products and turn to consuming locally produced products.

Its second condition concerns consumption, i.e. concentrating on consuming local products, not those imported from the imperialist center. In the case of the West Bank and Gaza Strip (WBG), the popular classes boycotted Israeli products. The boycott continued until the so-called Madrid-Oslo Peace, at which time the Palestinian Authority (PA) ceased the popular boycotting of Israeli products. Popular classes will give priority to the products of the Third World. In this instance, regional self-reliance consumption could work. Pressure is placed on the regime to import Third

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<sup>29</sup> Fawzi Mansour, A Second wave of National Liberation, in *Monthly Review*, vol 50, no 9 February 1999, pp. 19-20.

World products, it is in the best interests of the merchant class to import according to the masses' demands.

The popular classes move towards starting cooperatives is the third condition. The purpose of forming these cooperatives is to produce as much as possible to meet the needs of the popular masses. This is the beginning of Internal Withdrawal productively, the process of re-shaping the deformed structure of production of the national economy. This is subject to a rule that determines that each member in a cooperative is required to invest financially in it. Therefore, the member is a builder, financier, worker, and a consumer. This popular monopoly is the most important guarantee.

The member must also cooperate with the marketing net so as to terminate the merchant's monopoly. This fourth condition.

The fifth condition eliminates dependence on foreign or non-governmental finance. Foreign finance denotes the beginning of dependence and the termination of the DBPP though revolutionary assistance might be accepted after being thoroughly investigated.

This model will, afterwards, develop the consciousness of consumption as its sixth condition. In this regard, each citizen must be able to control, on an individual level, what he or she will consume and from where it will be purchased. This requires boycotting the products of the class and national enemies, including the local capital that cooperates with foreign capital, either as an import agent or in the form of a joint venture, or as a subcontractor. This consciousness of consumption is, in itself, an investment controller. By boycotting products of foreign capitalist and local market products of joint ventures, which are not produced for essential needs, capitalists will be forced to re-orient their production to acquiesce to popular demand. Certainly, this process will take a long time. Nobody claims that changing the economic, political, and cultural structure and mentality, in any society, will take place quickly and by command from above. Until this level, the comprador political authorities may not be able to harm this model.

Political parties are considered revolutionary pioneers only to the extent that their members are able to institute this model without imposing themselves in a bureaucratic manner. If a political party is able to practice its role popularly, in a pioneering and democratic manner, this party will be empowered by peoples' support. This is the seventh condition of DBPP. In this case, the party absorbs development conditions from below, i.e. from a popular parliament that is representative and composed of the popular masses. But this is not enough. The revolutionary party, a Communist one, should develop the popular model, educate the popular classes, support women in their struggle against patriarchal domination and fight through education and enlightenment against conservative mentalities of the peasantry especially in the societies of the periphery. This party is very necessary for this model. It might create its own economy as a beginning of a DBPP on the national scale.

In order for the popular parliament to design an appropriate economic policy, an annual national conference, the DBPP's eighth condition, should be held so that the popular masses may voice their opinion, review past policies and performance, and develop future plans. In this situation,

the revolutionary party, whether it is in power or out of it, should popularize dialogue and the decisions of the conference, playing a pivotal role in advancing plans into practice. This model is democratic because those who decide on the economic plan, (from saving, investment, distribution, to income generating) are the people of the cooperatives.

The Palestinian *intifada* - 1987, itself, is a popular democratic environment because it was initiated, politically and economically, far from any regime or political party leadership. In another step of its development, its ninth condition, this model moves to absorb the non-official (non-governmental, non-institutional) sector, or at least to coordinate with it. Even until this step, this model is still far from the economic policy of the ruling class.

The model of DBPP requires that a social force stands behind the economy to defend it against bureaucracy, dependency, and open door policy. It is a form of social pressure on the ruling class that adopts open door policies. It is a class struggle against social classes that benefit from dependency. Finally, it is an embryo of a genuine socialist system, a socialist system from below.

As mentioned above, this model works far from the state apparatus. But in case of a national state regime and its ruling socialist party, this model works in cooperation with, or separate from, the state, depending on whether and to which extent the state economic policies, economic plan, and social policies are in harmony with those of the DBPP. It depends on how much the state marginalizes the popular classes in both, decision-making and production planning at the work place.

DBPP applies pressure on the state to re-distribute the social surplus in the interest of the popular classes, including land reform, work guarantees, more spending on infrastructure, consistent wage increases, protection of the national economy, ending repayment of debts...etc.

It is a democratic choice, in which the role of the state is to serve and protect the economy, not to subjugate it to the market laws or the bureaucracy. This is why this model goes beyond the de-linking model, which depends on the national state and its ruling party, which in turn, leads to bureaucracy. When this project realizes that the state's policy is closed to its concepts and practices, the time will be ripe for cooperation and interdependence with similar countries on a regional and international scale.

Without the above-mentioned standard, the Third World countries will succumb to endless adventures brought about by ever-increasing globalization. This model does not preclude cooperation among states, international cooperation, and joint struggle of popular classes on a world scale. Finally, there is no other alternative but to, continuously, challenge international capitalism by developing a system inspired by Communist Internationalism.

**CHAPTER TWO**  
**ARAB NATIONALISM AND THE DEEPENING OF**  
**UNEQUAL DEVELOPMENT**

*A Materialist Analysis*

This chapter consists of two parts: the first deals with Arab nationalism from a theoretical and historical perspective, and the second is an analytical critique of Arab fragmentation and the deliberate role of Arab ruling classes in deepening that fragmentation. An examination of the current Arab situation reveals that the Arab popular classes are engaged and consumed in a long ‘civil war’ against the Arab ruling capitalist comprador classes. As long as each regime is guarding a set of foreign interests inside the Arab Homeland, that regime has no alternative but to oppress the popular classes whose interests are in contradiction with the ruling comprador and its western capitalist allies. These interests vary from the plunder of raw material and oil to an open market where the regime becomes the agent that saturates it with foreign products and permits the spread of multinational corporations (MNC) with their branches in many Arab countries chasing cheap and oppressed labor.

To protect these interests and to guarantee their share, the trickle-down reward, Arab regimes suppressed all forms of liberties; marginalized the popular classes from political, economic, and national affairs, and strengthened male domination in the society.

For financial gains, many Arab intellectuals and academicians accepted the role of propagandists for these regimes. The regimes’ success in recruiting these intellectuals to ‘market them’ in the society meant that the ruling capitalist comprador had to breed its intellectual compradors.

Until the imperialist- Zionist aggression against Egypt, Syria, and Jordan in 1967, there was hope that some form of political development might take place in the region. The defeat of the nationalist regimes in Egypt and Syria in 1967 paved the way for a total compradorization of the Arab Homeland. The first consequence of that was the formal “Internalization of Defeat” (IOD) by Arab ruling classes

which surrendered the national struggle to liberate the occupied land and the larger goal of Arab unity and became compradoric ruling classes. This meant that part of the society abandoned the national struggle and aligned itself with the enemy of the nation.

During the years between 1967 and the second imperialist aggression against Arab nationalist regimes (the aggression against Iraq) in 1991, it became clear that large numbers of Arab political parties and organizations have internalized the defeat and became mere tools and allies of the ruling classes. This meant that a new political/social sector of the Arab societies have internalized the defeat and dropped out from the struggle. This explains why, when several Arab regimes sent their armies to attack Iraq 91991 under the leadership of U.S imperialism, these political parties did not lead a single mass demonstration against the regimes. On the contrary, many of them supported their regimes.

The most dangerous development since 1990 is that the enemy camps, the imperialist-Zionist and Arab comprador, started the last, but most destructive campaign - to drag the Arab popular classes to Internalize the Defeat. This means that the enemies of the Arab nation have taken the battle to direct confrontation with the Arab popular classes.

This leads one to conclude that the conflict between Arab popular classes on the one hand and the imperialist-Zionist and Arab comprador on the other is an antagonistic one. It is a mixed national and class struggle.

Here lies the importance of the national dimension (pan-Arab, *qawmi*) of the popular classes. Nationalism here is a mechanism for liberation, unity, development and socialism and not the chauvinistic nationalism of the reactionary classes. This is what the following discussion will attempt to analyze.

## **I. On the National Question**

While the national issue has been raised in many European countries early in the 16th century, the 19<sup>th</sup> century is considered the century of nationalism. It is important to note that the same European countries that experienced the century of nationalism and accumulated a rich rhetoric on nations' right to self-determination, applied just the opposite on other nations. Most of these European countries were already colonial, motivated by capitalist development, the dynamism of the capitalist mode of production and the 'national interest' of the capitalist class. These European nationalist ruling classes expanded and strengthened their colonial role to the level of imperialism, to colonize other nations in the periphery of the World Capitalist Order and to suppress their national ambitions. This capitalist colonialism blocked both: capitalist/democratic development and national unity in the peripheral countries, including the Arab nation.

This colonial heritage of European nationalism opened the door to the vulgar and fundamentalist forces to attack nationalism as if it were a European phenomenon or invention, and to render it unsuitable for non-European countries. Nationalism in the Arab Homeland was attacked and the nationalists were smeared and accused of being tools and missionaries for the West.

Classic Communists and Marxists attacked nationalism by claiming that it's a weapon in the hands of the

bourgeoisie that provoked many wars for its own interests by exploiting the national sentiment of the people. They followed Marx's writing against nationalism. The point of departure in Marx's writings is the class, not the nation, specifically the working class as the class of humanity's socialist future. The working class will transcend the nationalist era of social and political development by conducting a socialist revolution. But these same Communists were not able to understand that Marx failed in his analysis of this area for the following reasons:

First: In *The Communist Manifesto* (1848), Marx expected that the capitalist countries, nations, will capitalize the non-capitalized nations<sup>30</sup>. But the fact proved that the developed countries hampered and even deliberately blocked the capitalist development in the peripheries of the World Order. The cost of blocking development to humanity was millions of victims through the national liberation struggles. During their rule of the colonies, the capitalist-colonial-imperialist powers supported local merchants, feudal remnants, and westernized intellectuals, which resulted in competition for power among these forces in the post-colonial era. As colonial formations, or agents, these social groups maintained their relations with the center of imperialism and terminated the radical economic and political changes that were initiated by national liberation movements and replaced them with their comprador capitalist regimes.

Second: Based on his expectation that the center will develop the periphery, Marx failed to grasp the importance of nationalism in the national liberation struggle in the countries of periphery (COP) even when the center used nationalism as a weapon in the hands of the bourgeois. He did not consider the fact that at certain times, nationalism can play a progressive role, one that does not contradict socialism.

Marxists should develop Marx's stand on nationalism in view of the major developments in the world. They must transform the analysis from a pure theoretical level and the old analysis that applied to a certain period of time, to practical developments on the ground. Only the Chinese revolution under Mao Tse Tung, grasped the importance of nationalism in the march towards socialism.

The traditional Marxist attitude towards nationalism attributes the emergence of modern nations to the capitalist system, the domination of the capitalist mode of production over the society, the development of the national market, and the rule of the national bourgeois. These conditions must be met, from the standpoint of these Marxists, before we can determine whether certain people can become a nation. The analysis of history, however, from a materialist approach proves that old nations, and old markets existed before capitalism. This is the case of nations such as India, China, and the Arab nation.

The adoption of this approach: the existence of old nation and fully developed markets and economic systems, enable us to understand the national question in a different

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<sup>30</sup> "...The cheap prices of its commodities are the heavy artillery with which it batters down all Chinese wall, with which it forces the barbarians' intensely obstinate hatred of foreigners to capitulate. It compels all nations, on pain of extinction, to adopt the bourgeois mode of production; it compels them to introduce what it calls civilization into their midst, i.e., to become bourgeois themselves. In a word, it creates a world after its own image" Marx and Engels, *The Communist Manifesto*, ed by Samuel H. Beer . CROFTS Inc, New York, 1955. p. 14.



light from the orthodox Marxist paradigm which places nationalism vs. socialism and attributes and limits nationalism to Euro-centrism and capitalistic development.

The old components of nations: language, land, economy, history and market were available in the old nations. It is true that capitalism gave the national question a more clear discourse and culture. But what is most important is that, while the bourgeoisie were preparing and educating the masses to 'fight' for the national cause, its real aim was to exploit their struggle against other nations for the pursuit of economic interests of capital. This capital is the capital of the ruling bourgeoisie whose goal is to expand its colonial base and exploit the colonies. But traditional and orthodox Marxism failed to demonstrate the role of comprador capitalism in protecting the national market. Or at least the orthodox Marxist analysis could not be applied in the comprador nationalist regimes. The orthodox Marxist argument that socialism is a possible alternative in the countries of the periphery (COP) is out of the question. This issue is still an open choice. A major problem of the formations of the periphery is that they failed to conform to capitalist or socialist formations. This is the case of the Arab nation that spent the entire 20th century in a long transitional period.

### **Issues Related to the Arab Nation**

Based on the above-mentioned theoretical assumptions, the notion of whether the Arabs constitute a nation was hotly debated. The debate centered on how 'real' is the Arab nation. Some argued that the Arab nation never existed at all. Other argued that, after the failure of the Arab nationalist regimes of the 1950s and 1960s, Arab nationalism ceased to exist. Others argued that there are four geographical Arab nations: the Nile Valley, the Arab Peninsula, *Al-Maghrib Al-Arabi*, and *Al-Mashriq Al-Arabi*. Some people argued that there isn't anything in common between these blocks. Others suggested that the common relations between a remote Arab country like Sudan and its neighboring African countries is more than the common relations between Sudan and Syria. Some argue that there is no 'Arab joint market' to create a united Arab nation, and that this united nation needs to be unified by a joint capitalist market, which is not the case even today.

While Palestine is very close to Lebanon, and both are parts of Greater Syria, the Falangist party in Lebanon supports Israel against the Palestinians, while in far away Algeria, the political parties and masses support the Palestinian struggle while they are in *Al-Maghrib Al-Arabi*! While the Algerians sacrificed one million martyrs to liberate their land from the French colonial capitalism, the Falangists consider France the 'mother land'.

One of the arguments against the development of an Arab nation is the fact that the capitalist mode of production did not dominate the Arab social formations. Relatively speaking, the capitalist mode of production did not dominate spheres of production, consumption, distribution, and culture. It did not surpass totally and finally other non-capitalist modes of production and social structure(s) like the patriarchy. Due

to this 'deformity', some argue that Arab nationalism will never develop properly, or that it does not exist at all.

The most crucial issue here is capitalist transformation. It is important to note here that the slow and deformed capitalist transformation in the Arab Homeland was not caused originally or solely by internal factors. The lagging capitalist development in the Arab Homeland started and is maintained by the European and later the U.S capitalist powers in their colonial, imperialist and finally global manifestations. Since the capitalist transformation has been hampered by external powers, this shouldn't negate or minimize the Arab nation as an old nation. In the Arab case, while the economic factor is artificially hampered, the cultural factor played an important unifying role. This cultural factor expressed itself in the continuous support of the popular Arab classes for Arab unity. The most recent referendum in this context are the demonstrations that took place all over the Arab Homeland in support of the Palestinian *intifada 2000*. The same is true for the stand of the Arab popular classes against normalization with Israel. It is true that transformation by domination of the capitalist mode of production, and the capitalist relations of production is more profound and more lasting than the mere cultural one. This, however, doesn't lessen the importance of a joint culture. The experience in the Arab Homeland proved that the comprador capitalist classes developed a self-contained culture based purely on their economic interests. These interests are different from those of the national bourgeois in Europe of the industrial revolution. In the case of Europe, the bourgeoisie, which controlled the national surplus, placed the law of accumulation to work for the internal, and national affairs. These Arab comprador classes surrendered the control over their local and national markets to the western productive capitalism. By doing that, these comprador classes not only lost their markets, but also stood firmly against Arab unity (more details to follow).

These same 'capitalist' classes contradict the traditional Marxist economic theory, which states that each bourgeoisie struggles to protect and monopolize its national market. This theory is applied also to the independent and productive nationalist bourgeois. The Arab comprador classes sabotaged the national unity by strengthening the *qutri* over the *qawmi*, and by imposing the fabricated *qutri* culture over the *qawmi* culture. In other words, the comprador exploited and weakened the national culture in the same way it weakened and exploited the Arab economy.

#### **Four attitudes on the Arab Nation**

The early beginnings of the Arab modern national expression started in the last decades of the 19<sup>th</sup> century. This trend was the father of the Arab national movement from that period until the collapse of the bourgeois national movement by the end of the 1960s. From its inception, Arab nationalism was torn among four attitudes: Arab Nationalist movement, Political Islamic movement, Arab Communist movement, and the colonial-imperialist project. The school of the Movement of Moslem Brotherhood was, and still is, the father of all Political Islam (PI) attitudes toward Arab nationalism. The Arab national school of thought, however, considered religion, mainly Islam, a main component of Arab nationalism. The

Christian Arabs in the Arab national movement also consider Islam as a main component of Arab nationalism, and emphasize that their culture, as Christians, is part of the Arab Islamic culture. Nevertheless, the PI never considered Arab nationalism less than an enemy of Islam.

This reflected an enmity between the Arab nationalist movement and the Political Islamic movement. Accordingly, the political and ideological currents in the Arab Homeland failed to achieve a dialogue or debate between these domestic schools about Arab nationalism. Recently there were some promising signs of dialogue between these two currents. It is hoped that this will continue. Until the failure of the modern Arab bourgeois nationalist movement in 1967, the PI school was in alliance or at least a relationship of understanding with the so-called 'moderate' Arab regimes that were either appointed, protected, or in alliance with colonial and later imperialist capitalist powers. The opposite was the case of the Arab nationalist regimes, which were always in the center of a struggle against imperialist powers.

By the 1960s and precisely, in 1967, the challenge against the Arab nationalist movement, represented by the Nasserist regime in Egypt, reached its peak. The Zionist Israeli aggression, financed, trained, and armed by the imperialist powers (mainly the United States, France and Britain), defeated the Arab ruling national regimes which put an end to this current for that period of time.

After the 1960s, most of the Arab regimes declined and became more harmonious, in terms of economic cooperation (but not integration since they are dependent). The capitalist comprador classes seized power, (in Egypt for instance), and opened the rest of the Arab economies to the imperialist world market. As a result of the absence of the nationalist current, the conflict took place between the old allies, the moderate dependent regimes and the PI.

The imperialist-Zionist aggression wasn't the only cause of the collapse of the nationalist ruling regime of Egypt. The main reason behind the failure of the regimes failure was its inability to enact a program of development since most of its resources were consumed in a defensive war against the imperialist-Zionist aggression. The failure of the Nasserist regime to last after the defeat in the war of 1967 lay the structural defect of the Nasserist socio-economic project.

While the popular classes were supporting Nasser by themselves, his regime was benefitting the middle class. His regime did not offer the popular masses the leadership or the confidence. This is why when the internal renegade faction from inside the ruling elite, motivated by its interests, decided to betray the progressive regime, the popular classes found themselves totally un-armed, in terms of weapons or having their own revolutionary leading party to defend the regime and the gains it achieved through that period.

Another school of thought in Arab nationalism was that of capitalist imperialism. Imperialism started planning to colonize, fragment, block the development, and fighting against Arab unity, even before the rise of the early Arab nationalist consciousness in the late 19<sup>th</sup> century (see later in this chapter). This is why, as soon as the Arab Homeland got rid of Ottoman rule, the western capitalist regimes brought their ready-made plan to fragment the Arab Homeland using the method of "divide and conquer". The British-French

secret plan of Sykes-Picot Agreement (May 1916) was designed to divide the Arab Homeland between the two imperialist enemies, and to prepare Palestine to be the last white settler state in history, and create an artificial Jewish Zionist Ashkinazi entity on the soil of the evicted Palestinian Arabs.

The importance of this capitalist imperialist school lies in the fact that it was a “practical” step realized on the ground, while the other schools, did not come to full fruition, due to the success of the imperialist project. This same project continues to operate and renew itself today. While Syria was the only Arab country which was fragmented to four entities, the capitalist imperialist powers are working today to substitute the ‘divide and conquer’ method by a new one that is the fragmentation of each country in the periphery and the concentration of the center (*Tathrir al-Muhit wa Tarkiz al-Markaz*). That is why the United States and Britain are trying deliberately to disintegrate Iraq, Egypt, Sudan, and *al-Maghrib al-Arabi* to several states either on a geographic, ethnic or religious basis.

It is understandable that underdevelopment in the periphery in general shouldn't be attributed to colonialism and imperialism only, especially now. It is important, however, to realize that imperialists' emphasis differs from one area of the world to another. For instance, the Arab Homeland is still highly controlled and targeted by capitalist imperialism. This is why the ruling classes that were appointed by the capitalist imperialist powers are still protected by the imperialist center.

It is important to note that the colonial-imperialist era witnessed the strengthening and deepening of the backwardness of the Arab Homeland. This underdevelopment blocked democratic development in the region. As long as the elite rule in non-capitalist, pre-capitalist, or peripheral capitalist formations, the necessity for democracy became less important since there was no active productive industrial machine that might be harmed by workers' protests. For instance, the political democracy that the working class gained in the developed capitalist countries was due, primarily, to the struggle of the labor movement. This led the capitalists to understand, that without this political democracy, workers will go on strike and, therefore, the production machine will cease to work properly.

What really needs to be studied today is the trend and race among many, if not all, countries of the periphery, is, in fact, inviting the MNC to “invest” in their countries. By doing so, these regimes avoid the need for democratizing the political life of the people and keep the police power to repress the workers! (See Chapter One)

To be able to create its own form of hegemony, the Arab ruling comprador socio-economic systems created their own ‘intellectual comprador’ who will always market the theory and the culture of affirming and deepening dependency.

The present period is the peak of the imperialist domination over the Arab Homeland. For instance, an Arab regimes participated with the imperialist invasion of Iraq. When events reach this level and take this form, it means that the imperialist powers are in fact ruling the Arab Homeland.

The fourth school of thought is the Arab Communist one. Its founders were native Arabs but this school depended, to a large extent, on the Soviet interpretation and definition of

Arab nationalism. Most, if not all, Arab Communists based their attitude towards the Arab nation on Stalin's theory that the "Arab nation is a nation in the making".

This theory lacks an understanding of the World Order. It is theoretical shortsightedness since it failed to grasp several fundamental facts, such as the existence of old nations which do not need proof of their national identity, nationalist aspiration, and consciousness. Stalin's analysis also failed to grasp the fact that the Arab Homeland has been divided artificially and forcefully by colonialism and imperialism. And, accordingly, it is a nation in the era of hampered development because of external factors. The same Soviet Union under Stalin recognized the Jewish Zionist Ashkenazi entity in spite of the fact that it is an artificial settler colonial state in Palestine, supported by the capitalist imperialist powers.<sup>31</sup>

Unfortunately, many Arab Communist parties accepted the Stalinist analysis to the extent that they stood against the idea of Arab unity. They were misguided by two theories: (a) the Marxist attitude against nationalism in general, and (b) the Stalinist attitude against Arab nationalism in particular.

Arab Communists fell into the trap of the ideological comprador, that imported the Stalinist analysis but failed to create and develop their own Marxist analysis of the Arab nation. This wasn't the case of the Communists in Mao's China, Vietnam and many experiences all over the world. They failed as well to realize that the policies of the Soviet Union, especially since the 1950s, became those of a superpower rather than a revolution.

One cannot ignore the fact that the Jewish settlers in Palestine pretended that they have a socialist base represented in the so-called *Kibutzim*. In fact, the *Kibutzim* were always related, in terms of their raw material and products, to the capitalist market. The socialist center should not have been misled by this 'false socialism'. This 'misleading' may have taken place because of several factors:

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<sup>31</sup> The same is the following false quote, which inject Israel in an evident biased manner as if it was one of the ancient nations. "Corruption has been ubiquitous in complex societies from ancient Egypt, Israel, Rome, and Greece down to the present. Dictatorial and domestic politics, feudal, capitalist, and socialist economies, Christian, Muslim, Hindu, and Buddhist cultures and religious institutions have all experienced corruption but not, of course, in equal measures"(Corruption Culture, and Markets, by Seymour Martin Lipset and Gabriel Salmon Lenz, in *Culture Matters: How Values Shape Human Progress*, edited by Lawrence E. Harrison and Samuel Huntington, Basic Books, 2000, p.p112-113). As the quotation deals with corruption, it is itself an example of 'scientific corruption done by intellectuals motivated by bribery and/or ideology.

It is well known that "Israel" as a state did not exist before the Jewish settler's occupation of three quarters of Palestine in 1948. What were existed in the ancient world was called "Yahuda" and for nearly 70 years. Even its place is debatable. The last scientific research shows that the Bible and the Hebrew tribe were in the Arab Peninsula, not in Palestine. This is addition to the fact that there is no proof that the Ashkenazi Jews (who create the Zionist movement and the Zionist project-Israel) have any 'blood or tribal' relations to the ancient Jews in the Arab Peninsula. The Ashkenazi Jews came into existence about 1200 years ago when a tribe people known as the Khazars... chose Judaism. ( Jack Bernetein, *In Racist Marxist Israel*, The Noontide Printing, 1991, p.p. 5-6.

- The influence of Zionist Jews in the Soviet Communist Party in particular, and international Communism in general.<sup>32</sup>
- That the newly created state, the Zionist entity (1948), even if it is 'socialist', was created through brutality against the Arab Palestinians who were forcefully and violently evicted from their own homes and land.
- The role played by the Jewish members in the Israeli Communist Party, who were Zionists more than Communists.
- The dependent Arab Communist parties that failed to reject and resist the Stalinist recognition of the Zionist entity. Even if the settlers are 'Communists', supporting them by any Communist is, simply, racism.

As for the last developments in the national question, it should be noted that the imperialist support of the Arab *iqlimi* (*qutri*) regimes, and the fragmentation (*tathrir or taziriri*) of the Arab Homeland is a clear example in explaining the nature of the new wave of nationalism in the peripheral countries. This new wave is a globalized and not a domestic one.

Most of the cases of the new wave of nationalism led by comprador capitalist factions believe in free market ideology, complete opening of their own markets to financing by imperialist regimes and their NGOs. While the national liberation movements were always opposed to imperialism, most of the new 'nationalist' waves were created and supported by the same imperialism.

## II. Towards a New Theory for Arab Nationalism: Analysis and Vision

### *The Deepening of Unequal Development by the Ruling Iqlimi Arab Comprador Classes*

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<sup>32</sup> The following quotation is a good example on the Zionization of the left even until today: The authors of the Blackwell Dictionary wrote: "Kibbutzim in Israel may be regarded as a specific form of workers' council, and although their mandate is much wider, since they encompass all spheres of social and economic life, their basis is the production community which is organized in a direct democratic way (Rosner. M 1976, *The Kibbutz as a Way of Life*. State of California: Institute for Cooperative Communities, quoted in (*The Blackwell Dictionary of Twentieth-Century Social Thought* edited by William Outhwaite & Tom Bottomore Ernest Gellner, Robert Nisbet, Alian Touraine 1994 p.718). It is worth noting here that, a Marxist like Bottomore still consider the Zionist Kibbutzim in Israel as workers councils today, in the era of globalism which the Zionist Israel is in its very center. While most of the capitalist regimes from center and periphery consider Zionism in 1976 as a racist movement. In fact, the liberal Gordon Marshal was more honest in this issue: "Agricultural settlements inspired by socialist and anarchist ideas are established by Jewish settlers in Palestine, in which working and domestic arrangements, including child-care are shared by members. They later came to employ wage labor and to form a small part of the Israeli economic system. They are interesting to sociologist primarily as experiment in egalitarian communal living" (*Oxford Dictionary of Sociology*, Gordon Marshal, 1998, p.340). The same is for the Oxford Dictionary of politics: "Kibbutz is a Hebrew word meaning 'gathering'. A collective farm in Israel whose members work co-operatively and do not hold private property. Kibbutzim were set up by Jewish settlers in Palestine, before the establishment of the state of Israel. In the 1960s and 1970s they were popular among idealistic non-Jews in the West, but their popularity has faded" (*Oxford Concise Dictionary of Politics*. Iain McLean, Oxford, 1996, p.268).

The aim of this analysis is to explore a number of destructive events that affected Arab popular-nationalist classes as a result of the deliberate process of Deepening the Unequal Development, (DUD), among Arab countries. In addition, this section will assess and critique the socio-political and class factors that motivate the social classes that are the reasons as well as the product of this process.

The reality is that unequal development does not occur accidentally. It is an antagonistic project aimed at strengthening the *iqlim*'s economic policy to transform the fragmented economies of Arab countries from the stage of pre-capitalist, non-capitalist and/or peripheral capitalist formations to one that is dependent on the capitalist center. The *iqlimi* trend is, in fact, an antagonistic contradiction to the concept of Arab nationalism and Arab unity that views Arabism as a cultural belonging, and Arab unity as a socio-economic development project in service of the struggle popular-nationalist classes to achieve a better future. A future, for which prime movers are the material interests of the majority of the population in Arab countries, the popular masses for development. Additionally, real and sustainable development is impossible in small and fragmented areas, *iqlimi* in the case of the Arab countries. These *iqlimi* areas lack one or all necessary components of development, such as adequate market capacity, natural resources, skilled labor, know-how, and finance.

### **Two Attitudes towards the National Dimension**

To maintain its national integrity, any nation needs a strong, prosperous, internally articulated, unified economy, and a certain level of military might to protect itself and its achievements. Economic power has the ability to merge and unify nations even if they are historically at odds. In the case of the Arab nation, it is one nation, but not a unified one.

Despite the fact that Nasser's Egypt failed to unify the Arab nation, he maintained the position of Egypt as a central Arab State. The mere existence of this central state obliged the separatist and isolationist powers, the *iqlimi* and *qutri*, in the Arab Homeland to conceal their separatist agendas. But, when the national center, Egypt, fell into crisis in 1967-1970, the separatist *iqlimi* capitalists actively worked against unity and continued their project of DUD aiming at replacing the national state by the *iqlimi* state (*Al-Dawlah Al-Qutriyah*). These social and class conflicts tell us that unity, development, interests of popular classes, as well as national dignity were never just romantic slogan, but material needs and mechanisms which are able, if employed, to achieve unify or polarize most of the people of the Arab nation.

Since the Soviet Union lost its economic periphery in the African and Asian countries during the 1970s and its direct periphery in Eastern Europe in the 1980s, it was not surprising to see how this accelerated its own disintegration at the beginning of the 1990s. The sophisticated military power of the USSR failed to support its political regime.

People's position towards unity is, in fact, determined on the basis of class analysis. The attitude of each class towards unity is decided according to the size and extent of its interests in that unity. Unity, as a process, is always a challenge to all social classes. The response of each social

class to national unity is based on its own interests. In times of prosperity or growth, under a central national regime, more social classes support unity as a slogan or a project. The role of the central state is to challenge or to terminate the interests of classes that are opposed to unity. These classes are the *iqlimi* and dependent capitalists, or the supporters and beneficiaries of *iqlimi* state *Al-Dawlah Al-Qutriyah*, recently called the comprador class.

Since the late 1960s, the Arab nationalist movement faced a prolonged series of defeats. During that period, Nasser's regime in Egypt that was defeated by the imperialist-supported agent in the region, Israel, collapsed following Nasser's death (in 1970). The new Egyptian regime signed a 'peace' agreement with Israel, which was still occupying the West Bank and Gaza Strip (WBG) and the Golan Heights of Syria. Iraqi military and economic force had been destroyed by the U.S led aggression in 1991. Following Madrid-Oslo negotiations and Accords, the PLO recognized Israel and accepted a self-rule regime under the Israeli occupation. In 1994, Jordan signed a peace agreement with Israel, the *Wadi Araba* Agreement. According to all these developments, the Arab *iqlim* comprador capitalist forces were, in fact, regarding imperialism and Zionism as their masters and the protectors of their *iqlimi* regimes.

The experience with the *iqlimi* Arab capitalism reveals clearly that the commitment to Arab unity is, in fact, limited to the popular nationalist classes, since unity is its only way for achieving development and dignity. Generally speaking, in any society, unity and harmony among most, but not necessarily all, social classes and their integration into one national economy is a process that takes place in exceptional periods of history, such as when a country is subjected to a colonial or settler-colonial regime. Under ordinary circumstances, however, class interests are the leading factor that determines the relationship among social classes and main ingredients in the class struggle. Class struggle shouldn't be understood as a class war only, since class differences, in any society, contain various degrees in the scale of class struggle.

That is why the obstruction of Arab unity is a natural result of the role of Arab ruling classes that subjugate the development of national economy to the interests of a class, which represents the interests of the minority. This might help explain why the *iqlimists* and separatists insist on maintaining fragmentation of Arab Homeland as long as that enables them to control the economy and realize their own interests. By doing so, these separatists are, in fact, launching a class war, civil war, against the Arab popular classes.

Arab intellectuals and writers are also divided with respect to the nationalist question into two main currents: one is committed to the realization of the interests of the popular nationalist classes, while the other is, indeed, a tool in the hands of the ruling comprador class. The first is based on the theory that the Arab national dimension exists objectively and *a priori* and it argues that the existence of this dimension has nothing to do with the current politics of fragmentation and *iqlimi* ideology that are imposed by the ruling Arab classes. This current represents the classic Arab nationalists, the nationalists in general, and the Arab Communists whose conceptualization of Arab nationalism is based on the historical materialist analysis - class analysis.



The second current stems from the understanding that the present situation, is mainly a condition of weakness and fragmentation. The intellectuals of this school are, therefore, re-positioning themselves and their analysis in accordance with the interests and demands of the rulers, which translates into dependency and adaptation to the interests of the world capitalist order. This assessment of Arab nationalism stems from its own conceptualization of the Arab comprador capitalist (*iqlimi*) ruling classes. They are the intellectual comprador of the capitalist comprador. They deny the historical and cultural existence of Arab nationalism. Their argument against Arab nationalism stems from recent times and does not take into consideration the historical process through which the Arab nation evolved. Their analysis fits into the bourgeois political functionalist analysis.

The positions of social classes in Arab societies will regard to Arab nationalism, Arab unity, and economic and social independence, are divided into two blocks: the ruling and the latent nationalism..

### **I - The Ruling Nationalism: *The Nationalism of the Ruling Class***

Mainly, this is represented by most ruling block of the social classes. These classes have been tied to foreign forces since the end of the Ottoman rule, but particularly during the European colonial era. During this period, the younger generations of these classes were educated and trained to become the ruling apparatus of rule in the post-colonial state. Those post-colonial states were either brought to power directly by the colonialists or in the case of those who 'liberated' their countries, they then became dependent on technocrats in establishing and operating the state apparatus.

The economic, social and political structure of these regimes were determined by the position of each regime or ruling class towards its former colonial power. Despite the end of the colonial regime, it should be noted that internal dynamics of change in these countries, were not the only force for economic changes. Following the destructive fragmentation of the Arab Homeland under the Ottomans, the European colonial powers further fragmented the Arab countries to support their own interests. The fragmentation into districts was consistent with the policies of the central Ottoman State in Istanbul. This form of fragmentation into districts was in harmony with the characteristics of the eastern military form of Feudalism.

The Ottoman rule in the Arab Homeland was a colonial one. This explains the intensive plunder of the surplus that was generated by Arab land and production that was, in turn, transferred to Istanbul.

Under the Ottoman rule, the Arab Homeland was divided into districts that remained open and unified, while under the European colonial rule, the Arab Homeland was fragmented into several small separate districts (*aqtar*). These *aqtar* (plural of *qutr* meaning country) were able to become separate states in spite of the fact that they were dependent on colonialism. The aim was to negate the possibility of Arab unity. Most, if not all these newly formed countries, due to division, have poor and fragile economies. European colonialism realized to which extent Arab nationalism and

unity threaten their interests in the region. That is why they appointed rulers in these newly created Arab countries whose interests would be linked to European colonial countries. Therefore, what European colonialism did was create new states with appointed rulers to govern and control the will of the people.

The distinction between the two eras of colonialism (the Ottoman and the European) stems from the internal Arab structures. Local capitalism in the *iqlimi* entities had more control under European colonialism than it had under Ottoman rule. However, the power of local capitalism was still too weak to be independent from the imperialist support. In other words the situation was somewhere between total integration, but without fragmentation (the case of the Ottoman rule), and formal independence that serves the interests and will of a dependent class (the case of European colonialism).

Following the capitalist colonial imperialist division of the Arab Homeland, the class and economic seeds of *iqlimi* were planted. That is why every Arab ruling class found its interest in separating its territories from other Arab countries and integrating itself with the world capitalist market, dominated by the capitalist center. It is since that time that the (DUD) started, perhaps not deliberately. This orientation of the dependent merchant *iqlimi* Arab regimes, was motivated by their own interests, which included economic integration with the world market from the position of a small entity which represents, in fact, the interest of a certain segment of the society. What we are talking about here is a social segment that subjected the interests of the overwhelming majority of its people to its limited and selfish interests as a ruling one. This policy lacks national, political, and economic consensus and the articulation between the economic sectors of the local economy.

## **II - The Latent Nationalism: *The Potential, but Obstructed Nationalism***

The other front is the latent nationalist front, which consists of the popular-nationalist social classes and factions that were subjected, exploited, and whose surplus is drained by foreign powers and the ruling comprador capitalist classes whose share was, and still is, that of trickle-down economy. This front is under continuous attack by the ruling comprador that launches systematic class and civil war against the popular classes.

The nationalism of the popular classes is the Arab nationalism that strives for development, unity, and socialism. Essential components of a nation such as language, history, geography, culture, and heritage are important to Arab nationalism. However, the new and important component, the new discourse of this nationalism, is the common interest of all Arab societies in a joint Arab development. A project for a joint Arab development necessitates unity, since its interests require the availability of a large market. The process of development adds a new dimension to the traditional components of nationalism. It is a modern, practical, as well as a recruiting factor. The large Arab market is potentially strong and its potential to develop is high. Without the existence of a unified state, however, the development of a large united market is impossible. Unity is not limited to one form. At the

very least, a policy for joint Arab development is necessary to begin with. The underdevelopment caused mainly by fragmentation and dependency of Arab countries is making the Arab unity an urgent matter. So, the DUD by the ruling nationalism is deliberately directed against the interests of latent Arab nationalism.

### **Arab Bourgeoisie Path is Deepening Unequal Development**

The emergence of the Arab bourgeoisie coincided with the beginnings of the Ottoman Empire's integration into the world market in the 1850s. While the Ottoman integration into the world order was a gradual one, it was, also, a controlled one due to its centralized eastern military feudal nature. This integration wasn't the choice of the merchant class in the Ottoman society. The central Ottoman authority fell under merchant pressure motivated by profits, and so they started a contraband trade of agricultural products to the West. Another reason for the Ottoman openness was that the central Ottoman government needs to import western industrial products.

The integration of the Ottoman Empire into the world order hardly completes the picture. It should be noted also that the Ottoman formations were impotent; that is, they lacked the ability of self-transformation to capitalism even during the peak of the Empire's power. The main reason for that was the nature and the content of the eastern military feudal regime which consumes the extracted surplus for the military machine and the luxury consumption of the ruling class. This theory is highly applicable to the underdevelopment of Arab countries considering the fact that the relationship between the Ottoman center and the Arab periphery was that of plundering. This made the process of primitive capitalist accumulation impossible. In other words, the Ottomans abdicated to the Europeans a poorer and disintegrated Arab Homeland.

This is, incidentally, the main distinction between the experience of China and India on the one hand, and that of the poor Arab Homeland on the other. The pre-capitalist formations in China and India were different in the fact that colonization wasn't continuous, and even, then, they remained unified under colonial rule. This is why there was one Indian and one Chinese bourgeoisie, while the fragmentation of the Arab Homeland generated artificially an abundance of Arab bourgeoisie. Due to their inherent weakness, the various bourgeoisie became totally dependent on the colonial powers. This facilitated the domination of western colonial capitalism over the Arab Homeland. The fragmentation of Arab countries wasn't only geographic, demographic, and national, but it was a fragmentation of social classes as well. Accordingly, a unified Arab bourgeoisie class failed to develop in Arab Homeland. A unified Arab Homeland with a strong economic base constitutes a threat to western capitalist colonizers and the separatist local bourgeois as well. This explains the organic relationship between the colonizers and the puppet bourgeois regimes.

The rise of Arab productive-nationalist bourgeoisie was hindered because of the Ottoman rule. When western colonialism invaded the Arab Homeland, it found an ally in the commercial and parasitic bourgeoisie that was ready to

facilitate the colonialist's mission in plundering and blocking the development of Arab countries.

While the unequal development in Arab countries is mainly attributed to the post-colonial era, the role played by the Arab separatist bourgeois regimes for an entire century was, indeed, a continuation of the colonialist nature and goals. Before explaining the role of the Arab bourgeois, it is necessary to examine the era of development that preceded the present stage.

On a world scale, the Arab Homeland witnessed three major developments in the first four decades of the 19th century:

First: The weakness and beginning of disintegration of the Ottoman central state, which paved the way for several countries to dissolve the Ottoman rule.

Second: The struggle for independence of some Arab countries that had the potential to achieve development. Muhammad Ali in Egypt and Daoud Pasha in Iraq attempted to establish modern independent states. Ali's ambition was to establish a modern state, a la European model in Egypt. To secure the success of his project, Muhammad Ali unified Egypt, Syria, and Sudan. Contrary to claims of many Western and Arab writers, Muhammad Ali initiated several major reforms in Syria,<sup>33</sup> which provoked the worry of his foreign enemies, western capitalism, and regional enemies, the Ottoman *Multazimin* (the locals who were appointed to rule, exploit, and transfer taxes to Istanbul). Daoud Pasha in Iraq (1817-1832), on the other hand, adopted essentially the same reforms. He declared that: "Europeans have no rights in Baghdad."<sup>34</sup> He imposed a system to protect domestically produced goods from the British ones. This provoked the representative of East India Company in Baghdad who urged the British to fire Daoud Pasha. One year after his fall in 1832, the representative of the East India Company in Baghdad wrote: "The people of Baghdad, despite of all their misery, had their dreams and hopes in Ibrahim Pasha... The merchants of Baghdad feel bitter because Palmerstone [the British Foreign Secretary] opposed the annexation of their country with Syria that is ruled by a new ruler, called the "Egyptian Caliphate".<sup>35</sup>

While the nationalist movement started first in more developed countries like Egypt, Syria, and Iraq, the religious movements (the Sanousi and Wahabi) rose in the rich Arab countries, countries that generated little surplus, like Saudi Arabia and Libya.

Third: The gradual integration of the Ottoman Empire into the world market meant the opening of the first Ottoman gates for the western colonizers. The economic agreement between the Ottomans and Britain in 1838 abolished customs imposed on the trade between the British and Ottoman Empire.<sup>36</sup> This left the local Ottoman products

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<sup>33</sup> Jalal Amin, *Al-Mashriq Al-A'rabi Wal-Gharb* (The Arab East and the West). Published by Markiz Dirasat Al-Wihdah Al-A'rabiyyah, Beirut, 1983 p. 23.

<sup>34</sup> Ibid, p. 19.

<sup>35</sup> Ibid, p. 19.

<sup>36</sup> This was the first time that the Ottoman Empire had to borrow money from European countries. In his opposition to these loans, Rashid Pasha stated that if the Ottoman Empire does that, it will never rise again. What he feared was, precisely, what happened.

under the mercy of a fierce European competition<sup>37</sup>. The signing of this agreement was soon followed by British loan to the Ottoman Empire and, thereafter, the British occupation of Eden in 1839.

Following the western capitalist interest in the region, especially after the signing of 1838 agreement between Britain and the Ottoman Empire, the British exports to Syria, Palestine and Egypt increased three times between 1826-1850. By the 1880s, trade exchange with Syria, Iraq, and Palestine collectively amounted to one fourth of the total Ottoman imports, and one fifth of its exports.<sup>38</sup>

In fact, the reason western alliance wanted to destroy Muhammad Ali's aspirations was to maintain the continuity of this 'unequal exchange' between his territories and the dying Ottoman Empire. This meant that the weakness of the Ottoman Empire did open the door for the dominance of the European capitalist colonial rule. Accordingly, the Arabs faced two enemies at the same time. These two enemies decided, in certain stages, to resolve their differences and minimize their rivalry to be able to control the Arab Homeland. That is why Palmerstone, the British Secretary of State at the time, said in 1840: "The Turkish control over the road to India is much better, from our point of view, than to subjugate this road to a strong Arab ruler."<sup>39</sup>

The final result of these developments was blocking, prematurely, the development of the Arab Homeland through the termination of its industrial beginnings. This is why the Arab Homeland became an importer of the essential goods, which it used to produce earlier, and which were, for a certain period of time, of much better quality than their European counterparts. On the other hand, the Arab Homeland became an exporter of agricultural crops and was subjected to a mercantile leadership whose interests lay in the expansion and deepening of dependency like Sa'id Pasha and the Khedive Ismail of Egypt.

The reason for the fall of Muhammad Ali was not limited to colonial aggression. The problem of the project of Muhammad Ali's lay in its failure to create the class carrier and social incubator for his progressive project. That is why the marvelous effects of his project vanished following the collapse of his military capitalist bureaucracy.

### **The Deepening of Unequal Arab Development**

As noted above, the uneven wealth endowment and resources among the various parts of the Arab Homeland were not different from those of other countries. For instance, the Southern portion of the United States of America is less endowed and developed than its north. The same is true for Italy. There is no equal development among all areas of China and India. However, the political unity of these national states permitted the integration of all parts of the country into a single structure and, therefore, the provisional uneven levels

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<sup>37</sup> Jalal Amin, *Al-Mashriq Al-Arabi Wal-Gharb* (The Arab East and the West). Published by Markiz Dirasat Al-Wihdah Al-A'rabiyyah, Beirut, 1983 p. 27. And Islamuglo Huri and Keyder Caglar, *The Ottoman Social Formation, in the Asiatic Mode of Production*, ed by Anne . M Baily and Joseph Lloberla. London Routledge and Kegan Paul, 1981..

<sup>38</sup> Lutski, Vladimir, *Tarighk al-Aktar al-Arabiyyah al-Hadith*, al-Farabi, publications, 1980, p.83.

<sup>39</sup> Amin, Jalal Opcit, p. 1983 p. 26.

of development among those parts were not exploited by separatist tendencies and *iqlimi* political factions and classes to divide them into several 'independent' states. This doesn't negate the fact that class exploitation did exist in India and China before and after Mao Tse Tung.

The central and unified states in India and China played a major role in maintaining their geographic unity. In this regard, they are different from the Arab Homeland, because they are able to maintain their own central states. It should be noted that the unification of Arab countries took place only in periods when Arabs had a central and strong state. This continued even under the Ottoman Empire that maintained, by military force, many nationalities and all Arab countries under its rule.

The last episode of fragmenting the Arab Homeland into smaller entities was achieved at the hands of western colonial powers. This led to the creation of dependent regimes whose existence and survival were based on maintaining the state of fragmentation and obstructing the rise of a central Arab state. This laid the corner stone to institutionalize the deepening of unequal development among Arab countries. Through its ties with the world order, every ruling class in the Arab Homeland protected its own interest at the cost of the national one. This form of dependency and integration into the world capitalist order played a role in the failure of Egyptian-Syrian unity in 1958-1961 (United Arab Republic). The secession of Syria from the unity with Egypt could not have taken place without the existence of imperialist influence and local allies and the Zionist Ashkenazi project- Israel in the region. The Jordanian regime, supported by the US and Britain, also played a major role in this secession, while the possibility of an Israeli military threat halted Nasser from conquering the separatist military junta in Syria by military force.<sup>40</sup> This explains Israel's role in fragmenting the Arab Homeland, and preventing the rise of a central and strong Arab state that is able to conquer any secession with a defensive or preemptive strike.

In its course to achieve its own interests, the *iqlimi* capitalist Arab ruling class betrayed the aspiration of the popular-nationalist classes for Arab unity and development. The aim of the separatist Arab capitalism is to reinforce, as much as possible, the concept of deepening the unequal development that already exists among Arab countries. By doing so, these capitalist classes aim to terminate, for good, any possibility for Arab unity. While the center of the world capitalist order was, and still is, supporting the Arab dependent classes in their policy of fragmenting the Arab economies, the center itself was, in fact, embarking on several efforts to unify its countries, forces, and markets. The EU, NAFTA, FTAA are good examples of this.

The continued degradation of the Arab Homeland under the rule of the *iqlimi* capitalists placed it on the brink of marginalization.

### **The First Path of Development in the Arab Homeland**

During the eras of pre-independence and independence, the Arab *iqlimi* capitalism maintained and

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<sup>40</sup> This does not mean that Nasser was right. He must protect the first Arab modern unity by force.

strengthened the natural inequality between one country and another. This made the inequality among the Arab countries an obstacle to transcend.

The first path of Arab development represented by Egypt, Iraq, and Syria is naturally rich countries (mainly in agriculture). Their similar structures breed similar political developments between them.

Egypt, Syria, and Iraq have fertile lands that can generate agricultural surplus. The availability of surplus made it possible for Muhammad Ali (in Egypt) and Daoud Pasha (in Iraq) to lay the cornerstone for a modern state as the main step towards independence. The possibility of building a modern and developed state in Egypt was strengthened further when Muhammad Ali restored Syria and Sudan. These early plans, as it is well known, were destroyed by the European capitalist colonialist aggression 1840.

The natural ability of these countries to generate surplus enabled them to start development and paved the way for an Arab nationalist movement to emerge. This early version of Arab nationalism contained a mixture of secular and religious elements. Muhammad Abdo and Al-Afghani were the pioneers of this movement in the last quarter of the 19th century and the first quarter of the 20th century. Later, the modern Arab nationalist movement emerged with the Arab Socialist Ba'ath Party, Arab Nationalist Movement and Nasserism. All these unionist tendencies and independent movements started in the countries that had the potential of fulfilling the role of central states: Egypt, Syria and Iraq. Under the leadership of progressive nationalist regimes, the three countries enthusiastically embraced Arab unity. Their economies were orientated towards independent development economies and not towards deepening the unequal development. In fact, the non-democratic practices of these regimes were one of their main weaknesses. Other Arab countries, that followed the dependent trajectory, those that did not achieve their independence through struggle, coup d' etats, or revolutions, and those whose independence took place too late, those did not become democratic or liberal. This does not mean that the progressive Arab nationalist regimes were democratic. The aim of raising this point is to reject the imperialist propaganda that the comprador reactionary monarchies are liberal and democratic. Once again, one of the main reasons for the failure of the progressive nationalist regimes was their lack for democracy.

Finally, the progressive project of the first trajectory was suppressed by the direct imperialist-Zionist aggression in the 1967 war against Egypt and the 1991 aggression against Iraq.

### **The Second Path**

Due to poverty and lack of natural resources of the second trajectory (including Jordan, Tunisia, Somalia, Sudan, Arab Peninsula and Libya), the struggle of these countries against colonialism was latent, whether in terms of struggle for independence or the beginning of national movement. The inherently poor structure of the second trajectory became an objective justification for its dependency as long as they remain divided and separated from other relatively developed and endowed Arab countries. The only solution for this

objective inclination for dependency is a united Arab Homeland. On the economic level, the poor agricultural land in these countries was the reason behind their lack of adequate surplus that could be invested in creating a modern economy. In addition, the sparse population of most of these countries made it difficult to carry out a development project even when some of them became rich as oil exporters.

The reason why religious movements started in these countries might be due to their poverty and their dependency on agriculture. Since their beginnings, these movements stood against colonialism, but failed to carry on an organized national struggle.

It was necessary for part of these countries to wait for the exploration of oil, in commercial quantities, to communicate with the modern world and to have its share in Arab politics. Due to the fragility of the social and political formations of these countries and the dependency of their ruling semi-feudal elite, these regimes were and still are tied to imperialism against the Arab nation in general and their peoples in particular.

With some exceptions, the countries of the first path led the struggle against imperialism, even after their independence. They continued the struggle for industrial development and Arab unity. While the countries of the second path, with some exceptions (Libya for instance), maintained their reactionary role, remained strongly tied to imperialism and opposed to Arab nationalism and unity. The second path remained strong and protected by the imperialist-Zionist camp. The development of the Arab Homeland on a nationalist base will continue to be difficult.

At the same time, the policies of import-substitution and 'socialism' in the countries of the first trajectory were greatly needed for the rest of the Arab market and their oil revenues, the resources and economic capacity of the countries of the second trajectory were strengthening their ties with imperialism. This suffocated the project for development in the countries of first path that must have access to the rest of the Arab wealth and markets. The development policy of the first path has failed. One of the reasons was the Egyptian defeat by the imperialist-Zionist aggression in 1967. The new regime in Egypt, beginning with Sadat in 1971, surrendered to the imperialist world order. These events paved the way for the rich Saudi regime (the wealthiest due to oil rent) to lead what was called later the Arab system and to strengthen its policy of deepening unequal development.

### **An Economic Structure that Supports Deepening Unequal Development**

During the rule of the Ottoman Empire, most of the Arab countries were considered one trade region. Their trade took place without custom barriers. Until the first imperialist war – WWI (1914-1918), no less than 45 percent of the Syrian exports were going to other parts of the Empire; half of this amount was going to Egypt alone.<sup>41</sup> Until 1910, twenty percent of Egypt's imports were coming from Arab countries, excluding Sudan. By 1939, during the European colonialism, this percentage went down to three percent.

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<sup>41</sup> Amin, Jalal 1983, opcit, p. 39.



As mentioned above, Arabs, mainly in Egypt and Iraq, gained industrial experience during the 19th and 20th centuries. The first in the 19th century (Muhammad Ali and Daoud Pasha) took place during the first decline of the Ottoman central rule in Egypt and Iraq. A pioneer liberal bourgeois, however, led the second, in Egypt, under a dependent political regime. That occurred during the weakened imperialist grip era, 1920-1940s in the countries of the periphery (COP). The goal of both experiences was to build a modern capitalist system. The difference between them is that the first (Muhammad Ali of Egypt, 19<sup>th</sup> century) took place in an era when it was relatively possible for a country in the peripheral to develop independently, even in a capitalist manner. The second experience, however, took place when such a development was impossible, even if it started during the decline of the imperialist fist and failed to understand the lesson of the first experience. The second experience operated within the boundaries that the imperialists had drawn, and that is why it was a process of adaptation rather than that of de-linking. It took place in conjunction with the fragmentation of the Arab Homeland. That is why the competition over trade between Britain and France spread to become a trade war among Egypt, Palestine, Iraq and Syria.

This is a striking example of the blocked development. It is industrialization adjusted to colonial policy. A policy that works against an auto-centric capitalist development of the periphery. Accordingly, by the year 1938, only 5 percent of Syria's exports were channeled to Egypt, in comparison to 17 percent in 1928, and the Syrian share from Egypt's exports in 1938 was reduced to half of what it was ten years earlier.<sup>42</sup> During the period of independence, the Arab regimes officially signed many economic and trade agreements among themselves.<sup>43</sup> The reality on the ground was that of strengthening of different economic structures, deepening unequal development, and decreasing natural integration of Arab countries.

### 1. Self-Blocking of Industrial Development

Arab economies of the 1980s and 1990s were mostly of an import nature, exporting some raw materials and agricultural products, with a parallel decrease in the

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<sup>42</sup> Ibid, pp. 38-9.

<sup>43</sup> However, reviewing all attempts of cooperation, alliances or integration among Arab or Islamic countries in the last four decades we find big projects at the beginning and very little or nothing was left at the end. ( Toye, J., Dilemmas of Development, Basil Blackwell Ltd, 1987 ) Some of these projects are:

1. The emergence of new centers of development and investment finance;
2. Arab fund for economic and social development
3. Kuwait Fund for Arab Economic Development
4. Abu Dhabi fund for Arab economic Development
5. Council of Arab Economic Unity
6. Gulf Cooperation Council (GCC)
7. Arab Bank for Economic Development in Africa
8. Arab Maghreb Union: Algeria, Libyan, Mauritania, Morocco, Tunisia (AMU)
9. Arab Monetary Fund (AMF), 1976
10. Arab Trade Financial Program (ATFP)
11. Arab Common Market, 1964
12. Arab Free Trade Zone

manufacturing exports.<sup>44</sup> In general, those economies suffered from two forms of deformity; both were expressions of 'deepening of unequal development' among themselves. The first deformity is the deliberate lack of plans for integration on the national scale, and the second is the adoption of contradictory *iqlimi* policies.

In the program of industrial growth until 1985, the petrochemical industries in Saudi Arabia, Kuwait, Qatar, Oman (in the beginning), Libya, Iraq, Algiers, and Jordan, were competing with each other, and their *iqlimi* markets were unable to consume their local production. The same applies in the fertilizer, cement, steel, and aluminum industries.<sup>45</sup>

The total Arab steel production was only 8 percent of its needs, while the recession in the construction sector forced 105 cement factories to work with 70 percent of their capacity, in the years, 1992-1993.<sup>46</sup>

The Arab industry was concentrated in light industries that did not employ more than one hundred workers per industrial unit. The manufacturing industry employed 20-21% of the workforce. This lags behind the 49% average of developed countries. It lags even behind countries whose per capita income is parallel to the world average. In these countries, the manufacturing industry absorbs 28% of the labor force.<sup>47</sup>

The late 1970s witnessed a number of dangerous indications in the development of the Arab economies. The most important development is the relative shift from the agriculture to the manufacturer sector. This led to a relative decline in the agricultural sector resulting in a dangerous problem of food shortage facing all Arab countries. Another aspect is the substantial increase in the share of extracting industries and the service sector. The share of the agricultural sector in the Arab GDP declined from 16.6 percent in the year 1970 to nearly half of that in 1977. The share of transmutation industry declined from 11.9 percent to 8.6 percent, while the share of the extracting industry rose from 23.7 to 34.7 percent for the same period.<sup>48</sup>

Due to the inability of Arab agricultural and manufacturing sectors to absorb the surplus labor power, their regimes resorted to artificial expansion of the service sectors, especially the bureaucratic ones. The bureaucratic apparatus integrated the labor power into the ruling regime, not in a productive manner. That is why the marginalization of the role of labor force at the level of production led to their marginalization at the economic, social, political and democratic levels. This huge bureaucratic apparatus in the rental and non-rental economies was financed by the surplus of oil revenue for over three decades. The 'countries of oil rent' financed this service sector in the non-oil producing countries as well to maintain social stability there. While, what

<sup>44</sup> Abu-Al-Naja, Hamdi, al-Taqaanah al-Munasibah li-Muwajahat Iktinaqat al-Tanmiyah al-Arabiyah in al-Mustaqbal al-Arabi, year 16, no:175, Sep 1993, p. 3-55.

<sup>45</sup> Hussein, Adel, al-Tanmiyah al-Arabiyah wa-A'amil al-Mal al-Nafti, in Dirasat al-Tanmiyah Waltakumul al-Iktisadi al-Arabi, Arab Unity Research Center, Beirut, 1985, pp. 105-106. 1985: 1985, pp.105-106.

<sup>46</sup> summary on the economic development in the Arab World in 1993. quoted from the yearbook published by the German center for the East, by *Al-Quds* daily Jerusalem 20\10\1994.

<sup>47</sup> *Al-Taqrir Al-Iktisade Al-Arabi Al-Muwahad* (Arab United Economic Report), Arab League publications, Cairo, 1984, p.296 (Arabic).

<sup>48</sup> Hussein, 1985, opcit, p. 142

is really needed is to finance development strategy to transcend unequal development.

The assistance donated by the Arab “countries of surplus” to subsidize the deficit of other Arab countries, ‘the countries of deficit’ led the other to neglect the development of agriculture as their most productive sector especially for food security, in the absence of an industrial sector. The result was more disarticulation among economic sectors within every single country and more food imports. Unfortunately, the role of the oil rent was that of terminating the productive sectors in the Arab economies. This is a very short-sided redistribution of oil wealth.

The oil rent regimes were guided by an imperialist strategy in the area to circumvent social tension in the ‘Arab countries of deficit’. In retrospect, this was a policy of aggression against Arab peoples, a preemptive campaign to eliminate any opportunity for social mobilization in the region. The limited redistribution of income was designed to support the ruling classes, not the popular classes.

Another aspect of the limited and formal redistribution of oil surplus is the employment of Arab workers in the countries of the Arab Gulf (known in the western media as the Persian Gulf). Those workers were treated as foreigners. The Gulf war against Iraq led to the termination of the employment contract of millions of Arab workers in the oil-producing countries in the Arab Gulf. As a result of this discriminating policy and treatment, the Arab workers in the oil-producing Arab countries were prohibited from contributing to the process of developing a united Arab labor movement as a step towards Arab unity.

## **2. The Decline of Agricultural Production**

The agricultural land in the Arab Homeland is estimated at 133 million Hectares (a Hectare is 10,000 square meter). It constitutes about 9.4 percent of its total land, while the cultivated land is only 42 million Hectares. The percentage of those working in agriculture of the total labor force declined from 46% (1980) to 42% (1985) and continued to decline to 38% in 1990. The share of investment in the agricultural sector and livestock declined drastically in 1990 to 1991.<sup>49</sup>

After being self-sufficient in providing crops until the early 1970s, the Arab countries witnessed a shortage in those crops estimated at \$14.1 billion in the year 1980, and \$16.6 billion by 1989. The amount of combined total exports and imports of food at all Arab countries increased from 11.9 in the year 1980 to \$14.3 billion by 1985 and to \$14.35 billion by 1990 in favor of imports.<sup>50</sup> The direct reason for the Arab food crisis is the increase in consumerism and a higher birth rate, which transcended the increase of the local agricultural production, especially since the early part of the 1970s.

While the annual agricultural rate of growth in the Arab countries never surpassed 2.5 percent a year during the period 1970-1985, the average increase of demand on agricultural products was nearly 6 percent a year. This led to a food gap that increased, in average, from an annual \$1.2

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<sup>49</sup> Al-Afandi, Nazira, Talkhis al-Taqrir al-Iktisadi al-Arabi, *al-Ahram al-Iktisadi*, 22 March, 1993, p12.

<sup>50</sup> Ibid.p.19

billion for the period 1970-1974 to \$21 billion by the year 1985.<sup>51</sup>

Following are the percentages of the food imports out of the total food consumption for some Arab countries in the period 1969-1971: Saudi Arabia 63.3, Syria 32, Jordan 60.8, Tunisia, 40.7, Algeria 32.1, Morocco 18.2, Egypt 16.6, Yemen 28.7, Sudan 9.8 and Somalia, 13.1 percentage. In the period 1986-1989, the situation changed as follows: Saudi Arabia, 81.8, Syria 29.1, Jordan 85.2, Tunisia 59.3, Algeria 70.7, Morocco 28.8, Egypt 45.2, Yemen 62.1, Sudan 14.5 and Somalia 23.7 percent.<sup>52</sup>

These results seem astonishing when we consider the other part of the equation, which is the availability of a large area of uncultivated agricultural land and millions of unemployed workers. Arab workers from *al-Maghrib* emigrated to the west to face racism and discrimination, at a time the Arab oil-producing countries “import” millions of workers from Asian countries.

### **3. The Inter-Arab Trade as a Reason and a Result of Unequal Development**

The weakness and failure of the numerous Arab trade agreements were due to the different policies of their regimes, which rendered these agreements meaningless. In 1953, a group of Arab countries agreed to minimize customs between them. In 1957, members of the Arab League signed an agreement of Arab Economic Unity, and established, in 1964, the Arab Common Market. The Council of Arab Economic Unity was established in 1965 and from which the Organization of the Arab Oil Exporting Countries (OAPEC) was enacted. These agreements did not improve the pan-Arab trade or economic relationship.

The inter-Arab exports (among Arab countries) increased from 5 percent in 1981 to 7.3 percent in 1982 while the inter-Arab imports increased from 7.3 percent to 9.1 percent of total world trade by 1982. The percentage of inter-Arab exports to total exports was 8 percent in 1988, but decreased to 7.3 percent by 1990, while the percentage of the inter-Arab imports reached 9.0 percent by 1990.<sup>53</sup>

For the sake of comparison, the exports among the countries of EC in the early 1990s were 56-60% of their total exports. Among the United States, Mexico and Canada, the members of the NAFTA agreement, it was 14 percent and among the countries of league of East Asia (ASEAN), it was 18 percent for the same period.<sup>54</sup>

The share of Arab countries of the world trade was 3.3 percent in 1970. It jumps to 4.1 percent in 1989. This is not proportionate the percentage of its population to the total world population, despite the increase of oil exports. The same is true for the international commercial lending, in which the share of the Arab countries was 1.5 percent in 1970, and increased to 2.4 percent by 1989. Their share in international

<sup>51</sup> Al-Alwan Abdul-saheb, Azmat al-Tanmiyah al-Zira'ayah al-Arabiyyah wa-Maazaq al-Amn al-Ghizaa'I al-Arabi, in *al-Mustaqbal al-Arabi*, year 11, no 117, November, 1988, p.92.

<sup>52</sup> U.N.D.P. 1992:152-15)

<sup>53</sup> Al-Afandi, 1993:22

<sup>54</sup> Arabs between the Arab and Middle East Markets. Muhammad Kamal Mansour, in *Al-Nahar* 21/1/1995.

investments was 9.8 percent in 1970, and jumped to 13.2 percent by 1989,<sup>55</sup> while their contribution to the total donations was the highest in the world!(see later in this Chapter). According to the economic policies of the Arab countries, it is not difficult to imagine that foreign investments in the Arab countries were not in productive sectors.

It should be noted that the deformed inter-Arab trade was deliberately designed by the Arab regimes to deepen the unequal development among their countries and to make the exchange among these tiny entities and fragile economies poor to the extent that it will obstruct pan-Arab development.<sup>56</sup>

#### **4. Deformity of demographic Structure and the “Deepening” of Unequal Development**

In 1960, Arabs constituted 3.9 percent of the total world population. By 1989, this number increased to 5 percent. Arabs’ share of the total world GNP increased from 1.5 percent in 1960 to 2.5 percent in 1989, a percentage that is below their annual population growth. This increase is mainly due to the rise of oil prices in the 1970s.

Regarding the uneven natural endowment of the Arab countries, there is a significant unevenness in per-capita income among them. The per capita income from the GDP in US dollars in many Arab countries was as follows: 15,984 in Kuwait, 11,800 in Qatar, 10,804 in Bahrain, 10,440 in Saudi Arabia, 7,250 in Libya, 1,934 in Egypt, 1,560 in Yemen, 1,042 in Sudan, 861 in Somalia, and 730 in Djibouti.<sup>57</sup>

The deformities in the economic sectors impacted the social structures of Arab societies. While some Arab countries are over-populated, (Egypt), others have low population to the extent that they have large communities of expatriate labor. In the countries of Gulf Cooperation Council, there are 8.6 million expatriate workers, or 37 percent of total population.<sup>58</sup>

Forty nine per cent of the population of the United Arab Emirates (UAE) are from India, Pakistan and Bangladesh. The Indian community is twice as big as the native Arabs. In 1999, the native Arabs constituted 19 percent of the total population of the UAE.<sup>59</sup>

In 1990, the population in the following Arab countries was as follows (in millions: 2.0 in Kuwait, 0.4 in Qatar, 0.5 in Bahrain, 1.6 in United Arab Emirates, 14.1 in Saudi Arabia, 12.5 in Syria, 4.5 in Libya, 1.5 in Oman, 18.9 in Iraq, 4.0 in Jordan, 8.2 in Tunisia, 2.7 in Lebanon, 25.0 in Algeria, 25.1 in Morocco, 52.4 in Egypt, 11.7 in Yemen, and 25.5 in the Sudan".<sup>60</sup>

#### **5. The Deformed Structure of Arab Lending**

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<sup>55</sup> U.N.D.P. 1992:37

<sup>56</sup> Some Arab countries impose customs of up to 100 per cent on imports from other Arab countries. This is something which even Israel or any other country does not do. The US-GCC (Gulf Cooperation Council) bilateral trade and other investment and business relations are stronger than those between the GCC and other Arab countries (Tanai Vassallo, U.S. GCC Economic Dialogue, www. Tradeline/960315

<sup>57</sup> U.N.D.P. 1993:152-153.

<sup>58</sup> "The Gulf States Discovers Unemployment".. *Al-Quds*, Jerusalem 5\2\1995.

<sup>59</sup> (*Al-Quds Al-Dawli*, London, 22 June, 2001.

<sup>60</sup> U.N.D.P 1992:170-171.

Arab foreign aid, of course available only when oil revenues are high, is oriented towards foreign countries and is deformed. Also, Arab donations and loans to foreign countries have been directed according to an imperialist strategy that was designed by the World Bank and IMF. Despite the fact that Arab countries are developing countries, the percentage of donations to poor countries compared to their GNP was much higher than their imperialist counterparts. The share of donations of the US is 0.24 percent, the EC is 0.51, while that of Saudi Arabia was 3.53 and Kuwait was 4.46 percent.<sup>61</sup> (See Chapter Seven)

During the period 1962-1983, the aid distributed by Arab countries to poor countries amounted at \$9,426,730 billion. The break down is as follows: 51 percent to other Arab countries, 19.7 percent to African countries, 27 percent to Asian countries, 1.9 percent to Latin American countries, and 0.6 percentage to other countries.<sup>62</sup> In view of the fact that several Arab countries are in desperate need for aid, there is no justification for the fact that half of Arab financial assistance goes to non-Arab countries. Additionally, this assistance did not crystallize into a real support for Arab development. This irrational donation policy is one of the means used by the rich Arab regimes to avoid assisting development in Arab countries. It is part of the policy of deepening unequal development.

#### **6. Arab Capital Abroad Loses its National Identity and “Deepens” Unequal Development.**

Capital outflow from Arab countries to western banks puts an end to the possibility of re-investing the surplus on a national scale. This externally oriented surplus kept the wealthier Arab countries, that are able to generate surplus, increasingly disconnected from those that are poorer or unable to generate surplus.

The Arab capital deposited abroad is estimated at \$750-800 billion. Forty seven percent of it belongs to public and 53 percent to private sectors. The percentage of money liquid assets is 61 percent such as banks deposits, governmental and commercial banknotes, and IMF credits, in addition to the short-term investments, the remainder is invested in acquiring shares, buildings, and loans. Approximately 74.5 percent of them are invested in the OECD. Arab debt to international commercial banks reached an amount of \$95 billion by the end of 1991.<sup>63</sup> Official figures for the balance of payments of Bahrain, Kuwait, Oman, and Saudi Arabia show that the combined deficit of these countries was \$55 billion in 1991. Within four years (1991-1994), this deficit rose to about \$100 billion.<sup>64</sup>

It should be noted that in Arab countries the gap between the social classes that control the surplus and the popular classes, continues to expand year after year. The interests of those who controls surplus are more and more articulated with those of the world capital. This is in harmony

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<sup>61</sup> The Unified Arab Economic Report, 1985, opcit, 399.

<sup>62</sup> The Unified Arab Economic Report 1984, opcit, 296.

<sup>63</sup> Al-Afandi, 1993:26.

<sup>64</sup> Saudi Arabia Economy Faces Problems. Douglas Davis, in *The Jerusalem Post* 28\10\1994.

with the same policy of deepening unequal development. Accordingly, the social classes controlling the oil rent became the tool for capital drainage. Through the process of deepening unequal development, financial capital moved more freely to the world capitalist center. In this case, financial capital is different from other forms of capital regarding its ability to move abroad fast. Once controlled by the center, it loses its 'national identity' and roots, and becomes part of the so-called 'international capital', which, in the final analysis, belongs to the center. It will also be subjected to the center's administrative financial decisions. As mentioned in Chapter One, the Arab credits in the center were also used to finance the center's aggression against the Arab people of Iraq, Libya, Palestine, South Yemen, Somalia and other countries all over the world. Doesn't this go beyond the deepening of unequal development.

In summary, the 20th century was a century that witnessed a rule of the Arab *iqlimi* bourgeois capitalist and comprador classes. These classes failed to achieve any of the focal aims or aspiration of the Arabic peoples. They failed to achieve Arab unity, democracy, secularism, and development. Neither a socialist nor a capitalist development has been achieved in the Arab Homeland. The ruling comprador classes are still in the camp of capitalist imperialism and Zionism against Arab nationalism. This *iqlimi* capitalism betrayed the people's goals of development, socialism, Arab unity, and the liberation of Palestine. It facilitated the drainage of surplus to the imperialist center and the deepening of unequal development in Arab countries.

Simply put, the capitalistic class in the Arab Homeland is in a stage of rearranging class order. It is inevitable that popular classes should follow the same path. That path is Development by Popular Protection (DBPP). In this context, it is necessary for those who struggle for national goals to avoid the adoption of the bourgeois capitalist content of the Arab nationalism, the 'nationalism of the ruling classes' which follows the capitalist modernization approach for development (see Chapter Two). Such a duplication will keep the Arab nation dependent and under the domination of international capital. If those, who struggle for the national cause, insist on repeating the same bitter experience, the results will be, to a large extent, the same failure as their predecessors, but it will last only for a short period of time. The failure of such an experience will follow shortly because the current Arab capitalism is already compradorized, which means that it is ready for betrayal of national cause – the betrayal national interests. The Arab comprador is not a productive nationalist bourgeois that still needs to 'develop' its own class interests. In either case, the result of repeating the bourgeois experience will further hinder the socialist project of the popular classes.

## CHAPTER THREE

### WHAT IS ANTI-NORMALIZATION AND WHY DID IT DEVELOP?

Normalization is a relatively new term in the Arabic political discourse. It was first minted by the Egyptian national/leftist opposition to the Camp David Accords signed between the capitalist comprador Egyptian regime, and the Zionist Settler-Colonial Ashkenazi (ZSCA) entity-Israel in 1978. This Egyptian opposition was, and still is, opposed to a strange and peculiar form of 'peace', which normalizes the relationship with the abnormal entity, Israel.

The Zionist Settler-Colonial Ashkenazi (ZSCA) entity-Israel was created in May 1948 after the occupation of the majority of Palestinian territory and 'Israel'. Prior to that 'Israel' did not exist. Since the British colonial occupation of Palestine 1917, and its formal mandate by the League of Nations in 1922, British capitalist colonialism detached Palestine from the motherland Syria and facilitated the immigration of Jews from all over the world to settle in the seized part of Palestine. That same British colonialism assisted Jewish settlers in establishing a modern, relative to the standards of that time, capitalist system for Jews. While Britain and France trained and armed the settler immigrant Jews to the teeth, British colonialism suppressed brutally the resistance of the Palestinian people. By 1948, the settlers defeated the Palestinian resistance movement and the traditional armies of some Arab dependent regimes. The new settler entity evicted about 800,000 Arab Palestinians and declared the "State of Israel" on their land. The occupied part



of Palestine at that time constituted about 78% of the total area of the country.

In 1956, Britain, France, and Israel attacked Egypt to dismantle the nationalist regime of Nasser. By 1967, Israel, armed by the most sophisticated U.S, British and French military arsenal again attacked Egypt, Syria and Jordan. It occupied parts of Syria and Egypt and the rest of Palestine-namely the West Bank and Gaza Strip (WBG). As a result of this aggression, another 400,000 Arab Palestinian refugees were expelled from the WBG.

There are other reasons why would Arabs resist and refuse normalize with the Zionist entity (ZE):

- It refuses the UN's resolution 194, which confirms the right of the Palestinian refugees to return to their homes.
- It continues to occupy Arab land.
- It does not conceal its objective and plan to maintain itself as a 'pure Jewish state'.
- It plays the role of an imperialist watchdog in the Arab Homeland.

Ironically, in spite of all this, the Zionist entity expects the Arab nation to accept it as a "normal" entity, i.e. to be accepted by the Arabs on its own terms. These expectations are contradictory by their nature and reflect the racist character of Zionism and the Zionist entity (ZE).

It should be noted here that the Zionist entity attempts to camouflage its demand for normalization by feigning interest in, and search for, peace. However, this is a peace that insists on all the above-mentioned goals and conditions. This is why the Arab peoples oppose normalization with 'Israel', hence the term anti-normalization.

### **Why Anti-Normalization?**

The term "anti-normalization" was coined to reflect material necessities on the ground. It was invented because some Arab rulers (e.g. Anwar Sadat, the former ruler of Egypt) signed a 'peace' agreement with 'Israel'. Based on what we know about 'Israel' and its goals, Arab normalization with it is a national betrayal. It is, indeed, a reflection of an Arab sense of inferiority, since it is recognition of a state that limits itself to one race and one religion and that is created by occupying the land of other people.<sup>65</sup> Accordingly; an Arab who establishes contacts with the Zionist entity is a "normalizer".

How can one measure this issue and determine who is normalizing and who is not? The specific place and situation of each Arab should be taken into consideration. For instance, a Palestinian who lives in the 1948 occupied Palestine is a normalizer if he/she recognizes 'Israel' and nominates himself for membership in the Israeli parliament (*Knesset*). To be a member in that parliament, an Arab is a member in the parliament of the Jewish state. As a member, an Arab also recognizes the Zionist entity as a settler state on occupied Palestinian land. This includes the termination, though indirectly, of the Right of Return of the Palestinian

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<sup>65</sup> 'Israel' is the first state in World modern history, which declares itself as a state for one religion. In other words, it is the first religious fundamentalism in the world. In fact, the Jewish fundamentalism in Palestine is one of the reasons behind the new Islamic fundamentalism in Arab countries. ( See Chapter Four).

refugees.<sup>66</sup> On the other hand, an Arab living in 'Israel' is not normalizing when he/she consumes Israeli products,<sup>67</sup> or nominates himself to a municipality council in his own town.

The case of Palestinians in the WBG is different. A Palestinian in the WBG is a normalizer if he builds contacts with an Israeli political party, company, cultural association, NGO, or other Israeli counterpart or participates in joint cultural activities. Considering the harsh economic situation in the WBG (the economic policies of the occupation - see Chapters five and Six), those who work in the 1948 occupied Palestine may not be considered normalizer, unless there are alternative jobs in the WBG itself.

An Arab outside the 1948 occupied Palestine is a normalizer if he consumes Israeli products or visits the Zionist entity. An Arab or Palestinian in the Diaspora is a normalizer if he/she consumes Zionist exports or products of companies that support the Zionist entity.

It is not easy, or even necessary, to present a list of boycotted products- an anti-normalization list. What is important for the Arab popular classes is to create a culture of boycotting the Zionist entity and the Western capitalist center and their products, a culture of resisting normalization with them. By achieving this goal, each Arab will be able to differentiate easily between what is normalization and what is not. Education is the only means to let people decide their position democratically. In other words, it is necessary to enable the Arab consumer to decide by him/herself.

However, from the Zionist point of view, normalization is not limited to diplomatic relationship with Arab regimes. For them, this is just the beginning. Normalization should go deeply inside the Arab nation to include every Arab in every part of the Arab Homeland.<sup>68</sup> The Zionists want to be accepted by the Arab masses. The masses' ability of consumption is a prerequisite of Zionist capital. That is why capital needs peace in this region. Capital wants peace as a vehicle to facilitate the disastrous plan of Integration through Domination (ITD). This is the aim of capital in the region after the Arab regimes have already formally recognized the ZE-Israel. Capitalists' greed for the highest possible profit moved to a new paradigm of the conflict in the region, the economic conflict. The first and old form of conflict was military. It was restricted to the armies of Arab regimes and the Zionist entity. The Arab nation and masses did not have the freedom or the choice to fight. By insisting on normalization, capital, represented by the imperialist, Zionist and Arab compradors, is, in fact, pushing the conflict into its

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<sup>66</sup> Some of the Zionized Arabs and Palestinians who recognize Israel, argue that the membership in the Knesset is a field of struggle for the right of self-determination of the Arab Palestinians in the occupied land of 1948. But, without analyzing the racist and settler nature of Israel, it should be noted that, there is no single case in history when the national minority got the chance for self determination in the parliament of the national majority unless the national majority itself wants it.

<sup>67</sup> Until now, there is no relatively independent economic structure for the Arabs in Israel and they lack even for any orientation towards self-sufficient economic policy.

<sup>68</sup> This is why, the 'peace' Agreements between the Zionist entity and Egypt, and later with Jordan and the PA, includes economic, social and cultural normalization. And, according to these agreements, the Zionist entity investigates any anti normalization activities inside these countries, and protests to the rulers there. The Zionist entity protests to the rulers of these Arab countries, when any writer writes an article against it. The Zionist entity wants these regimes to obligate its citizens to accept the Zionist entity.

new paradigm—the economic domination that desperately calls for normalization.<sup>69</sup> The resistance of Arab popular classes against normalization involves struggle at political, cultural, and economic levels. This represents the first direct challenge between the nation and its masses on one hand and their enemies on the other.

Will anti-normalization be applied against the Zionist entity only, or will it also be applied against the Western capitalist economies, especially the United States, Britain and France? Based on the role of these imperialist regimes in creating and supporting ‘Israel’ on the one hand, and their open enmity against the Arab nation on the other, anti-normalization, (boycott), should be applied against their products and their companies which trade with ‘Israel’. Dealing with ‘Israel’ includes export, import, financial aid, grants, technical assistance, and investment. Investment is a large, sensitive and diversified area and includes official, private sector, direct, and indirect trade...etc.<sup>70</sup>

### **Boycotting as an International Cause**

Boycotting the products of the capitalist center should not be limited to, or justified as, an Arab nationalist goal. It is an international issue that lies at the core of the development of the Third World. Third World economists, politicians, and intellectuals who separate the political struggle against capitalism, reflected in its three main manifestations (colonialism, imperialism and globalization), from the economic and development policies, are capitalists or marketers of capitalism. For the countries of the Third World, including the Arab Homeland, to repeat the experience of “capitalist modernization”, especially through the policy of open door for the products of the capitalist center, will only perpetuate their dependency. These are the new versions of the political, economic and intellectual comprador.

Failure to grasp the goals of the capitalists in the alliance between the capitalists-imperialists and the Zionists is a bourgeois nationalist way of thinking luring the Third World towards a new round of dependency. In the Arab case, sooner or later, this current will lead to a new form of ‘peace for capital’ with the Zionist entity (see Chapters One and two).

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<sup>69</sup> This economic conflict aims perpetuating Arab dependency and consumerism. It is a division of labor as the U.S bourgeois economist, Lester Thurow put it: “Those who not produce oil in the region should be making goods and services for those who sell oil” (New York, Warner Books, 1992-93, pp 216-17). This idea is a clear example of the more recent version of racist thinking.

<sup>70</sup> “The Morgan Stanley Investment Bank, for instance, has recently invested \$50 million in four Israeli startups. *Ha’aretz*, February 2, 2001) For startups and post-startups, acquisition by foreign firms is a major goal. America-online put up \$287 million to buy an Israeli firm named Mirabilis, ...Platinum Technology, Inc. bought Memco, which specializes in information security, for \$400 million *Israeli Almanac*, 1999, p.105.

Boycotting the products of capitalist center and resisting capitalistic modernization is central to world revolution, international resistance, and challenge to capital. It is related to the strategy of de-linking from the center and employing a development model that the periphery must achieve. De-linking is the initial step in the march for development and against consumerism. A higher stage of de-linking is Development by Popular Protection (DBPP), briefly elaborated on at the end of Chapter One. This strategy of development becomes more urgent due to the brutality of capitalist exploitation, especially in the era of globalization.

In fact, it is the capitalists, the counter-revolutionaries who started and continued the boycotting and aggression against the radical liberation movements and regimes. It started when the capitalist/imperialist invaded the Soviet Union (1918), Korea and China (1949-1952), the boycotting of Cuba, North Korea, Iraq, Libya, and Iran. In the era of globalization, capitalism of the center reaches a new level in its aggression against evolution, in general, and development in countries of the periphery (COP), in particular. The objective of this attempt is to create globalized opposition to sabotage the progressive regimes and to create as many new national and ethnic entities as possible under the pretense of nationalism, self-determination, and the protection of ethnic minorities, as is the case in the Balkan.

The mere act of boycotting the imperialist products brings practical steps towards development of COP. The imperialists are, however, cautious about this issue. This is why they keep the COP totally dependent by expanding the technological gap between center and countries of periphery (COP), to the extent that these countries are not able to invent, develop and produce substantial products. This, in turn, blocks the development of the periphery, and as long as that development is blocked, the COP will not be able to boycott or oppose normalization with the center of imperialism. This is applied in all COP, including Arab countries. (See Chapter Two)

In practice, normalization is an action at the individual, class, national, and international levels. This is why it is not a regional/national matter limited to the Arab struggle against Zionism and imperialism. Normalization on the world scale goes beyond economic issues. It includes the periphery's cultural acceptance of Euro-centrism, Anglo-Saxonism, Zionism, and Franconism, as forms of white cultural racism.

Capital is a universal system regardless of its geographic location. In this era, capital dominates labor and the popular classes all over the world, thereby lending importance of the Third World boycotting capitalism at the center, as a part of the world revolutionary struggle to terminate capitalism for good.

Finally, normalization moves vertically from individual to popular classes and finally to the ruling class. It also grows horizontally from one nation to another, creating and expanding its geography. Although anti-normalization with the capitalism of the center is an international duty, this discussion will be limited to anti-normalization in the Arab Homeland.

## **Anti- Normalization as an Arab and Palestinian Cause**

As noted earlier, the early debate on normalization took place in Egypt following the Camp David Agreement (1979), between the Zionist entity-Israel and the Egyptian regime. The validity and legitimacy of anti-normalization for Arabs stems from the following three main facts:

- 1- The Zionist entity still occupies Palestine, most of whose people live as refugees in *ash-shitat* (the Palestinian Diaspora) and some live as refugees in their own land.
- 2- Egypt is a major part of the Arab Homeland, and that Egyptian people are committed to the struggle for the liberation of Palestine, despite the Camp David Agreement.
- 3- Zionism and the Zionist state-Israel never yielded or hinted about change in its political ideology, military strategy, geographic expansionism, and its role as an imperialist watchdog the region.

Without conducting detailed historical analysis regarding more that two decades of “peace” between the Zionist entity and the Egyptian regime, I would like to note that the Zionist entity never changed any of the main components of its policy and ideology since that ‘peace’ was declared. It still insists on remaining permanently a pure Jewish state, established on an occupied land. The Zionist entity still represents the aggressive, plunderous, and exploitative interests of the United States and other capitalists in the center in the Arab Homeland. As noted above, Israel wants, in spite of all that, to have absolute and unlimited access to all Arab markets and resources and to be fully accepted and warmly welcomed by the Arab nation while it maintains its character as a “pure Jewish state”.

### **Why did Normalization and Anti-normalization Start in Egypt?**

“Peace for capital” was initially reached between Egypt and the Zionist entity. This is due to the readiness of Egypt's comprador class and its willingness to integrate with the World Capitalist Order. The comprador class in Egypt utilized its previous economic relationship and assistance with the former USSR to develop an economic structure and class interest that fit into this World Order. That was why the Egyptian comprador returned to capitalism and dependency before Syria, for instance. While the capitalist comprador class in Egypt moved early towards normalization with both the center of imperialism and the Zionist regime, the Egyptian popular classes headed in the opposite direction, the direction of anti-normalization.

The class structure and the cultural maturity in Egypt, and even in Syria, are much more developed than their counterparts in the WBG and Jordan. This might help to understand why the Egyptian and Syrian ‘peace’ negotiators are relatively firmer than those of the WBG Palestinians and the Jordanians. Although both, the Egyptian and Jordanian regimes, lack the will to sever diplomatic ties with the Zionist entity in sympathy with *intifada* 2000, the Egyptian regime

appears to have a firmer position and decided to suspend the diplomatic relations with the Zionist entity despite the fact that its relations with 'Israel' were established seventeen years before Jordan normalized with Israel'. The Jordanian regime failed to do so in spite of popular pressure.<sup>71</sup>

The societies in the WBG and Jordan lack an advanced level of development and class and cultural maturity in comparison with Egypt and Syria. Jordan, the WBG, and Lebanon are historically parts of Greater Syria. After the fragmentation of Syria, these entities were severed from the motherland and remained 'immature'. Because of that, it is much easier for the Palestinians in the WBG to launch a national-political struggle than a social, economic, or cultural struggle. This might find its expression in the delayed emergence of anti-normalization committees in the WBG compared to those in Egypt.

It is important to refer to the fact that cultural activity as a component of the national struggle, might partially substitute for the socio-economic weakness. This takes place when the socio-economic factor is not sufficiently mature in a small community or because of socio-economic and demographic destruction, as in the case of Palestine that resulted from the Zionist occupation since 1948.

The same is true for the political parties and intellectuals in Egypt. As members of a more developed socio-economic formation, the political parties and the individuals are much more independent from the ruling classes. This is not to say that the opposition in Egypt is in perfect condition, however they are not mere puppets of the regime. The case is entirely different among Palestinians in the WBG. There, the left and most of the intellectuals became dependent on the regime of the Palestinian Authority (PA). This is inherited from the PLO era when the intellectuals were employed by the leadership, which was always considered legitimate. The famous Palestinian poet Mahmoud Darwish is the best example of intellectual dependency on the political regime when he wrote that anyone who stands to oppose or to split from the 'legitimacy' (*Al-Shar'iyah* - the legitimate Palestinian political leadership), in fact, stands against humanity.<sup>72</sup> This is really a fascist thinking that places the leader above the society and class, especially when we know that PLO leadership has never been elected by the masses.

### **Normalization in the Making**

Since the creation of the Zionist entity –Israel in 1948, Arab regimes decided to boycott Israel and foreign companies that trade with it. Unfortunately, this boycott was not strong enough (e.g., it did not include boycotting the states that supported and traded with the Zionist entity). Nevertheless, the Zionist entity considered it an economic war against it. Moreover, since 1950, the starting date of the Arab Boycott Office in Damascus, the capitalist-imperialist officials pressured Arab regimes to end their boycotting to Israel. Does

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<sup>71</sup> But the popular pressure in Jordan succeeded in squeezing this economic normalization to a minimum. "...Because of the *intifada*, the Israeli owners of the factories in Irbid industrial area can't walk in streets, nor communicate with people, ..."see the Israeli newspaper *Ha'aretz*, 20 August 2001.

<sup>72</sup> See Faisal Daraj, "*Bo's Al-Thaqafah Al-Filistinyah*" The Poverty of Palestinian Intellectualism. Damascus 1996.

this have any significance to those Palestinians and Arabs who failed to grasp the correlation between economic relationships on one hand, and the interests between Western capitalism and the Zionist entity on the other, and to those who argue against anti-normalization with the capitalist center?

The economic loss that the Zionist entity sustained as a result of the Arab boycotting is estimated at \$40-50 billion. Considering the fact that financial capital is multinational, especially at the center of imperialism, one can conclude that most of the Western companies have a share, large or small, of Zionist -Jewish capital. This means that dealing with these companies; the Arabs are, indirectly, financing the Zionist entity and failing to implement a true and effective boycott against it.

Several “peace” agreements are already established between the Zionist entity and some Arab regimes, such as Egypt, Jordan, and the PA. Other Arab regimes have permitted the opening of Israeli offices for commerce and trading activities in their capitals, namely Oman, Tunisia, Morocco, and Qatar. The Arab League also reduced the level of Arab boycott. All these developments are real cracks in wall of the Arab bourgeois against Zionist entity and are, in fact, real normalization with it. A year after the Gulf Cooperation Council had cancelled the second and third levels of boycotting against the Zionist entity, the ‘Israeli’ exports to the Gulf states increased by \$2.5 billion.

Israel is the main beneficiary of the Oslo Accords. The Israeli foreign investment increased by 18% annually from the Madrid conference (1991) until Oslo Accords (1993) and by 20% annually between 1993-1999.

So long as the Arab regimes resume this trend, which is really an Internalization of Defeat (IOD), it becomes clear that Arab popular classes will have to defend their rights and dignity by standing against normalization with the Zionist regime and by starting a popular anti-normalization struggle against the imperialist products. This anti-normalization would be realized on the economic level by boycotting Zionist and imperialist products. It is a popular form of anti-normalization organized and carried out by the masses to replace the lack of official anti-normalization by the regimes. This is a clear indication that the popular classes are able to find their way independently of the rulers. While the rulers are able to import Israeli and imperialist products and deal with the Zionist entity politically and culturally, the popular classes are able to defeat these policies. What is important here is to consider and remain focused on the real and ultimate Israeli objective- the Arab consumers and markets which are the markets of the popular majority.

Arab capitalist comprador regimes are the main vehicle for the realization of normalization. Their position as a ruling class and the nature of their interest and relationship with the capitalist center dictate the imposition of normalization upon the Arab nation. Normalization is an essential component of the DUD policy of the Arab comprador since it is opposed to Arab integration, development, and unity. (More on the Deepening Unequal Development (DUD) in Chapter Two).

The acceptance of Arab regimes of using colonial names for the Arab Homeland instead of Arabic names like the Middle East and North Africa is an acceptance of the

British colonial military terms of the Arab Homeland. This is just an example of normalization at the cultural level. The term Middle East was coined to serve the colonial military needs on the one hand, and to deliberately re-educate Arabs that they are not one united nation on the other.

Normalization in the Arab Homeland includes what Western capitalism calls partnership between the ruling elite and the private sector. Western capitalists attempt to strengthen and broaden the base of their local allies, military juntas, and monarchies in the Arab Homeland. They want to achieve that by adding the private sector to the ruling political elite and the capitalist comprador. The alliance will be between the capitalist classes in both parts in the center and the periphery. This is a further consolidation of the alliance, more than what currently exists, between the imperialist capitalism and the political ruling elite of the periphery.

Based on its interests, the Arab private sector stands against the efforts of popular classes to boycott the Zionist entity and certainly against boycotting Western capitalist products. In other words, the imperialist aim is to create an internal social division within Arab societies. The United States expressed its keen interest to expand the role of the private sector in the state power in the COP. Robert Pelletreau, former assistant to the US State Department Secretary stated: "The partnership in political power in the region encourages us...the larger political partnership is a world phenomenon. It is not an American invention...it is recognized internationally as the cornerstone for regional stability, social justice and economic development".<sup>73</sup>

The normalization conference at Al-Dar Al-Baida (Casablanca) in 1994 issued an encouragement to the FDI to freely exploit Arab resources, labor, and markets. This included the 'milking of people' and the transfer of the surplus to the center. In Jordan, for instance, the regime made it 'legal' to sell land to 'Israeli' Jews despite the fact that they are buying the land for the purpose of creating settlements and not for commercial goals. The Zionists still consider Jordan a part of the Jewish state.<sup>74</sup>

Normalization includes economic cooperation on a regional level and among the countries in the 'Middle East and North Africa'. By using this term, normalizers include Israel as a 'legitimate' state in the region. The Arab rulers who accept that are terminating the Palestinian Right of Return, but they are clever not to mention that specifically. This is an example of re-educating the masses and the public. Normalization efforts also include the creation of regional Tourist Councils, regional councils for business to support trade cooperation among the private sectors in the region. This level of cooperation creates joint interests between the private sectors of Arab comprador and those of the Zionist regime.

What is more dangerous is the creation of a permanent regional general secretary for a development committee, which was established through the work of the Amman-Jordan based multi-lateral committee. The role of this committee is to encourage cooperation in the fields of infrastructure, tourism, trade, financing, etc...In the Amman-

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<sup>73</sup> *Al-Quds* daily, Jerusalem, 10-11-1994

<sup>74</sup> See an Interview with Yoram Moridor, a leading figure in the ruling Likud block in Israel, in *Kana'an* no 96, 1997.



based committee, the most active sub-committee was the one that specializes in water resources. While the committee for joint private sector committee is integrating the Arab private sector with the Israeli one, other committees, especially that of the joint infrastructure, work on integrating the popular classes through joint networks of water, electricity, telecommunications...etc. These forms of integration make the boycotting difficult and costly. It certainly makes the struggle for liberation more difficult. In fact, integration aims at terminating any possibility of Palestinian resistance to achieve the Right of Return and to deepen the Israeli Integration through Domination (ITD) into the Arab socio-economic and cultural fabric.

In the Barcelona Conference for the European-Mediterranean partnership that was held at the end of November 1995, it was "...agreed to establish a free trade zone by the year 2010 for the manufactured products in the European Union, the Middle East and North Africa. This partnership succeeded among the EU, Morocco, Tunisia, and more negotiations are taking place between the EU, Jordan, Egypt, and Syria". This integration takes place at the cost of the integration of Arab countries (see Chapter Two). A deeper and stronger link between the EU and Arab countries will enable the EU to impose Israel over the Arab countries. That is why boycotting Israel without boycotting EU and other foreign companies that trade with Israeli companies is really nonsense. A commitment to Arab interests must demand as a pre-condition that any foreign partner must sever economic relations with Israel.

The resolutions of this conference recommended that "the re-adjustment and modernization of the socio-economic structures of the Arab countries including giving priority to the private sector". Deceptive terms like "re-adjustment", "modernization", truly means adoption of neo-liberal policies which include a liquidation of the public sector and all gains that the popular classes in the Arab countries have realized in the era of progressive national regimes.

The resolutions of that same conference aimed at terminating any Arab resistance to Western colonial interests in the Arab Homeland, such as US military bases in many Arab countries, U.S. direct occupation of oil-producing countries, or the liberation of Arab occupied land, especially Palestine. It is stated that force shouldn't be used in any conflict in the region. It even refused to add in its text a differentiation between legitimate resistance of occupation and terrorism. This free trade agreement, however, doesn't include agricultural and transmutation industries. It is similar to the Paris Economic Agreement between the PA and Israel. According to the Paris agreement, industrial products are permitted to move freely between the two partners, since Israel is the more developed partner. The agricultural products of the Zionist entity are permitted to enter the WBG freely as well, while the Palestinian agricultural products are restricted from entering 'Israel'. (See Chapter Five)

Two main projects have been designed to disintegrate the Arab Homeland. The first is the Middle East project of which the Zionist entity is trying to be the center. This project is greatly supported by the US imperialism. The second is the Mediterranean project with the EU at its center. The Zionist

entity - Israel is at the core of these two projects. Both are designed to ensure normalization with Israel and deepening Arab dependency.

Despite the heroic resistance of the Egyptian people to normalization, normalizers were not able to make a breakthrough. "By the year 1998, Egyptian exports to Israel were worth \$17.9 million (natural gas excluded), while Israeli exports to Egypt were estimated at \$53.4 million. It is estimated that the trade between the two countries will reach \$150 million (i.e. triple). Exports from Jordan to Israel increased from 12.7 million dollars in 1997 to 17.2 million dollars in 1998, and exports from Israel to Jordan in 1998 increased by 25 percent compared to 1997, from 20.1 million dollars to 25.2 million dollars".<sup>75</sup>

However, for the Zionist entity, the importance of trade lies in strengthening normalization more than few millions dollars. The exports of the Zionist entity to Jordan in 1998 were about 0.1 percent of its total exports, while Jordan exported to the Zionist entity about 1.65 percent of its total exports in 1997.<sup>76</sup>

Despite the popular steadfastness against the 'peace for capital', it should be noted that the Arab comprador capitalist regimes did not cease to normalize with the Zionist entity. There are three Arab regimes that have recognized the Zionist entity: Egypt, Jordan and Mauritania. While Morocco, Oman, Tunisia and Qatar established representative offices for the Zionist entity in their countries. The United Arab Emirates, Yemen, and Algiers are developing contacts with the Israelis 'under of the table', while Syria and Lebanon have started negotiations with the Zionist entity.

It should be noted here that establishing relationship between any Arab regime and the 'Israel' is a betrayal of the national cause. These contacts must be based on the following conditions: total Israeli withdrawal from the Palestinian Occupied Territories-1967 (OT-1967) and an Israeli recognition of the right of return of the Palestinian refugees.

The most striking example of normalization is the Oslo Accords signed between the PLO leadership and the Zionist entity-Israel. These Accords are most dangerous as they provided a Palestinian recognition of the 'Israel', while, the 'Israel' is still occupying all of Palestine. According to the Oslo Accords, there will be is no Zionist withdrawal from the WBG, but, rather, an 'Israeli' military redeployment. The main issues (Palestinian refugees, Jewish settlements, and the future of Jerusalem) were deferred to the final status negotiations. While Oslo Accords must be implemented by 1998, the Zionist entity refused to start the final status negotiations. Later, in the year 2000, the two parties started a new round of negotiations without success, since the Zionist entity insists on monopolizing all the land and rejects the right of return.

The other critical development that took place since the arrival of the PA to WBG is that the PA itself is the vehicle of normalization. The PA is sponsoring economic,

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<sup>75</sup> Israeli Central Bureau of Statistics, *Monthly Bulletin of Statistics*, Vol. 50 June 1999 Jerusalem 6.

<sup>76</sup> Jordan Export Development & Commercial Centers Corporation, Geographic distribution of Domestic Exports 1991-1998

political, cultural, security and even 'individual to individual' normalization with the Zionist entity.

### **The Position of the Zionist Entity on Normalization**

It is known that 'peace' took place as the Arab rulers accepted subjugation to the capitalist imperialists and Zionists. That explains the arrogance of the Zionist regime towards its Arab partners. Due to its Zionist and racist nature, 'Israel' believes that as long as the rulers are supporting this peace, there is no value for the attitudes of the Palestinian people. Additionally, the Zionist entity is, continually, urging the Arab rulers to 'persuade' their people to normalize with it. The Zionist entity maintains its self-proclaimed reactionary racist attitude and image towards the Arabs who 'only understand the language of force'. This 'theory' has been supported by the submission of the Arab comprador and reactionary rulers. The Zionist entity is unable to understand the resolve of people to fight and achieve victory. Hopefully, the Palestinian *intifada* 2000 will enable the Zionists to comprehend.

Shamuel Moyal, the director of the Gulf Department in the Zionist Foreign Ministry stated: "The Israeli Office of Commerce is only few meters far from the Iraqi embassy in Masqat -Oman. Oman did not sever its diplomatic relationship with Iraq and did not oppose Camp David agreement". He added "While dogs are barking, the caravan continues its march...Israel has contacts with other Gulf States, but the time did not come to announce that".<sup>77</sup>

The ambassador of the Zionist entity in Oman said: "The Gulf States are hypocrites when they negate the existence of any commercial relations with the Israel. There are Israeli products, especially information technology that is marketed in the region and most of the times through mediators... despite the Arab boycott which is declared officially, we are conducting business without announcing any information or figures according to the agreements between the two parties".<sup>78</sup>

One of the most arrogant and humiliating Zionist statements about 'peace with Arab normalizers' is what an Israeli journalist wrote about a 'peace' conference in the Mediterranean island of Rhodes: "The peace there was round, smooth and limp like a woman's breast".<sup>79</sup>

### **Financing Normalization**

The sources for financing normalization are varied and rich as well. All the so-called donor countries, which are the imperialist countries that dominate the World Bank, are financing the process of normalization. This 'bribe' started with the United States imperialism paying-off the Egyptian comprador regime. Since 1978, this regime had cashed in an annual amount of \$2.5 billion of U.S financial aid as a bribe for its normalization with Israel and the United States. This goes to prove that the U.S imperialism is a direct party of the conflict. This is an additional proof of that connection for those patriotic nationalist Arabs who fail to see the articulation between the interest of capitalist-imperialist and the Zionist

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<sup>77</sup> *Al-Quds*, 17 April 2000.

<sup>78</sup> *Ibid.*

<sup>79</sup> See Menahim Bin, in *Kana'an*, no 92, September 1998 p.p. 46-51.

project. In fact, for those who seek a more comprehensive evaluation and understanding, a class perspective on this relationship is necessary. There is no doubt that nationalist sentiments are not enough.

The role of donor countries became obvious in the WBG. These countries support the PA under a clear condition that it must carry on the 'peace' process with the Zionist entity.<sup>80</sup> This means that these countries do not hide their relations with this Zionist entity. Their role is to sponsor the Arab regimes' normalization with the Zionist entity. Even if the same assistance of the donor countries would be fully directed to the Palestinian people, its amount is nominal in comparison to only one item of the Arab surplus that is transferred to the West, (i.e. to the interest of \$800-1000 billion Arab credit in the West). Another source that provides financing for normalization is the NGOs.<sup>81</sup> (See Chapter Seven)

For some, the few billions dollars that were spent to support and finance normalization might seem as a large amount. This is not the case, however. According to the supply-side crisis in the imperialist center, there are infinite "lazy" trillions of dollars that are not invested and are not placed in speculative investments. When capitalism in the center spends these minute amounts of money in the region, they are, in fact, using this lazy money in a strategic investment that is strengthening the ITD of the Zionist entity ITD in the Arab Homeland.

Arab "rental" comprador regimes, the oil-producing countries, are financing normalization as well. Their support to the PA, the main vehicle of normalization, while their support to the Palestinian people inside the occupied WBG is limited, is a direct evidence of that. It has, however, increased after the Oslo Accord, the "peace for capital". Obviously, to support the PLO leadership, later the PA, is one thing, and to support Palestinian the people is another.

### **Does the Enemy Normalize?**

Following the Egyptian, P.L.O. leadership, and the Jordanian regime, most of the Arab capitalist comprador rulers and ruling classes did normalize, in one way or another, with the Zionist entity. Their relationship with capitalist-imperialist was not harmed.

Did the Zionists and imperialists, in return, make any attempts towards normalization with the Arab nation, or did they impose their own vision of normalization?

Following the collapse of the Soviet Union, the bourgeois thesis of the 'End of the Age of Ideology' was heavily marketed. If this thesis is correct, it has never been applied to the Zionist or the free market ideologies. The capitalist center strengthened globalization in the form of new terms and policies like, neo-liberalism, which stands to the far right of Keynesism. Moving fast towards neo-liberalism and Keynesian economics, the Zionists never gave any hint of change towards the main components of their aggressive, settler-colonial project. They maintained, and even

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<sup>80</sup> See the World Bank literature on the "peace process" in general, and one of its recent publications, the *World Bank Report*, 2000 in particular.

<sup>81</sup> See Abdullah Hamoudeh, The Foreign Associations and their Role in Normalization. In *Kana'an*, no 102 July 2000, p.p. 65-81.

strengthened, their position for a “pure Jewish state”, the role of imperialist watchdog against the people of our region and the control of all the land of Palestine and other Arab countries, as well as the total rejection of the Palestinian refugees' Right of Return. In fact, following false peace of Oslo, the Zionists added a new demand, to be integrated into the Arab Homeland in the form of ‘Integration through Domination’ (ITD). This Zionist demand to subjugate the Arab popular masses, which I call the last but main battle, is, indeed, how the imperialist-Zionist camp works to impose “Internalization of Defeat” (IOD) upon the Arab popular classes. The imperialist powers, USA and Britain in particular, have the same demand. In cooperation with the Arab regimes that internalize defeat, the imperialists destroyed Iraq, dismantled the leftist regime in South Yemen, and encouraged civil wars in Egypt and Algiers. By so doing, they defused any possible Arab resistance to the latest version of the Imperialist- Zionist plan in the region: a plan that seeks the liberalization of trade, the internal fragmentation of as many Arab countries as possible, and one that strives to impose a peace for capital, not a peace for the people in the region. The counter revolutionary camp was encouraged to embark on its policy by the IOD that took place in many socialist countries and other national liberation movements all over the world.

The dismantling of the Soviet Union is a new but clear evidence for the IOD on a global scale. For instance, the role of the Russian ruling elite Nomenklatura in disintegrating the USSR was to change the Soviet system from the top. They, as ruling elite, did not own the forces of production, but they were enjoying the surplus value extracted from the Soviet working class, and other working classes in other countries. The Nomenklatura ruling elite launched a ‘white’ coup d’etat, which enabled it to own the means of production cheaply and directly. The same for the close and distant peripheries of the Soviet Union, which, through compradorization, realized that their interests merged with the Imperialist center. The same is true for the PLO leadership that realized that it is unable to liberate Palestine or even to achieve an independent state in the WBG. Accordingly, this leadership decided to limit itself to a Self-Rule that is satisfied with a trickle-down share of the economy.

The Zionist entity, the Arab comprador, and the imperialists believe, wrongfully, that the Palestinians in the WBG will be satisfied by Palestinian self-rule. This anticipated approval would, in turn, generate an acceptance of the Zionist entity by the Arab popular classes, i.e. an Arab normalization with the Zionist entity as it is. Thus, this entity will find the road paved for ITD into the Arab Homeland.

Fortunately, this racist mentality failed again to understand the people's will, their culture and aspirations for Arab unity and development. The Zionist entity and the Imperialists fail stubbornly to understand that the Arab nation is not so inferior as to accept foreign racist capitalist domination.

### **Consumerism as Normalization**

To educate people and raise consciences against normalization, it is important to note that this education should not be limited to the level of politics. Re-education and

cultural strengthening are very important and form pre-conditions for fighting normalization. Some of the necessary cultural education is challenging consumerism. Consumerism is a symptom of capitalism and capitalist behavior. Capitalism has an insatiable appetite for consumption. Consumerism, certainly, existed in pre-capitalist societies, but did not constitute an ideology by itself and those pre-capitalistic political regimes were not keen on expanding it deliberately. Additionally, those societies did not have enough means to consume. The mass production was not available in those social formations. Mass production of the center and mass imports to the peripheries are essential for consumerism. Wage labor is also an important factor for the consumerist machine. The same capitalist system that exploits the worker at the working place, returns to exploit him again, now as a consumer, by steeling his wages in the form of purchasing the same goods that the worker produced. Through the production process, the same producer becomes alienated from what he produced. This is why he has to buy them from the market. Under capitalism, all factions of the peasantry are another target group for capital to loot what they earned as independent producers or agricultural wage laborers.

Women are also valuable targets for consumerism dominated by males in capitalist societies, since capitalism is the fortress of males, women are always victims of this system's false education. The main capitalist education for women in capitalist societies is to consume.

Accordingly, it is important for the Arab popular masses to develop a proper understanding of the issue of consumerism. Arab societies are deprived of being productive. Being non-productive, but consumerist, these societies become more vulnerable than the productive ones. Here comes the concept of conscious consumerism, which is a personal, class, and national responsibility. It is part of Development by Popular Protection (DBPP).

### **Resisting Normalization**

As mentioned throughout this book, the counter-revolutionary campaign now stands at the 'doorstep of the popular masses'. It is struggling fiercely to breakdown the resistance of the Arab popular classes. The goal of counter-revolution is to introduce, and then generalize, the Internalization of Defeat (IOD) to the popular social fabric of the Arab nation.

The period that followed the Camp David agreement between the Zionist entity and the ruling comprador of Egypt, witnessed an Egyptian popular boycotting of the Zionist entity at all economic, social and cultural levels. The same course of events took place in Jordan as well. However, the most important development is that of popular anti-normalization committees in the Arab Homeland are grassroots activities.

In the year 2000, these committees held two conferences. The first was a conference of Arab writers and the Arab Democratic Revolutionary Forum that took place in Beirut - Lebanon (1-5 August 2000). The entire conference was devoted to the opposition of normalization. The second conference was held in Amman-Jordan (20-22nd August

2000) and was sponsored by the Professional Trade Unions of Jordan.<sup>82</sup>

The mass demonstrations that took place in many Arab countries in support of the Palestinian *intifada* 2000 are the most significant manifestation of the opposition of the Arab popular classes to normalization.

In the WBG, normalization of daily life was totally halted during the *intifada* 2000. While the PA itself was obligated to halt some of its contacts with the Zionist entity, some of its leaders and NGOs maintained their contacts with the enemy.<sup>83</sup>

There is no doubt that the enemy camp devotes all its resources to breaking the people's front to Internalizes the Defeat. Therefore, a new form of people's struggle must start. The popular classes' war against normalization can be achieved in three steps:

First: A cultural and educational struggle against normalization

Second: An Economic struggle against normalization, and

Third: People's political, national, class, and military war against the enemy's capitalist camp- Arab regimes, Zionist regime, and the imperialist forces in the Arab Homeland.

### **Towards a Joint Arab Anti-Normalization Policy**

The popular classes are what is meant by Arab in this section. It became clear, after the last mass demonstrations in several Arab countries in support of *intifada* 2000, that the Arab nation, in popular terms, is unified against the common enemy. What is needed really is a unified Arab movement to ensure the sustainability of the struggle, to organize resistance, and to keep the resistance precisely oriented and deeply rooted in the minds and will of the nation. This must be the vision and the role of anti-normalization committees.

Being opposed to normalization, these committees are against Arab ruling comprador classes, because these classes are the part that is normalizing with the Zionist regime and are dependent on imperialism. Anti-normalization is against the Zionist ITD into the Arab socio-economic and cultural fabric. Therefore, anti-normalization is in the service of Arab development and unity. These goals are in antagonistic contradiction with Arab ruling classes, imperialism, and Zionism.

The anti-normalization committees might be the vehicles to accomplish this task. They might develop to be a spearhead for new United Arab movement. The role of these committees should be the people's struggle at three major levels:

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<sup>82</sup> A conference against normalization took place in Baghdad at 25 September, and another in Beirut in October 2001.

<sup>83</sup> One of these contacts with the Israelis, is the joint Israeli and Palestinian meeting at Muftah NGO's office led by Hanan Ashrawi, attended by Yosi Billein, the former Minister of Justice in Israel and Yaser Abed Rubbo a Minister in the P.A cabinet. The attendees of the meeting signed a declaration against violence and demanded peace. Jamie Tarabay - The Associated Press 28-7-2001.

- a) The people's cultural struggle against the enemies of the Arab nation. This very basic and important war provides the people with education and consciousness of why and how to struggle and win at the cultural front.
- b) The political and economic war should follow.
- c) Both forms of struggle will be the pre-condition for the final people's war, the socialist revolution in the Arab Homeland.

These duties will develop the tool itself to transcend from the academic and mere intellectual understanding of Arab nationalism and unity to an Arab socialist movement fighting through the popular classes for the realization of Arab unity and development, which is Development by Popular Protection (DBPP).

The Arab popular classes, as the majority of the society, are the main consumers. They are able, if well-organized and educated against normalization, to force their rulers to open Arab markets for Arab commodities. This will be possible only through boycotting the western-Zionist capitalist imports. This is one of the mechanisms for erasing the artificial Arab borders among Arab countries. These borders should be opened first for product and second for labor power and services. As long as we are developing the anti-normalization strategy, Arab masses should not even consume the products of the Arab companies that have relations with the Zionist entity.



## CHAPTER FOUR

### PEACE FOR JEWS IN A UNITED SOCIALIST ARAB STATE

#### *The Arab Comprador Can Guarantee Security for the Ashkenazi Entity. Peace for Jews However, may Be Guaranteed only by a United Socialist Arab State*

This analysis was originally presented at the Abna'a El-Balad Conference in Nazareth, on June 6, 1998 and was entitled 'A Democratic, Secular Alternative in Palestine'. This analysis focuses on the nature of the Arab attitude, toward Jews in Palestine, under a scenario of a real and genuine peace. In this chapter, I will not conduct a retracing of history to cite Arab treatment of Jews because of the following reasons:

First: The relationship between Arabs and Jews, especially the fair treatment Jews received from Arab Homeland and even in Andalucia, which is a fair treatment, has taken place under different social-economic formations and historical eras. Here I will assess potential future Arab Jewish relations in isolation from the past, despite the fact that past has been a credit for Arabs.

Second: The Arab Israeli conflict never was between two races or religions. It is between the Arab nationalist project of development and unity and the capitalist imperialist-Zionist alliance.

Third: The reason for discussing Arab-Israeli conflict is to propose a solution that culminates in socialism.

Therefore, this chapter is an attempt to provide an answer for the future of a Jewish minority in the Arab Homeland, and consequently to propose to and convince Jews in Israel that their position in the Arab Homeland will be established on the basis of equality with Arabs. Perhaps Jews wish to remain privileged with superiority over the Arabs. This situation can be sustained under the current imperialistic/comprador resolution of Oslo, but would be impossible and will not be tolerated by the Arab populace regardless of their kind of distorted leadership that they must endure. I am, therefore, and without any doubt, addressing the future and possible solutions, which no one can speculatively ascertain, but can be realized on a humanistic basis.

## **The Enemy We confront**

It is presumed that my presentation deals with the relationship with the Zionist Israeli enemy the 'other'. Contrary to what has been referred to by many as the 'other'. I don't see this 'other' among Israeli Jews as a group. Conversely, I don't perceive it as exclusively restricted to the Zionist majority among these Jews. Nor do I see the entire Israeli left, albeit too small, as being outside the Zionist realm. I also don't see all Sephardic Jews as part of the 'other', the enemy, despite the hegemony of extremist right wing which is dominated, supported by Sephardic Jews. More importantly, I don't see the 'other' as being restricted to the borders of 1948 Palestine. The discussion still rages on heatedly within our own Palestinian society, as well as within the Arab nation, over the structural fabric of the Israeli society. Is it a nation? Is it a national identity? For a community of people to become a nation and/or an identifiable national entity, it is not necessary for this community to evolve through the natural process imposed by the passage of centuries. If defining modern nations assumes having passed pre-capitalist era of development, the creation of a common market, language and culture, we, then, find that these attributes are rife among the Jews in Israel. However, Israel's evolution of its capitalist and historical development was forced through an accelerated process that makes its superficiality and artificiality very clear.

Nations are not measured or solely recognized by virtue of the length of their existence. There are old nations such as the Arab Nation, or new nations such as the American Nation, or those small African nations that are evolving before our very eyes.

I believe that our measure ought to be focused on Israel's role and Zionist ideology and project and not be based on the limits of its social maturity or its transformation to a 'nation'. Our acknowledgment or non-acknowledgement of its national evolution or societal development does not change where we stand vis-à-vis its existence as a pure Jewish state, the liberation of Palestine and our right of return. Our recognition of the American nation does not negate the fact that we consider the American capitalist and imperialist regime a brutal one that wreaked pain and havoc on many peoples throughout the world. It is a regime that has exploited many peoples, spilled their blood and impeded their development, progress and democratization. Israel's progression toward nationhood does not mean that struggle against it should in anyway end. We must not forget that most wars occur between (competing) nationalisms.

In light of the above, the "other" is not meant in neighborly terms, (i.e. willing to live side by side with them) , but rather an enemy with whom we have an intense ongoing struggle, an enemy that hinders our progress, usurps our land and stunts our ability to develop. This sheds more light on our discussion. The "other" indeed includes the capitalist-imperialist-Zionist camp as well as its Arab Comprador collaborators aided by few Arab and Jewish neo-liberal intellectuals. This "other" clearly declares its identity as different "other" in the regional context. Under this "other" falls all Zionist Israeli Jews, indeed all Jews who do not believe in the Palestinians' right of return to their ancestral

homeland. Here, we must expose those Jewish leftists, whom we have welcomed into our midst, and with whom the "Palestinian Left" is so enamored, who do not support our struggle. Historically, this "Israeli Left" has treated its Palestinian counterpart condescendingly. On the other side, Palestinians are forever grateful for the "Jewish Left's" generosity by actually lowering their Jewish elitism for the occasional courtship. Ironically, you will not find too many Sephardim (also known as Sephardic or Arab Jews) among this left. Many of these Sephardim consider themselves, culturally at least, Arabs.<sup>84</sup>

Here, the factors at play in determining the identity of the "other" are: ideology, interest and role and not ethnicity, nationality, religion or the level of development. Here, it becomes clear that it is the role that Israel plays in the grand colonial- imperialist scheme that determines who is this "other". Here, it also becomes more clear how integrated are the interests of the western Imperialist countries with those of the Zionist "other". It is only natural, therefore, that those Arabs whose interests are in tandem with those of the imperialist-Zionist camp, are counted among this "other", regardless of their language, or their ethnicity. Unless we are willing and ready to conduct our critique on this basis, we will continue to run aimlessly in a vicious circle without ever arriving at determining our identity or goals, and will be condemned to inactivity and lack of relevant productivity.

### **Some of the "Other's" Distinctive Characteristics**

While Israel is one of the expressions of white settler colonialism, it differs from others such as those in Australia, Canada, the USA, Rhodesia, and South Africa. Of course, all these colonialist expressions share several commonalities such as racism and total confiscation of land and resources that belong to the natives, both-necessary for a settler-colonialism to succeed.

Israel is different in many aspects one of them is that it has come late in the "Cycle of the Global White Settler-Colonialist Movement". The Zionist settler campaign came in the 20th century, while those of White settlers in North America, Australia, South Africa, and New Zealand took place some centuries earlier. The first attempt for Zionism to establish settler colonialism in Palestine in the 1860s failed, and it succeeded only in the aftermath of World War II.

Other fundamental differences between Israel and the other settler-colonialists is that each settler colonial case has had its own 'motherland'. This 'motherland', in the case of North American and Australian settlers, was, to a large extent, British. For the Zionists, the motherland is viewed as the entire western capitalist center. encompassed the entire capitalist map. Within this mosaic, there is what is loosely referred to as 'Financial Israel', as represented by strong Jewish banking influence in the United States, which in turn, is expressed through political and social clout. There is also the 'Demographic Israel', dependent on world Jewry most recently from the former Soviet Union. Conversely, the Palestinians were differentiable by Palestine's Arab depth,

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<sup>84</sup> See Ella Shohat, Mizrahim In Israel: Zionism from the Standpoint of its Jewish Victims, in *News from Within* vol. XIII no 1 Jan 1997, p.p. 29-49.

which allowed them the benefit of geographical national refuge in ways that maintained the Palestinian struggle, as was the case of American and Australian natives for instance. This Arab dimension gave the Palestinians a margin of support for waging a struggle to recover what has been lost. This same Arab depth challenges the various and continuous plans to settle the Palestinian refugees far from the borders of Palestine, especially in Iraq and Syria.<sup>85</sup>

The Zionist occupation and settlement in Palestine wasn't merely a result of the Nazi crimes. The issue predates and is certainly more complicated than that event. The real target of Jewish settlement in Palestine was to create a capitalist Ghetto, inhabited by Jews. The role of this capitalist Ghetto was designed to maintain the World capitalist system and enable it to dominate the Arab Homeland. Therefore, this capitalist ghetto, one must conclude, was intended to be a permanent enmity with the region in which it was implanted. Theodore Herzl, the father of political Zionism wrote: "The Jewish State will be a barrier between the Eastern barbarism and the Western civilization".

It is important to note that Herzl adopted this issue and further developed it from the early speeches of imperialist strategists. Napoleon Bonaparte of France called upon the Jews to settle in Palestine. Lord Palmerstone, the British Secretary of State in 1840, called for the same goal. That is the reason why the secular Zionist ideology and project in Palestine has nothing in reality and practicality, to do with religion. Since its creation in Palestine, this entity is a strategic "investment" in the Arab Homeland. It wasn't an easy mission for imperialism and Zionism to create an aggressive entity in Palestine without having internal Arab allies. This alliance was necessary in two stages: at the inception of the imperialist-Zionist project and at the ongoing stage of its maintenance and sustenance. These Arab allies were and still are the ruling classes in the Arab Homeland. This alliance, between imperialism and Zionism on the one hand, and between those forces and each Arab ruling class on the other, did in fact benefit all involved parties. The imperialists/Zionists offered the Arab rulers protection against their own peoples. These Arab rulers were and still are launching an ongoing civil war against their popular masses. This civil war, that perpetuates dependency, dictatorships, and underdevelopment, represents an attrition war against the Arab nationalist movement hindering the achievement of its main goals of unity, liberation of Palestinian, and development. In other words, the Arab ruling classes are buffer zones between Arab popular classes and their goals. They are the enemies of their own nation. The antagonistic nature of Arab regimes towards the nation's goals made any compromise between the revolutionary movement and the regimes impossible.

The relationship between the rulers and the ruled is that of "to be or not to be". Based on this alliance with imperialism, both Israel and the Arab dependent regimes, for

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<sup>85</sup> The Zionists aim was to push the Palestinian refugees to settle far from Palestine's borders, e.g. to Syria and Iraq. But neither the rulers of these two Arab countries, nor of any Arab country accepted that. The only exception was the military regime of General Husni Al-Zaa'im in Syria who tried that, but finally failed. See Avi Shlaim, "Husni Zaim" and the Plan to Resettle Palestinian Refugees in Syria, *Middle East Focus* 9 no 2 (Fall 1986), pp. 26-31.

their sustenance and survival, needed the continuous support of imperialism in many various forms. One of these forms is the direct imperialist aggression against Arab national regimes or nationalist movements when the balance of power, inside one or more Arab countries, started shifting against the imperialist allies. The French, British and Zionist aggression against Egypt 1956, the Israeli aggression 1967, the U.S led aggression against Iraq 1991 are all direct proofs of this. This series of continuous abortive attempts of the Arab liberation, unity, and development in our region led to the loss of a whole century of transition. This very long transitional period did not lead to developing either capitalist or socialist formations.

During this period and circumstances, the parties which "developed" themselves and benefited were the two foreign and alien allies of the Arab dependent regimes: the capitalists-imperialists (who benefited and gained enormous profits) and the Zionist entity (which benefited and developed itself as well). The benefits to the region's enemies, however, were never limited to diplomatic and economic relationship between Arab rulers and Israel. These enemies wanted to be accepted as they are and even to be warmly welcomed by the Arab nation. The Zionists, imperialists, and the Arab ruling dependent regimes are working on a political and cultural re-education for the Arab popular classes to normalize relations with Israel. Once this goal is accomplished, the economic normalization will be easily accepted. If this were to happen, any development in the Arab Homeland will be totally blocked. (See Chapter Three for more discussion about normalization with Israel).

Rejecting normalization, we are touching the nation's enemy at its most "sensitive nerve". The experiences of the Egyptian, Jordanian and other Arab people show that their attitude toward Israel is still steadfast. Mass demonstrations that took place all over the Arab Homeland in support of the Palestinian *intifada* 2000, uncovered that the Arab nation opposes normalization with Israel. Therefore, it is now the term of the nation's enemies to: make a compromise that might be "accepted" by the Arab popular classes, or to split the nation, or to impose the normalization solution upon the people against their will. In either case, the nation and its masses will resist. People's attitudes will remain in confrontation with the official position of the regimes as it has always been.

But, this is not sufficient. This constitutes only half of the equation. The second half is that the popular classes must formulate a new approach to totally de-link themselves from the regimes. For the popular classes to achieve this de-linking, they must develop a new national liberation movement. The prerequisite to this must be the de-linking with most of the traditional national liberation leadership and with the same leadership that internalizes the defeat.

This people's struggle will aggravate the crisis of the people's enemies (the western capitalist center) whose main interest is to impose the "liberalization of trade" all over the region.

Liberalization of trade requires an area, or even the world, with no "tension", i.e. a world with no popular classes' resistance to capital exploitation. In other words, while capital is in a continuous class re-ordering, its interest and plan are to prevent the oppressed and exploited classes from the same. One might ask here, where does the interest of the Jewish

people i.e. in this mixed official and popular national and class conflict? Is the mission of change in the region limited to the Arab peoples? This leads us to discuss other related issues.

### **More Than a Settler Colonial Project**

The settler nature of the Zionist project, and the success of its Ashkenazi ruling elite in incorporating all the settler Jewish social classes into its aggressive project-Israel, made the Jewish society relatively impotent to generate progressive forces. The Jewish people in Palestine occupy the Palestinian land, exploit the Palestinians who remains there as a cheap labor...etc, but, this is not the whole picture. Other parts of the social fabric of the Zionist project deserve to be discussed.

### **I. The Left in Israel**

Until today, the relationship between the Arab left and Jewish-Israeli left (hence forth, the Israeli left) was never placed into its true context. Based on its position from the right of return of the Palestinian refugees, the Israeli left is a colonial left. The Israeli left that recognizes the legitimacy of the State of Israel while it is a settler colonial state and an imperialist watchdog in the region, in fact plays in the hands of imperialism and Zionism. This left pretends that it is a non-Zionist left. To be non-Zionist is indeed different from being against or anti-Zionism. For a political party to be anti-Zionist, it must be against the Zionist state. For them, this state must be illegitimate. In reality, all Israeli leftist political parties and organizations base their analysis and political attitude on the acceptance of the Zionist settler state.

In the case of Israel, it is not enough for the left to abandon the Zionist ideology, or to be an opposition to the capitalist system, i.e. it is not enough for it to declare itself a Marxist, any kind of Marxist. This Marxism must lead the left to be against the very existence of a Zionist Ashkenazi settler entity. Unfortunately, this was never the case. The Israeli left is relatively monopolized by the Ashkenazi Jewish ethnicity. It is a left that inherits the Zionist racist ideology. This might raise a question of why did the Ashkenazi leadership of the Israeli left, i.e. the Israeli Communist Party, not recruit Eastern Jews, the Sephardim<sup>86</sup> as the poorer Jewish ethnicity to be its base, and concentrated on the Palestinian Arabs who are living under the Zionist entity? If the answer is because Arabs, as a race, are more inclined to socialism then this is no more than a racist response.

Part of the answer is that because the Arabs, are the most oppressed nationality in the Zionist project, and because the Israeli Communist Party and some other smaller leftist groups was the only Jewish political parties which considers themselves non-Zionist. The Arabs who are living under the Zionist project (also known as 1948 Arabs) were never permitted or given the right to form and organize their own national political parties. The poorly educated Eastern Jews were pleased that they, as Arabs (Arab Jews), were treated by the Zionists as an upper class, over the Palestinian Arabs. The

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<sup>86</sup> While Sephardi Jews are nearly 20 percent of the Jews all over the world, they are 43 percent of the Jews in the Zionist project. They with the Palestinians, are nearly two thirds of the total population.

Ashkenazi left never cared about educating Eastern Jews. The part that approached them was the Israeli right wing, which used them to seize power in the 1977 Israeli elections.

The important lesson deduced here is that, while the 1948 Palestinian Communists in and most of the Arab left who recognized Israel are non-nationalist and a revisionist Communists. They built relationship with the "Israeli left", the leftist Jews, supported the Ashkenazi entity and became more Zionists than Communists! If my proposition that the "Israeli left" is more Zionist than a Communist, its relations with the Arab left is in the service of Zionism. It reduced the radicalism of the Arab left and distanced it from the struggle for the Palestinian refugees right of return. For Zionism, this form of left is "acceptable" as long as it does not practice any real class struggle. This inability is due to an "absolute" poverty of working class consciousness. The opportunistic attitude towards the Ashkenazi state has never been limited to the Israeli left. The international left falls into the same trap (see Chapter Two).

There are two main bases to judge a leftist attitude towards the settler state, the Zionist project. The first is to examine the creation of a settler, capitalist and racist entity through the Communist approach to World Order. For a communist, the World capitalist order is the enemy of socialism, liberation movements and development of the COP. Following the 1920s, most of the two currents of the socialist movement, the social democracy and communist parties, supported the Zionist movement. Some of them invented the term "positive colonialism".<sup>87</sup> This position goes for the Soviet Union, who recognized Israel despite the fact that it was supported openly by the imperialist capitalist center.

The second is to examine Israel according to the writings of the founders of Marxism. Marx, Lenin and Kautsky took a firm position against the pretence that there is any national or religious Jewish question. Their analysis of the Jewish question was an analysis of class. The Zionist state, as an idea and a project, has been supported by the capitalists, the socialists, even the Communists (for a certain period), most of the Christian churches, and certainly by the Jewish clergy. This requires a proper explanation for all of that support. The proper explanation lies in the fact that the capitalist order created and still supports Israel. This uncovers the deep contradiction and crisis of the Israeli left. It is a contradiction because this left received its legitimacy, as a political movement, from a state that is created by the capitalist center. And, it is a crisis because it is working inside a settler social formation, never providing the proper environment for class struggle.

Based on the nature of the Israeli Zionist racist formation, the popular alternative would be expected, but still is not accomplished, from the Arab side. One of the reasons why it was never accomplished is that large factions of the Arab left were dependent on the Soviet revisionism. This dependent attitude led this part of the Arab left to deal with Israel and the Israeli left from a position of inferiority. While, some of the aforementioned objections were raised inside the

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<sup>87</sup> Regarding "Positive Colonialism" See Paul Kelemen, Zionism and the British labor Party in Palestine 1917-1939. Published in *Kana'n* no 72 in January 1996, pp. 57-66.

Arab left, the majority of the left never raised these debatable issues in the open or in the course of self-criticism. Even the part of the Arab left, (especially the Palestinian) that reneged from Marxism following the collapse of the Soviet Union, did not review its conceptualization of these issues, become either directly or indirectly, it became part of the false 'peace' process and turned its back to its history.

Another obstacle in front of the new alternative Marxist analysis and attitude towards the Zionist entity is the fact that many leftists, Marxist and Communist Arab parties and organizations, sank in the crisis of the world left. They are not in the crisis of not re-evaluating their experience only, but in the crisis of proving to the counter-revolution, to capital and globalization, that they never were serious Marxists. The long passive experience of the Arab left, as a recognizer of the Zionist state, facilitates the mission of the Arab dependent bourgeoisie in fighting Communism for the sake of imperialism. This, despite the fact that the dependent Arab bourgeoisie support the creation of Israel, and still hinder any people's initiative in the struggle against it.<sup>88</sup> It is only recently that the Arab comprador declared their real attitude toward, and secret relationship with, the Zionist entity. In their recognition of the Zionist project, the Communists were followed a wrong line of analysis, motivated by good will or backward class and communist consciousness. But the Arab comprador followed its clear class interests as dependents on the imperialist capitalist West. When Arabs and Palestinians, from all currents, recognized Israel, they failed to see how much the Palestinians have suffered under an extended holocaust for more than one century. The Arab comprador, which recognized the Zionist entity through ITD, is blocking the Palestinian people's struggle to end that holocaust.

## **II. Israel: A Theological State**

The left and secular people, all over the world, failed to observe that the Ashkenazi state is the first state in modern history that is based on religion. It is the first theological state. The question is why does Zionism behave in the eyes of the outside world, as a secular movement, while inside the Zionist project, it acts as a religious state? While it is true that the main component of the Zionist project and ideology is its capitalist nature, the Ashkenazi state never acted as a real secular regime. This false secularism paved the way for the very creation of the fanatic Israeli right wing parties, especially *Shas* and those in the settlements. Zionism, as a settler ideology, considers land as one of its cornerstones. In this context, it exploits the myth of the "promised land", to use the Jewish religion in the service of its capitalist project. Now, the question of whether Zionism is a secular ideology, is meaningless because the most important thing is that, Zionism acts in a dual fashion, secular and religious, depending on the needs of the settler project.

The Zionist Ashkenazi state acts practically as a theological state. It is written on the entrance of the Knesset, the Israeli parliament, "the parliament of the state of Jews".

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<sup>88</sup> The Arab reactionary regimes facilitate the immigration of the Arab Jews as settlers to Palestine especially between 1948-1952. Accordingly, they supported the Zionist project by its most necessary needs, sheap labor and soldiers.



All members of this parliament, including Arab members, take an oath to the Jewish State. This reminds us of two forms of world hypocrisy. The first is the formal one that many regimes, especially of the West attack the new Islamic states in Iran and Sudan, and not give lip service towards the first religious Zionist entity. The second is many circles in the world left and academia who also criticize the new Political Islamic (P.I.) movement accusing the P.I of being either fundamentalist or terrorist. Nothing has been said against the Jewish fundamentalism, and even the new fundamentalist churches in the West. In fact, the Islamic fundamentalism in Palestine is to a large extent a response or reaction to Jewish fundamentalism.

### III. The Eastern Jews

Eastern Jews, (the Jewish settlers who came to Palestine from Arab and Islamic countries) are nearly half of the population of the Zionist entity. In comparison to the Ashkenazi, they are in the lower class. But still they are superior to the Palestinian Arab national minority inside the Zionist project, and certainly superior to the WBG Palestinian workers who are working inside that entity.<sup>89</sup> In the last ten years, the status of these Eastern Jews witnessed a new deterioration. This is due to the Zionist entity's import of one million of new settlers, mainly from the former Soviet Union. These new immigrants, as white settlers and well-educated professionals, gained a superior status over the Eastern Jews. The resulted problem was a class, not ethnic or cultural distinction. The Eastern Jews started blaming the regime for discrimination. The other reason behind the deterioration of the status of the Eastern Jews, is the Zionist entity's fast integration into the global economy. Eastern Jews work mostly in traditional economic sectors. Accordingly, they are not prepared to compete in the information sector.

Another main and important aspect is the Zionist integration into the process of "peace for capital" in the region. This peace enables Israeli companies to relocate to, and do business in, Egypt and Jordan. Most of the Jewish workers who were laid off by the Israeli factories which were moved to Jordan and Egypt were Eastern Jews. The Palestinians in Israel represented the remainder of the laid off workers. The level of class consciousness of the Eastern Jews and the Palestinians, is really low. Both classes are divided according to their respective national ethnic backgrounds. They are divided into a lower status, the case of the settler working class on the one hand, and the nationally and class oppressed Palestinian worker on the other. Despite that, the two communities are still too weak to start a social 'class' alliance against their joint class enemy, the Ashkenazi settler capitalism. The Eastern Jews are not satisfied with the terms of the Oslo peace process. This is not because they consider it

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<sup>89</sup> In this context, Yacov Ben Efrat wrote: "the developments have left behind another group that has long suffered from discrimination: the Mizrahi jews. Class differencies have grown. An Ashkenazi worker today earns 1.5 times more than a Mizrahi and twice as much as an Arab. " (When America Stumbles, Israel falls, in *Challenge*, March-April 2001, no 66, p 17.)

‘peace for capital’ or because they are in favor of the Palestinian refugees’ right of return. The reason is, that the Eastern Jews believe that this peace will give the poorer Arab workers access to enter the competition with them for their jobs, whether inside the Zionist entity or when some traditional Israeli companies relocate to Arab countries. All these issues are indicative of how capital is dominating labor in the region.

In such circumstances, the Eastern Jews are attracted by the most right wing and reactionary Jewish institutions, the army and the fundamentalist political parties. This deepens the schisms among their culture (which is Arabic), their social status (as the lowest Jewish ethnicity), and their class status (as the poorest Jewish class and the most fragile in an economic crisis). The deterioration of the class status of the Eastern Jews did in fact negate the old Zionist propaganda that the Israeli state is the "mother of all Jews". The deeper the class division inside the settler society becomes, the more improvement in the objective factor in forming better class consciousness. This is the rule, but this might not be negated because of the nature of the Zionist entity. It may not be an accident, that identical development occurs inside PLO who changed from the ‘mother’ of all Palestinian people to be the ‘mother’ of the Palestinian compradoric capitalist class. Both developments are related to the imperatives of globalization.

### **Debate on the Solution**

Following is a very brief summary on the solution for the Palestinian question.

In his speech in Abna' Il-balad conference, 6 June 1998, Asa'ad Ghanem (of the University of Haifa), Argued for a Bi-national state in all of Palestine:

"...Arab nationalist renaissance project was delayed for another twenty years...I was the first liar when I said that the Palestinian people will establish a democratic state. In bi-national states, there is equality between all nationalisms like veto right for each community, equal representation in states' associations, autonomy in education etc... For those who want a Palestinian state in the West Bank and Gaza, and leaving the Palestinians in the 1948 area to solve their problems with Israel, I am telling them that our problems will never be solved between us and Israel only".<sup>90</sup>

The Arab nationalist project might be delayed for even more than twenty years as Ghanem said. But, the choice is to struggle for achieving it, not for giving it up to the Zionist Ashkenazi project. The "delay" of the Arab nationalist project, led Ghanem to ignore the Arab dimension in the conflict. That is why he restricted the solution to the Jews and the Palestinians only. The same is the position of Ashkenazim, left and right equally, who always ignore, and even hate to hear, the Arab national dimension because this would deny them the chance to continue the monopoly of the land of Palestine. This might work in the short run. However, for a final solution, the Ashkenazim are ultimately looking for Arab markets and normalization with the Arabs. Ghanem failed to realize that

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<sup>90</sup> Asa'ad Ghanem, a lecturer in Haifa University and Giva'at haviva Institute. A Bi-national State All Over Palestine Without a Palestinian state". A lecture in Abna Il-Balad Conference at Nazareth, June 1998. The same paper presented in Abna' Il-Balad Conference 6 June, Nazareth, 1998.

the normalization between the Arab nation and Israel will never work as long as the Zionists in Palestine monopolize the land of Palestine, refuse the Right of Return of the Palestinian refugees, and monopolize the economy and the military apparatus in the Zionist project. The bi-national state is meaningless as well because it cannot solve these complicated issues.

In addition to his adoption of the bi-national state, Nadem Rohana (Harvard) goes beyond Ghanem by expecting that in the bi-national state, "... land laws will change, both peoples will enjoy land...but the chances for the acceptance of these changes on the Jewish side are still weak".<sup>91</sup> It is clear that Rohana, like Ghanem, based his argument on a solution between the Palestinians and the Jews. He ignores the Arab dimension. Also, he did not tell us how both peoples will "enjoy" land ownership under a capitalist regime, even if it is not a racist settler one. He failed, in particular, to tell us if there is a chance for the Palestinian to enjoy using his own land, which is occupied by the settlers. If not, Rohana must justify why should a Palestinian accept either the settler's monopoly of his land or a joint use of his private property with the settler, in a capitalist system!

There is no need to ask Rohana if he is able to guarantee the settler's approval for the Palestinian to enjoy the use of the land with him. In other words, he did not question the nature of the Zionist entity and the necessity to change it. More important, Rohana did not touch upon the Zionist imposed taboo that is the impossibility of the refugees Right of return.

As a Jew, i.e. settler, writer, Sami Smooha's position is based on the official Israeli policy towards its Palestinian Arab citizens. He calls for: "Israel as a Jewish state, democratic with equality for the Palestinians and a continuous improvement for the Arab condition". Smooha continues: "But now, due to the political deterioration on the nationalist Arab level, is it still possible for the Israeli Arabs to recruit the Arabs for the goal of changing the Zionist-Jewish nature of the state".<sup>92</sup>

Let's agree, only for the sake of discussion, that the Palestinian Arabs in Israel are the part that recruits the Arabs for the struggle to abolish the Zionist-Jewish nature of Israel. Suppose that the Arabs weren't self-motivated to change the Zionist-Jewish nature of Israel, that the Arabs were not motivated by Arab nationalism when they fight back against Israeli aggression. But, did Smooha consider that that the Arab nation is now, standing against normalization with Israel? The question now is can Smooha understand that this new position, anti-normalization of the Arab nation, is an expression of its national commitment. Can Smooha grasp the fact that in the era of peace for capital, the Arab popular classes became motivated by self-protection in defense against the Zionists on the one hand, and their Arab and foreign allies on the other? Is he able to realize the Zionist entity's demand from Arabs to normalize with it is an aggression against the Arab nation? As long as Smooha's ideas are based on the official Ashkenazi state's policies, it is useless to argue the

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<sup>91</sup> Nadim Rohana's speech in Abna' Il-Balad Conference 6 June, Nazareth, 1998.

<sup>92</sup> Sami Smooha's speech in Abna' Il-Balad Conference 6 June, Nazareth, 1998.

Right of Return with him. And, as a settler colonialist, he believes in force and understands only by force itself.

The same is true for Ilan Saban, of the University of Haifa<sup>93</sup>, whose argument stems from the formal Zionist-Ashkenazi policy and ideology. He is in favor of giving the 1948 Palestinians autonomy, special parliament, and participation in the "Democratic" Jewish state. In other words, as a colonialist by nature and culture, he is 'clever' enough to try to contain the development of national aspiration inside the Palestinians of 1948. From its side, the Zionist authority is "practical" and clever by working hard for its continuous expropriation of the land in 1948 and the expansion of the Jewish settlements especially in Galilee area. This, in addition to the integration of Palestinian intellectuals and merchants into the lower circles of the Zionist regime. Integration of the Arab intellectual and merchant elite, is the same policy of integrating the Eastern Arab Jews, but in lower national/class strata, i.e. the Eastern Jewish elite still higher than the Arab Palestinian elite. But the two forms of integration are take place for different goals.

The integration of Arabs is mainly national rather than class reasons. Muhammad Amarah, (University of Bar Ilan) is more pessimistic than others. He expects "...a tough Israeli treatment to the 1948 Palestinians, deterioration in their civil rights but without cancelling their right to vote, economic and social discrimination, and obligation to serve in the army".<sup>94</sup> In fact, the situation is open for many possibilities, including transfer. What supports that is the massacre that was committed by the Zionist Jewish army during *intifada 2000* killing and wounding hundreds. Each of the above steps depends on the balance of power.

In fact, Rasim Khamaiseh designed three scenarios for a solution to the 1948 Palestinians. He argues that: "Palestinian Arabs which are: 1- geographic separation by annexing the areas which are highly populated by Arabs to a neighboring state to become part of the majority in that state, 2- to create a new political entity in the areas where the Arab minority constitutes a majority and to let it manage its life independently, 3- an agreed upon mass transfer of the Arab minority in the form of exchange of population to bordering states which share with it issues like culture, religion and nationalism. The inclination of creating an independent entity is weak between the Arabs in Israel."<sup>95</sup>

Each of Kahamiiseh's ideas has some possibilities. While he noted that the independent entity has little support among the Arabs, he failed to support that by facts. Also he failed to refer to the Zionist entity's position towards that. But due to the nature of the PA and its commitment to the peace of capital, i.e. the Oslo peace accord, there is a high possibility and inclination that the PA will agree on the exchange of land or population or both.<sup>96</sup>

Illana Kofman, of the Open University, goes a step further. She suggest that the Israeli state be: "... a civil national

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<sup>93</sup> Ilan Saban, "An Improved Status quo". Paper Presented in Abna' Il-Balad Conference 6 June, Nazareth, 1998.

<sup>94</sup> Muhmad Amarah, Increased Decline In the Arab Situation , Paper Presented in Abna' Il-Balad Conference 6 June, Nazareth, 1998.

<sup>95</sup> Rasim Khamiseh, Separation, and Transfeer of Arabs, Paper Presented in Abna' Il-Balad Conference 6 June, Nazareth, 1998.

<sup>96</sup> This has been confirmed by some PA negotiating team in Camp David 2000, two months before the second *intifada* took place.

state, either by becoming: 1- a Hebrew state looking at its citizens, Jews and Arabs, as one nation, a secular democratic republic, the law of return for Jews would be abolished and limited to those who want it. Military service must be universal and applied to both, Jews and Arabs, or; 2- to declare Israel as a multi-cultural state...the goal of the state is the luxury welfare of all its citizens..." She adds: "But, it is difficult to apply these models as long as there is an international legitimacy of Israel as a Jewish state. And this is what the vast majority of the Jews in Israel want".<sup>97</sup>

What Kofman suggests here are nice ideas. But mere suggestions are not enough. She did not mention how to apply them. Despite the fact that she herself does not declare whether she supports an exclusive Jewish state, she shows us the blocked road of her simple suggestions when she mentions that the vast majority of the Jews are in favor of a Jewish state. Here is the core of the issue: What are the means that should be used to implement changes in this colonial, settler, reactionary and racist public opinion?

Azmi Bishara, an Arab Palestinian Knesset member, is different from all those I refer to at least because he is a leader of a political party, and pretends that he is an Arab nationalist. It is important to consider that he spent most of his life a member in the Israeli Communist Party. The importance of this relates to his insistence to recognize the Zionist State since this issue is in the core of the political program of this party. In other words, Bishara rejected Marxism, maintained his loyalty to the Zionist State, and pretended that he is an Arab Nationalist.

Bishara said: "...despite the fact that I neither recognize Zionism's history, nor Zionism historically, I found myself obliged to recognize the fruit that was created by this Zionism. Because Israel was born out of international legitimacy, I can't say that it does not exist, or that it doesn't have rights. The thing that I still insist on is that its rights should not materialize at the expense of others or by force".<sup>98</sup>

But Bishara never defined or drew a line to show us where and when the "rights" of the settler state starts to materialize at the expense of others. In fact, the mere existence of a settler in Palestine is at the expense of the Palestinian people. Accordingly, there is no solution capable of halting the Zionist project's confiscation of others rights other than socialism, the solution which Bishara turned his back to.

Bishara's main argument is to make Israel a "State for all its' citizens". This thesis is continuity, in quantity not in quality, of the slogan of the Israeli Communist Party: "Equality between Arabs and Jews in Israel". It seems that he picked something from arguments of the others as well. He favors the cultural and educational autonomy<sup>99</sup> for the 1948

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<sup>97</sup> Ilana Kofman, *The State of Israel: A National-Religious State*. Paper Presented in Abna' Il-Balad Conference 6 June, Nazareth, 1998.

<sup>98</sup> *Haaretz* (Hebrew daily, in Tel Aviv) supplement, 29-5-1998, quoted in, Ali Samniyeh, *Dirasah Hawl A'laqat Filistenee al 1948 bil-Dawlah al-Abriayah , bil-Kneseet, wabil-Mustakbal bain al-Tarafain, ( A Research on the Relationship 1948 Palestinians, the Hebrew State, the Knesset, and the Future between the Two Parts*. 2001, p. 29, (no publishing house).

<sup>99</sup> Said Zaidani, one of the early Palestinian Arabs in Israel who wrote on the cultural Autonomy for the 1948 Palestinians, wrote. "...and the Cultural Autonomy, as I imagine it, is the compromise between a just solution mediated between the individual civil rights solution and the national communal right. The integration of the Arabs in Israel with the life of the society and state no more than a big lie, and their total separation from it is a

Arabs, but he is not for an independent Palestinian State for them. Azmi Bishara wrote on this issue: "It is meaningless, it is not a real issue at all, there will not be a geographic autonomy because the Arabs are scattered all over the country... My aim is a state for all its citizens, a cultural autonomy. Without this, events will lead to a demand of liberated areas and their unification in a natural unity. This will lead to a conflict... but if the cultural autonomy is deeply rooted in a state for all of its citizens it will be a base for integration".<sup>100</sup> Here we grasp where Bishara's heart lies. It is in the Zionist side. He is warning, advising the Zionists that the best road for Palestinian integration into the Zionist state is to give them autonomy. Otherwise, the Palestinians will raise their political ceiling to separation. This is a special form of Arab nationalism, the main goal of which is the integration into the Zionist project!

The most provocative of Bishara's ideas is his opinion on Zionism. He argued: "... Zionism never has never had internal harmony. Its nature wasn't despotic as the traditional Arab point view had seen it. I was accustomed to see it as a colonial movement. But, through my readings of the Zionist literature, I am quite sure that it is more sophisticated. It views itself as a renaissance movement, a liberation movement, Accordingly, it has always been in a situation of tension between its image of itself and its practices".<sup>101</sup> This attitude of Arabs towards Zionism shed lights on a new intellectual trend among Arabs and Palestinians who accept Zionism, but in a more "sophisticated", educated and complex manner if compared to the relatively uneducated Arab rulers. By accepting Zionism and the Zionist entity as such, people in this trend are in fact Zionists. It is possible for an Arab to become Zionist, because Zionism is an ideology. But it is impossible to call an Arab a Jew, because according to Judaism, a Jew must be born of a Jewish mother. It is impossible to say that there is common Israeli culture among Arabs and Jews, because in Israel there is no common Israeli culture. There are two cultures, the Jewish and the Arab. It seems that Bishara's "flexible" conceptualization of Zionism was the main reason behind his decision to nominate himself for Knesset, the parliament of the Jewish state, considering that just being a member in this parliament, one in fact must sacrifice the Palestinian refugees' Right of Return. Being a Knesset member and pretending that he is an Arab nationalist, Bishara is in fact a hypocrite.

Since these basic and fundamental issues are still debatable in the Zionist project after fifty years of its creation, it is clear evidence that it is not a normal entity. All of the aforementioned ideas revolve in the range of adaptation with the Zionist goals. There is no real difference among them (both Arabs like Bishara, or Jews like Smooha) regarding the

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dream that will never materialize, especially at a time when the chance for a secular democratic state not viable". Said Zaidani, *The Autonomy as a Golden Middle Solution between Integration and Separation*, in *Kadaia*, no 5, Jerusalem, 1990. The least that can be said on Zaidani's argument that it is a typical liberal intellectual argument based on the ideology of adaptation.

<sup>100</sup> Azmi Bishara, *Ya Allah: Prime Minister! Interview by Lary Derfner*, in *The Jerusalem Post* 28 Feb 1997. see for details Adel Samara, *Bi-national, Cultural Autonomy, and a State for All its Citizens are Zionist Solutions*, in *Kana'an*, no 85, 1997.

<sup>101</sup> *ibid.*

main issues. The differences are in the details. That is why all of them are Zionists to this extent. They ignore the Right of Return of the Palestinian refugees, and ignore the Arab dimension in both the current conflict and the future of status of the region.

### **The Socialist Project Pre-Conditions the Disintegration of the Zionist Entity**

There are three main developments that the Arab popular classes and their vanguard parties have to consider in developing their new strategy at the beginning of the millennium. The first development is at the world scale, the deterioration of communist Internationalism and the world revolution, which started in the 1950s and reached its peak by 1990s. In other words, it is the victory of capital in the form of epidemic of globalization. The second development is IOD by Arab regimes and many other political parties, which resulted in the false peace process (Oslo) and Israel's arrogant position towards the rejection of the Right of Return. The third is the success of the enemy's camp to terminate the possible Arab resistance against its plan of "peace for capital". To achieve that success, imperialism and the Iqimi regimes, destroyed the power of Iraq, encouraged the P.L.O leadership's deterioration towards IOD, supported North Yemen in terminating the leftist regime in South Yemen, and the inflamed of bloody internal wars in Egypt and Algiers.

These developments pre-suppose an elaboration of a new Arab strategy for development, unity and the liberation of Palestine and other occupied Arab land. But our discussion here will be limited to the struggle against the Zionist entity and its future place in the Arab socialist project.

As mentioned in several chapters of this book, there are two socio-political groups in the Arab societies that internalized the defeat. These are the ruling comprador capitalist classes and large number of political parties. Accordingly, these groups became vehicles for normalization with the imperialist center and the Zionist project. But, the Zionist goal, never stopped at the point of "peace" with Palestinians. The Zionist goal requires a "quiet", underdeveloped, fragmented, non-socialist and open Arab Homeland for Israeli products, i.e. a large subjugated periphery. The Zionist goal is to be accepted by Arabs as a normal part of the region aiming at dominating the Arab markets, through ITD. This means that the policy of normalization is a policy of aggression. It aims at maintaining the Zionist entity as it is, and to have it be accepted openly by the Arabs. The real meaning of this goal is a new version of a Zionist war. But, this time, it is not a formal war against the ruling classes and their armies. These ruling classes became a part of the Zionist/imperialist camp. It is a war against the nation. To elaborate, it is a war against the popular classes whose interest is in unity, development, socialism, and the liberation of the occupied Arab land. We are, then, discussing a new era, a new class re-ordering in both revolution and counter-revolution, in the socialist and capitalist camps.

### **The Components of the Socialist Project Compared to the Zionist Project**

As it is noted in Chapter Three, that the Arab comprador ruling classes has already travelled a long way towards normalization with the Zionist project. Many of them have declared the end of Arab formal boycotting of the Zionist project. Several Arab regimes recognized the Zionist project as it is. The Zionist project on the one hand, and some Arab countries on the other, are encouraging trade between themselves. There is no guarantee that the regimes that minimized its contacts with the Zionist project following the popular pressure in support of *intifada 2000*, will not renew and even strengthen these relationships. The Zionist project protested to Egypt and the PA all articles that were critical to its policies or ideology. This is due to the items in “peace” agreements that were designed to create cultural normalization as a part of a plan to terminate the people's spirit of resistance and challenge. Before dealing with the attitude Arab socialist project towards the Zionist entity, it is worthy to deal with the recent deterioration of the Palestinian struggle against the Zionist entity. It should be mentioned that as long as the Palestinian resistance movement lowers its goal to the level of restoring the West Bank and Gaza, not the liberation all of Palestine, it falls into the trap of "dividing its own country with the enemy". This deterioration started in the open after PLO's defeat and eviction from Jordan 1970. The division of the homeland with the enemy, played a major role in the breeding of defeatist slogans or projects, e.g. two-state solution, bi-national state, democratic state...etc. By doing that, the PLO itself neutralized the popular Arab dimension from the struggle. A development that terminated the PLO's credibility. The deterioration to the level of these slogans and attitudes means that those who raise and believe in these slogans have changed their position from the national liberation movement to Palestinian Zionists. They are Zionists in terms of recognizing the Zionist entity on the land of Palestine. This means that they accepted the Zionist ideology and policy of rejecting the Palestinian refugees' right of return even if they did not declare that. These people are in fact part of the Arabs who internalized the defeat.

As for the socialist solution of the conflict, I will divide it into three interconnected areas. The first area relates to the Palestinians in the occupied 1948 areas. This community is part of the Arab nation. It has its own nationalism, the Arab nationalism. It is not an ‘accumulation’ or gathering of human beings without a social structure and political/national goal. Accordingly, their role in the joint Arab popular classes' projects is a struggle to create their own Palestinian state in the occupied part of Palestine 1948, i.e. the Zionist entity. But this is their transitional goal in the road towards the final (socialist) goal. The justifications of declaring such a state are the following:

- a. It is their right, as a national minority, to have their own state.
- b. They are opposed to the idea of the exchange of land between the Zionist entity and the PA, because they are against the idea of two-state solution. A solution that maintains and recognizes the Zionist project.
- c. Their demand for an independent state is a challenge to the United Nations which supported a large number of new states that declared their separation



- from the former Soviet Union and Yugoslavia, e.g. Kosovo, Bosnia, Croatia, Macedonia...etc
- d. The Palestinian state for the 1948 Palestinians is a step towards the disintegration of the Zionist project as a step towards the re-unification of all of Palestine with the Arab Homeland.

The second area is the WBG, where the direct, transitional goal is the withdrawal of the occupation from the OT-1967. This withdrawal shouldn't be conditioned or tied to recognition of the Zionist entity because this recognition, as mentioned earlier, contains giving-up the right of return of the Palestinian refugees. My point here is that the PA must not pretend that it is representing all the Palestinian people. This representation was accepted to a certain extent when PLO was a national liberation movement, fighting for the liberation of Palestine. In other words, the direct goal must be the end of occupation without recognition of the Zionist entity. This must be the Palestinian position, even if its cost will be termination of the declaration of a Palestinian state in the WBG, or the continuity of the occupation itself. I am against the declaration of a Palestinian state in the WBG as a final solution, because it is a Zionist demand more than a Palestinian one. The occupation must be defeated and forced to withdraw from the WBG, but not for the sake of establishing a Palestinian state limited to these areas, as a final solution of the Arab-Israeli conflict.

The Zionists are in favor of a Palestinian state so they can sign a final agreement with a "state" and not with a "political organization, PLO". The declaration of a Palestinian state in the context of Oslo is a mere recognition of the Zionist project and an acceptance of the termination of the refugees right of return. In addition to that, it is an invitation, from the Palestinians, to the Arabs to terminate the anti-normalization activities. Briefly speaking, it is a continuity of the "peace for capital". Bi-national, and /or a democratic state in Palestine, terminates the Arab national dimension of the Palestinian question. These solutions ignore the right of return, because they are solutions for the Palestinians and the Jews who are currently inside Palestine. If one of these solutions is applied, the national struggle of the Palestinian people will deteriorate to the level of an internal civil rights issue inside a "legitimate" state. If the Palestinians inside Palestine accept any of these solutions, they are, in fact, asking the Arabs to normalize with the Zionist entity. While the real Arab role is to struggle against this entity as an occupation of Palestine and as a watchdog for imperialism in the region.

The withdrawal of occupation from the WBG and the creation of a Palestinian state for Palestinians in the occupied 1948 areas are an introduction to the disintegration of the Zionist entity. This preliminary, or transitional solution, is aimed at re-uniting Palestine with the Arab Homeland. This leads us to the third and main goal, the Arab popular socialist solution, the only solution which guarantees for the Jews the right to live in the area as an ethnic minority with full rights like Arabs and other ethnic groups. But, this project is in a contradiction with the Zionist main goal in the region. The Zionist entity's policy and attitude could be summarized as follows:

- To maintain Jewish control over all of the land of Palestine.
- To reject the Palestinian refugees' right of return
- To maintain Israel as a pure, Jewish state
- To keep itself as a watchdog for imperialism in the region.
- To be accepted as a normal entity in the Arab Homeland.

This is a typical racist way of thinking. It is mentality of subjugation. As long as the Zionists maintain this policy and mentality on the one hand, and insist on being accepted into the Arab Homeland in an ITD manner, on the other hand, Israel is in fact expanding the direct military war to economic, social and cultural wars against the Arab people. It is an aggression against the people's ability to produce, and therefore, leads them to consume only its goods. The Popular Arab solution in Palestine contains, in the first place, Palestinian refugees' right of return, and the dismantling of the Zionist entity. It contains the elimination of the Jewish monopolies of land, economy and the military apparatus. This solution can be applicable only through a united socialist Arab federation. The socialist Palestine will be a member in that federation.

Here comes the role of the Arab socialist project, the goals of which are unity, development, and liberation of the occupied Arab land. These goals are in a direct contradiction with Zionism and imperialism. Accordingly, the Arab socialist project is in fact anti-normalization with the Zionist entity and imperialism (see Chapter Three). This is the only solution that guarantees, for the Jews, real human rights in an Arab developed, united or federal socialist state.

### **The Vehicle is Nationalism of the Popular Classes**

As discussed throughout this book, the Zionist project as a racist and settler project, neither capable of generating a social political force that is ready to arrive at a real peace with the Palestinian people and the Arab nation, nor of generating a communist movement. Accordingly, my argument will focus on the nationalism of the Arab popular classes (Arab nationalism), which has the potential of achieving that goal. I will not repeat my argument that is stated in Chapter Two, on nationalism in general and Arab nationalism in particular. For the purpose of this research and in my conclusion, Arab nationalism means the nationalism of the Arab popular classes, and their position towards the issue of the Arab struggle against the enemies of that nation. My argument that Arab nationalism should be evaluated according to its aims, and its political movement, and within the historical events that is the subject of discussion. I am inclined to suppose that Arab nationalism in this era, as an expression of the needs and rights of an oppressed nation, is progressive by its nature. Parts of the Arab Homeland are colonies in the real sense of the word.

The ambition of this nation is to achieve unity, development, and the liberation and restoration of its all occupied regions, not only Palestine. These regions include part of Syria that is occupied by Turkey a part of Iraq and a

part of Bahrain that are occupied by Iran, and a part of Al-Maghrib (Morocco) that is occupied by Spain.

The nature of the contradictions sheds lights on the form of the struggle. The struggle of a nation for development, liberation, and unity, in the era of globalized capitalism, will certainly be a socialist struggle. To elaborate more, the social class, which is supposed to lead liberation, independence, and unity, is the bourgeois class. This class in the Arab Homeland, as discussed in Chapter Two, turned against unity, has allied itself with imperialism and is "donating" its occupied parts to the colonial and settler- colonial powers. In other words, the comprador bourgeois class is an enemy of the nation. Therefore, this class lost its supposed historical role to achieve the nation's development, unity and liberation. Based on that, the social class, which is supposed to take the lead, will be the popular classes whose interests are in unity, development, liberation of its occupied land and ultimately achieving socialism.

## CHAPTER FIVE

### GLOBALIZATION, THE PALESTINIAN ECONOMY, AND THE "PEACE PROCESS"

*This chapter was first published in Journal of Palestine Studies, no 114. Vol XXIX, Number 2, winter 2000. Since then, the current developments of the intifada 2000 did in fact prove its content.*

Notwithstanding the peace process, the areas of the West Bank and Gaza under the jurisdiction of the Palestinian Authority remain dominated by Israeli economic policies and are subordinated to the prescriptions of international financial institutions, such as the World Bank and the IMF, which played a central role in designing the PA economy. The chapter concludes that the PA's unquestioning adoption of neo-liberal economic policies favoring foreign capital at the expense of local capital has further weakened the local private sector and resulted in a kind of "development" that does not serve the population.

Although globalization is an international phenomenon, its effects are experienced differently in advanced capitalist countries (center) and in "developing" countries (periphery). Thus, while Western capitalist countries benefit from the liberalization of trade, access to expanded markets, and free movement of capital and goods (though not labor power), the effects of globalization for the periphery lead to the decline of the nation-state's power, restriction of its markets, and further blocking of its development.<sup>102</sup>

These effects have been known for some time and have been raised in many international fora. At the ninth session of the UN Conference on Trade and Development (UNCTAD) in May 1996, for example, "several leaders from developing countries described how globalization and liberalization had forced their local companies out of business

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<sup>102</sup> According to Swiss finance minister Kaspar Villiger, "globalization has increased the power of the big corporations, but has eroded the authority of political masters" (*Third World Network*, 4 July 1996).

and marginalized their economies".<sup>103</sup> Tanzania's President Benjamin Mkapa told UNCTAD that countries undergoing liberalization and privatization under World Bank/ IMF style policies have suffered heavy social costs, including job losses, cuts in health care and education, and instability.<sup>104</sup>

This chapter examines the effects of globalization on the West Bank and Gaza (WBG) territories occupied by Israel in 1967 and subsequently integrated into its own economy, which is highly integrated into and heavily subsidized by the world capitalist center. Despite the "peace process," those parts of the occupied territories that have come under the jurisdiction of the Palestinian Authority (PA) have remained dominated by Israeli economic policies. Moreover, the entire WBG has been subordinated to the prescriptions of international financial institutions, mainly the World Bank and the IMF, the principal vehicles for the economic globalization that constitutes this latest phase of capitalist development.

But unlike other formerly colonized countries, the PA's economy may be alone in having been designed from its very beginning by the policies and prescriptions of globalizing institutions. In the immediate wake of the Oslo signing, it was the international community, led by the World Bank, that drew up the Emergency Assistance Program for Palestinian infrastructure development and institution building. The private sector was given a central role: one of the program's principal aims was to "stimulate private investment in sectors such as industry, tourism, housing, telecommunications and agriculture by channeling long term finance to local entrepreneurs."<sup>105</sup> It was also the World Bank that in essence created the Palestinian Economic Council for Development and Reconstruction (PECDAR), whose main function was to disburse the donor funds (\$2.4 billion pledged) according to the Bank's directives.<sup>106</sup> As for the possibility of an independent Palestinian economy, "For the World Bank, the economic de-linking of the self rule areas from the Israeli economy is a contradiction of the Paris Protocol. It should be noted that assistance to the Palestinians is based on these protocols".<sup>107</sup>

The "peace process" launched in Madrid has unfolded during a period when globalization has dominated international relations. Consequently, as long as the "peace process" sponsored by the United States (the main controller of globalizing financial institutions) continues, the occupied territories will continue to be deeply affected, economically and socially, by these institutions to the extent that PA policies will be globally, not pan Arab and internally, oriented. Despite the experiences of the many developing countries that have already taken this route, the PA unquestioningly adopts the wave of globalization, with seemingly little awareness of alternatives.

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<sup>103</sup> "Backlash Grows Against Globalization," *Third World Network*, 19 August 1996.

<sup>104</sup> Ibid. See also, "New-Liberalization in Action," *Third World Economics*, no. 161 (16 May 1997).

<sup>105</sup> Emergency Assistance Program for the Occupied Territories (Washington World Bank Publications, 1993, p.4)

<sup>106</sup> Mahmoud al-Labadi, "PECDAR and the World Bank," in *al-Iqtisad al-Filastini fi al-Marhala al-Intikalya* (The Palestinian economy in the transitional period), ed. Muhammad Ishtayia (Jerusalem: PECDAR Publications, 1999), p.382.

<sup>107</sup> Pinhas Inbari, The World Bank Report on the Progress of the Peace Process at the Economic Level, quoted in *al-Quds*, 21 March 1995.

## The Legacy of Direct Occupation

Within days of Israel's conquest of the WBG in June 1967, the Israeli military governor began to issue military orders that would reshape the lives of the territories' residents. No less than half of these orders involved economic matters<sup>108</sup>, for a principal aim of the Israeli occupation was and continues to be to "adjust" the economy of the territories to fit in with the interests, needs, and structure of its own economy. These interests include the employment of a cheap labor force. Military orders cut the occupied territories off from the rest of the world, making Israel their main supplier (90 percent of the occupied territories' imports come from or through Israel). Thus the wages paid to the workers were returned to Israel as payments for Israeli consumer goods. By absorbing the labor force, while at the same time pursuing a policy of rejecting Palestinian applications for licenses to start productive projects,<sup>109</sup> the Israelis were able to destroy the occupied territories' economic infrastructure, thus facilitating the integration of the latter's economy into that of Israel. This process forced all Palestinian social classes to interact directly with the Israeli economy, thereby creating and reinforcing Palestinian economic dependency.

For the Palestinian working class, as already mentioned, Israel became the main outlet for employment: surplus labor power, especially from the refugee camps and the rural areas, became increasingly dependent on the Israeli market. On the eve of the intifada in 1987, the number of such workers in Israel had reached nearly 165,000.

For the business class, the only route open was to become commercial agents marketing Israeli products in the occupied territories. When Israeli businessmen realized how profitable it was to invest in certain sectors of the occupied territories' economy, they teamed up with Palestinians. This led to the evolution of a subcontracted Palestinian business class, which dominated and even replaced the weak nationalist bourgeoisie that had been privileged under Jordanian rule. Israel thus annexed to its own economy two of the three main classes of Palestinian society, the workers and the capitalists. Accordingly, the natural equation of labor to capital found in most societies was deformed in the occupied territories, since both the working class and the capitalist sectors became integrated, separately, in the Israeli center.

The peasant class, meanwhile, had been further weakened by Israel's policies of land confiscation (more than 60 percent of the land, especially the most fertile parts, had been expropriated or come under Israeli control), banning Palestinian agricultural exports, and encouraging the production of crops required by the Israeli market<sup>110</sup>. Those

<sup>108</sup> Adel Samara, *The Political Economy of the West Bank 1967-1987: From Peripheralization to Development* (London: Khamsin Publications, 1988), pp.58-64.

<sup>109</sup> "The Ministry of Industry and Trade and the administrative branch of the occupation may act to prevent the establishment of industries that are competitive [to Israel], and administrative difficulties are placed in the way of competing exports." Simha Bahiri, *Industrialization in the West Bank and Gaza*. Also see *The West Bank Data Project and the Jerusalem Post*, Jerusalem, 1987, p.39.

<sup>110</sup> Adel Samara, *Iqtisad Taht al-Talab* (A stand-by economy) Jerusalem: al-Zahra Publications, 1989).

harmed most were the independent and small producers who were either hit by land confiscations or unable to compete with crops imported through or produced by Israel. As a result, the surplus rural labor power that failed to find jobs in the towns or was unable to emigrate to the oil-rich Arab countries looked for work inside Israel. Fundamentally, the colonial-settler Israeli occupation targeted the land and, unlike the Palestinians, had a clear strategy for its use.<sup>111</sup>

### **The Oslo Context and the Paris Agreement**

The Paris Economic Protocol of April 1994 is, in fact, worse than the Oslo Accord that laid the groundwork for it. Both agreements (Oslo I and Paris) ignored the issue of Palestinian sovereignty over land, which means that the Palestinians are unable to put forth a real development strategy, especially in agriculture, the main economic sector in the WBG. Far from guaranteeing Palestinians the freedom to import and export without Israeli supervision, the Paris Protocol explicitly restricts the PA to specific quantities of goods that can be imported and exported. The protocol also creates a joint economic committee to deal with all economic affairs, essentially giving Israel veto power over PA requests.<sup>112</sup> Israeli exports to the Palestinian territories to \$1.2 billion and move freely, while Palestinian exports to Israel ~ only \$210 million and are subjected to tough restrictions.<sup>113</sup>

The PA is well aware of the shortcomings of the agreement. The Palestinian minister of trade at the time, Maher al-Masri, noted, "All economic agreements following the Declaration of Principles were dangerous and have had ~ negative impact on the economy."<sup>114</sup> Masri also stated that the "Israelis control Trade Protocols, through their restrictions on dealings with the Arab world, in order to limit the amount and quality of goods we are allowed to import outside Israeli customs tariffs.... They impose their own specifications and measurements on the imported goods".<sup>115</sup> In essence, the Paris Protocol did not effect any change in policy from the direct occupation era to the post direct occupation era. This is why the PA has repeatedly tried to have the Paris agreement amended. Not surprisingly, Israel has refused, given that it is in Israel's interests to use its new regional relations against Palestinian economic interests.<sup>116</sup>

Regarding the labor force, the Paris agreement states that "The two sides will work towards a normal work force movement between them, taking into consideration the right of each side to decide at one time or another the extent and conditions of workers' movement in its area. If normal

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<sup>111</sup> Adel Samara, "The Palestinian National Movement: No Land Strategy," *News From Within* 13, no.2 (February 1997), pp.26-28.

<sup>112</sup> *The Interim Israeli-Palestinian Agreement 1993 and the Declaration of Principles* 1995 (Jerusalem: Jerusalem Media and Communication Center Publications, 1996), p.264 [in Arabic].

<sup>113</sup> *PECDAR INFO* 1, no.2 (December 1996), p.8.

<sup>114</sup> *PECDAR INFO* 1, no.8 June 1997), pp.4-5.

<sup>115</sup> *Ibid.*

<sup>116</sup> For example, "When Israel decides to import fresh agricultural products, it will give top priority to Jordan if Jordan produces these products.... Jordan will not pay customs duties when it exports olive oil, sheep, goats, white cheese, and fresh fruits and vegetables to Israel. Israel will do its best to offer access and facilities to enable the Jordanian exports to reach the self-rule [Palestinian] areas" (*al-Nahar*, 22 September 1995). It is clear that Israel's aim here is to harm Palestinian producers.

movement is cut from one side, it should immediately inform the other. The other side would be able to discuss the subject in the joint economic committee."<sup>117</sup> Instead, using the "security" issue as an excuse, Israel has repeatedly imposed closures on the WBG and banned Palestinian workers from entering Israel without even informing the PA. The PA's only response to these measures has been futile complaint. In essence, the PA has given priority to the continuous employment of WBG workers inside Israel, when the alternative should be devising a development strategy to employ them in the territories.

As a result of the closure policy, the PA tax department estimates that it has lost 50-70 percent of its potential revenue from the VAT paid by Palestinians for their imports from Israel, the tariffs paid at the border for imports from abroad, and the income tax deducted from the wages of Palestinians working in Israel.<sup>118</sup> The closure policy led some Palestinians to argue that since the Paris agreement permits each side to boycott the other's products,<sup>119</sup> the Palestinians should boycott Israeli products. However, even if this were accurate, how could the Palestinians replace Israeli imports, when all trade routes are in the hands of the Israelis?

### **PA Economic Policy and Nation Building**

The PA leadership deeply admires neo-liberal economic policies, which it endeavors to apply. These policies are inspired by a free-market ideology: no protectionism, no economic regulation, no conditions on money transfers abroad, and so on. Such policies require the PA's full application of the prescriptions of the international financial institutions that support and even sponsor globalization. In return, the PA expects some positive input from these institutions.<sup>120</sup>

On the practical level, the PA has approached development in conventional terms: spending tax income, loans, and grants on either short-term employment or infrastructure for the purpose of enticing foreign (including Diaspora Palestinian) investors.<sup>121</sup> In Palestinian towns, the most obvious sign of development is the construction of hotels, offices, and new buildings. To have a "stand-by economy," the PA needs to prepare a special infrastructure that meets the demands of tourists, businessmen, nongovernmental organization (NGO) managers, top-ranking PA officials, and so on. But how much does the population really benefit from these investments? And to what extent are

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<sup>117</sup> *The Interim Israeli-Palestinian Agreement*, p.281.

<sup>118</sup> A. Alawneh, general director of the PA tax department, quoted in *al-Quds*, 6 July 1996, p.11.

<sup>119</sup> Ahmad Qurai', speaker of the Pal-estinian Legislative Council, quoted in *al-Quds*, 13 March 1996.

<sup>120</sup> "The PNA remained committed to the peace process in order to improve living conditions in the short run and to achieve a viable and promising future for the Palestinian people in the long run. The PNA is determined to realize these goals, with the assistance and support of the donor community and multilateral agencies." *The Palestinian Public Investment Program for 1997 (PPIP, 1997)*.

<sup>121</sup> In this context, see the papers presented by Muhammad Mustafa, George Abed, Edmond Asfour, and others at the conference "The Palestinian Economy: Towards a Vision," Birzeit University, 9-12 June 1996, prepared by the Arab Economists Association in cooperation with Economic Development Institute and German Agency for Technical Assistance.

the land and capital of the WBG being directed toward the kind of production that meets the population's needs? The new buildings, supermarkets, and luxury restaurants in Ramallah and other West Bank towns, far from constituting development, merely prepare the ground for the "casino economy" that is the end result.

During the period 1993-98, the cumulative totals of international donations to the PA reached \$3.55 billion in pledges and \$2.45 billion in disbursements<sup>122</sup>, yet the GNP dropped by 3.4, 10.1, and 2.9 percent for the years 1993, 1995, and 1996, respectively. At the same time, the rate of unemployment jumped to 30 percent, compared to 5 percent in the pre-Oslo period.<sup>123</sup> While recent employment trends suggest an improved outlook for 1998 and 1999, the source of this growth stems from an external factor. Even the PA's own publications acknowledge that a major reason for the increased outflow of labor from the WBG is construction in Israel and Israeli settlements.<sup>124</sup>

Certainly, the PA's modus operandi cannot be divorced from the economy's lamentable performance. The PA's corruption (see Chapter Six), by now almost universally recognized,<sup>125</sup> and financial mismanagement of donor funds flow from the mentality of a guerrilla organization that continues to prevail, wherein the leadership cannot be questioned and operates in secrecy and without accountability. Hence the PA's parallel budgets, one public and one covert, the latter containing hundreds of millions of dollars of public money distributed to buy loyalty for the regime<sup>126</sup> rather than going into development or building infrastructure. Hence, too, the PA's creation of a huge bureaucratic structure, now numbering more than 150,000 civilian and military personnel totally dependent on and therefore loyal to the regime. In this the PA resembles the Arab regimes, but unlike them, it lacks the resources to sustain such a "state" apparatus.

One result is that, in addition to mismanaging donations, the PA has created its own monopolies. According to the U.S. State Department, "there are at least thirteen known monopolies under the control of no more than five individuals who are members of the PA's inner circle." Monies from these monopolies, according to these same officials, are used in large part to pay the salaries of police and other agencies, which donors no longer finance.<sup>127</sup> But the

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<sup>122</sup> World Bank, *West Bank and Gaza Update*, Third Quarter 1998, p.8.

<sup>123</sup> M. Ishtayia, *al-Iqtisad al-Filastini*, p. 91.

<sup>124</sup> *Ibid.*, 6.

<sup>125</sup> On the PA's corruption, see Ronen Bergman and David Ratner, "The Man Who Swallowed Gaza," *Ha'aretz Week-end Supplement*, 4 April 1997; David Hirst, "Shameless in Gaza," *Guardian Weekly*, last week of April 1997, p.8; and Report of the PA Budget Committee for 1997, distributed in June 1997, but without a publication date.

<sup>126</sup> While international institutions and donor countries feign commitments to transparency, they never challenge the financial mismanagement of the PA, and in cases where they note corruption, they do so indirectly. For example, the World Bank (in its *West Bank and Gaza Update*, Fourth Quarter 1998, p.9) notes, "According to the latest statistics, gross domestic production (GDP) was valued at \$3.1 billion in 1995 (although we estimate an additional \$170 million due to revenue clearance leakage in 1995)." The question is, who received the leaked money?

<sup>127</sup> Sara Roy, interview with officials from U.S. Department of State and United States Agency for international Development (USAID), Tel Aviv and Washington, December 1995 and January and May 1996, as quoted in Sara Roy, "Economic Deterioration in the Gaza Strip," *Middle East Report* 26, no. 3 (July-September 1996), p. 38.



monopolies have a highly negative effect on the economy. Being neither public nor private, they are subject neither to public scrutiny nor to regulatory laws.<sup>128</sup> Equally important is the fact that through these monopolies, which deal in such commodities as petroleum, tobacco, gravel, flour, sugar, soft drinks, vegetable oil, and so on,<sup>129</sup> the PA has become a competitor to local business. When a group of local businessmen signed an agreement with the Israeli cement company Neshet, for example, the PA rejected the deal and replaced the group with its own associates.<sup>130</sup> (The PA also monopolizes most of the marketing for large companies that supply the PA areas.)

Meanwhile, the PA is declaring that it will not "intervene" in the economy. Products are hence free of quality control, and the West Bank remains a free market in which Israel can dump defective and already expired products.<sup>131</sup> Businessmen, driven by the desire for easy profits and realizing that Israel will not allow any real flexibility for the self-rule economy, avoid investment in productive sectors and invest instead in construction and land speculation. The cumulative result of the open-door policy, the monopolies, and the encouragement of foreign (or émigré) capital at the expense of local capital is to weaken further and even destroy the small and independent Palestinian producers, causing higher unemployment, less capital accumulation, and more dependency on Israel.

In the light of these results, one must ask: Why are the donors not protesting? And if their donations are not geared to promote employment growth, what are they geared to do? (See Chapter Seven)

Six years after Oslo I, it seems clear that the aim of its architects was to usher in a new system reorienting the Palestinian people toward accommodation, thus limiting their goals of national liberation. The PA, created and financed by the advanced capitalist countries, has become directly involved in re-educating the people (including a political discourse considering any resistance to the Israeli occupation to be against "peace" and indeed against the Palestinian people). In essence, the PA is collecting "political rent" for its role in supporting agreements that pave the way for world capital to achieve its policy of class reordering in the region. As long as the PA serves the demands of the globalized financial institutions, it can hope to continue receiving donations despite its corruption and performance.

### **Is the Private Sector a Priority?**

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<sup>128</sup> Described as "semi-private/semi-public but wholly secret," the monopolies operate in a gray zone, with an unknown portion of their profits going to the handful of members of the new ruling elite (whose names are nowhere registered) that run them and the rest going to PA bank accounts not controlled by the PA Finance Ministry. See Rick Hooper, "The International Politics of Assistance to Palestine in the West Bank and Gaza Strip, 1993-1997," in the *Economics of Middle East Peace: A Reassessment*, ed. Sara Roy (Stamford, CT: JAI Press, 1999).

<sup>129</sup> In the last two years, under pressure from the Palestinian Legislative Council and the donors, some of the monopolies (tobacco, for instance) have been in principle, eliminated.

<sup>130</sup> Interview with K. Hassouneh, Palestinian businessman, 3 June 1996.

<sup>131</sup> Interview with Maher Dusoki, a member of the Consumer's Protection Committee, Ramallah, 3 December 1995.

The private sector is at the heart of the PA's development strategy. For example, the Palestinian Public Investment Program (PIIP) of 1997, the first development plan for which the PA had full responsibility (though under the close supervision of the World Bank and donor group), states that the philosophy underlying the planned 1997 Public Investment Program continues to be one of private sector-led development, with the public sector working to provide a stable legal, regulatory, and policy framework conducive to private investment and productive activity. In addition to this, it provides essential support to infrastructure and social services, which cannot be provided by the private sector. This is consistent with the PA's overall developmental strategy identifying the private sector as the principal engine of growth.<sup>132</sup>

The Palestinian Development Program (PDP), which replaced the PP") in 1998, has continued with exactly the same emphasis. But the PA's globalizing orientation, which crystallized in its acceptance of the open-door policy, encourages and indeed privileges foreign corporations while weakening the position of the local private sector.

The PA's industrial policy is similar: "despite only having a share of 8 per-cent of GDP, this sector is being targeted for development support by the [PIIP]. The program supports both large and medium export oriented industries and small and micro enterprises. The PA strategy offers two broad packages of assistance: the first supports border and local industrial zones, which will be open to capital from domestic and foreign sources; the second is geared to small enterprises to complement industrial zones through industrial complexes and incubators<sup>133</sup>." Even if this policy were suitable, this seemingly good intention is totally unrealistic, since the investment law enacted by the PA in 1996 favors foreign capital, which, if it arrives, aims at accumulating profits, not providing welfare improvements for the people.

Concerning agriculture, the PIIP notes that "in spite of limited natural re-sources, efforts to develop this sector will be intensified as a major component of the private sector development strategy. The PIIP encourages private cultivation by improving the legal and regulatory framework, developing financial institutions, making technological advances in the sector and improving access of agricultural products to regional and world markets.<sup>134</sup>" But how can these goals be achieved when the banks, which in a normal situation must finance agricultural investment by loans, are transferring most of the savings abroad? And when other potential resources, such as donors and NGOs, avoid the agricultural sector? Moreover, the PA does not invest loans in a productive manner, a situation exacerbated by land confiscation and effective control over 85 percent of historic Palestine's resources by Israel's continuing occupation.<sup>135</sup> This is in addition to the lack of a Palestinian strategy for land, or even a policy for land reclamation and development loans.<sup>136</sup>

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<sup>132</sup> PIIP, 1997, pp. 2-3.

<sup>133</sup> Ibid., 7.

<sup>134</sup> Ibid.

<sup>135</sup> "Human Development Report: Palestine 1998-1999," September 1999, p.

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<sup>136</sup> Samara, "The Palestinian National Movement." Opcit.

## Investment and Banking

The PA's adoption of globalization (i.e., an open-door policy with no protection) has encouraged local and foreign banks to act freely regarding the transfer of public savings abroad, minimizing the size and amounts of loans, and imposing severe conditions for guaranteeing loans. It should be emphasized that decision-making in the PA areas does not fall to the PA alone, but donors, the World Bank, the Israeli authorities, the NGOs, and the international organizations. If we add to this fragile situation the fact that the areas of the PA enjoy not sovereignty but self-rule, the difficulty of fostering development in these areas becomes clear.

The PA repeatedly reaffirms its commitment to the free market economy, which enables the private sector to lead economic activity. Indeed, according to the PA, the role of the public sector is "to create the proper environment for a dynamic private sector, capable of shouldering the heavy responsibility of a prosperous and advanced economy".<sup>137</sup>

But the PA's policies actually contradict its claim of building an independent and developed economy. Beyond the PA's monopolization of the granting of licenses (either for themselves or their cronies, or for the highest bidder thus eliminating small competitors not on competitive grounds but through corruption), the PA's investment law itself works against the development of a strong local economy. Item 21 of the law stipulates equal treatment of Palestinian capital and capital from abroad. But treating strong, well-established foreign capital the same as weak, emerging local capital can only result in the local capital's being either forced into subcontracting or driven out of business altogether. Similarly, the investment law's unambiguous favoring of larger business interests<sup>138</sup> perpetuates the weakness of small existing or potential projects, which have little capital and employ few workers but which are owned by skilled, well trained, independent producers geared to local needs.

In general, sound government policy would give priority either to foreign investments that do not encroach on local interests or to local investment linked to a national policy on agriculture, land, and industry aimed at providing basic needs. Only in this way could the government hope to lessen the severely unequal exchange relationship with Israel, for Palestinian economic resources not expended in productive investments will be spent on imports from Israel, i.e., re-channeled to the Israeli economy.

Interestingly, Jamil Khalidi, head of the PA's Investment Department, compares the PA's investment law unfavorably with the Israeli one: "despite the fact that the Israeli law (No.1055) for investment came too late, i.e., not until the Intifada had happened, it was more flexible than the

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<sup>137</sup> PECDAR INFO 1, no. 2 (December 1996), p.7.

<sup>138</sup> According to the law, "Projects which invest \$500,000 or employ 25 Palestinian workers, will be offered income tax free exemption for five years when they will be due. Those who invest \$150,000 and employ 15 Palestinian workers will be offered income tax and fees exemption for three years. Those who invest \$70,000 and employ 10 Palestinian workers will be offered income tax and fees exemption for two years... The board of directors of the investment department is allowed to give exceptional exemptions to projects of more than \$5 million which employ more than 50 workers." Jamil Khalidi, "The Palestinian Investment Law," *Publications of the Palestinian Liberation Organization and Palestinian Authority* no. 26,1996, p. 44.

Palestinian one. The Israeli law offers three to six years of exemption for the local investors.<sup>139</sup> Because the PA is being subsidized by donor grants, the tax system it applies should be at least as flexible as Israel's in the last years of direct occupation or as Egypt's, whose economy is better established than Palestine's and which seeks to draw investors by offering ten years of exemption in new industrial areas and remote areas and for new housing projects.<sup>140</sup>

But in an era of globalization, capital (especially third world capital) increasingly ignores nationality and national commitment. The more "national capital" is integrated with international financial capital, the weaker the national attachment becomes, unless the business environment in the particular country is attractive (either because investment is feasible or because of special offers from the regime). In this context, the deciding factors will not be tax exemptions, but the safety of the investment, availability of feasible projects, and cheap labor. The fact that Palestinian labor is expensive for the region (an average monthly wage of \$500, compared to \$90 for an Egyptian worker and \$250 for a Jordanian<sup>141</sup> makes state intervention, the public sector, and protectionism all the more important, none of which are pursued by the PA's globalized policies. On the contrary, "the law of investment did not put a maximum percentage on foreign ownership of joint projects; neither did it put any restrictions on transfer of net profit".<sup>142</sup>

Criticism of the practical application of the PA's investment philosophy comes not from the leftist or nationalist opposition (weak, accommodating, or even absent), but from the private sector itself. Muhammad al-Masruji, a well-established Palestinian businessman, for example, commented on the "lack of laws and regulations for the operating banks in the West Bank and Gaza. Accordingly, monetary policy is decided by the Jordanian banks. The PA forced the Palestinian Commercial Bank to start with \$10 million, while this ceiling was never applied to non-local banks".<sup>143</sup>

Most of the investments inside the self-rule areas and the occupied territories are for housing. These investments are likely to have reached \$1 billion, mainly in towns, since the Madrid process began. In villages, building licenses are still in the hands of the Israeli military authorities, which generally choose to withhold them. Despite promises, there has been little investment, and therefore little improvement, in infrastructure either by the donors or the PA<sup>144</sup>. PECDAR, like many donor organizations, devoted considerable effort to short-term job creation schemes with little developmental

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<sup>139</sup> Ibid., 12.

<sup>140</sup> Ibid., 15.

<sup>141</sup> Aisling Byrne, "Gaza's Textile Merchants Struggle with Globalization and Peace," *News from Within* 13, no. 1 (January 1997). According to the Israeli paper (*Ha'aretz*, 20-8-2001) the monthly wage of Jordanian worker who work at the Israeli factories in Irbid's industrial Zone is \$120.

<sup>142</sup> Khalidi, "The Palestinian Investment Law," p. 20.

<sup>143</sup> Muhammad al-Masruji, Palestinian businessman, commenting on Osama Hamid's "Lecture on Banking Systems," a study presented to the Palestine Economic Policy Research Institute (MAS), Ramallah, and published in *Kana'an*, no. 83 (December 1996).

<sup>144</sup> The only infrastructure area that has shown improvement is telephones, which have been privatized.

effects for example, spending millions of dollars on cleaning up Gaza's dirty streets.<sup>145</sup>

Nine industrial zones are planned along the Green Line for a cost of \$5 billion. According to the World Bank,

The initial conception of the industrial estate development program was one of fostering business clusters on the borders between Israel and the Palestinian territories ("border" estates), so as to permit employment by international and Israeli entrepreneurs of Palestinian workers free of security related restrictions on the entry of Palestinians into Israel proper. Public investment costs for the full program of nine border estates and six local estates . . . are tentatively esti-mated at U.S.\$120 million, excluding land costs.<sup>146</sup>

By creating a globalized Palestinian economy and labor force, these border industrial zones will obstruct the development of the industrial sector inside the WBG, which was already obstructed by the occupation. While the economy of the territories under direct occupation lacked an industrial core (each area being connected with the Israeli economy separately), under the PA it will be connected not only to the Israeli economy but to the border industrial zones as well. The expected industries will be labor intensive, exported and low tech, with few controls (environmental, etc.). Since the industrial base will be globalized, agriculture will likewise be export led. Tourism, mainly centered in Jerusalem, will either remain in Israeli hands or be internationalized. Many Palestinians can be expected to be employed in marketing Israeli products in Arab countries<sup>147</sup>; in so doing, they would facilitate the Israeli market's invasion of the Arab world-an "Integration Through Domination" (ITD) that appears to be welcomed by many Arab regimes<sup>148</sup>. This economic phenomenon has its political counterpart: the PA and the comprador intellectuals who support it are "marketing Israel" through advocating normalization and holding donor-sponsored joint cultural and other seminars inside the territories and abroad.

Neither under direct occupation nor in the current situation are banks likely to offer much assistance to economic enterprises or play much of a developmental role. Back in 1967, during the first two months of the occupation, all Palestinian, Arab, and even foreign banks were closed, and

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<sup>145</sup> See Aisling Bryne, "Hammered from Both Sides: The Failures of the PA's Economic Strategy and the Paris Economic Agreement," *News from Within* 12, no. 6 (June 1996).

<sup>146</sup> *Confidential World Bank Report*, n.d., p. 10.

<sup>147</sup> An Israeli factory owner in Jordan told (*Haaretz* 20-8-2001), "We bring managers for our factories, in Irbid industrial area, from the West Bank, as a people who accustomed to live under occupation". This is in fact a clear example of normalization.

<sup>148</sup> The Israel-Jordan peace agreement paved the way for a direct Israeli colonial investment in Jordan. According to San Proper, chairman of Israeli Industrialists, "Israel established the textile industry in Jordan to take advantage of the cheap labor force there and then market the products in Arab countries.... Israeli food industries have been established in Egypt, Jordan and the PA areas....The Israeli, Jordanian, Egyptian and Palestinian entrepreneurs are keeping their names secret"(*al-Quds*, 12 February 1998). Mundhir Haddadin, the Jordanian minister of water and irrigation, stated, "Trade between Israel and Jordan has grown from the almost nothing to \$35 million,...and more than 12 joint projects have been established in Jordan-from textiles to electronics-since the signing of the peace agreement in 1994" (*al-Quds*, 31 May 1998). Despite widespread protest, the Jordanian regime decided to let Israeli industrialists open an industrial exhibition in Amman in January 1997, thereby placing the comprador and the popular classes in direct competition.

thirty-six branches of the Israeli commercial banks were opened. As commercial banks, they had nothing to do with development. Following meetings between the Israeli Labor party and Jordanian officials in London in 1986, the Israeli government decided to open two branches of the Cairo-Amman Bank and another of the Bank of Palestine. Since the Oslo agreements, nine banks and more than sixty branches have been opened in the Palestinian areas.<sup>149</sup>

In general, the PA has adopted a strategy of stimulating private sector development and competition by encouraging the inflow of foreign capital through limiting restrictions on foreign remittances and dealings in foreign currency.<sup>150</sup> This very open policy benefits the banks more than the population. Its influence extends beyond the Palestinian investment law in encouraging foreign over local capital, playing a major role in money transfers abroad.<sup>151</sup> As for bank holdings, by 4 March 1996 total individual and private sector deposits reached \$1.35 billion, of which \$310 million was out as loans and \$938 million as bank deposits abroad.<sup>152</sup> By April 1997, the level of total deposits (which had been \$219 million in 1993) had risen to \$1.8 billion.<sup>153</sup> The relatively high percentage of capital in current accounts in Palestinian banks (it was 60 percent, though it has decreased to 35 percent) benefits the banks, certainly not a country whose leadership claims to be "nation building," and where money for loans is very much needed.

Similarly, while the ratio of loans to deposits in 1996 was 80 percent in Jordan and 90 percent in Israel, in the West Bank it was 21.6 percent and in Gaza 18.6 percent,<sup>154</sup> improving slightly by 1997 to reach 28 percent.<sup>155</sup> Some 72 percent of these loans are given on a very short-term basis to keep clients financially solvent. Real loans account for only 6 percent.<sup>156</sup> The loan ceiling in the WBG did not exceed \$30,000-\$40,000, and for sums above this the branch was required to seek approval from its headquarters abroad.<sup>157</sup>

In sum, banks in the WBG are clearly not working as vehicles for development. In a practice protected by PA laws, the local banks (almost all branches of banks headquartered in Jordan) encourage the population to save more and then lend their savings abroad. About 90 percent of Palestinian savings are deposited in Jordanian banks, and these savings are invested as the Jordanian head offices see fit—certainly not on developing the Palestinian economy.

This is a typical case of applying the World Bank and IMF liberal economic policy. The result will be a heavy burden of debt for the entire population, except for the small minority that is drawing large profits from their capital deposits abroad. It is worth noting that the PA has never to this day announced the availability of loans, talking of "assistance" instead, even though outright grants account for only a third of

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<sup>149</sup> Hamid, "Lecture on Banking Systems."

<sup>150</sup> F. Bsaiso quoted in *al-Ayyam*, 4 January 1997, p. 6.

<sup>151</sup> Adel Samara, "Banks Are Not Vehicles for Development," in *Ru'yah Ukhra* 4, no. 1 (March 1996), p. 12.

<sup>152</sup> Mohammed Qerrish, delegate of the Commercial Bank, quoted in *al-Ayyam*, 24 July 1996.

<sup>153</sup> M. Ishtayia, *al-Iqtisad al-Filastini*, p. 285.

<sup>154</sup> Hamid, "Lecture on Banking Systems."

<sup>155</sup> Ishtayia, *al-Iqtisad al-Filastini*, p. 285.

<sup>156</sup> *Al-Quds*, 25 December 1995.

<sup>157</sup> 55. Hamid, "Lecture on Banking Systems."

what is lent out. The higher taxes that will inevitably be imposed to repay nationalized individual debts will only add to the burdens already borne by the Palestinian people.

### Donors

In the Palestinian context, donors have significant influence and control and basically determine how their money is spent; "Palestine" is thus constructed according to their wishes. For example, the Local Aid Coordination Committee (LACC), co-chaired by Norway, the World Bank, and the UN, has met at least once a month since January 1995 with approximately thirty local donor representatives in attendance. In turn, the IACC has established twelve thematic sector working groups, each with one or more PA ministries as "gavel holder," a donor as "shepherd," and a UN agency serving as the "secretariat".<sup>158</sup>

On the political level, the donor's assistance efforts aim at strengthening the PA and creating tangible benefits for Palestinians in the WBG, thereby generating support for the peace process. However, according to Rex Brynen, "individual donors ultimately retain control of their own individual programs . . . . Virtually all donors were driven by a desire to become in-volved in projects that maximized their political visibility and credit"<sup>159</sup> On the economic level, the donor situation is further compounded by commercial competition among financiers for projects that are thought to have some long-term economic benefit. Some aid has many strings attached, and procurement guidelines may mandate preferences for suppliers from donor countries. Adding this to the fact that Israel still controls many aspects of the Palestinian economy, what will remain for the PA to control? This in fact is a good case study of what a globalized economy will look like.

Some of the donor funds are in the form of loans, which in principle must be repaid. But the PA's only source of income to repay the loans is taxes. Since the expenditures of the PA are higher than what it collects through is actually spending, not investing, the donors money. This has one result: accumulation of debts. Despite that, the PA continues to borrow.<sup>160</sup>

Considering that this money has been spent on bureaucratic and luxury items the PA debt cannot be financed without incurring more debt. This will create a repayment crisis, but the solutions will not be those typically employed in third world countries-i.e. the selling of public sector assets (as for example in Egypt) or the nationalizing of the debts (there is no public sector to be sold, whether to local or foreign capital). In the Palestinian case, the price that will be paid is a

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<sup>158</sup> See Rex Brynen, *The (Very) Political Economy of the West Bank and Gaza: Learning Lessons about Peace-Building and Development Assistance* (Montreal: McGill University, 1996), pp. 3-4.

<sup>159</sup> *Ibid.*, 6-9.

<sup>160</sup> Despite the fact that the PA previously decided to limit the assistance it would accept in grants and soft loans, \$350 million of the aid pledged in Paris [November 1996] was actually in the form of loans. The \$350 million pledged by the Arab Bank and the European Investment Bank (EIB) were in the form of commercial loans." Adnan al-Amad in *Palestine Report*, 29 November 1996, p. 4.

political one: further concessions to Israel and its western sponsors.<sup>161</sup>

## Conclusion

The years of occupation have shown that there is no chance for real cooperation between the Israeli and Palestinian economies. The Palestinians, as the weak party, need more protectionism and economic delinking from the Israeli economy. While globalization threatens to subsume national-level processes and increase dependency, poverty, and social tension in third world countries in general, it is even more dangerous for the Palestinian economy, already captive to the Israeli economy. The PA's blind adherence from its creation to neo-liberal policies has led to sharper class differentiation, corruption, and polarization inside Palestinian society. Israel, meanwhile, has transcended its traditional role as a Western outpost in the region to become a tool for regional globalization by integrating itself into the Arab world in terms of ITD and by becoming the "center" for the Arab "periphery."

The only reasonable way for any development in the occupied territories will be internally, through Development by Popular Protection (DBPP)<sup>162</sup> (see Chapter One). Under direct Israeli occupation, and especially during the intifada, a popular economy did exist wherein investments were oriented toward direct needs in a policy of self-preservation. Even after Oslo, such a strategy remains valid: the PA's adherence to neo-liberal policies should not per se prevent the population from renewing the DBPP of the intifada years or from giving priority to food security, basic needs, and the protection of the independent producers, especially those cultivating the land. It is imperative that the popular classes organize themselves and pressure the PA to adopt the DBPP and to delink as fast as possible from the Israeli economy. Efforts must be made to establish more economic cooperation with Arab economies. Although the formal Arab boycott of Israel has by and large been terminated due to Palestinian formal normalization with Israel, it is through the DBPP that the feeble formal Arab boycott of Israel could be replaced by a strong popular boycott.

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<sup>161</sup> To have an idea about how much the PA is controlled by the government of the United States (as the core of economic globalization crystallized in neo-liberal policies), Israel Shahak noted: "All the officials of the many secret [police forces] are being trained in the United States by CIA and to some extent the FBI. I believe, in fact, that American direct supervision of Arafat's regime carried out by the CIA has no parallel in the Arab world, even in the pro-American countries of the Arab world." Israel Shahak interviewed by Harry Clark, *Against the Current*, no. 79 (March-April 1999), p. 12.

<sup>162</sup> For more on DBPP, see Adel Samara, *Industrialization in the West Bank: A Marxist Socio-Economic Analysis* (Jerusalem: al-Mashriq Publications 1992), chapter 9, pp. 340-81; and Adel Samara "*al-Himaya al-Sha'biyya*" (Popular protection), in *al-Himaya al-Sha'biyya*, ed. Adel Samara and Udeh Shihada (Damascus: Kana'an Publications, 1998), pp.7-180 [in Arabic].



## CHAPTER SIX

### THE POLITICAL ECONOMY OF CORRUPTION

#### *The Case of the Palestinian Authority*

Corruption goes in parallel with human economic activities from the old empires to the imperialist/capitalist center and the collapsed bureaucratic Soviet revisionism. Corruption is one of the internal components of the class society, a society that is dominated by private property relations. Accordingly, monopoly and globalized capitalism, the most “developed” class-based social formations contain the most systematic corruption. As long as the capitalist mode of production dominates most of the social formations in the center and periphery of the world system, and as long as the ruling classes in both center and periphery cooperate in all aspects of life, including corruption, our point can be made that there is global, international corruption. However, this “developed” corruption in the center of the world order is systematic, well done and frequently hard to grasp. This might justify the approach of corruption as an independent socio-economic phenomenon, even as an economic and social system. This in contrast to dealing with it as a marginal phenomenon. As long as corruption exists in all economic activities of governments, private sector, political parties, trade unions etc. one can justify the use of the term “ Political Economy of Corruption”.

This term contains a non-traditional concept of corruption. It does not examine corruption as a simple, occasional or accidental event. It is a concept that considers corruption at the formal and popular levels at the local, national and international levels; in political regimes and political parties.

To deal with corruption in terms of a political economy means that corruption is not merely theft. It is political, social, and certainly an economic system or economic activity. Accordingly, the violation of the moral factor is not the main aspect of corruption. To treat corruption from the perspective of a moral factor is not a satisfactory approach.

The main form of corruption is the official one, because it is not only that the rulers are corrupted, but they are a source of corruption as well. Official corruption, as the main and leading form of corruption, takes several forms. The traditional forms are surcharges to import invoices and undercharges to export invoices used by commercial and industrial firms. In the case of imports, prices appearing in the invoices are higher than those agreed to between the foreign seller and the local buyer. However, this is just one example.

In many cases, the issue of corruption has been accepted or even “praised” by some bourgeois economists, international financial institutions, and core countries. These parties attribute to corruption a role in the “development” or growth of peripheral countries. An example was South Korea before the 1997 financial collapse. But, the same parties (regimes and financial institutions) who were praising growth through corruption in South Korea, changed their minds and attributed the financial crisis in the Tiger Countries to the same “praised” corruption and nepotism.

Corruption in general is a political economy of dependency, in the broad meaning of development. If some growth takes place in a corrupted country, it is a mere exception. It gains some praise when compared to the many corrupted regimes that fail to achieve any growth. Their failure is due to their belief that the wealth which they stole, will be restored by the people when a social change takes place. Accordingly, for a country to embark on development, there is no way to achieve development by other means besides corruption rather (see on ECLA later in this chapter). But in the final analysis, corruption is a class issue. It is the theft of the poor and oppressed classes' share of the national wealth.

Corruption is found almost everywhere, but it is stubbornly entrenched in the poorer countries such as Egypt, Lebanon<sup>1</sup>, Sub-Saharan Africa, and Latin America. It is deeply rooted in many of the newly industrialized countries, and it is reaching alarming proportions in the former communist countries.<sup>2</sup>

Regarding corruption, the difference between the Arab Homeland including the PA areas, and Latin America, is that corruption in Latin America is camouflaged by formal "democracies". In the last three decades, most of the Communist, leftist parties whose leaderships failed to lead the masses and gain power, deteriorated to a situation of internalizing the defeat. And accordingly, acted as defeated people. That is why they became parliamentary parties. In the Arab Homeland including the PA areas, there is a lack of this party system. In Latin America, corruption is covered by a "democratizing" process. In Arab countries, it is an open theft. As non-democratic regimes, the rulers have a free hand in using the wealth of the nation. The oil revenues in the Gulf States are treated by dynasty rulers as if it is a family property.

While the highest levels of corruption have been found in countries during periods of rapid economic and political transformations (e.g. Russia and Eastern Europe), and in despotic regimes, (e.g. the Arab regimes), the PA case represents most of the passive aspects of both. Imperialist media pretend that Russia is in a process of democratic transformation. However, this is not the place to argue whether democracy will find a chance to breathe beside corruption. In the PA areas, a group of twenty political activists, writers and academics signed a leaflet criticizing the corruption of the PA, which led most of them to jail.<sup>3</sup>

### **PA's Ideology of Free Market is Less than Capitalist Policy**

Through what is called privatization, the PA encourages monopolization of the Palestinian economy either in hands of foreign corporations and/or Palestinian companies. The PA openly favors the private sector, Palestinian or foreign, in fact, favors the foreign more (see Chapter Five). The favoring of the private sector takes place in a dangerous manner. The chance is open for the highest bidder. Accordingly, al-Masri family (one of the most aristocratic and mercantile families in the country) is about to own the country's economy.<sup>4</sup> This level of centralized monopoly is rejected even in the United States. The case of Bill Gates is a good evidence.<sup>5</sup>

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<sup>1</sup> For corruption in Egypt see, Shihata Siam, *Post Liberalism: The Structure of Capitalist Mind in Egypt* (Arabic) Ramtan publication, Cairo 1996. see for Egypt and Lebanon, Jalal Amin, *Al-Dawlah Al-Rakhwah fi Masr* The Flabby State in Egypt), Sina Publications, Cairo, 1993.

<sup>2</sup> See Daniel Singer, *Who's Millinuem*, Monthly Review, 2000.

<sup>3</sup> Twenty social, political and intellectual figures in the West Bank and Gaza signed a Manifesto, in November 1999, criticizing the PA as a corrupt regime. The PA's response was an arrest of all of us except those who were members in the "Legislative Council".

<sup>4</sup> "But Masri, a dapper, Texas-educated billionaire, keeps his eyes on new features of the Nablus landscape, all of which he had a hand in building: a Palestinian stock exchange, a modern television assembly, the headquarters of Paltel, the Mideast's first privately owned phone company. These are cornerstones of an emerging Palestinian economy, being built with offshore Palestinian money in expectation of statehood. And all are offshoots of the Palestinian development and Investment Co. (PADICO), a Nablus-based holding company run by the iron-willed Masri...Local critics, though, contend that it rests on a foundation of cronyism, nepotism and protectionism, with troubling implications for a Palestine of the future. Some see PADICO's close ties to Yasser Arafat's Palestinian Authority as framework for further concentration of wealth in a society already driven by deep inequities. William A. Orme Jr. Big Palestinian Holding Company Dominates development in West Bank. In the *New York Times*, May 6, 1999.

<sup>5</sup> In reality, the PA controlled areas, relatively, has nothing (big companies...) deserve privatization. But in its media it always preaches for privatization and the "leading" role of the private sector. As a country in nation-building, privatization is born with the regime, i.e. the PA is giving the few individuals of the private sector the opportunity to monopolize big projects. The Palestinian capitalist family of al-Masri got the privilege to take the bidding for many big companies, one of them is Gaza

As blind followers of free market ideology, and the prescriptions of the World Bank and IMF, the PA failed to apply a policy that attributes to the state, a vital role in building the economy, i.e. a Keynesian economy. The aim of the PA is to guarantee for its political elite high income, but not to develop the society's economy. It made the country a place of dreamers for monetary liquidity and new cars and other luxuries. For Keynes, the state is the strong arm that generates prosperity through an increase of growth rates, decrease of interest rates, increase of investment rates, and increase in demand on the consumption and investment goods. Since the supervisor of the PA is the United States and the international financial institutions, i.e. the World Bank, the PA applied the new capitalist economic policy which terminate the role of the state and the control of the supply growth, in addition to deregulation of the markets. This what is called, in general, the neo-liberalism as the negation or the final departure from Keynesian economics.

### **Governmental Corruption as Class Issue**

According to Mushtaq Khan, "To understand the extent and implications of political corruption on different countries we have to identify the specific classes and groups involved in political corruption and their bargaining power in specific contexts".

Corruption, as an integral part of the political economy, is limitless in the ruling elite. To become a political economy, corruption has to spread by the ruling elite through the entire social fabric. For the prevailing expansion of corruption to become a social behavior, while destroying the community, it becomes a source of indirect protection for the corrupt ruling class.

Corruption, like other socio-economic phenomena has commonalities. The case of the PA has many specialties among the different corrupt regimes'. As a regime in the era of nation building, accountability is imperative. As a country without real sovereignty, efficiency and good financial administration must be on the top of its agenda. The lack of sovereignty should be substituted by good political and economic behavior. As a country in nation building, it shouldn't apply the "catastrophic" prescriptions of the World Bank.<sup>6</sup> What is strange is that this is the first country in the world to apply the World Bank prescriptions from its very existence. As an un-endowed country (a country with poor natural resources), it shouldn't let a few rich families create monopolies by allowing them to obtain all the contracts through high bidding. This is in addition to dependency on donors who are real allies to the enemy of the Palestinian people (the Zionist entity-Israel).<sup>7</sup> In other words, the PA economy is an open economy and lacks a productive base. Despite of all that, the PA regime is corrupted.

Every ruling political regime is essentially a regime of a dominant class, in spite of its alliance with other minor classes articulated with it. The ruling class is the first and most benefited class in economic and political instances. Many of these benefits come through corruption. As long as the political system is undemocratic, the ruling party, or class, will become more corrupted.

The case of the PA is a good example. Most of the jobs from the cabinet to schoolteachers are monopolized by members and supporters of Fateh organization, the ruling party. As members in the ruling party, Fateh members were given most of the important jobs in the system. In many cases, large numbers of people are appointed to offices with no job vacancies.

"In 1998-99, 58% of the PA's current expenditures were devoted to salaries, well above the 45% average for the Middle East and North Africa regions, and over twice the world average. In the draft PA budget for the year 2000, this proportion is slated to grow further, to almost 60%".<sup>8</sup>

The PA minister of Agriculture, Hikmat Zaid, said: "We need large farms which employ a lot of labor power...we must enter the export world...this is much better than recruiting people inside

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Industrial Estate. It establish a Palestinian Industrial and Free Zones Authority (PIFZA) which is related to another large corporation belonging to the same family called PADICO. While the Israeli regime always covers the mistakes of its alliance with the PA, following the new link of Intifada, published a booklet agitating against the PA. The booklet blames Palestinian economic problems on internal mismanagement and cronyism, singling out the "centralized monopolies" directed by Mr. Arafat's chief economic adviser, Muhmad Rashid, and the powerful Nablus-based Masri clan and its publicly traded investment company PADICO. *The New York Times*, 21, Nov, 2000.

<sup>6</sup> An example of these catastrophic prescriptions is the preaching on free markets, concentration private sector, the creation of Free Industrial Zones...etc.

<sup>7</sup> The aims and policies of the "donor" countries, i.e.the United States of America, Britain, France, Norway... is to settle the Palestinian refugees out of Palestine. These countries, especially Britain before 1967 and the Unites states after 1967, are in fact fighting behind Israel and against the Palestinian people and the Arab nation.

"A cursory examination of MOPIC project data reveals that the overwhelming majority of this assistance appears to have been spent by donors within their own countries, on their own NGOs or technical experts. Although no detailed assessment has been made, some PA officials claim that 79 percent of all donor funding of this sort is spent on the salaries of external experts and other forms of external procurement. Palestinian researchers claim that an even higher 90 percent of technical assistance funds are spent on donor personnel or in donor countries."(JMCC1997, 46) Quoted in the *World Bank Report. Effectiveness in the West Bank and Gaza*, 2000, p 107 WB)

<sup>8</sup> Ibid, *The World Bank Report* , p xviii.

ministry buildings which put them in trouble and make them unfeasible. Out of the general budget, the budget to agriculture which was allocated in the year 2000 1.3%, which is not adequate for the agricultural sector and the food security".<sup>9</sup>

In this context, the PA is imitating Arab regimes by indenturing as much as possible of the working force into the regime's bureaucratic apparatus so as to keep them out of participation in opposition actions. Here, these people will be maintained as beneficiaries, corrupted in their high ranks, and oppressed and paralyzed in their middle and low ranks. Since the salaries of the middle and lower classes are low, many of them substitute that by asking for bribes. By doing that, they will be hated by the community. This hate pushes them to support the regime and places them against the masses.

As long as the donors are paying most of the PA's "development" budget, they minimize the duties of the PA. Accordingly, the PA must save enough money to use it for nepotism and corruption. Through nepotism and corruption the PA became strong enough to devote money for jobs aimed at creating loyalty other than employing the needy people. In normal cases, and without this suspicious role played by the donors, most of the PA's expenditures should go towards the creation of permanent and productive jobs, because of the necessity for that in a newly formed 'state' and because war against the occupation will end with the so-called peace. The Israeli economic destruction of the WBG economy to repress the *intifada* 2000 is the best and most recent proof.

Generally speaking, the PA assigns jobs in a partisan manner. Accordingly, priority has been given to two main categories: the returning cadres and the locals who were imprisoned by the occupation even if they have their own businesses. But inside these two categories, top priority is granted to Fateh members, which is discrimination against the majority. In fact, most of those who were not in the ruling party never received any rewards, and most of them never asked for them. The PA created a system of reward to inject into the people the behavior of cashing in on their struggle. This is not mere corruption. It is the moral destruction of the national cause. Even if there is a right for people to be rewarded with jobs for their struggle, this must be measured according to people's qualifications. Those who have no qualifications and are unable to be retrained for another jobs, have the right to get a retirement salaries.

Another category is colonels who are imposed by the PA Chairman over civil associations, (e.g. the leaders of the trade unions in the WBG are twelve colonels appointed by the same PA chairman).

Leaders from other PLO organizations, are benefiting according to their loyalty to the "peace settlement", embodied in the PA. Their positions and salaries are improved as long as they guarantee to the regime that they control their own organizations from within not to never oppose the regime's policies, especially during the so-called 'peace' process. This means that qualifications are never given consideration when distributing jobs. This might explain the ineffectiveness of the PA's institutions. Here, the corruption is at individual, class and political levels.

When all these forms of corruption are not rejected, and "sold" by the donor countries who support the regime despite of all its practices, it means that there is a joint agenda between the donor countries and the ruling class to condition (re-educate) the society to accept low level of values and morals.

What must be noted here is that the "experience" of the absolute leader of the military organizations of PLO is to facilitate corruption. In three decades, when the PLO was active, financial reporting was infrequent as long as the resources were not identified and undocumented. Leaders were relatively free in donating, and high-ranking members were able to spend without providing records either because of their "high" positions or because of the underground political work of the Palestinian resistance movement in general.<sup>10</sup> The same behavior is repeated when the PLO leadership became the ruling elite in the WBG. This is why the PA is the only regime with two budgets, one is an ordinary and publicly declared budget and the other is there, but never declared. The hidden budget is used for bribes and political appointments.

There is a tradition of leader's "free hand" in dealing with money. Of the main sources of financial aid before 1990 were the Arab regimes that were never asked to be accountable. Their aim was to corrupt the P.L.O in order to not develop into a revolutionary organization, which might threaten their interests. Other sources of financing the resistance movement is the tax paid by Palestinian workers in the Arab oil countries and the rest of the world, in addition to donations from Palestinians in the Diaspora. These people either do not know their rights to ask for accountability, or they have blind confidence in the PLO leadership. Both justifications are catastrophic.

<sup>9</sup> Interview, *al-Quds* daily, Jerusalem 27, August 2000.

<sup>10</sup> The State of Qatar, took Jawid Al-Ghusain, a former member in PLO Executive Committee, to court, and sentenced him to pay \$13 million to the Palestinian National Fund, because he was supposed to pay the money in 1991-1992. Al-Ghusain told the court that he got the money from PA chairman Yasser Arafat personally.

The PA failed to realize that the people in the West Bank and Gaza are different from the PLO's military organizations' members in Beirut. These PLO's members in Beirut-Lebanon believe highly in PLO leadership. They neglect their professions and work as cadres. As professional militants, they were dependent on the monthly salary paid to them by the leadership. When the leadership decided to compromise and move towards the Oslo Peace Process, these people obeyed and were totally dependent of the leadership.

The population of the WBG is self-sufficient as a society. Accordingly, as a self-sufficient society, the WBG population has no reason to obey the PA regime blindly. Two results followed that:

First, the PA felt that it is unable to gain people's confidence. This is why it pursues corruption projects to recruit loyalty. This ends in huge bureaucratic apparatus of the PA that employs nearly 150,000<sup>11</sup> people.

Second, in doing so, new divisions are created in the society such as is the "privileged" and "the not", local and returnees, the north of the West bank and the south, and even Gaza and West Bank.<sup>12</sup> There is no doubt that these divisions are based on direct material benefits.

According to Marx: "...every mode of production determines modes of circulation, distribution and consumption as so many moments of its unity".<sup>13</sup> The question is how does distribution take place under the PA. As long as the production is low, even marginal, it never becomes the main financial source of income of the PA regime. What are distributed by the regime are the donations that it received from various sources. That is why they are distributed in a corrupted manner.

As long as the regime's revenue is not only generated from its own society, from taxes and /or public sector projects, and as long as the regime's corruption is financed, even indirectly, by the donors who finance some of the jobs which the regime must carry, the PA regime will find it easy to go so deep into corruption.

In the collapsed socialist countries, the ruling parties were corrupted because they controlled the economy on behalf of the working class, the sole producer of surplus value. The rulers of the "rental oil countries" are the same since they consider oil as part of the dynasty's ownership. But while the two mentioned examples are controlling national wealth, the case of the PA is similar in behavior but different in the source of the wealth. The money that is available in the hands of the PA, is mainly from taxation, governmental monopolies, and the donor countries which donate money as an indirect price "political rent" to encourage and facilitate the PA's further deterioration towards political compromise with the Zionist project-Israel. What is ironic, however, is the fact that the donors are not protesting the PA's corruption. This is evidence that the donor countries, that are core capitalist countries, support the PA as long as it carries out the imperialist "peace settlement" in Palestine. This settlement satisfies their political agenda, the cornerstone of which is to terminate the Palestinian refugees' Right of Return and to facilitate normalization between Arab countries and Israel, with the aim of implementing Israel's plan to be integrated into the Arab Homeland in the manner of "Integration Through Domination". This Integration Through Domination is an Israeli goal and plan not an Arab one.

The grants the PA's leadership gives to its supporters are money that is supposed to be devoted for development or job creation or must be used to improve the low salaries of many sectors of the society, the schoolteachers for instance. This policy is a corrupt one, and it is oriented toward buying loyalty to the regime at the cost of development. As long as the PA maintains its current economic policies, more donor grants and/or loans means more backwardness and more dependency on debts and donor countries whose aim is to support the Israeli termination of Palestine. Unfortunately, it is a political rent for the political positions of the PA.

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<sup>11</sup> "As a result some 14 percent of the entire Palestinian labor force is presently employed in the public sector, (16 percent if UNRWA is included), compared to 12 percent in Egypt, 10 percent in Jordan (11 percent with UNRWA), and 10 percent in Tunisia. In 1998-99, 58 percent of PA's current expenditures were devoted to salary, well above the Middle East and North Africa average ... (p88)..."

"it should be noted, moreover, that civil service salaries are generally low, and have eroded in real terms since the establishment of the PA. If public sector employees were to receive the pay increases proposed in the 1998 Civil Service Law, the wage share of the recurrent budget will increase further" *The World bank Report, Effectiveness in the West Bank and Gaza*, 2000, p88.

<sup>12</sup> Corruption is splitting the society. Some locals, especially business owners and those who apply for new licenses, see the society as divided into "Locals" and "returnees" (meaning those Palestinians who returned to the WBG after the PA Authority of established).

<sup>13</sup> Marx, K 1961 *Capital*, Vols I and II, Moscow, Foreign Languages publishing House. p.266)

## SOCIAL-ECONOMIC MANIFESTATIONS OF CORRUPTION

### I. Modernizing Traditional Corruption: Sector and Class Corruption

Corruption is not a new phenomenon in traditional societies, such as the Palestinian society. By nature, the patriarchal structure encourages corruption in many forms. One of these forms is *al-wasta*, which is a third party mediated between the citizen who has a complaint against government office and the government employee who would not deliver the service he receives some bribe from the citizen. During the Jordanian era, mediators came from the traditional social leadership which started from *mukhtar(s)* (local leaders) in villages going up to high ranking people in government, depending on the size and level of the demanded service. This hierarchy has changed during the direct Israeli occupation to be delegated and donated to collaborators with the occupation who serve the enemy by milking their daily living from the people. Also, collaboration itself has its own stratification. Workers contractors, agents, sub-contractors, and some wealthy citizens who have access to Israeli facilities and privileges.

Under the PA regime, figures of *al-wasta* are relatively new. They are high ranking employees in the regime. The PA rewarded *al-wasta* to its ex-cadres, or to members of the regime's bureaucratic structure. As PA employees, these *wasta* are the judge and the jury. In addition to the bureaucrats, the *wasta*, became a new part of the privileged elite, rich comprador families, high ranking NGO (see below) ...etc.

The new *wasta* and comprador elite, which grew under the PA, has replaced or shared with those who were favored by occupation or at least joint them. Nobody knows the real list of those who received licenses for trading and importing agencies. A member in the

The Palestinian Legislative Council" requested the secretary of the Council to obtain a list of four names of that list. The secretary never replied.<sup>14</sup>

This corrupted environment pollutes the social image. People talk about those who corrupt in a critical manner, even by name. However, in the end, many citizens go to the corruptionists' homes, offices or working places to bribe them. The same corruption reaches the local councils of municipalities and villages.

Intellectuals were some of the early social factions to be paralyzed by corruption. The main parties of the Oslo Agreement, NGOs, foreign and international associations, and PA recruit intellectuals by offering them high paying jobs. In doing so, the main parties of the "peace process" are taking out from the mass movement its intellectual machine through de-politicizing many radical cadres of the leftist national movement.

As noted above, the regime offers jobs to people based on "politics". The regime knows the lack of qualifications of its cronies, and that is why they are willing to any job the regime asks them to do. They are not well educated, and many of them come from middle class and poor families. Their intention is to improve their lives, which is a human right, but this should not be achieved in this manner. They want to show their simple families that, at the end, they got something for their past role in the struggle as if the equation is as simple as that. In the end, each one of them is ready to fight for what he gained. For them the cause was reduced to having a good job. That is why they are ready to compromise the Right of Return of the people for a good job and new car...etc. The regime guarantees full employment for its party members and supporters in a form of "politicized employment". On the other hand, the majority of the work force has been thrown to unemployment. They must find their way to gain jobs, by *wasta*, or working in Israel, smuggling, or leaving the country... An economic situation of high unemployment, low growth, high prices, a case of stagflation is pushing the young generation to leave the country. The result is what the occupation has always dreamed of.

Of the reasons why the regime is buying loyalty is the economic backwardness and the poor economic resources of the country, notwithstanding occupation. That is why the PA became the source of economic security for those who are looking for work. To feel socially and even politically secure, one needs economic security. By monopolizing jobs for its loyal people, the PA deprives the majority of the people from equal competition for the country's resources. The deprived majority is obliged to turn to family or *hamula(s)* (extended families) for economic support. This is the reason why traditional social relations are being revived. Corruption deepens the lack for social, economic, and personal security as long as the loyalty to the regime is the standard for getting a job.

The supporters of the PA are not ready to accept any criticism of the PA. Accordingly, they never realized that their leadership decided early on to share the country with the enemy, even when the PLO leadership raised the slogan of "National Authority" in the West Bank and Gaza (1972-74).

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<sup>14</sup> An interview with Abdul-Jawad Saleh, a Palestinian Legislative Council member.

With time, the national authority program ended up normalizing with the enemy and recognizing the occupation over its country. The acceptance of sharing the country with the enemy ended with acceptance of division of the remaining part of Palestine, the West Bank and Gaza including Jerusalem.

## II. Judicial corruption

Another aspect of corruption is the judicial level, which is subordinate to the executive authority, contrary to any democratic system. The executive authority is at liberty to dismiss High Court decisions. What is really strange is that despite the fact that the executive authority does not respect the High Court's decisions, the High Court members never protest or resign in protest.<sup>15</sup> Unfortunately, this gives the people no choice but to believe that what is ruling now is not law but corruption. Thereby forcing them to find their own way -either fighting back or adaptation.<sup>16</sup> Even in this context, corruption was not limited to the higher ranks of the PA. It goes down to the lower steps in the social ladder. For instance, many court cases are delayed in courts for no clear reason. This delay pushes clients to pay money to a colonel who is able, by his own "informal and illegal means", to solve the problem.

The so-called Palestinian Legislative Council (PLC) of the PA is composed mainly Fateh members.<sup>17</sup> When a report of formal and Cabinet corruption was made public, most of this council supported the corrupted cabinet and that is why the same cabinet continued. In this case, the PLC is not representing the people, it is representing the ruling party whose Cabinet is protected by the same council. Despite the fact that the term of this Council has expired two years ago, none of its members has resigned. All of them accepted the extension by the executive authority, which is a proof that they are not representing the people but the ruling class that they became part of it due to their interests or positions.

When the regime, the PLC and the ruling party are openly corrupted, the rest of the people are forced to work in the environment of corruption as well. That is why, corruption became the norm, which affects every single individual in the society unless he isolates himself from it.

The "Legislative Council" accepted a state of two budgets. Thirty five percent of the declared budget is spent on the police and intelligence apparatus. Considering the large number of people employed by PA (nearly 150,000), their share of the budget and the continuous increase of this apparatus for the "loyal people", it became clear that nearly one third of the society depended on the regime. In one-way or another these people might support the regime as the source of their living. This is why the regime doesn't care for accountability or democracy.

## III. Corruption Swallows the Share of Education

Palestinians, mostly refugees, feel that education is a weapon with which to face life's challenges. Emphasis on education is rooted in the fact that Palestinians, compared to other countries, have few choices. The role of schoolteachers has deteriorated under the PA. Their salaries ranges between \$300-450 per month. Any teacher who has a chance for a second job in the afternoon, in the evening or even during holidays, took it. Lack of budget for the teaching sector means no training and developing. Classrooms have on average 35 students with limited classroom space. Schools are operation two shifts. This increases the burden on teachers without improving their salaries.<sup>18</sup>

Despite this, there is high competition for teaching job. This is due to the high unemployment rate, and a decrease in jobs in Israel and in Arab oil-producing countries.

The PA's employment policy created a new unnecessary sector, which eroded teacher salaries. This new sector is paid high salaries at the expense of teacher salaries.

Teachers were the first sector to have large strikes demanding salary improvements. The PA plays the same capitalist corrupted regime's role by dividing them, especially by forcing its party members to weaken the strike, by preparing unemployed graduates to replace the striking teachers and by arresting their leaders.

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<sup>15</sup> The Palestinian high court made forty eight decisions to release of prisoners, but the chairman of the PA refused to release them. The judges never protested.

<sup>16</sup> The degradation of the Palestinian national/leftist opposition played a major role in the weakness of social protest and resistance against the PA policies.

<sup>17</sup> Fateh gained most of the seats because the Islamic and national-leftist currents refused to participate in the elections because it took place under Oslo Accords.

<sup>18</sup> While the World Bank Report dealt with most of the education system, it never mentioned the teachers' salaries. Taking into consideration that the World Bank heavily argues for the sake of sustainable development especially the human development, this leads the World Bank to ignore the deteriorating quality of life of teachers..

The leftist opposition failed to support teacher strikes. This is due to the PA's ability to bribe their leaders. A leading teacher from the Democratic Front for the liberation of Palestine (DFLP), a leftist organization, continued the strike against the will of his own party and was arrested by the PA, and later punished by his own party.

The condition in the universities is not better. Lecturers conducted numerous strikes either for salaries, libraries operating costs, laboratories, and other expenses. In Al-Quds University, a Saudi businessman offered \$10 million to pay the deficit of the university and the lecturers' savings fund with a condition of changing the members of the Board of Trustees who were accused of mismanaging money. The PA rejected the condition because the members of the Board of Trustees are from its own party.

#### **IV. Corruption and the Working Class**

One of the main aspects of the WBG economy during the occupation era is the unbalanced equation of labor and capital. Generally speaking, local capital is supposed to employ (or exploit) local labor power. This issue is based on the classical theory that the bourgeoisie has an interest in its national market as its domain. In this domain, capitalism exploits the local labor power. This equation was broken by the Israeli occupation, which blocked the development of the OTs. During most of the occupation, more than 40% of the WBG labor power commuted to work inside the Green Line-Israel. Nearly the same percentage of workers left work in the Arab oil-countries.

It was expected that the Palestinian regime will adopt a development policy which protects the labor force from class exploitation and national humiliation by the Israelis. It was expected as well that the PA will transcend the PLO's poor traditions of having no development policy, to design one that is close to Development by Popular Protection DBPP (see Chapter One), or at least to be committed to its pretense of making the WBG like Singapore. The Paris economic agreement. Signed between Israel and the PA, stated that Israel will issue permits for 100,000 Palestinian workers to work inside the Green Line-Israel. This part of the agreement reveals that dependency on the Zionist entity-Israel is a main component of the PA's economic policy. This is why the PA continually blames Israel for not allowing the Palestinian workers to work in its economic sectors. "Unemployment rates were tripled, from an average of 5.6 percent of the labor force in 1990-1993 to an average of 18.3 percent in 1994-98".<sup>19</sup>

But, is a figure of 5.6% unemployment rate before Oslo correct?. This percentage is a false Israeli figure. And if the employment of these WBG workers in Israel or even in Arab countries is permanent and with no fear of termination without notice, does it mean that this is right economically. The normal situation is that the local capital must be able to absorb (again or exploit) the local labor. This was never was the case in the WBG's economy.

In fact, the working class is exploited by Israeli and local capital on the one hand, and cheated at the political/national level on the other. During the direct occupation (1967-1994), and the indirect one since 1994 up till now, the leadership of the working class was a "tail" for the political organizations whose leadership was from petty bourgeoisie or the intellectuals (non-socialist either way). The situation deteriorated more when the working class leadership fell totally in the hands of the PA.

When power was transferred from Israeli occupation to the PA, the PA received a "ready to obey" working class leadership. This is why the trade unions disintegrated during the PA rule. The PA continued the PLO's policy against the working class. Bribing high-ranking leaders by giving them privileges, new cars, extension of their terms and "secret" salaries.

As noted earlier, the PA appointed colonels as leaders for the trade unions. When the teachers started their strike, the Trade Union leadership signed a declaration condemning the strikers. Supported by the PA, the general secretary of the Trade Unions signed an agreement with the Israeli Trade Union "*Histadrut*"<sup>20</sup> on behalf of the workers and received 8 million Israeli Shekels as a first payment from the Palestinian worker's wage deductions in Israel. According to this agreement, Israel will continue to make payments on a monthly basis. In addition to the fact that this is a normalization step against the people's will, the general secretary behaved autocratically. He never consulted any of other leaders of the trade union or technical teams.

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<sup>19</sup> *The World Bank Report*, 2000, opcit, p.13.

<sup>20</sup> This information is from a workshop conducted by a group of trade unionists in Ramallah, 13 August.



Encouraging the PA to be more corrupt, the Israeli occupation authorities give the PA the control over Palestinian labor in Israel. This will give some people the chance to gain from issuing permits to selected workers considering the wages are 300% higher in Israel than those in the WBG.

## V. Investment vs. Corruption

It might be an exaggeration to build a link between corruption and development. It is less of an exaggeration to find some link between corruption and growth. Development, at its core meaning is for the benefit of the popular classes that are the main victims of corruption. It is a benefit in terms of giving them their right to participate in planning and production, leading, and compensation for their services. Development means that people deserve to enjoy the right to work and to contribute, and not to be marginalized in all socio-economic-political and cultural activities.

Corrupt people have little inclination towards investment and development. They might prefer to invest abroad rather than locally. To invest locally, they must believe in the stability and continuity of their political system, it is clear that they do not.

The Latin American UN Commission ECLA was the first group to develop the policy of Import Substitution. Accordingly, for years they argued that a high rate of import growth plays a major role in sustaining economic growth policies and that Latin American countries continue in sustaining strong external support in order to meet service payments. This concept proposes a mutual good will from the Import-Substitution policy towards development as a national policy and from foreign assistance. This is questionable and debatable. As a reformist school, ECLA tries even to reconcile development and corruption.

ECLA's main argument is that this form of "bribing" might not harm development as long as the dominant classes would not obstruct development. This "positive" attitude of the dominant class is due to ECLA's belief that as long as the dominant class benefits from growth, some trickle-down will go to the poor classes and this will minimize social tension and facilitate development. In practice, however, a substantial portion of the capital that flows to Latin America, in the form of development loans, escaped from the back doors and found its way to private accounts in foreign banks. The Russian experience is the latest and the most clear. fraudulent operations are impossible without facilitators from the managers of international banks.

In the case of the Palestinian experience, the so-called Jordanian-Palestinian Joint Committee, based in Amman, that helps develop the Occupied Territories applied conditions, which cannot be met by anyone below the upper-middle class. To obtain a loan, the borrower must own a piece of land. Only the petty bourgeois or upper classes own land close to cities. The Joint Committee policy was to develop construction projects close to cities in wealthy areas.<sup>21</sup> Large loans never entered the OT-1967. Instead, they are deposited in foreign banks. The main aim is to remain loyal to the Palestinian leadership. It is a mutual interest. The rich got the surplus. In return they exchanged their loyalty to Jordan for loyalty to the PA.

One can tell a lot from the way the PA uses donors' money. Neither the PA nor the donors are really interested in development or growth. The PA has become a corrupt regime transferring the locally produced and gained capital abroad, and the donors never devoted their assistance to local development,<sup>22</sup> taking into consideration that the donors control the use and distribution of their donations.

This tradition of PLO's lack of development perspective continued when it arrived to power in the WBG. "...Corruption fits into this general concern (lack of development perspective) because corruption seems to be a powerful indicator of state failure and seems to be a major explanation of why some states apparently fail to make any policy work in many developing countries"<sup>23</sup>. In the case of the PA, the problem is a double-edged sword: the lack of development strategy, and a history of corruption and obtaining money from non-local resources.

In an open letter to the PA Minister of Trade and Economy, the merchants who import consumer goods from European markets, according to a formal licenses issued by the PA, found that the market is saturated by goods smuggled from Jordan, especially milk and cheeses. The tax percentage on milk and cheese products reaches 80% , while in neighbouring countries these products are tax exempt".<sup>24</sup>

<sup>21</sup> At this level, my idea was that this Joint-Committee must offer loans to people who are willing to build suburbs or small villages in the mountains of the WBG where Israel is expected to build Israeli settlements. The PLO leadership gave lip service to that. What the PLO wanted at that time was to buy loyalty for itself against the Jordanian regime. It was busy in its internal competition to gain loyalty.

<sup>22</sup> See for example pages: *The World Bank Report*, 2000, opcit, p. ix, xii, , 107.

<sup>23</sup> Mushtaq Husain Khan, *The Analysis of Corruption: a review of Issues*, not published paper , 1999, p1

<sup>24</sup> An advertisement signed by Wallid Anabtawi, on behalf of others. Published in *Al-Quds* daily 26-8-2000.

## VI. Consumerism and Corruption

Consumerism is not a new phenomenon in the Palestinians Occupied Territories-1967. It has been minimized, but stayed latent, by the *intifada-1987*. Despite of the high moral level of *intifada*, the rich layers of the society never ceased to purchase Israeli products from inside Israel.

Under the PA rule, and despite the deterioration of living standards and the downfall of revenues, consumerism has expanded. It is financed by donor countries, NGOs, and by corrupting PA high ranking officials as well. This is why the level of consumerism is so high in the areas which house the PA ministries, high ranking officials, donors' offices, NGOs offices, and international agencies.

This is not to minimize two other factors:

1. The traditional inclination in the community to spend in a showy manner as a social source of pride.
2. The consumer behavior that has permeated in the society through more capitalization of the economy in addition to the absence of institutions that strengthen the culture of resisting consumerism.

More consumerism means higher prices. Expanded consumerism leads to more contraction of the local markets because money is spent on goods imported from Israeli and foreign markets. As proof of this, as a poor country, the PA areas are full of expensive commodities, including new and expensive cars. This has led to the stifling or suffocation of the local infant industries as well those who produce the basic needs.

According to the traditional mentality, even the popular classes are competing for consumerism. This is clear in their extravagant spending habits.

## The World Order and Corruption

It is hard to imagine a corrupt regime that is separated and isolated inside its own country. All the highly corrupt regimes in the periphery are related to, supported by, and certainly working for a capitalist core. In other words, core imperialist countries are supporting the industry of corruption in the periphery as part of their national income or GDP since corruption at the periphery means transfer of wealth from the periphery to the center. When it comes to profits, capital rarely considers morals or democracy. This is why corruption is a complementary part of business and globalization.

The most recent example is the core's support of privatization in Russia, where the industrial complexes were sold very cheap. The result of the so-called Russian transformation towards democracy and capitalism deteriorated towards systematic corruption.

A reason why colonial/imperial capitalism supports corrupt regimes lies in the fact that it is an extension of colonialism in new forms and levels of core/periphery capitalist class "alliance". In other words, world capitalism is in the stage of re-arranging its class structure- the stage of class re-order.

It should be mentioned that the corruption process in the center is different from that at the periphery. Corruption in the center, as an early transformed society "social formation", is institutionalized and subsidized by the draining of wealth from the periphery. There is a role for wealth transformation from periphery to center, a role in minimizing corruption in the core countries. Accordingly, corruption in the world system is some form of the dominant phenomenon of this capitalist system in the era of globalization.

In peripheral formations, corruption is open and stratified from the upper layers of the society down to the popular classes. To struggle against corruption in some peripheral countries is, in fact, harder than to struggle against colonialism or occupation.

"International businesses will generally turn systematically to corruption, where possible, to obtain access to markets, government favors, and other resources, in particular, in Francone Africa, France is still the senior business partner enjoying long-lasting economic, political, cultural, linguistic, and personal relationships.

As an example, the French oil company, ELF can get access to Cameron's off shore oil resources through bribing president Paul Biya..."<sup>25</sup>

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<sup>25</sup> Look ar original Inge Amundsen, Political Corruption: The Effects of Regime Type. Unpublished paper, p. 12

By adopting the World Bank and IMF prescriptions of privatization, non-state intervention in the economy, open market, absence of protection, granting laws and regulations favoring foreign over the local capital despite the PA's pretense that it is supporting the private sector, the PA Self Rule economy became a stand-by economy. This same policy gave priority to the Casino economy over development, intensive employment, and production of basic needs.

As a stand-by economy, the economy of PA Self Rule is going to depend more on services. These services are not limited to the Casino economy. The PA expects an active role in tourism. Despite the fact that tourism will activate the tourist industry, tourism needs several complementary services, restaurants, hotels, tour guides etc. This, in addition to the fact that as long as the PA has no sovereignty over the borders and Jerusalem, tourists will first go to Israel, and their travel to the WBG will be temporarily.

While one of the departments of the Palestinian regime issues an official report on real and concrete corruption, the US Ambassador to Israel, Martin Indek, praised the PA function: "The U.S. Ambassador to Israel, Martin Indek, emphasizes that the PA succeeded in changing and developing to the better in a various economic fields, referring to the industrial zone in Gaza".<sup>26</sup> While a report published by *Newsweek* stated: "The Palestinian leader was free to dispense the cash to those who towed the line. It took three years of intense pressure from donor groups like the International Monetary Fund to persuade Arafat to funnel the money through his finance Ministry. The IMF also pushed Arafat to reveal the Authority's business holdings, but he's still sitting on the audit report from Price Waterhouse Coopers".<sup>27</sup>

Why is the IMF so "patient" with the PA in spite of all this corruption, while it is harsh against Mr. Mugabee of Zimbabwe despite the fact that his country is making the loan payment in a timely manner? When Mugabee protested the IMF's delay in lending his country the second installment of a loan, the IMF director did not tell him not to support Kabila of Congo. This is why Mugabee has called the IMF a wild animal. Even the Egyptian regime is under intense pressure from the IMF to devalue its currency, despite the fact that the Egyptian regime touts the Palestinian regime in the "peace process", i.e. it plays a major role in persuading the Palestinian regime to continue in the failed and catastrophic "peace process".<sup>28</sup>

The donor countries, at several occasions, paid the salaries of the Palestinian policemen, sometimes through UNRWA, a UN agency for the relief and assistance of Palestinian refugees. But none of these donors considered paying the salaries of schoolteachers who are poorly paid and were forced to strike several times.

International banks have a role in corruption in the countries of the periphery (COP). According to the large amounts of money, liquidity, and declining domestic demand for funds, banks in the developed countries started competing for capital export to the peripheral countries whose demand for loans was too large, especially the less developed countries which borrow from the private banks to finance their expensive economic policies. When COP were able to repay, commercial banks were lending and facilitating corruption.<sup>29</sup>

Large amounts of these loans were never used in development, instead they were diverted to corrupted circles. Following the explosion of the debt crisis at the beginning of 1980s, commercial banks and developed countries reduced their loans to peripheral countries in spite of the large, idle financial surpluses available in their countries. Most of the loans stolen by corruption returned to the core countries in private accounts. Suharto, of Indonesia, faced a trail for stealing and depositing in international banks an amount of \$4 billion. Recently, the role of commercial banks is to launder money through Third World banks and regimes. But even this money when laundered, returns back to the center. In this case, money laundering is a joint activity between the peripheral capitalist state, international banks and the state at the center of the World System.<sup>30</sup>

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<sup>26</sup> *al-Quds* daily, June 2, 2000

<sup>27</sup> *Newsweek* May 22, 2000

<sup>28</sup> See Adel Samara, *Imprisoned Ideas: A Discussion of Palestinian, Arab, Israeli and International Issues*. al-Mashriq al-A'mil center for Cultural and Development Studies, Ramallah, 1998, Part III Chapter I, Egypt's Role in Palestine: From Liberation to Compradorized solution. The US imperialism paid for the Egyptian regime for its role in the "peace" with Israel, in the Gulf aggression against Iraq. As long as several Arab comprador regimes are recognizing Israel, Egypt's weight in this level is minimizing. A new role for Egypt against Arab nationalism is necessary to have a new "support".

<sup>29</sup> "Between July and November 1976 the government of Argentina deposited in the Chase Manhattan Bank on New York over \$ 23 million a month, for which the average interest rate received was five per cent. However, in the month of July of the same year, the Central Bank of Argentina renewed for 90 days a loan of \$30 million granted by the same bank, at the rate of 8.75 per cent..." Jacob Schatan, *World Debt Who is to Pay* Zed books, p49, 1987.

<sup>30</sup> For instance, the U.S. Administration under George W. Bush, retreated from its commitment to reform the system of the Off-shore banks whose work is money laundering. See Lucy Komisar: *After Dirty Air, Dirty Money, The Bush Administration is Blocking Efforts to Rein in Offshore Banking*. *The Nation*, June 18, 2001. P.16-17. And *The Economist*, June 23, 2001, pp. 55-57. According to the IMF estimation, the amount of money generated by money laundering comes to \$500-1500 trillion. The

## CHAPTER SEVEN

### NGOs: DEVELOPMENT OR INDIVIDUAL ENRICHMENT AND EXTERNALIZED AGENDA

#### *The West Bank and Gaza Strip as a case study*

The definition of Non-governmental Organizations (NGOs) varies from one writer to another. Without going into a lengthy discussion about these definitions, there are two main points that will clarify this term:

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United States still favouring money laundering, *The Economist*, June 23, 2001, pp. 55-57. For more information on money laundering, see: China's Money Laundry, by David Lague, in *Far Eastern Economic Review* June 21, 2001, pp 56-58.  
[www.feer.com](http://www.feer.com)

- (a) To draw a clear line between NGOs on the one hand, and grassroots organizations, trade unions, charitable societies, cooperatives that are mainly activities of civil society activities, on the other.
- (b) My aim is to separate and differentiate NGOs from the grassroots social activities, that are established on a voluntary basis by local social classes and those that are self-organized and self-financed. The agenda of these organizations is usually domestic or national one.

In this article, I attribute the term NGOs mainly to foreign NGOs and to local NGOs that are created by, or dependent on, the foreign ones. In addition to that, local organizations that are not socially based and don't have membership or general assembly, and consist of offices and employees, are considered NGOs and not grassroots organizations. I am, therefore, differentiating between an individual, whose work with an NGO is linked to his gains (salary and privileges) and another individual who is an activist, a pioneer, a builder, or a member of a grassroots organization.

My definition of NGOs does not include grassroots organizations in the western capitalist countries, since these NGOs were established independently, and even in opposition to, the western capitalist regimes, such as many anti-globalization NGOs.

The term NGOs in the chapter also means those that consist of only offices and employees, and those which claim that their aim is to assist in development, yet do nothing about it. Those NGOs pretend that their aim is to assist the socio-economic and cultural development of the target COP. NGOs that are composed of managers, staff, secretaries and offices to deliver services, conduct research, and prepare studies based on the demand of foreign NGOs or the embassies of western capitalist countries. Included in this term are also NGOs that are not financed by their own membership, rather by foreign capitalist regimes, the so-called 'donor countries'. Finally, the NGOs that this chapter focuses on are mainly those that operate in the Third World.

Evaluation of the NGOs is highly controversial. It seems that in many cases, these controversies are not based on the nature, structure and role of these NGOs only, but to a large extent, on the ideology and political positions of those who are evaluating the NGOs.

It is important to consider the relationship between foreign NGOs and their capitalist regimes in the center, the political aims, colonial history and the current imperialist policies of these regimes. This will make it possible to conclude that NGOs are a new form of the traditional European capitalist missionaries with the difference that today's NGOs which operate in COP are in the service of the imperialist center. While some of these NGOs are not in service of their regimes, then the question is how to make this distinction.

It should be noted that NGOs' attempt to conceal their "umbilical cord relationship" with imperialism would not help them from losing their fragile credibility among people. This is because, it is a wrong relationship considering that imperialism never looked at the periphery for allies but for agents. Also, because it is difficult to hide the fact that they are sponsored by imperialism.

NGOs are a debatable issue among the Palestinians in the WBG. Their supporters are deliberately mixing the term NGOs with other terms like local (*ahli* in Arabic) grassroots, civil society, and mass organizations. The artificial expansion of the term NGOs reached a point where Trade Unions were considered NGOs. The purpose of this exaggeration is to hide the true face and role of NGOs, especially when doubts about their role, their source of financing and their relationship with western capitalism increasing. The World Bank as an international financial institution encourages corruption as part of its hidden agenda in the COP. In fact, it strongly supports NGOs in the PA-controlled areas. By doing so, the World Bank is contributing to false activities and not fulfilling its stated goals. The World Bank Report for the year 2000 stated: "...Various non-governmental groups, including political party activists, religious leaders, charitable organizations, local business associations, and foreign NGOs, were the first choice of only 12 percent of those surveyed, with political parties accounting for more than half this total".<sup>31</sup>

The main bias here is the deliberate confusion of the NGOs, as they are defined above, with grassroots organizations and political parties. The same goes for confusing the role of NGOs role with the issue of development. Development is a communal/social, political, economic, and cultural process. It is either conducted by a regime that represents the majority of the society or adopted by the popular classes in the form of Development by Popular Protection (DBPP). NGOs are financed from abroad and influenced by the donors. Even if some of them target the poor masses, their budgets do not come from their own society or supporters. This is why their motives and their agenda are not determined

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<sup>31</sup> See the World Bank Report, *Effectiveness in the West Bank and Gaza*, 2000, p. 83

locally. Even when they target the poor, which is based on a radical class understanding, but in an implementation based on charity.

While all NGOs, at least those in the Palestinian Occupied Territories of 1967 (OT-1967), claim that their role and aim are to assist development, they are financed by foreign ODA. This is why their agenda is designed abroad by the World Bank and the embassies of western capitalist countries, etc. It is a suspicious alliance between two partners that are supposed to have different agendas, unless one of them is willing to disregard its agendas. At this level, and based on the obvious role of the World Bank, one must conclude that the false claim is that of the NGOs. It is amazing, however, how the World Bank praises the role of NGOs in assisting the ‘development’ of the PA-controlled areas. The role attributed to them in *The World Bank Report of 2000* is much larger than their ‘real size’ on the ground.<sup>32</sup>

As organizations, founded and funded by the imperialist donors and the World Bank, NGOs end by allying themselves with the capitalist comprador ruling class in countries of the COP. The PA-controlled areas provide a good example of this, despite the competition between the two (NGOs and PA). This competition is about controlling the larger share of donations (see later). According to its components, NGOs are a comprador intellectual machine that allies itself with the capitalist comprador, and through that, its upper cadres collect great wealth and became capitalists themselves.

### **NGOs: A Product of a Special Era**

The phenomenon of NGOs has emerged during the last three decades of the Cold War. It arrived in parallel with the change in balance of power and social forces inside, and between, the socialist and capitalist blocks. During 1970s, most of the USSR remote peripheries (in Asia and Africa) disintegrated. During 1985-90 disintegration of its close peripheries (East European socialist countries) took place. Led by gradually compradorizing capitalist classes, these countries started delinking from their camp and tying themselves to the capitalist imperialist center.<sup>33</sup>

The NGOs have been used as a cover to hide the ugly face of imperialist regimes in the countries of the Third World that suffered greatly from western capitalist colonialism, later imperialism, and currently globalization. Some Western capitalist regimes have been used for this role, like Norway and Sweden, whom I call, in this context, “Non-Governmental Governments”. Governments with little or no colonial heritage in the periphery, especially the in Arab Homeland.<sup>34</sup> This is why Norway served the US imperialist aims in the Arab region as if it were a U.S organization. A Norwegian NGO called (FAFO) operated in the West Bank and Gaza under the pretense of being affiliated with Norway Trade Unions. In reality, however, it is the same NGO that conducted the necessary preparations for the infamous Oslo negotiations, using as its main tool, a long list of Palestinian academics. Many of these academics became members in the Madrid and Oslo negotiation teams and others, such as the teams negotiating the issues related to the rights of Palestinian refugees.

Actually, the NGO phenomenon came as a new tool for globalization, the last development of capital’s domination and hegemony over the World. Through this domination, the comprador rulers, academics, and intellectuals in the periphery deteriorated to the level of declaring total “loyalty” to imperialism.

The emergence of the NGO phenomenon came in parallel with the Third World debt crisis as well, when the countries of the periphery failed to repay their debts, especially during the eighties, named ‘the Lost Development Decade’ by the United Nations. During this decade, the regimes of poor countries were poor to the extent of not being able to resist the lure of the relatively large amounts of money, which NGOs are able to afford. In other words, the funds that the NGOs had at their disposal are huge and are being used for bribing individuals, not for financing development for the interests of the popular classes. Frequently, large amounts of money are spent for corruption (see Chapter Six). Corruption facilitates the mission of NGOs, as long as some ruling circles in poor countries accept a share of NGOs’ money. To strengthen the position of NGOs, the imperialist regimes expanded NGOs budget to exceed that of official government’s Overseas Development Agency.

### **NGOs Replace ODA**

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<sup>32</sup> See for instance *The World Bank Report, 2000*, p. 17.

<sup>33</sup> See Adel Samara, The Soviet Union, from Revolution to Collapse, in *The Collapse of the Soviet Union: Causes and Lessons*. (ed), by International Communist Seminar, Brussels- Belgium, 1998. P.p 223-137.

<sup>34</sup> The Arab Cultural Center in Sweden decided in year 2001 to include in its activities a part on the Palestinian catastrophe (53 years on the problem of the Palestinian refugees). The Swedish Ministry of Culture terminated the activity by refusing to finance it. *Al-Quds Al-Arabi*, 14-8-2001, London.

As a hidden face, NGOs have been favored by imperialist countries over the direct governmental development assistance departments like ODA. This is in harmony with our analysis above. In this capacity, NGOs are able to play a more “beneficial” role for the donor countries, than the ODA. This is why they were given priority over ODA.

“Over the last two decades, NGOs have replaced Governments: It is often suggested that one of the advantages NGOs have over official aid agency is their flexibility due to their smaller size. Today, however, several of the larger NGOs handle funds of similar magnitude to many of the official aid agencies. For example, in 1985 the aid from Catholic Relief Services was US \$437 million, compared with US \$426 million of Belgian government Aid, that of CARE was \$247 million (compared with Austria’s \$258 million, and in 1989 the budget of Oxfam UK was US \$119 million, higher than that of the New Zealand government’s aid budget (US \$104 million).

At this time, the size of many NGOs is rapidly increasing and the number of the NGOs is also mushrooming, especially where the governments are disposed to funding them. Total private philanthropic contributions amount to about 1.75 percent of the GNP (about 2 percent of which is for Third World causes) and, if public contributions are included the “private voluntary organizations” handle approaching 5 percent of the country’s GNP (close to total defense spending of 6 percent of GNP). In the United Kingdom, private contributions to charities amount to about 2 billion UK pounds, or 0.58 percent of the GNP, of which about 6.5 percent was for Third World.

Of all OECD countries, only Australia, Austria and France contributed a lower proportion to NGOs than the British government, yet Britain was one of the first countries to start giving public support to its NGOs. In 1971, the United Kingdom contributed about 8 percent of all OECD official funding, by 1979 this fell to 1.6 percent, and by 1986 to 0.6 percent. Other governments rapidly increased their support while the British government did not. The reduction of ODA countries in their NGOs caused the protest by dependent regimes that wanted a “share” for themselves. However, NGOs and dependent regimes are competing for control over their share of donations. By creating this competition, the donors keep both of them loyal”.<sup>35</sup>

According to Brazilian General Nilton Sercoza, NGOs spent \$700 million in Brazil in 1994.<sup>36</sup> If NGOs spent tens of millions of dollars in the WBG (see later), it means that the amount spent for Brazil is a very small if we were to compare Brazil’s population to that of the PA-controlled areas (see later). This is an indication of the extent to which the imperialists are concentrating on occupied WBG. Presently, NGOs - mostly international ones- collectively spend an estimated nine to ten billion dollars annually.<sup>37</sup>

As it is mentioned in several places in this chapter, the continuous increase of NGOs share at the cost of ODA does not mean that this money is sufficient for development needs. This negates the exaggeration that was mentioned in the World Bank Report, which stated: “The level of assistance reflects the great importance that donors place on supporting the Middle East peace process. Indeed, at least US \$175 per capita (1997) aid to the West Bank and Gaza represents one of the highest levels of per capita official development assistance anywhere in the World”.<sup>38</sup>

It is well known that donor countries, the NGOs, and the World Bank want the Palestinian people to “swallow” and accept the false peace of the Oslo Agreement. These parties pretend that they favor the West Bank and Gaza (WBG) by increasing their share of donations to those areas. Despite the reduction in ODA budget, in general, in favor of the NGOs, it is still clear that NGOs budget is not that large and might decrease in the future.

The World Bank Report, 2000, states that: “All of these effects may be further compounded by both a general reduction in official development assistance levels and increased composition among

<sup>35</sup> See John Clark, *Democratizing Development: The Role of Voluntary Organizations*, p.p. 42-43. Kumarian Press, 1991.

Table: US support to its NGOs

US NGO	(contribution (Us \$ millions)			% Government
	Government	Private		
Agricultural Cooperation Development Institute	5.882	0.149		97.5
Pathfinder Fund	5.472	0.796		87.3
Catholic Relief Services	333.0	61.9		84.3
CARE	127.0	250u		83.5
Church World Service	8.8	29.5		23.0
American Friends Service Committee	0.018	18.0		0.1

Source Fox Thomas H. *NGOs from the United States in World Development* (Supplement), vol.15, “Development Alternatives : the Challenge for NGOs” (Oxford: Pergamon, 1987).

<sup>36</sup> Quoted from *Executive Intelligence Review*, November 7, 1997, vol 24 no. 54. P52.

<sup>37</sup> See Tanmiya, 1995:2. A publication by Welfare Association, Geneva.

<sup>38</sup> *The World Bank Report, 2000*, p.17. It should be noted here that, even if this U.S aid is real, and even if it is for building infrastructure and development and not for corrupting and imposing ‘peace for capital’, the same US is the party that donated F-16 jet fighters to Israel, which uses them to destroy the WBG infrastructure during *intifada* 2000.

recipients for scarce aid resources. Total global ODA fell 18 percent in nominal terms and 21 percent in real terms between 1994 and 1997 (the most recent year for which data is available). During that same period, the proportion of global ODA provided to the WBG actually increased significantly, from 0.78 percent to 1.24 percent according to OECD data. Further decline in global ODA is certain to affect negatively the availability of future resources for the WBG. This may be further aggravated by competing needs from humanitarian emergencies elsewhere in the world, such as peace building efforts in Kosovo and East Timor for example”.<sup>39</sup>

In addition to the fact that this amount of money is less than what is needed for development, it should be noted that these small budgets are never spent properly (see Chapter Six).

If the donor countries favor the WBG, it is then to strengthen the false ‘peace’. The question then is what would be the purpose of creating ‘false peace’? What do the World Bank, the donors, and NGOs say about the *intifada* 2000 that the Palestinian people declared against this “peace”? Will they change their attitude, or will they punish the Palestinians in the WBG?. In fact they are punishing. The donor countries are the only countries in the world that did not protest against the Zionist entity - Israeli massacres and the economic destruction in the WBG. And even if the per capita share of this assistance is \$175, does it go to assist the people? And even if it does, is it enough? (See Chapters Five and Six).

### **Development: Proposed but Never Delivered**

It is worth noting here that the relatively small budgets of NGOs are one of the proper means of evaluating their efficiency in performing their proclaimed claim: development. Development should be conducted on a national scale since it is for nations and not individuals. In this context, NGOs budgets, while they seem large relative to the needs of the individuals, their salaries, charity, and corruption, they are not large enough to satisfy the needs for national development. This negates the claim of NGOs claim that their aim is to assist in development. The donors, as the source of NGOs’ budget are, in fact, one of the main causes of the underdevelopment of the COP, and they continue to block their development (see Chapters Two and Six).

To state that imperialism is a driving force in the underdevelopment of COP is not an abstract accusation. The present donors are the extension of the old colonial regimes in the COP that rob these countries’ resources and wealth and appoint their social agents as rulers in the post-colonial era. These rulers, as representatives of merchants that constitute the comprador, played the expected role in blocking the development of the COP. The imperialists’ protection of these regimes, in addition to blocked development, led to the blocking of democracy, not to mention unequal exchange.<sup>40</sup>

It seems that the small budgets of NGOs are the reason for concentrating on charity and helping the poor, not on development. Their justification is that, for the “development” of these people, a small capital is all that is needed. This breeds two important issues:

First: This form of development adopts and encourages private individualistic culture, while what is needed is a communal cooperative economic, social, and cultural activity.

Second: These limited amounts of funds create small and weak projects that are not capable of competing in the capitalist market. This is one of the reasons why most of them ultimately collapsed. The only way for these projects to compete is to start in a cooperative manner. However, the World Bank report noted: “ In the first half of 1999, NGOs disbursed some US \$15 million in loans. Although this represents less than 2 percent of commercial Bank Loans in the same period, these programs typically focus on the poor, who otherwise have little access to credit and the entrepreneurial prospects it represents. Somewhat larger loan programs, such as those operated by the Palestinian Development Fund, aim to meet some of the needs of small and medium enterprises for consulting services and financing. In all of these areas, the NGO sector has an important role to play, alongside initiatives to facilitate private sector development”.<sup>41</sup>

Due to the fact that the loans finance individual projects are small, these projects will collapse in face of family hardships or other social or financial circumstances. The poor remain poor but now with a huge debt. No word from the World Bank on cooperatives, and no cooperative action from NGOs. After all, is it still necessary to ask who leads whom? The fact is that both, the World Bank and NGOs, are re-educating the poor people in the free market ideology. What facilitates this mission of the

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<sup>39</sup> *ibid*, p. 24

<sup>40</sup> There was a great hope that the Third World countries will pass the post-colonial era as a transitional one. Unfortunately, this is not the case. The post-colonial era has been followed by other eras of the same type, the neo-colonial and recently globalization

<sup>41</sup> *The World Bank Report, 2000*, p.49.



World Bank, NGOs, and the PA anti-development team, is the fact that most of the leftist, progressive, Marxist, and nationalist activists who are supposed to be opposed to capitalist modernization, are themselves integrated into this form of modernization and oppose the Development by Popular Protection (DBPP). A model whose validity was confirmed again by the new wave of the Palestinian *intifada 2000*.

For a certain period, NGOs' activities appeared like charitable work. However, after the experience of 1980s and 1990s, it became clear that the donors were, in fact, 'operating a business'. They were providing loans and collecting interest. When most of the projects failed, the donors moved towards Technical Assistance (TA). To the best of my knowledge, this move started even earlier before the era of the PA, during the period I was close to this field through my work (1990-1993) for the United Nations Development Program (UNDP), in Jerusalem, and the United Nations Relief Work Agency (UNRWA). When the donors appeared directly on the scene during the PA era, they further encouraged Technical Assistance. This enabled them to avoid any criticism when projects would fail. They were able to recover most of the funds they "donated" to the Palestinians in forms of high salaries for the 'western capitalist experts', or through sending Palestinians to training courses in Europe and USA. This provoked PA officials who are the beneficiaries of the donors' money as well. The World Bank Report noted: "According to senior Palestinian officials, technical assistance and ancillary activities can compose half of donor support for any given [capital] project. Indeed, there is widespread perception among Palestinian aid officials that the potential ability of donors to insert their own national technical experts into a project plays a major role in shaping donor priority-setting".<sup>42</sup>

TA is a vague issue that is difficult to measure in comparison to productive projects. Accordingly, the NGOs are fulfilling charitable mission there. Unmeasured activities are, in fact, charitable and not development-based. Since it is limited to this level, the foreign NGOs are in fact supporting the political aims of their governments as capitalists/imperialists who are genuinely opposed to the development of the societies in the periphery.

"The government, through its aid ministry, USAID, has been able to influence greatly the shape of the NGO community and mold NGO objectives to fit its own foreign policy and aid objectives "...There is a growing concern that the government is increasingly telling the NGOs what projects to submit for funding. ...A warning signal was given as early as 1982 that NGOs could find that they prostitute themselves in the quest for official funding. "the corruption of NGOs will be the political game in the years ahead –and it is already being played today...they will be corrupted in the process, because they will receive enough money for their own projects but the rest of the aid program will suffer".<sup>43</sup>

During the PA era, the role of the NGOs did not decline or become restricted. In fact it was expanded to the extent that both, NGOs and the PA, were competing among themselves. The principles of both were identical, i.e. to support the private sector and the market ideology. The politics of both are also identical, i.e. to normalize with the Israeli occupation. The difference is, then, over the benefits and who has control over the donors' money. Is it the political leadership that implements the Oslo Agreement and maintains it against the people's will? Or is it the NGOs, 'the son of imperialism' whose culture, commitment, education, and politics are externalized and they share joint projects with the Israeli partners? *The World Bank Report of 2000*, like all other WB publications, speaks kindly of NGOs which is a deliberate attempt designed to support them. This support of the donor countries to NGOs led some of their (NGOs) leaders to challenge the PA. One of the very much NGO-ized intellectuals went to the extent of writing that NGOs should control the PA function.<sup>44</sup>

This may be understandable if we consider what Zakaria Abdul Rahim, a deputy in the PA Ministry of Interior stated: "NGOs, in the PA-controlled areas have received \$400 million since 1994. Of this amount, \$160 million were spent on human rights and democracy activities. There are 1000 NGOs registered in the Palestinian Ministry of Interior, 200 of them are located in Jerusalem, and 35 are foreign...the activities of these organizations included social service, caring for retarded people and assisting in education, health, and agricultural affairs. I am suggesting that they deal with productive projects. The Ministry of Interior can't interfere arbitrarily in the activities of these NGOs".<sup>45</sup>

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<sup>42</sup> *The World Bank Report*, 2000, p. 109.

<sup>43</sup> John Clark, 1991, *opcit*.

<sup>44</sup> See Rima Hamami, NGOs Political Profession in the Absence of Opposition, in *Al-Siyasah Al-Filistiniyah*, no, 10, spring 1996. See Adel Samara reply in *Kana'an* no 88, January 1998. Rima Hamami's position is in fact supported by the donor countries. The same case is that of Dr. Sa'ad Ed-din Ibrahim in Egypt who was been arrested (summer 2000) by Egyptian regime, but later released due to pressure by the US State Department.

<sup>45</sup> *Al-Quds Daily*, 11-9-2000, interview Zakaria Abdul Rahim, a deputy in the Interior Ministry of the PA. The number of Palestinian NGOs, in all its various forms, is close to one thousand. While the *Tanmiya* newsletter estimates that number to be between 950 and 2500. "Foreign NGOs with activities in the OT-1967 put the number in hundreds, with over 130 European and over 40 from North America.... It is estimated that over thirty local credit and foreign agencies have credit schemes in the OPTs,

For a government not to interfere in the activities of its “civil society” may be considered as positive sign, but is not the case even in the countries of the center.<sup>46</sup> However, the reality is, however, that NGOs in the PA areas are not real civil society organizations and the PA has never been a democratic regime. The only explanation for this is that the PA is unable to interfere in the affairs of the NGOs because the donor countries “want it this way” for their own reasons.

### **NGOS: Infiltration into the Social Fabric of the Periphery**

NGOs are designed by the imperialist regimes as a cover for their infiltration into the social fabric of societies of the periphery, mainly into the popular classes and the leftist organizations. This is the reason why the same ruling regimes in the COP facilitate their mission. As mentioned above, people in the countries of the periphery (COP) hate imperialism due to its brutality during the colonial rule and after. For that reason, the NGOs were created.

While NGOs have claimed that the poor, women, and children are their target groups, they have not, however, worked or provided development services to these groups in the PA-controlled areas. Their assistance was never channeled to the local and communal representatives like trade unions, women unions or students, rather it was directed to individuals. NGOs dealt with individuals through an ideological plan to encourage individualism over cooperative activities and political/class struggle.

NGOs deal with two extremely different groups in the societies of the periphery:

- a. The first group is used as a tool for infiltrating the popular classes and consists of the intellectual elite, technocrats, and westernized elite who is the brokers for foreign NGOs and the 'managers' of local ones that are financed by foreign funds. The size of this group is expanding at the cost of that of the radical popular organizations. It is important to note here that most of those who work with NGOs in the WBG, at least in the beginning, are not qualified in the fields of their careers and professions. The aim of foreign NGOs, at the onset, is to find people and through them to infiltrate the social fabric of the society. This is why the NGOs hired anyone who showed willingness to cooperate with them. An engineer would be hired to lead a cultural group, a political science graduate to lead development organization...etc.
- b. The second group includes the poorest social strata. These strata were, in fact, used as a stage for the first group to implement the political agenda of the donor countries.

The social, ideological, political, cultural and economic gap between these two social groups is very large. This is why the westernized elite is, in fact, more closely related, and even loyal, to the western capitalist culture than to their own society. This gap has widened after the increase of the “brokers” income (NGOs are part of them) that the westernized elite generates from their role in NGOs. The donors can afford to provide the brokers, in a poor country, with fancy offices, elegant furniture, and employees with many benefits. In this case, the brokers became westernized at the cultural and economic levels. Their role is to westernize the culture for the society to become consumerist and to believe in the market ideology.

To implement this agenda, it is necessary that NGOs corrupt intellectuals as a tool of corrupting the community “from below”. In the case of the PA, while the regime is corrupting the society ‘from above’, the NGOs are corrupting the intellectuals, the leftist cadres, and the grassroots organizations. Most of NGOs activities are in the cultural and social fields.

At the development level, the policy of the NGOs is policy to develop small projects, most of the which have failed. This is why, as noted above, most of the NGOs turned to “technical assistance and training”. The efficacy of this field cannot be easily measured. Under the PA, NGOs are now able to litigate bankrupt clients while that was not the case under Israeli occupation.

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some NGOs are specialized in credit, others include it within their activities. Out of these thirty institutions, seven are foreign NGOs and two UN agencies... The combined total revolving fund is estimated at \$ 25 million and would probably increase,...”( *Tanmiya* , a Bulletin published by the Welfare Society, in Geneva, 1995:2-3

Despite the large number of local and foreign NGOs in the OT-1967, none or may be just a few have successful cooperatives, or projects that generate funds to cover their expenses. They are office NGOs, not grassroots ones. ( For more discussion on this issue, see Adel Samara, *Women vs Capital in the Socio-Economic Formation in Palestine*. Published by the Center of Al-Mashriq-Al-Aamil for Cultural and Development Studies, 1996).

<sup>46</sup> The issue of civil society is debatable. It is, according to Gramsci, a new way of capitalist class' domination through hegemony over the popular classes. This negates the liberal pretense of a 'real' independence of the civil society organizations from the ruling capitalist class.

Ordinary people work in these organizations because they provide job opportunities, while managers perform the job that the foreigners have intended for them. This is the intellectually westernized and the bourgeois educated elite. While Palestinians in the WBG started looking for individual “security” after the betrayal of intifada and the national struggle, this elite found its “security” in serving the imperialist’s mission. Some of the locals realized the reality and dangerous role of these organizations and resigned. Others became mere tools in the hands of the NGO’s in accomplishing their aims, to be re-educated and to become “educators for this re-education” as well.

Thanks to the NGOs, most university lecturers are preoccupied with writing proposals and researches at the demand of donors.<sup>47</sup> An NGO in Ramallah, West Bank, paid for a 25-30-page paper a fee of \$ 9,000, allowing the writer a period of eight months to accomplish the task. This is a very high fee compared to most wages in this region. Taking into consideration the fact that the writer does not need to leave his regular job to write that paper. An NGO for women with an office in Ramallah takes groups of young Palestinian women to ‘socialize and have dialogue’ with young Israeli women in a normalization activity while Arab grassroots organizations are fighting against normalization.

In its efforts to support the hidden agenda of NGOs, and the so-called “peace process”, the World Bank functions as a tool for the policies and aims of the donor countries and does not make any changes in its position, based on the needs and the priorities of the Palestinian people. Despite the fact that the so-called “projects for democracy and human rights” are not on the priority list of the Palestinian people, the World Bank continues to market and finance such projects.<sup>48</sup>

NGOs’ expenditure on “Human Rights and Democratic activities” is a cause of concern and is questionable. These issues require real struggle by the concerned political parties. Democracy cannot be achieved by “employing” people, rather by genuine and grassroots education and commitment. In fact, NGOs are now attracting and/or bribing leftist cadres who left their political organizations to work for NGOs that are financed by donor imperialist regimes. Those same regimes are generally opposed to any real political and social radical change in the countries of the periphery. By offering these cadres high salaries, NGOs are contributing to the creation of a new social elite in these countries. NGOs have penetrated large sections of the society, not only the leftist circles through issues such as human rights, women’s rights, gender studies, technical training, democracy, and normalization with Israel. The parties that will ultimately decide these priorities are the World Bank and NGOs.

The infiltrated social elite believes in the false image of the western capitalist modernization approach, which claims that cultural differences can be bridged by transcending backwardness, and that modernization will bring about the universalization of a culture specific to modern industrial society. This is, in fact, what enabled NGOs to play the role of re-educating the societies of the COP with the culture of the imperialist capitalist. This enabled the NGOs to pretend that they are doing a “development” job on the one hand, and that westernization and modernization development are attainable on the other.

This is why NGOs pretend that they must ‘help’ the Third World to modernize itself, to be able bridge the gap with the West. As part of this modernization approach, NGOs pretend that they aim at increasing agricultural production, improving housing conditions, and health and education services. These projects were conceived and planned in the West and implanted in the Third World as a ready-to-use and the ‘proper model’ of development. In reality, however, this claim has no ground, at least not in the field of agriculture.

The experience in the 1967 Palestinian Occupied Territories has demonstrated that all NGOs have avoided this sector despite the fact that agriculture is the backbone of the economy in the OT-1967. The NGOs’ position and policy of neglecting agricultural development is, in fact, an Israeli demand. This, however, should not be an excuse for them to do so. They are avoiding agriculture because they themselves do not believe in this form of real development.

NGOs that call themselves Credit Schemes (CS), started offering loans to Palestinians in small-scale enterprises. They provided loans with low interest rates of 3-4 percent, six months grace period, and a repayment period of three to four years.

These institutions used development as a cover. Some of them did not appoint Project Development Officers (PDOs) to follow-up on whether there is truly a project established by the loan, or if the borrower has contributed his share in the project’s capital as it was agreed upon. Some of CSs were offering the ‘local’ managers ‘open checks’ for administrative costs without providing any account review. A British NGO Credit Scheme did not, for six years, provide accountability for its

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<sup>47</sup> In his article, *Tourists with Agenda*, Salim Tamari warned that Western researchers might replace the Palestinians in conducting researches on Palestine and the possibility that the western researches might buy the Palestinians, justifying that the Palestinian intellectuals, like their Arab and western counterparts are ready to sell themselves and researches to the highest bidder. *Middle East Report*, September-October 1995, no. 196, p. 24.

<sup>48</sup> See pages 72, 74 and 75 of *The World Bank Report 2000*

administrative cost that approached \$ 250,000 annually.

For six years, the EC financed CSs that were not asked or required to submit a budget for the donors. The first time the local CSs were asked to prepare a budget in a formal way was in 1993 (my personal observation), although they started offering loans in 1984. In many cases, the CS, directed by the donors, offered only partial funding to the project. The applicant was required to provide the rest, which he/she never did. Thus, the client/applicant started the project with insufficient capital, and the result was that the project failed. The question is, why did these NGOs allow the borrowers to fall into this trap? Is it a deliberate policy to corrupt people, to promote failure, and to create and sustain dependency? This is why NGOs covered their continuous failure by shifting to technical assistance.

Other local NGOs, financed by EC, approved loans by "quota" given to borrowers who were nominated by NGOs' Board members, based on each board members' priorities. Board members of these CSs are all capitalists. These same individuals, with few exceptions, are Board members on several CSs. They, the board members, were encouraging borrowers not to pay back their loans.

"...many P-NGOs [Palestinian NGOs] have accountants with no experience in cost evaluation, proper budgeting, financial analysis, and management of financial reporting. There is a need for computing hardware and software, and for clear financial controls and authorities at different levels. The prevailing culture among accountants, regrettably, shuns detailed costing and thrives on declarations of deficits".<sup>49</sup>

This argument is valid. It should be noted, however, that the separation of the P-NGOs from the foreign ones is arbitrary and misleading. Many P-NGOs were, and still are, created, related, and controlled by the foreign ones. It is the foreign NGOs that "allowed" their Palestinian dependents to appoint their employees based on political loyalty and not professional capabilities and skills, and they are the ones that failed to conduct project appraisal or evaluation. There is no space here to go into details about the lack for feasibility studies, the low rate of loan payment, and the 'unjustified' write-offs of many loans. The results of that were:

- a. Many Palestinians are under the impression that it is possible to receive loans in the range of \$10-40 thousand dollars without having to repay them. (This has the purpose of re-educating people not to take business seriously). Since most of the projects failed, the NGOs found it a good excuse to say that the Palestinians are not efficient people. The NGOs, however, never admitted responsibility for indirectly orienting their clients "to not be serious".
- b. Many Palestinians became willing to accept a relationship with these western capitalist bourgeois organizations. This was an introduction and an invitation for western politics to infiltrate the political and social fabric of the Palestinian society. In fact, this is its main goal.

Prior to 1990s, for instance, the US Consulate General in Jerusalem was not able to openly build any contacts with individual Palestinians, with the exception of some secret or indirect contacts with the westernized elite. Since 1990s, however, it started recommending Palestinian employees of US financed NGOs to visit to Palestinian villages using official Consulate vehicles. The first point on the weekly agenda meeting of the American NGO Cooperation Development Project (CDP) that is always chaired by an American manager, was: 'To what extent have we infiltrated the Palestinian grassroots organizations?'<sup>50</sup>

Two days following the ceasefire of the imperialist aggression against Iraq, (January 17, 1991), the Spanish Consulate General in Jerusalem 'distributed' about \$1.6 million dollars to Palestinian NGOs that rushed, without hesitation, to receive the money when the blood of the Iraqi people did not dry yet. It is well known that Spain had the fourth largest army that participated in the aggression against the Iraqi Arab people. The question here is why did they distribute money on that particular day? Is it anything more than a deliberate decision to 're-educate' the people to abandon national Arab commitment for the sake of receiving money.<sup>51</sup>

Since the Madrid Conference (October,1991), all NGOs in the OT-1967 started giving priorities to joint Israeli-Palestinian projects (more details to follow). All such joint projects had approved budgets regardless of their sizes. This condition became well known to Palestinians who are involved in politics and development.

Many NGOs' conferences were held abroad. Hundreds of Palestinians were invited to attend these conferences in their capacities as "experts". Unfortunately most of them were not. The aim of

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<sup>49</sup> *Tanmiya*, 1995:6.

<sup>50</sup> Interview a U.S.A NGO director who failed to mention his name.

<sup>51</sup> See Adel Samara's article, *Developments or Fat Cats?*, in *Al-sha'ab* daily, Jerusalem, 7 February 1991.

hosting these conferences in the West is to put the Palestinian “experts” in a new environment, that of the West. In this environment they, the Palestinian ‘experts’, were torn between two mixed feelings. The first was the feeling of inferiority towards the West. The second feeling was of their superiority towards their countrymen. This is the way to alienate people from their own community. It is a process of deformation.

### **Normalizing the Left**

Many high-ranking cadres of the Palestinian political organizations become managers of NGOs. The need for annual budgets for their offices made them dependent on the foreign NGOs and consulates of their countries. Once the political position of their organizations became contradictory to the imperialist ‘peace’ settlement, the donors exerted tremendous financial pressure on the cadres to force them to reduce their opposition to the ‘peace’ process. The local NGOs managers and employees agreed. In fact, some, if not most, of them changed their political position to the extent that they argued that their political organizations should be converted to NGOs.

This is due to the fact that this form of left is unable to differentiate between a political party and an NGO. A political party, is a socially, politically and ideologically organized force that represents the interests and aspirations of a class or a group of classes. Political parties, in general, adapt and publicly announce a program of the class and/or classes that they represent and that will effectively serve the interests of the majority of the society. In carrying out their tasks, political parties, especially those which represent popular classes, create grassroots organizations as their community network. The grassroots community-based organizations should act as “mediators” between the party and NGOs. The political party, thus, is interested in keeping the grassroots organizations active and functional. In such a healthy situation, the grassroots organizations might receive financing from a progressive NGOs ( not the direct or indirect agents of their governments). Only these NGOs can fulfill a progressive mission by maintaining a connection with the grassroots organizations. In fact, this should be the only form of cooperation between the independent and progressive NGOs and the grassroots organizations in the countries of the Periphery (COP). This financial relationship between a radical political organization and foreign party entails that this organization has to sacrifice its radicalism.

What happened in the OT-1967 is that the left failed to create grassroots organizations, and even lost what was already built during the struggle against occupation. Moreover, the leftist political parties and organizations increasingly lost their content and began organizing their political activities through the framework of NGOs that they identify with.<sup>52</sup>

Through the financing of NGOs and the PA’s bribing of some high-ranking leaders of the left, the leftist organizations were reduced to “moderate political forces” and entered the Oslo Accord from the backdoor.

NGOs’ relationship with the Palestinian political parties, especially the left, started in the OT-1967 through the former Palestinian Communist Party (CP), now known as the People’s Party. It is the first leftist political organization that received donations from NGOs, especially from the Jewish Dutch organization NOVIB through this party’s first local NGO. NGOs of the People’s Party became financial empires, in terms of their financial capabilities and relative to the economy of the OT-1967. The main organizational structure of this Party is its NGOs that are financed by western capitalist governments.

The Popular Front for the Liberation of Palestine (PFLP) and the Democratic Front for the Liberation of Palestine (DFLP) followed the path of the Communist Party but with less funds and, afterwards, with fewer activities. The CP and both of these fronts formed joint leftist NGOs in both societies, the Palestinian and the Israeli.

Historically, NGOs that were created by imperialist regimes as an informal political activity during the Cold War era, became a source of employment and income for many unemployed second-class intellectuals, technocrats, sociologists, and economists in both the Center and the Periphery. For the imperialist centers, the meager funds that are spent in these activities are negligible compared with their “return”. This “return” has several forms that include the NGO-ization of revolutionary political organizations, dissemination of free market ideology, and recruiting more people to advocate the re-adjustment policy of the World Bank and IMF. This is why NGOs in the OT-1967 played a role in

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<sup>52</sup> See Adel Samara, *Imprisoned Ideas*, Chapter Five, NOG-ization of the Palestinian Left, p.p. 131-136.

terminating political and grassroots organizations. For most of these popular institutions, their role and function have been diminished to maintaining offices and employees that are financed and controlled by donor countries.

The sources of NGOs financing are not well defined and are not limited to a specific government, charitable foundation, corporation or individuals. No one knows why would someone be selected to receive the funds. No one can control NGOs spending or know through which channels and in which amounts these funds were received. The true budgets of these NGOs are not announced or made public. This “free hand” of receiving money lured many leftists and former militants to join these organizations, especially after the PLO’s Internalization of Defeat (IOD) and the economic hardship that the country endured. It is through this mechanism that the corruption of Palestinian intellectuals continues. For a society, losing intellectuals in the era of resistance, means that the masses are losing a main factor in the education for development, freedom, and resisting Zionism and imperialism.

### **Nice Speeches but Dirty Deeds**

NGOs held a conference at Talita Qumi school in Bethlehem (29-30 July 1999) that was titled “Prime Peace Research in the Middle East: The Role of the Non-Governmental Organizations in Peace Building between Palestinians and Israelis”. The invitation letter of this conference contained the following question: With which NGO from “the other side” are you cooperating? One would understand from the declared theme of that conference that cooperation between NGOs on both sides, the Israeli and the Palestinian, worked for the so-called “peace”, not for the development of the Palestinian people. All these activities are taking place with Israelis while Israel continues to occupy most of the West Bank and Gaza and continues to expand the building of their aggressive settlements and at the same time ignoring the Right of Return of the Palestinian refugees. This is a clear example of the loss of national commitment and full engagement and articulation with the enemy of the nation.

In the aftermath of the *intifada* 2000, and in a dramatic move to improve their image, the Palestinian NGOs (P-NGO), demanded that all Palestinian NGOs and Palestinian Authority institutions halt joint projects with Israeli organizations, in particular the “People to People Program” of the Perez Center for Peace, as well as all projects funded by USAID.<sup>53</sup> The P-NGO network stated that it would issue a list of the organizations that receive money from USAID to be distributed to all civil society institutions inside Palestine and abroad.<sup>54</sup>

Until now, these NGOs act as if they cannot grasp the truth. If they really understood what form of peace they supported and what ‘form of money’ they enjoyed, they must close their offices and give the people back the money that they cashed. This simply, is because the donors pretend that this money has been donated to the Palestinian people. In fact all the money which the NGOs and the high-ranking PA staff enjoy is the money of the people. This money must be nationalized to help the popular classes who are fighting in the *intifada*. Soon, the PA will go back to continue compromising with the Zionist occupation. Then, NGOs will go back to their designed role-normalization.

It has become clear that NGOs are unable to fulfill two contradictory functions, i.e. to fulfill development in the COP and to serve the interests of their masters in the center. For those members of the NGOs, members of good will and progressive ideologies, they need to understand that as long as they work for NGOs, they can't deviate from the policy of the donors. For a society that struggles against Zionism, imperialism, and capitalism in general, NGOs do not and will not evolve to be a means of development in the economic, social, and cultural spheres.

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<sup>53</sup> Shimon Peres, planted the first settlement, Kadumim in the heart of the West Bank. Quoted from an article by Uri Avnery 25-11-2000 posted on the [eli73@emirates.net.ae](mailto:eli73@emirates.net.ae) (Lillie).

<sup>54</sup> *Al-Hayat Al-Jadida*, 25 Oct 2000.

## GLOSSARY AND DISCUSSION OF TERMS

### ABBREVIATIONS

COP	Countries of periphery
CS	Credit Schemes
DBPP	Development by Popular Protection
DUD	Deepening Unequal Development
EC	European Community
FAFO	A Trade Union Norwegian organization
FBI	US - Federal Bureau of Intelligence
FDI	Foreign Direct Investment
FT	Free Trade
IMF	International Monetary Fund
ITD	Integration through Domination
MNC	Multinational Corporation
NAFTA	North American Free Trade Agreement
NGO	Non-Governmental Organization
ODA	Overseas Development Agency
OTs	Occupied Territories
OT-1967	1967 Palestinian Occupied Territories
PA	Palestinian Authority
PDO	Project Development Officer
PDP	Palestinian Development Program
PI	Political Islam
PINGO	Palestinian International NGO
PMA	Palestinian Monetary Authority
PPIP	Palestinian Investment Project
TA	Technical Assistance
UNDP	United Nations Development Program
WB	World Bank
WBG	West Bank and Gaza Strip
ZE	Zionist Entity

### GLOSSARY

**Note:** *In this book, the reader will find some new and debatable terms that he/she may not be familiar with or find them unacceptable. My aim in introducing these terms is to emphasize the return to the terms and concepts that have been deliberately distorted by the enemies of the Arab nation. The terms that have been injected into the Arab political discourse must be scientifically examined and proven before they take place in common use. Those terms that do not meet this criterion must be, therefore, eliminated and replaced by the original terms that are precise and reflective of their true meanings and contents.*

**Arab Homeland:** This term refers to all Arab countries. It deliberately rejects the incorrect and imposed term the “Arab World”. Arab World means those Arab countries (in Arabic *aqtar*) are neighboring countries but not one nation. Arab World is a colonial term that was coined to negate Arab nationalism through a gradual and long-term re-education process of Arabs themselves that they are not

one nation, rather several ones. The purpose here is to confirm that the Arab Homeland is the real term, and one that is reflective of the aspiration and the interests of Arabs. While colonialists and imperialists (mainly British) invented the term “Arab World”, they later proceeded to fabricate other deformed terms for the Arab Homeland such as the “Middle East” and “North Africa”. The British military and strategic establishment invented these terms to serve its military objectives. In the eyes of Britain, the Arab Homeland is viewed as an area of colonies, not a nation. The military and strategic term aimed at breeding its ideological, political and cultural connotations in the ironic process of re-educating the Arabs about themselves.

***Iqlimi and Qutri:*** *Iqlimi* is an adjective of *iqlim* and *qutri* is an adjective of *qutr*. *Iqlimi* or *qutri* refer to a part of a country that is usually larger than a district or province. In Arabic political life and discourse, it signifies an area that was artificially severed from the rest of the Arab Homeland and refers to the fragmentation of the Arab Homeland into *aqtar* (plural of *qutr*). This term is used by the nationalist Arab parties that believe and struggle for a united Arab Homeland. It is also used by Arab political parties, regimes, and individuals who are opposed to Arab unity and support maintaining the current Arab *qutri* states and perpetuate their division that was designed by the British and French colonialists.

**Ashkenazi:** The dictionary defines *Ashkenazi* (plural *Ashkenazim*) as a member of one of the two divisions of Jews comprising the eastern European Yiddish-speaking Jews. Thousands of Jews in this group left Eastern Europe to settle in Palestine. The counterpart of this sect in Israel is the *Mizrahi*, who are the Eastern Jews. The political implication of the term Ashkenazi refers to the white European Jews who created the Zionist movement as a settler colonial ideology and organization. The founders of this movement realized the great benefits and services that a settler Jewish state can provide to the colonial-imperialist center. After they created the Zionist movement by the end of the nineteenth century, the Ashkenazim played an instrumental role in shaping the strategic relationship with the imperialist center (western colonial powers especially British and France). The Zionist goal was to gain their support for the establishment of a settler colonial Jewish state in Palestine. This was accomplished by supporting and facilitating Jewish immigration to Palestine.

**Autarchy (Autarky):** In a lexicographic sense, autarchy means national economic self-sufficiency and independence. In the Marxist discourse, however, it means self-sufficiency as a step towards de-linking from the World Capitalist Order. The bourgeois economists enforce a different meaning for autarky as if it is an absolute closure from the rest of the world. Their aim is to accuse Marxists of building an isolated economy.

**Center (or Core) and Periphery:** These two terms refer to the World Capitalist Order, which is divided into two main parts: center and periphery. The center includes developed capitalist countries, which dominate the other part in several forms. In the past, the center consisted of the colonial powers, which dominated, occupied and exploited the periphery. After the independence of the countries of the periphery, the center continued to maintain its dominance through (a) unequal exchange, (b) the alliance with comprador regimes in periphery, and (c) even through new forms of military colonialism as is the case of the Arab oil-producing countries. The center is opposed to all efforts and attempts of the countries of the periphery to delink from the World Capitalist Order, i.e. to become socialist. This is why the United States, for example, attempted to topple the Cuban socialist system.

**Copenhagen Group:** A name given to a group of people financed by the Denmark regime and consists of Israeli Zionist, Egyptian, Jordanian, and Palestinian westernized intellectuals. The role of these intellectuals is to make “peace” and advance the official arrangements between the Arabs and Israel. This role also includes the advancement of Oslo Accords and the general “peace” process designed by the US, Israel, and Arab capitalists, which is “peace of capital” not for the people. This group, essentially, supports false “peace” agreements between some Arab rulers and Israel.

**Comprador:** Means buyer in Portuguese. As a political and social term, it was used for the first time by the Chinese Communist revolution during Mao Tse Tung’s leadership. In the Marxist literature it refers to the agents of the foreign companies, especially companies from the center of the capitalist order. The interests of this comprador class contradicts local and national economies in two ways:

- The local economy in general because imports mean the transfer of national surplus to pay for the imported goods, which harms the development of the economy and deepens its dependency on the foreign ones, especially those of the center;



- It harms the local nationalist productive bourgeoisie, which invests in the national economy to substitute for the imported goods. (See Import-substitution).

The term Compradorization means that a dependent regime has become increasingly dominated and ruled by the interest and policies of the comprador class.

**Green Line:** The Green Line is a concept used in reference to the division between the part of Palestine, which was occupied by the Zionists in 1948 and the part, which was occupied in 1967. The term "within the Green Line" is used by Arabs who do not recognize the settler state of "Israel" as a legitimate entity in Palestine when referring to the land and people who fell under its control in 1948.

**Import-substitution:** An economic policy followed or applied by some nationalist bourgeois regimes of Third World countries in the post-colonial era. The Egyptian regime under Nasser is an example. It is an economic policy that calls for manufacturing local products as alternatives and substitutes to the imported goods, especially the industrial goods of the center of the World Capitalist Order. When this policy is applied in a radical manner, it might be a step in the process of delinking from the World Capitalist Order.

**Integration Through Domination (ITD):** This term refers to Israeli attempts and efforts to forcefully integrate itself into the Arab Homeland, but on its own terms and conditions. Based on the facts of how it was implanted in the Arab Homeland, its function and ideology, Israel was and still is considered in a state of permanent war with the Arabs. This choice of continuous war can not work in the era of globalization in which the first priority is to eliminate tension all over the world as a pre-condition for the "liberalization of trade". Israel, supported by US imperialism and other imperialist countries, continuously tries to "eliminate tension" in the region through subjugating the Arab nation by force to the *level of no resistance*. This, however, has never succeeded. The choice that Arabs offer Israel is the integration of Jews into the Arab Homeland as an ethnic minority enjoying full equality with other ethnic groups. Ironically, this is totally rejected by Israel that insists on maintaining itself as a "pure Jewish state". Additionally, the deterioration of the conditions of the Arab comprador capitalist rulers and some Arab political parties that resulted from "Internalization of Defeat" (IOD) encouraged Israel and the imperialists in this pursuit. ITD means that the Arab nation will accept Israel as a "normal" state in the region. Israeli products will be marketed freely and Israel will be the industrial and financial center of the region. It will have the upper hand in the military power as well. In other words, Israel will be accepted as a "center for the Arab periphery".

**Internalization of Defeat (IOD):** It is a case or situation when a social class, political party, or even an individual is defeated and succumbs to thinking, behaving, and communicating as defeated. Defeatism, in this case, is deeply accepted by the people. The reason of defeat is not an external one only; it is mainly a subjective one. It is a condition when a class adapts to defeat and ceases to resist even when it has a just cause.

**Keynes (Keynesian Economics):** Refers to the theories of John Maynard Keynes, the British economist and his followers. These theories advocate monetary and fiscal programs operated by government to increase employment. Different from classic economists, the godfathers of capitalism, Keynes and his followers argued for a state role in the economy of the luxury state. Since the mid 1980s, the British conservative regime under Margaret Thatcher, and the US under Ronald Reagan moved to extreme right wing policies, from the luxury state to neo-liberalism and privatization.

**Neo-liberalism:** A new economic policy applied in western capitalist countries since the second half of the 1980s. It is a departure from Keynesian economics to the so-called monetary theories of Milton Friedman and his followers. This new policy aims at increasing the profit of the capitalists in the capitalist center. This is, however, realized at the costs of the gains and rights of workers and popular classes that were achieved through their long march of class struggle in the center. Popular protests against neo-liberal policies took place in Seattle, US (November 1999) and later in Prague, Sidney, Quebec, and Genoa.

**New World Capitalist Order:** It is a recent term that was coined following the collapse of the Soviet Union. It is used by those who believe that the World Order of today is different from the World Capitalist Order that dominated during the so-called "Cold War". However, in the context of World Order as a center that dominates the periphery, the author does not believe it has changed that much. In

fact, its capitalist polarity has become stronger. It is capital in the era of globalization.

**Non-Governmental Governments:** A term that is applied on western governments that do not have a colonial history in the Arab Homeland, like Norway, Sweden, Denmark and Canada. These regimes, however, have been used by US imperialism to play a role similar to that of the western NGOs in Arab societies. This role serves the goals of US imperialism, particularly in supporting and assisting to Israel, encouraging normalization with it, and terminating the rights of the Palestinian people and right of return of Palestinian refugees.

**Peace for Capital:** Several peace agreements have been signed between some Arab regimes, especially the PLO leadership (later the Palestinian Authority), and Israel. The experience shows that this peace has, indeed, taken place among the capitalist classes in the western capitalist center, especially USA and Europe, Israeli capitalist ruling class, and the Arab capitalist regimes in the periphery. The main goal of this peace was to maintain and accelerate the capitalist slogan: "The liberalization of trade on the World scale". The experience in the West Bank and Gaza Strip (WBG) also shows that those who benefited from this peace were the capitalist hierarchy starting from its center in the USA to the comprador capitalists in the WBG. Briefly, this peace did not serve or save the lives of the Palestinians in the WBG. That is why it is a peace for capital, not for people.

**Political Rent: Rent**, originally, is one form of surplus labor, controlled by landowners in the feudal social formations or in the pre-capitalist social formations. By its nature, it is designed and oriented to expand at the expense of the necessary labor. It is extracted from peasants' work in the properties of landlords. The landlord uses the products of others without him participating in the production process. He, then, receives the lion's share of the profit because he is the owner of the land. What enables him to do this is the form of the relations of production in the feudal society, which allows that. The ideology, here, and not the economic factor, is the determinant factor as is the case in capitalist formations.

The term **political rent** is built on the assumption that the political leadership or rulers in the PA controlled areas, for instance, as well as most of the Arab countries are treating the resources of their countries and their peoples (especially labor), as their private property. Accordingly, these rulers compromise national rights and offer concessions to the imperialists and Zionists. In return for these concessions and compromise, they receive benefits in, at least, two forms:

- a) Directly, as direct "assistance" from imperialism in the form of liquid money (cash) which goes mainly to the rulers' accounts and/or;
- b) Indirectly, in the form of support and protection that the nation's enemies provide to keep these rulers in power.

For its role in supporting the imperialist aggression against Iraq in 1990, the Egyptian regime was bribed with a \$7 billion debt exemption. This is political rent at the cost of the betrayal of the national cause.

**Re-education:** The imperialist capitalist center, some foreign and local enemies, and some international financial institutions (such as the World Bank) attempt, by all means, to 'educate' the people to accept new values, habits, and culture that contradict their own. This new culture includes poor and different values that are inconsistent with the beliefs of these people. The aim of re-education is to demoralize and weaken people's spirit of resistance and revolution on one hand, and to implant selfish values of consumerism, free market, and Internalization of Defeat (IOD) on the other.

**Supply-side Crisis:** Many countries around the world are able to produce a variety of products. This, however, does not negate the fact that the countries of the center still monopolize the most sophisticated hi-tech products. This participation of a variety of producers (in many countries) in the process of production on the world scale does in fact expand the credibility of the Marxist discovery of the "capitalist law of production in an anarchist manner". The result of this is that the world's production exceeds the market's capacity to consume. This is known as the supply-side crisis. Therefore, the competition between the producers became fiercer. This is one of the reasons why the US imperialism insists on "occupying" oil-producing Arab countries since they have enormous financial liquidity generated from oil exports. This "occupation" enables the United States to control this vital commodity especially against its main competitive capitalist centers, Japan and the European Union.

**Westernized Intellectual Elite or Intellectual Comprador:** A term used to differentiate between

intellectuals with national or class commitment in accordance with their ideology and struggle, on the one hand, and those intellectuals whose culture and loyalty are to the western capitalist culture and politics, on the other. This elite is willing to serve the “marketing” the western capitalist culture and values in their own societies. Their political and class loyalty is to the capitalist West. Accordingly, they are certainly anti-socialist and anti-nationalist. In the Arab Homeland, these intellectuals are opposed to Arab unity and development. They are the intellectual counterparts of the comprador class. They “import” and market the western white culture in their own countries and societies.

## **ABOUT THE AUTHOR**

Dr. Adel Samara is an Arab-Palestinian writer and researcher. He was born in the Palestinian village of Beit Uor, Ramallah area, Occupied West Bank where he continues to live and write today. His undergraduate years were spent at the Beirut Arab University, Lebanon, and he holds a Ph.D. degree in political economy and development from Exeter University - United Kingdom.

For more than two decades, Dr. Samara has written extensively about the most vital issues facing Arab and Palestinian struggle. He has written a plethora of books and articles, in both Arabic and English, as well as co-authored and edited numerous articles and essays. His articles were featured in several journals and newspapers such as *Journal of Palestine Studies*, *Al-Quds Al-Arabi*, and *Al-Hayat*.

Dr. Samara is the editor-in-chief of Kana'an, an Arabic cultural quarterly published in Al-Taibeh / Ramallah–Occupied Palestine and is dedicated to the causes of Arabic development and unity. He is, also, a member of the editorial board of Kana'an Online, published both, in Arabic and English, and can be viewed at [www. Kanaanonline.org](http://www.Kanaanonline.org).

Dr. Samara is considered one of the leading Marxist-Nationalist Arab-Palestinian thinkers who is intensively engaged in the political and economic analysis of Arab political life and reality. His analysis is astucious and dives beyond the surface to expose the underlying forces that deeply affect the struggles and lives of Arabs and Palestinians. He tells the truth as he sees it with courage and almost brutal frankness. His writings are richly informed and full of precious details. His style is engaging, vibrant and reflective of his life - life under occupation.

Due to his political views and activism, Dr. Samara was deprived from any teaching or academic position throughout his political life and was imprisoned several times. He was arrested three times by the Jordanian authority and spent two and half years in West Bank jails before the Arab-Israel war of 1967. Under the Israeli occupation, he was imprisoned for five and half years. In November 1999, as one of the signatories of the Bayan Al-Ishreen (The Manifesto of Twenty)\* he was placed under arrest for twenty-three days by the Palestinian Authority with other Palestinian leaders.

*\* A communiqué signed by a group of twenty Palestinian political leaders, activists, and political writers criticizing the Oslo Accords and the corruption in the PA. It was published in the Occupied West Bank on November 29, 1999 and led to the arrest and imprisonment of some of the signatories.*

## **CHAPTER ONE**

### **FROM GLOBALIZED PUBLIC SECTOR TO DEVELOPMENT BY POPULAR PROTECTION**

This chapter attempts to formulate a vision of the recent developments of the world capitalist system. It intends to examine four interconnected developments at the world level, developments which are reshaping this system. First is the crystallization of a class hierarchy at the level of the ruling classes on a world scale. Second is the crystallization of those economic interests in creating a globalized state capitalist public sector dominated, owned, and/or managed by the ruling capitalist classes in the center, served and executed in an inferior manner by ruling comprador capitalist classes in the periphery. Third, these developments were devoted to help shape an

ideology and later a fascist regime on the world scale to replace the ‘democratic’ bourgeoisie in the center and the military juntas and comprador capitalists in the periphery. Lastly, this chapter tries to demonstrate that de-linking development strategy can not work since the peripheral nation-state has deteriorated into compradoric state which can not play the simple role of the failed nation state of the 1950s and 1960s. Therefore, what is needed at the periphery is a strategy of Development by Popular Protection (DBPP), on both national and regional scales.

This must be in harmony with a vision of how labor should challenge capital-the exploited popular classes challenging the ruling comprador capitalist classes on a global scale. This part, however, is beyond the scope of this chapter.

### **A New Role for the National Peripheral State**

After two decades of imposing neo-liberal economic policies, many new developments took place in the peripheral countries. These developments include the subjugation of most of the states of the periphery to a market ideology; the adoption of ‘liberalization of trade’; the Third World's application of the neo-liberal economic policies of the World Bank (WB) and the International Monetary Fund (IMF), and other international financial institutions.

Subsequently, more and more of the popular classes in the Third World discovered that their nations lost their sovereignty. These popular classes realized that their national economies were no longer protected by the national state. The national bourgeois no longer protects the national market which they supposedly monopolize. The classical economic analysis states that national bourgeoisie insists on controlling its own national market under the guise of protecting its national economy and for the sake of its interests. This national bourgeois has collapsed. This is the real meaning of ‘liberalization of trade’ and the ‘open door’ policy. The newly conceptualized sovereignty implies that the world has become one global village. The Palestinian Self-Rule (Autonomy) is a good example of how a capitalist comprador regime would sacrifice sovereignty for economic gains.<sup>55</sup>

Most of the regimes in the Third World have deteriorated into nothing more than self-rule regimes, if not colonies. Their markets are widely open to the foreign (center's) products. Their industries are obligated to become mere subcontractors to the foreign companies or to simply melt and leave the market. The profitable public sector companies have been sold cheaply to foreigners. The capital of the center bought whatever it chose of the periphery's national assets, especially recently in the ‘Tigers’ of South-East Asia, Brazil, Egypt, and the Russian Federation.

The other aspect of the problem is the weakness of the national liberation movements in the Third World which failed to develop new versions of militant organizations able to oppose this new version of globalization.<sup>56</sup> That is the reason the

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<sup>55</sup> The most recent example of the failure of comprador bourgeois to control its market is the Palestinian Authority (PA). The PA was satisfied with its share of the trickle-down and Casino economies. This bourgeois realized that its inability to achieve independence, so it decided to accept self-rule under Israeli economic, political, and military domination.

<sup>56</sup> The anti-globalization struggle in Gena-Italy (July 2001) and the struggle against racism, racial discrimination, and slavery in the UN WCAR Conference in Durban-South Africa (August-September 2001) are promising signs of the revival of international revolutionary movement.

‘opposition’ to globalization has remained limited to the regimes that are the same classes that, in fact, strengthened dependency.<sup>57</sup>

The role of neo-liberalism is no longer limited to the economic and political level; it has been extended into the cultural one as well. Through its succession in adapting to the new developments and renewing itself, capitalism in the center has absorbed the threat posed by a new wave of national and social liberation in countries of periphery (COP). The capitalist regimes of the center have devoted considerable effort toward containing the threat from radical intellectuals by supporting the non-governmental organizations (NGOs), which are, a part of the “Marines of US imperialist culture” (i.e. Human Rights Organizations, democracy advocacy and teaching groups, the non-governmental governments...etc)<sup>58</sup> (see Chapter Seven) in the Third World. They attempt to corrupt the leftist and nationalist cadres in a campaign to invade and terminate the struggle of organic intellectuals against imperialism by means high salaries, travel, luxurious offices...etc. These intellectuals have been, and still are, targeted by imperialism in a preemptive plan to block the role of organic revolutionary intellectuals from initiating new social national radical movements.

By doing that imperialism is, in fact, re-educating the people in countries of the periphery (COP) about the capitalist culture, consumerism, market ideology, and internalization of subjugation.

By achieving this, capital succeeds in destroying independent economic, cultural, and political development in the Third World. One of the few exceptions that escaped this, Iraq, became the target of wars and brutal destruction.<sup>59</sup>

## **Two Different Forms of Globalization**

There is no doubt that capitalism in the center succeeded in its goal of containing the Soviet Union (following its disintegration) and China (by open door policy and later by luring its revisionist leadership to apply for WTO membership) and ensuring its eventual integration into the World capitalist system.

This development of the so-called globalization is by no means unified. There are, in fact, two forms of globalization, one for the center and another for the periphery, but both are within one world system. At the center, globalization is characterized by a leading role, a position of domination and exploitation. It is also the transfer of the working productive capital and activation of the Foreign Direct Investment (FDI) that is to be based in the periphery. It should be noted that the

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<sup>57</sup> Egyptian president Mubarak stated that the free market approach has failed and must be reconsidered. "In the emerging world there is bitter sentiment of injustice, a sense that there must be something wrong with a system that wipes out years of hard won development...the time has come for us to rethink the direction our planet is taking" Marica Merry Baker, The "Experts" meet in Davos a Shipload of Frozen fools, *Executive Intelligence Review*, 12 Feb 1999, p.6.

<sup>58</sup> By non-Governmental governments, I mean countries such as Sweden, Norway, Denmark, etc. These countries are ‘not’ imperialists in the minds of Third World peoples, but at the same time they play in the hands of imperialist centers. Their role is not different from that of NGOs.

<sup>59</sup> See Scott Peterson, The Gouf War Battlefield is still Hot with Depleted Uranium, in *The Middle East Report* 211, Summer 1999.

transfer of industry from the center to periphery has achieved the aim of liberalization of trade since the products of the center are produced in the periphery itself. Its primary danger is that it challenges and terminates the possibility of the periphery's regional self-reliance and self-development. It creates and alienates the new working class, that of the multinational corporations (MNCs) from the rest of the working class and society. As long as the working class is divided and alienated, the struggle to create a labor movement is weakened. This alienation has made it easy for the dependent ruling class to ignore democracy as long as the main tool in the struggle for democracy is divided.

Globalization for the periphery means dependency on, and being placed at the mercy of, the center within the context of the world division of labor.

For the center, globalization means marketing its products globally, liberalization of trade, and the suffocation of the Third World industries. It intends to block the development of any national heavy industry in the periphery, and appoints its rulers as agents for transferring their countries' surplus to the center either in the form of net capital or paying high prices for cheap imports. It is speculation in the era of globalization that enables the hot money to buy assets cheap, and escape whenever a crisis erupts.<sup>60</sup>

These two different forms of globalization argue against globalization, especially the pretense of those who are marketing globalization as an imperative against which resistance is futile and rejection can only lead to autarky (autarchy). The issue of globalization becomes, then, how to distribute and re-distribute the industries of the core to countries of the periphery (COP) to provide the cheapest labor and raw material, as well as ensure the availability of compradoric regimes needed to repress the working class and offer the most flexible "cheap" investment law to attract FDI. In addition there are two main targets: highly populated nations with a large consumer base and a large working class deprived of the right to organize and willing to accept meager wages, and countries which can afford financial liquidity. This explains why the United States insists on keeping a strong trade relationship with China and India.<sup>61</sup> Moreover, the availability of financial liquidity is the main reason why the same United States is monopolizing the Arab markets, even militarily occupying oil-producing Arab countries, i.e. Saudi Arabia, Kuwait, Bahrain...etc.

### **Globalized Social Structure of Accumulation as a Mechanism for a Fascist World System**

The last decade of the twentieth century witnessed a threefold world crisis: the disintegration of the Soviet Block, the decline of the non-aligned movement, and the on-going crisis in the capitalist centers that is manifested in the absence of a viable alternative. These crises have been associated with a change in the social structure of accumulation at the world scale.

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<sup>60</sup> See James Petras and Henry Veltmeyer, Latin America at the End of the millennium, in *Monthly Review*, vol. 51, July/August 1999, p.39. See as well Daniel Singer, *Who's Millennium*, Monthly Review Press, 1999, p.38.

<sup>61</sup> The former U.S. president Clinton visit to India February 20-23, 2000 is mainly a mission and role of the president represent the globalized capitalist public sector more than a representative of the U.S. diplomacy.

The world witnessed changes that are moving towards the creation of an international political capitalist class center. A class alliance that is being formed between all ruling capitalist classes, each according to its own economic, political, and cultural capacity as well as its position in the world capitalist stratification.<sup>62</sup> This parallels a sharp increase of poverty and unemployment even in the center itself. Within the center, accumulation and monopolization of wealth by the bourgeoisie have continued, albeit by a smaller number. Significantly, this increase has taken place in the recent years at the expense of gains that the working classes realized through a long class struggle, especially in the post Second World War era including relatively adequate salaries, the luxury state, low unemployment, and an increase in the number of working women.

Under globalization, recent economic policies, led to the division of the working class within the center into three main sectors. At the lowest level are the ordinary service workers in malls, retail, fastfood, and restaurants, etc and other manual labor which has little rights, minimum wage, and suffers from significant unemployment. This sector is not well organized in trade unions. The second sector is composed of the workers in the real economy who are at risk of losing ground if they do not develop trade unions into a labor movement. At the top are the high-tech workers who are nearly separated from the rest of the working class.

What neo-liberalism offers now is low wages, no job security, unemployment, and Christian fundamentalism preaching that women should stay home, be 'nice mothers' and never compete for jobs with men, and limit themselves to jobs that males are naturally unable to perform (biological reproduction). It is estimated that the US has 30 million poor people, 500,000 homeless<sup>63</sup>, and 1,381,000 prisoners.<sup>64</sup>

The social structure of accumulation at the world scale extends itself into the former "socialist" countries. Following the revisionist line of Khrushchev, and later Brezhnev, the Nomenklatura elite of the Soviet Union and its allies in Eastern Europe increased their control over the economy and society to the extent that they succeeded in disintegrating the social bases of these regimes. During the era of the Soviet regime, the Nomenklatura elite maintained the political power which enabled them to enjoy, but not to own, the surplus. Finally, they owned the means of production following the disintegration of the Soviet Union. Accordingly, a social structure of accumulation developed in these countries represented by speculative and Mafia nepotist capitalism that controls cheaply the industrial base in Russia. One of the characteristics of this capitalism is that it allows foreign capital to purchase local assets at low cost. It is important to note that the new joint ownership is limited to the assets of the Third World but not to those of the center. The resulting internationalization of capital covers concurrently industry, industrial capital, and financial capital-all of which are controlled by the ruling classes of the center. At the bottom of this pyramid of the social structure of accumulation is the Third World bourgeoisie whose role is to repress its masses. This mechanism guarantees its role as an agent responsible for facilitating and protecting the transfer of wealth to the center. In return for performing this role, the Third World bourgeois receives assistance in the form of military, financial, and police training. These donations are 'rent' payment for its political role that includes protecting the imperialist interests, promoting free

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<sup>62</sup> For example, both Egypt and Jordan are included in the hierarchy of world order that is led by US hegemony, but the US considers Egypt a regional power while Jordan is a mere client state at a lower scale.

<sup>63</sup> Doug Henwood, *Left Business Observer*, no. 84, July 1998.

<sup>64</sup> CNN, 12 August 2001.

market ideology and liberalization of trade, "fighting terrorism", and, finally, "normalizing" the relationship between masses on one hand, and the bloody capital and imperialism on the other. This political role has become the livelihood and means for survival of these regimes .

This international social structure of accumulation is the nucleus for a world fascist government already represented by billionaires and millionaires in the center and the periphery.

### **The Way Financial Capital Dominates and Breeds a Fascist World System**

One of the main developments following the post-war II boom era was the increased dominance of financial capital. This rise is related to the large deficit in the US currency account that existed in the 1950s and 1960s and which increasingly deteriorated in the period 1974-1983. The crisis of US economy's crisis began following the 1967s policy of post-industrial society. This encouraged the US dollar to transcend the determined gold level and exchange rate. "The sharp deficit's increase in the first period was due primarily to a large advance in government expenditures, while in the second period it was the result of both: a rise in outlays and a receipts shortfall." <sup>65</sup>

However, concerns over the large U.S. current accounts deficits of the 1950's accompanied by capital exports, resulted in an outpouring of U.S. dollars, decreed under the Bretton Woods system to be "as good as gold". This led to the formation of the Eurodollar market and, eventually, to the collapse of the Bretton Woods system itself. Yet another episode involved the petro-dollar deposits following the oil shock, which put enormous funds at the disposal of the metropolitan banks, and made them the key actors in the "recycling" process, thus reducing the IMF to a mere "gendarme of finance capital." These episodes catapulted globalized finance capital to a position of pre-eminence. <sup>66</sup>

"While Dow Jones has hit 11,000, increasing 1,000 points in 24 trading days in late March 1999, the machine-tool builders' association, which is known as the American association for manufacturing technology, announced that for February, machine tool consumption in the United States had fallen 51% between February, 1998 and February, 1999". <sup>67</sup> In the year 2000, "A growing volume of imported goods during September sent U.S. trade deficit soaring 15% higher to a record \$34.3 billion, the Commerce Department said ". <sup>68</sup>

There are three interaction curves which cannot function separately, says Richard Freeman, the financial aggregates, the monetary aggregates, and the physical-economic input/output. The top curve represents financial aggregates. That 's the financial bubble. Just to give you an example, in the United States, the capitalization or valuation of all stocks is more than \$16 trillion. The latest figures that we have worked up for the value of derivatives, which are just bets, is \$55 trillion". <sup>69</sup>

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<sup>65</sup> The real deficit in the U.S. budget in billion of dollars was, 6.1 in 1974, 53.2 by 1975, 73.8 by 1980, 207.8 by 1983 and 150.4 by 1987. See Leonard Santow, *The Budget Deficit: the Causes, the Costs, the Outlook*, 1988, p.3

<sup>66</sup> Prabhat Patnaik, Capitalism in Asia at the End of the Millennium, in *Monthly Review*, v.51, no 3, July/August 1999, p p. 53?71

<sup>67</sup> Richard Freeman, America's Economic Recovery is a Myth, in *Executive Intelligence Review*, May 21, 1999, vol. 26, no 21

<sup>68</sup> *Los Angeles Times*, 22 November, 2000

<sup>69</sup> Richard Freeman, 1999 , opcit.



Patnaik explains that this financial capital differs from what Lenin wrote about in at least three ways. First, the financial capital in Lenin's conception was nation-based and hence nation-state-aided, while the new financial capital was international, both in the sense of sucking in finance from all over the globe. Second, this financial capital operates not in the context of intra-imperialist rivalry, as in Lenin's time, but as a result of imperialist powers acting in greater unionism. This does not imply that contradictions among them do not exist. Lastly, contemporary financial capital is not "capital controlled by banks and employed by industrialists (to use Hilferding's words quoted by Lenin). It is not the "coalescence of bank and industrial capital of a particular imperialist country" (as Bukharin put it), "but globalized finance drawn from all over and searching for quick profits, usually in speculative activities. In short, much of this financial capital operates in the form of 'hot money' flows".<sup>70</sup>

The issue here is not confined to the international financial funds, rather the fact that an international capitalist class network operates these funds. Here again, the issue of two forms of globalization imposes itself. While the financial capital is international, its national roots, however, are evaporating in the case of the share of the Third World, and becoming stronger in the case of that of the center. In other words, it is international in its free movement, but national in its management. For example, the Arab finance capital in the imperialist center lost its national roots to the extent that it was used to cover the costs of the military aggression against Iraq, the invasion of Somalia (both are Arab countries) and the support of Israel, as a colonial-settler state that evicted the Arab Palestinian people from their own country. Accordingly, not only has the finance capital at the periphery lost its roots, but capitalists in the periphery themselves lost their national roots and identity. This, of course, reflects the class interests. The 'homeland' for the finance capitalists of the COP was transformed into their 'bank account' from which funds were deposited in the banks of the center which are, in turn, monopolized and managed by the finance capital of the center. The capitalist regimes in the periphery adopted the neo-liberal policies which did, in fact, facilitate the transfer of surplus to the center by way of direct exploitation, the sale of the public sector holdings and in general privatization policies.<sup>71</sup>

### **The Role of Arab Oil Surplus in the formation of the Dominant Financial Capital**

Arab oil regimes were a main source of financial liquidity for finance capital transferring oil surplus to western banks. Following the two main oil price adjustments (referred to as shocks) in 1973 and 1980, they provided banks with capital to lend the Third World countries. Ironically, those very same countries had

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<sup>70</sup> Prabhat Patnaik, Capitalism in Asia at the End of the Millennium, in *Monthly Review*, v.51, no 3, July/August 1999, p p. 53-71

<sup>71</sup> According to the Banco do Brazil (1998) only 30 percent of the privatized assets in Brazil have been acquired by foreign investors (mostly U.S.), although in the sectors of telecommunications and electronics the involvement of foreign firms is higher (39-40 percent respectively). "The rescue package of twenty billion dollars saved U.S. speculators, but subjected Mexico to overt colonial control, its future oil revenues mortgaged to the U.S. Treasury Department.". It seems that through this mortgage that the United States succeed in obliging Mexico to increase its oil production in February 2000 in a step to break the new tough OPEX policy. The same for the Saudi Arabia whose Entire country is mortgaged to the U.S. by being "protected" from Iraq. James Petras and Henry Veltmeyer, Latin America at the End of the Millennium, in *Monthly Review*, vol. 51, July/August 1999, p.39.

contributed funds by paying higher oil prices, i.e. the money paid by Third World countries, including some Arab countries, has been turned to them in the form of loans. This indiscriminately created a negative image about all Arabs as ‘stingy people’ sucking their little income and depositing it in the western banks or spending it on a luxury.

<SPAN style="FONT-SIZE: 12pt"><SPAN style="mso-spacerun: yes"></SPAN>Saa'doun Hamadi noted that Arab oil has been sold below the appropriate prices needed to maintain the purchasing power of<SPAN style="mso-spacerun: yes"> </SPAN>the barrel at its level of 1974. Arab oil countries lost approximately an amount of <SPAN style="mso-spacerun: yes"> </SPAN>\$519,860 million in the years 1987-1995. Even Tunisia, which is the smallest Arab oil producer lost \$433 million in one year (1995), and in the period 1987-1995 lost \$2,688 million. The total losses of Arab countries in the period 1987-1995 totaled more than \$1.5 trillion.<SPAN style="mso-spacerun: yes"> </SPAN>These amounts were gained by the ten countries which import Arab oil and export goods and services to Arab countries." <sup>72</sup> These Arab surpluses, which easily and voluntarily flew to the capitalist imperialist centers, became at large part of the debt burden assumed by the countries of the periphery (COP). This flight of surplus was voluntary because: "...at the time when oil prices have been challenged by a drastic decline in 1978, Saudi Arabia increased its oil exports (oil production) in 1994 from 3, 438,000 million barrels per day to 7,388,000 million barrels. The same was done by Kuwait and the United Arab Emirates (UAE)... Saudi Arabia adopted a dual policy. Inside OPEC meetings, Saudi Arabia supported the limited and quota production, but when Kuwait and UAE increased their production, Saudi Arabia increased its production as well and pretended that the quotas system became useless and if it continued to commit to it, it would lose its market to others who did not commit. That is why the oil price declined below the price which was fixed by OPEC, \$18 per barrel until it reached \$7 by 1990, and probably less than that".<sup>73</sup> There is no doubt that several factors contributed to this policy of the Arab oil regimes. First; the capitalist center is, in fact, dominating decision-making in these countries. Second; these tiny countries are not willing<SPAN style="mso-spacerun: yes"> </SPAN>to adopt<SPAN style="mso-spacerun: yes"> </SPAN>independent development policies or to start projects that require regional cooperation and self-reliance strategies (see Chapter Two). In addition these regimes are neither ready nor able to deal with or generate dynamics of development, because they believe that oil rent is guaranteed and sufficient to meet the ‘needs’ of the regimes, not the people. This makes it easy for these regimes to allow oil surplus to flow freely to western capitalist banks. Third: these dependent countries are coordinating with western politics and banks more than with Arab neighbors. This is an indication and a result<SPAN style="mso-spacerun: yes"> </SPAN>of the absence of the national factor and the will to maintain or monopolize the regional market. This is further indication of the weakness of the Arab national movement which is unable to change these regimes or at least to force them to amend their economic policies. The Arab assistance and donations policies as part of the Overseas development Agency (ODA) are evaluated according to Arab oil surpluses.

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<sup>72</sup> Sa'adan Hamadi, Losses of the Fallen Prices of Arab Oil, in *Al-Hikmah Review*, no. 3 July 1998, pp.14-41.

<sup>73</sup> Ibid, p. 19.

In the period between 1962-1983, Arab oil countries distributed \$9,426 billion as ODA.<sup>74</sup>

### **A Globalized Capitalist Public Sector as another Component of a Global Fascist System**

Liberal and neo-liberal polices always attribute to themselves the role of encouraging the free movement of goods, services, labor, and capital. Recently, this pretense has been frequently repeated under the cover of liberalization of trade on a world scale claiming that 'openness' benefits all countries, when in fact it only benefits the core countries that employ workers who are able to produce competitive goods in the world market. This amounts to self-protection on the part of core countries because most of the poor countries have little to export on the one hand, and those same core countries are always imposing restrictions on the meager Third World exports on the other.

There are many conditions that are still imposed over the flow of the periphery's products to the core markets. Financial capital has benefited the most from liberalization policies especially the new facilities that the government of the periphery have provided for the Foreign Direct Investments FDI or through the developed telecommunications and Internet. The more open economic policies there are at the periphery, the less control the state of the periphery will have over its local market and therefore sovereignty over its land becomes tenuous. Accordingly, new forms of dictatorship are emerging in the periphery, leaving their borders exposed to foreign capital, goods, and services. This is in parallel to having a strong, well-armed police used to oppress and then easily rule the working class and the whole society, simultaneously, Third World migrant labor in the center is continually attacked by fascist groups.

These Third World regimes are more like self-rule administrative regimes, not independent ones. The economies of these regimes are increasingly operated by the IMF and the WB, which are, in turn, controlled by the states in the western capitalist center. The public sector which employs a large labor force has been reduced. Through surplus transferred to the center, the core states, are in fact financing jobs for their own workers. Thus, while decentralization expands at the center, the same core regimes tighten their grip on the world economy via the IMF, WB, WTO and the world investment organizations. This centralized administration which controls the world economy is itself a globalized public sector that is controlled economically by international financial institutions of the center and socially/politically by repressive regimes at the periphery. This is the economic and political foundation of the creation of a world fascist regime.

The comprador state in the periphery is paving the way for multinational corporations (MNC) and merchant banks by supporting reactionary regimes there that are terminating the public sector, opening their markets, producing legislative decrees that facilitate the FDI and repressing the working classes. This relieves the core countries from any need for direct military intervention. They are creating and operating their 'global sector' as if it is an internal matter. The United States, for instance, has the upper hand in appointing a prime minister or minister in most Arab countries, and a 'role' in negotiations between El Salvador's regime and the

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<sup>74</sup> *Al-Taqrir Al-Iktisadi Al-Arabi Al-Muwahad* ( Arab United Economic Report), Arab League publications, Cairo, 1984, p. 296 (Arabic)

revolutionaries, all in the name of the global village,<sup>75</sup> liberalization of trade, mutual interdependence, and privatization. The MNCs are transferring wealth and surplus to the core countries which, in turn, create new jobs, albeit ones that offer meager wages. This explains what a globalized capitalist public sector really means. It is an indirect financing of the core state by the periphery, that is operated by the financial sector inside it, and further guarantees the creation of jobs in services, research, and development.<sup>76</sup>

The core of this development is still a capitalist one. The private sector is still dominant, either in production or financial capital, but still at the local and national level. However, the role of the state in the periphery has been altered, i.e. the termination of the public sector, which is a complement to the private sector, while serving, at the same time, to reduce social tension. This is the core of the state fascisation that maintains the private sector domestically and supports it in creating a global sector overseas with a 'private content'. The state facilitates this process, either by legislation or by the army and police. The transfer of capital by the globalized capitalistic public sector minimizes social tension inside the core states by creating new jobs. The opposite happens at the periphery which, in addition to all its problems, is facing high population growth.

The contribution of Third World ruling classes to the globalized public sector, is camouflaged by support for the private sectors in their countries which, according to them, will follow the steps of the private sector in the center. It is well known that historical circumstances that modeled the development of the private sector at the center can never be repeated in the same manner in the periphery. The center's private sector began as a productive one and was locally-oriented and self-centered. Moreover, it was often either well-protected or did not have to face real and strong foreign competitors. At the periphery, however, the private sector is more dependent, consumerist, and led by dependent regimes that are mainly supported and protected by the core states against the will of their masses.

That is why the disintegration of the public sector is a part of the creation of the globalized public capitalist sector on the one hand and a part of the campaign of regimes of the periphery against their own people on the other. By losing the public sector, the states of the periphery states lose a main vital source of income and become totally dependent upon taxing their own people.<sup>77</sup> Through taxation, the popular classes are milked while the wealthy corruptly evade paying taxes in addition to the opportunity of buying the public companies at low prices. The result is less income for the regime, increased tension between the rich and the poor and further dependency on the colonial countries to feed the regime through aid, NGOs ...etc. This aid is a tiny part of what the MNC, siphoned off from these countries. Parallel to that, the disintegration of the public sector means more unemployment in undeveloped countries which already have high birth rates, a significant factor given that supplies the labor market with a new army of strikebreakers.

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<sup>75</sup> Many bourgeois ideologists pretend that the World is a global village. This may be true in terms of open borders, telecommunications ...etc. This same "global" village, however, is still composed of two different and even hostile components: the shanty town and the central/down-town. The differences between the two parts are ever increasing.

<sup>76</sup> The United States spent in 1999 on R&D 218 billion dollar, while Japan spends 118 billion dollar in the same year, *New York Times*, 7 August 2001.

<sup>77</sup> The opposite is the case in the core countries under neo-liberal policies. The United States today under the Republican administration is the best example for the reduction of taxes which highly benefit the capitalists and deeply cutting down the social benefits and services to the poor and popular classes.

While the center is moving part of its industries to the periphery, this in no way, implies that it intends to develop the periphery according to the center itself (as Marx once argued). Instead, dependent centralization is created.

The aim of this same globalized public capitalist sector is to prove that the private sector never cared to employ the labor force even inside its own country. It seeks to attribute a new role to the state reflecting the strengthened role of states as long as it is in harmony with that of the private sector. Subsequent to the 1973 economic crisis within the core countries, and the accompanying weakening of the luxury state, increase of unemployment, underemployment, wage decrease...etc, something was needed to replace, even if on a relative basis, the role of the state. The only possible areas for that substitution were external not internal. That is why this sector, the globalized public capitalist sector, is:

1- Reinforced by the MNCs overseas which are supported by the state. This state knows in advance that ultimately these MNC's will fulfill the state's role inside the country by transferring financial capital to nations which employ people in services, banks, insurance, mortgage, hi-tech and computer industries, and other financial services, the Internet...etc

2- It is limited to those core states represented by MNCs, despite the fact that this sector is related to the national state.

3- It is limited to core states that have interests all over the world and the power to maintain these interests by force if necessary. (Consider what happened to Iraq and Yugoslavia).

4- The rise of this sector parallels the dismantling of the public sector

5- This sector constitutes a mechanism which provides the state with financial liquidity that has been removed from the periphery whose regimes facilitated the transfer of capital to the center through the adoption of re-adjustment and neo-liberal policies.

6- This sector is speculative.

7- This sector is milking the periphery through debt (service and payments).

8- The role of this sector, represented by the bourgeois state, is to minimize tension between capital and labor in the center by financing new service jobs,<sup>78</sup> while simultaneously heightening tension in the periphery. Whenever this tension breaks out into violence, it is always suppressed by police force. The current subjugation of the periphery states to the neo-liberal policies imposed by the core imperialist states, opened all world markets to the imperialist exports, and facilitated the flight of the world surplus to the core countries especially the United States. This explains why the USA escaped depression throughout most of the 1990s. This also puts the periphery's

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<sup>78</sup> A recent study by the University of Texas estimated that the "Web Economy" generated more than US\$300 billion in revenue and created more than 1.2 million jobs in the United States in 1998. *The World Bank Group*, a Quarterly publication of the West Bank and Gaza office, January 2000, p. 1.

state management of economy in a critical position and minimizes both the chances for radical politics and industrialization of the Third World countries.

Hamid al-Jumaili reaches essentially the same conclusion as mine, but he does not push his analysis to the end, i.e. to deduce that this is a globalized public sector.<sup>79</sup>

Briefly speaking, the components of this sector, from the viewpoint of the core countries, is the availability of core state's access to capital mobility on a global scale in order to establish productive projects, sell services, create marketing networks, and finance the continuity of dependent regimes. As for the periphery, it needs comprador capitalist regimes supported by intellectual comprador, theorizing on behalf of dependent globalization. This is characterized by peripheral qualified labor power, but without substantial rights, trade unions, and organized labor movements, as well as open door economic policies supported by special, anti-national investment laws which favours foreign capital. This resulted in national economic disintegration and challenged any cohesion of local industries.

### **Post-democracy: The Theoretical and Intellectual Preparation for Fascism**

Several conditions are necessary for the completion of the global fascist state, aside from its de-centralization at the center and heightened centralization at the periphery. One of the main conditions of this form of state, is minimization of the sovereignty of the periphery state to the extent that it is reduced to the level of a colony. This colony must have a strong repressive apparatus opposed to labor and popular classes. These are the political and economic factors necessary for this global fascist state to exist. However, it needs the intellectual and theoretical factors as well. This is accomplished by a great deal of false praise for democracy and human rights. That is why some intellectuals pretend that a substantial democratic improvement has been developing in the peripheral countries.<sup>80</sup> In fact, it is democratization in theory, but in practice the economic/political global regime is destroying democracy, both at the center and periphery. In the center, wealth is concentrated in the hands of a few, wages are continuously lagging behind prices, an increased need for second and third jobs to compensate for the low wages of the first ones, and women are supposed to go home to become "good" Christians and limit themselves to biological reproduction.

At the periphery, where conditions are deteriorating harshly, there is an increase in poverty and a rise in birth rates and unemployment. The ruling classes in both, the center and periphery, are launching preemptive campaigns against leftist and nationalist intellectuals by recruiting them and luring them towards high salaried jobs in NGOs intended to distance them from politics and radicalism. By doing that, capital is in fact hindering the possibilities of a new national liberation wave in the periphery. According to the economic/political trend of the world system, the imperialist thinkers have reached the era of post democracy. Samuel Huntington and Zbigniew Brzezinski came to US regime during Carter's administration and even Carter himself from the Trilateral Commission, is an organization that was founded

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<sup>79</sup> ...Many developing countries adopted the economic decentralization, which in essence means capitalism without capitalists and market economy without market institution. The market institution is an importer, the capitalists never represent national capitalism rather foreign capitalism, which is the capitalism of foreign companies and monopoly capital. Hamid al-Jumaili, *Political Centralism and the Market System*, edited by Imad Abdulatif in *Majallat al-Hikmah*, no 9 year 2, may 1999 p.p.38. (Baghdad).

<sup>80</sup> Several Arab writers looked optimistically when the King of Morocco appointed the leader of opposition a Prime Minister in 1999.

and financed by David Rockefeller in 1973. In 1975, Huntington contributed to the preparation of a report on the Ruling Crisis in Democracies for the Trilateral Commission. It is a study that addresses the feasibility of maintaining the representative democracies and the continuity of institutions and movements which are based on democracies during the adoption of austerity programs which need, according to them, post democratic governments and systems, or non-democratic ones". Huntington was one of three from the Trilateral Commission responsible for the study of the crisis which generated the program called "Democracy Project".

The proposed Democracy Project is, in fact, a non-democratic one. It is a project meant to lure leftist activists and influence them to ignore politics, as well as to collaborate with the oppressive ruling classes at the periphery. Its goal is to absorb these intellectuals in a project that aims at 're-educating' the popular classes, to believe in a market economy, free market ideology, and the American and western culture.

To support his theory on the crisis of democracy, Huntington argues that in post- industrial societies, nations became dissatisfied with being ruled by democratic means. Thus, for a candidate to be a president, he must create an election coalition of a majority of voters distributed all over the country, and since the 1930s, what became most important is the ability of the candidate to gain the support of the main institution leaders in society and government.<sup>81</sup>

Huntington's argument is an open call for regimes which depend on the economic and political capitalist class to avoid democracy. In other words, it is a call for dictatorship or fascism.

### **Mechanism and Alternative Model: Development by Popular Protection (DBPP)**

How can the periphery challenge this dangerous capitalist project? By what means is it possible for the periphery to break the polarity in the world system which was imposed upon it by the capitalist centers? Are all regimes in the periphery compradoric, non-nationalist and unable to transcend the blocked development? Is the popular alternative the only hope? All these questions suggest that an official alternative is impossible. The hope is the popular alternative. Yet, the popular alternative is hampered by many obstacles. For instance, there is the bourgeois national state in the periphery which lost its expected role, that of achieving national development. In addition, capital, through NGOs, had deformed many organic intellectuals in the societies of the periphery, thereby emptying the periphery of its ideological, moral and cultural power as an essential part of a prime motivating factor for transformation (see Chapter Seven).

The experience of national liberation in the Third World and formal political independence ended when comprador regimes lost even the formal control over their own sovereignty. All calls for a new world economic order in the 1970s and cries for the lost decade of the 1980s are a memory. The experience of the "15 countries" which began in 1990, has yet to deliver. Even today, the last adjustment of oil price might decline. The price of oil is still \$27-30 per barrel. Based on an inflation of 25% from 1992 until 2000, it should in the range of \$27, which is the current price.

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<sup>81</sup> Mark Burdman and Scott Thompson, Harvard's Huntington Promotes Descent into Barbarism. In *Executive Intelligence Review*, vol.26. no 36, Sep 10. 1999, p.50.

However, Saudi Arabia, Mexico, and Kuwait have succumbed to U.S. pressure to increase oil production as the traditional way of reducing prices.

The experience of Malaysia tells a different story. Malaysian Prime Minister Mahatir Mohamad enacted currency and capital controls in order to protect Malaysia from speculative assault. These measures are contrary to IMF prescriptions, yet they had fast and positive effects, and preserved the possibility of resistance though not from a socialist perspective. Imperialist capitalists launched bitter attacks against Malaysia, especially former US vice-president Al Gore in the Clinton administration, who attacked Mahatir in his own country. This is an indication that imperialism might not hesitate to invade any country that adopts a national or an anti capitalist model of development. Regarding Arab attitude towards globalization, Sadiq Al-Azim agreed with Mufid Hilmi's argument. Al-Azim argues that "...now the essential issue for Arab states regarding globalization is neither to stop globalization creeping nor to be a tail for it, but to deal with this phenomenon, or the declared theory which is embodied in the modern world economic system, by as much of wisdom, responsibility, realism and objectivity as possible. This must be based on local self-reliance, pan-Arab self-reliance, and on dealing with the largest phenomenon, which is that of globalization".<sup>82</sup>

The problem with this argument lies in the fact that it is a mere continuation of the thesis of regional self-reliance between a group of national states at the periphery. Nevertheless, while this thesis or model suffers from serious defects by lending credibility to the national bourgeois regimes, Al-Azim still considers the comprador state a vehicle for development. This is not grounded in reality, and contributes to the degradation of the consciousness of the new generation by telling them that comprador capitalism is able to represent the national interests through globalized openness. Is it possible for a group of countries of periphery to adopt a regional, self-reliance- based development model? This model was initiated by the ruling regime, and patriotism is a necessary condition. While this adoption is acceptable in theory, changes at the level of the ruling classes in peripheral countries works against the possibility of applying this model. There is no longer 'national/patriotic' regime on which to apply Samir Amin's, Fawzi Mansour's and other radical socialists writers' models of regional self-reliance. The interests of present comprador classes certainly are not in regional self-reliance. Fawzi Mansour, for example asks the current bourgeois ruling classes at the periphery to conduct a job which can only be achieved by a true Communist party. According to practical experience, even the availability of a socialist party in power is not a guarantee against bureaucratic degradation.

At the level of relationships between peripheral states, Mansour writes, "In early 1976, I attended one such Tri-Continental meeting in Sri Lanka... I proposed the adoption, by Third World countries, of seven concise policy guidelines. Trade among Third World countries should be direct...a system of generalized preferences should be established...payments from one Third World country to another should not pass through non-Third World intermediaries...etc."<sup>83</sup> These ideas do not tell us to what

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<sup>82</sup> Mufid Hilmi, Global Challenges and the Necessities of Arab Economic Integrationin , in *Al-Nahj*, Winter of 1999, P. 120, Quated in *Ma Al-Awlamah* (What is Globalization), by Sadik Jalal Al-Azm and Hasan Hanafi., (Arabic) Damascus 1999 p.p. 200-201.

<sup>83</sup> Fawzi Mansour, A Second wave of National Liberation, in *Monthly Review*, vol 50, no 9 February 1999, pp. 19-20.



extent the ruling bourgeois comprador is willing to commit to these 'nice proposals'. How will these countries re-design their unequal exchange with the capitalist imperialist center? How will the the countries of the Third World solve the debt burden of most of its members? Will it be rescheduled or not paid? Will these countries establish internal specialization or integration among themselves, especially in an era of supply-side crisis? Mansour might reply that changes in the internal policy need to be made in order to prepare them for regional cooperation.

That is right, but are the current regimes ready? The self-reliance and the de-linking school of thought, the arguments of which are distinguished, does not tell us how to ensure that these models can be conducted and maintained without being betrayed by renegades or used by bureaucrats. The alternative to the wishful thinking of self-reliance under a comprador regime will be Development by Popular Protection (DBPP). This DBPP model is based to a large extent upon The Self-reliance and De-linking Model, but it must transcend it according to the needs in the socio-economic field. It is a model that is derived from the experience of the Palestinian *intifada-1987*. Certainly, this model is not complete yet. I doubt that there is any single model of development that is complete. It is a mass effort that must always remain open to outside contributions. This particular model functions far from the ruling class of the COP. This is its **first condition**. It assumes that those in power are against it. The best case scenario is that, those in power might be neutral towards it. Since it is a spontaneous popular initiative, it is by definition a popular decision. Masses do not need a bureaucratic party to teach them the fundamentals of this model. These fundamentals can be understood and developed through popular activities, and are represented by labor movement, grassroots organizations, women's unions, student, and youth movements. All of these forces voluntarily adopt and develop the position of 'Internal Withdrawal', they withdraw from working in Israeli industries and consuming Israeli products and turn to consuming locally produced products.

Its **second condition** concerns consumption, i.e. concentrating on consuming local products, not those imported from the imperialist center. In the case of the West Bank and Gaza Strip (WBG), the popular classes boycotted Israeli products. The boycott continued until the so-called Madrid-Oslo Peace, at which time the Palestinian Authority (PA) ceased the popular boycotting of Israeli products. Popular classes will give priority to the products of the Third World. In this instance, regional self-reliance consumption could work. Pressure is placed on the regime to import Third World products, it is in the best interests of the merchant class to import according to the masses' demands.

The popular classes move towards starting cooperatives is the **third condition**. The purpose of forming these cooperatives is to produce as much as possible to meet the needs of the popular masses. This is the beginning of Internal Withdrawal productively, the process of re-shaping the deformed structure of production of the national economy. This is subject to a rule that determines that each member in a cooperative is required to invest financially in it. Therefore, the member is a builder, financier, worker, and a consumer. This popular monopoly is the most important guarantee.

The member must also cooperate with the marketing net so as to terminate the merchant's monopoly. This the **fourth condition**.

The **fifth condition** eliminates dependence on foreign or non-governmental finance. Foreign finance denotes the beginning of dependence and the termination of the DBPP though revolutionary assistance might be accepted after being thoroughly investigated.

This model will, afterwards, develop the consciousness of consumption as its **sixth condition**. In this regard, each citizen must be able to control, on an individual level, what he or she will consume and from where it will be purchased. This requires boycotting the products of the class and national enemies, including the local capital that cooperates with foreign capital, either as an import agent or in the form of a joint venture, or as a subcontractor. This consciousness of consumption is, in itself, an investment controller. By boycotting products of foreign capitalist and local market products of joint ventures which are not produced for essential needs, capitalists will be forced to re-orient their production to acquiesce to popular demand. Certainly, this process will take a long time. Nobody claims that changing the economic, political, and cultural structure and mentality, in any society, will take place quickly and by command from above. Until this level, the comprador political authorities may not be able to harm this model.

Political parties are considered revolutionary pioneers only to the extent that their members are able to institute this model without imposing themselves in a bureaucratic manner. If a political party is able to practice its role popularly, in a pioneering and democratic manner, this party will be empowered by peoples' support. This is the **seventh condition** of DBPP. In this case, the party absorbs development conditions from below, i.e from a popular parliament that is representative and composed of the popular masses. But this is not enough. The revolutionary party, a Communist one, should develop the popular model, educate the popular classes, support women in their struggle against patriarchal domination and fight through education and enlightenment against conservative mentalities of the peasantry especially in the societies of the periphery. This party is very necessary for this model. It might create its own economy as a beginning of a DBPP on the national scale.

In order for the popular parliament to design an appropriate economic policy, an annual national conference, the DBPP's **eighth condition**, should be held so that the popular masses may voice their opinion, review past policies and performance, and develop future plans. In this situation, the revolutionary party, whether it is in power or out of it, should popularize dialogue and the decisions of the conference, playing a pivotal role in advancing plans into practice. This model is democratic because those who decide on the economic plan, (from saving, investment, distribution, to income generating) are the people of the cooperatives.

The Palestinian *intifada* - 1987, itself, is a popular democratic environment because it was initiated, politically and economically, far from any regime or political party leadership. In another step of its development, its **ninth condition**, this model moves to absorb the non-official (non-governmental, non-institutional) sector, or at least to coordinate with it. Even until this step, this model is still far from the economic policy of the ruling class.

The model of DBPP requires that a social force stands behind the economy to defend it against bureaucracy, dependency, and open door policy. It is a form of social pressure on the ruling class that adopts open door policies. It is a class struggle against social classes that benefit from dependency. Finally, it is an embryo of a genuine socialist system, a socialist system from below.

As mentioned above, this model works far from the state apparatus. But in case of a national state regime and its ruling socialist party, this model works in cooperation with, or separate from, the state, depending on whether and to which extent the state economic policies, economic plan, and social policies are in harmony with those of the DBPP. It depends on how much the state marginalizes the popular classes in both, decision-making and production planning at the work place.

DBPP applies pressure on the state to re-distribute the social surplus in the interest of the popular classes, including land reform, work guarantees, more spending on infrastructure, consistent wage increases, protection of the national economy, ending repayment of debts...etc.

It is a democratic choice, in which the role of the state is to serve and protect the economy, not to subjugate it to the market laws or the bureaucracy. This is why this model goes beyond the de-linking model, which depends on the national state and its ruling party, which in turn, leads to bureaucracy. When this project realizes that the state's policy is closed to its concepts and practices, the time will be ripe for cooperation and interdependence with similar countries on a regional and international scale.

Without the above mentioned standard, the Third World countries will succumb to endless adventures brought about by ever-increasing globalization. This model does not preclude cooperation among states, international cooperation, and joint struggle of popular classes on a world scale. Finally, there is no other alternative but to, continuously, challenge international capitalism by developing a system inspired by Communist Internationalism.

## CHAPTER TWO

### ARAB NATIONALISM AND THE DEEPENING OF UNEQUAL DEVELOPMENT

#### *A Materialist Analysis*

This chapter consists of two parts: the first deals with Arab nationalism from a theoretical and historical perspective, and the second is an analytical critique of Arab fragmentation and the deliberate role of Arab ruling classes in deepening that fragmentation. An examination of the current Arab situation reveals that the Arab popular classes are engaged and consumed in a long 'civil war' against the Arab ruling capitalist comprador classes. As long as each regime is guarding a set of foreign interests inside the Arab Homeland, that regime has no alternative but to oppress the popular classes whose interests are in contradiction with the ruling comprador and its western capitalist allies. These interests vary from the plunder of raw material and oil to an open market where the regime becomes the agent that saturates it with foreign products and permits the spread of multinational corporations (MNC) with their branches in many Arab countries chasing cheap and oppressed labor.

To protect these interests and to guarantee their share, the trickle-down reward, Arab regimes suppressed all forms of liberties; marginalized the popular classes from political, economic, and national affairs, and strengthened male domination in the society.

For financial gains, many Arab intellectuals and academicians accepted the role of propagandists for these regimes. The regimes' success in recruiting these intellectuals to 'market them' in the society meant that the ruling capitalist comprador had to breed its intellectual compradors.

Until the imperialist- Zionist aggression against Egypt, Syria, and Jordan in 1967, there was hope that some form of political development might take place in the region. The defeat of the nationalist regimes in Egypt and Syria in 1967 paved the way for a total compradorization of the Arab Homeland. The first consequence of that was the formal "Internalization of Defeat" (IOD) by Arab ruling classes which surrendered the national struggle to liberate the occupied land and the larger goal of Arab unity and became compradoric ruling classes. This meant that part of the society abandoned the national struggle and aligned itself with the enemy of the nation.

During the years between 1967 and the second imperialist aggression against Arab nationalist regimes (the aggression against Iraq) in 1991, it became clear that large numbers of Arab political parties and organizations have internalized the defeat and became mere tools and allies of the ruling classes. This meant that a new political/social sector of the Arab societies have internalized the defeat and dropped out from the struggle. This explains why, when several Arab regimes sent their armies to attack Iraq 9/1991 under the leadership of U.S imperialism, these political parties did not lead a single mass demonstration against the regimes. On the contrary, many of them supported their regimes.

The most dangerous development since 1990 is that the enemy camps, the imperialist-Zionist and Arab comprador, started the last, but most destructive campaign - to drag the Arab popular classes to Internalize the Defeat. This means that the enemies of the Arab nation have taken the battle to direct confrontation with the Arab popular classes.

This leads one to conclude that the conflict between Arab popular classes on the one hand and the imperialist-Zionist and Arab comprador on the other is an antagonistic one. It is a mixed national and class struggle.

Here lies the importance of the national dimension ( pan-Arab, *qawmi*) of the popular classes. Nationalism here is a mechanism for liberation, unity, development and socialism and not the chauvinistic nationalism of the reactionary classes . This is what the following discussion will attempt to analyze.

## I. On the National Question

While the national issue has been raised in many European countries early in the 16th century, the 19<sup>th</sup> century is considered the century of nationalism. It is important to note that the same European countries that experienced the century of nationalism and accumulated a rich rhetoric on nations' right to self-determination, applied just the opposite on other nations. Most of these European countries were already colonial, motivated by capitalist development, the dynamism of the capitalist mode of production and the 'national interest' of the capitalist class. These European nationalist ruling classes expanded and strengthened their colonial role to the level of imperialism, to colonize other nations in the periphery of the World Capitalist Order and to suppress their national ambitions. This capitalist colonialism blocked both: capitalist/democratic development and national unity in the peripheral countries, including the Arab nation.

This colonial heritage of European nationalism opened the door to the vulgar and fundamentalist forces to attack nationalism as if it were a European phenomenon or invention, and to render it unsuitable for non-European countries. Nationalism in the Arab Homeland was attacked and the nationalists were smeared and accused of being tools and missionaries for the West.

Classic Communists and Marxists attacked nationalism by claiming that it's a weapon in the hands of the bourgeoisie that provoked many wars for its own interests by exploiting the national sentiment of the people. They followed Marx's writing against nationalism. The point of departure in Marx's writings is the class, not the nation, specifically the working class as the class of humanity's socialist future. The working class will transcend the nationalist era of social and political development by conducting a socialist revolution. But these same Communists were not able to understand that Marx failed in his analysis of this area for the following reasons:

**First:** In *The Communist Manifesto* (1848), Marx expected that the capitalist countries, nations, will capitalize the non-capitalized nations<sup>1</sup>. But the fact proved that the developed countries hampered and even deliberately blocked the capitalist

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<sup>1</sup> "...The cheap prices of its commodities are the heavy artillery with which it batters down all Chinese wall, with which it forces the barbarians' intensely obstinate hatred of foreigners to capitulate. It compels all nations, on pain of extinction, to adopt the bourgeois mode of production; it compels them to introduce what it calls civilization into their midst, i.e., to become bourgeois themselves. In a word, it creates a world after its own image" Marx and Engels, *The Communist Manifesto*, ed by Samuel H. Beer . CROFTS Inc, New York, 1955. p. 14.

development in the peripheries of the World Order. The cost of blocking development to humanity was millions of victims through the national liberation struggles. During their rule of the colonies, the capitalist-colonial-imperialist powers supported local merchants, feudal remnants, and westernized intellectuals which resulted in competition for power among these forces in the post-colonial era. As colonial formations, or agents, these social groups maintained their relations with the center of imperialism and terminated the radical economic and political changes that were initiated by national liberation movements and replaced them with their comprador capitalist regimes.

**Second:** Based on his expectation that the center will develop the periphery, Marx failed to grasp the importance of nationalism in the national liberation struggle in the countries of periphery (COP) even when the center used nationalism as a weapon in the hands of the bourgeois. He did not consider the fact that at certain times, nationalism can play a progressive role, one that does not contradict socialism.

Marxists should develop Marx's stand on nationalism in view of the major developments in the world. They must transform the analysis from a pure theoretical level and the old analysis that applied to a certain period of time, to practical developments on the ground. Only the Chinese revolution under Mao Tse Tung, grasped the importance of nationalism in the march towards socialism.

The traditional Marxist attitude towards nationalism attributes the emergence of modern nations to the capitalist system, the domination of the capitalist mode of production over the society, the development of the national market, and the rule of the national bourgeois. These conditions must be met, from the standpoint of these Marxists, before we can determine whether certain people can become a nation. The analysis of history, however, from a materialist approach proves that old nations, and old markets existed before capitalism. This is the case of nations such as India, China, and the Arab nation.

The adoption of this approach: the existence of old nation and fully developed markets and economic systems, enable us to understand the national question in a different light from the orthodox Marxist paradigm which places nationalism vs socialism and attributes and limits nationalism to Euro-centrism and capitalistic development.

The old components of nations: language, land, economy, history and market were available in the old nations. It is true that capitalism gave the national question a more clear discourse and culture. But what is most important is that, while the bourgeoisie were preparing and educating the masses to 'fight' for the national cause, its real aim was to exploit their struggle against other nations for the pursuit of economic interests of capital. This capital is the capital of the ruling bourgeoisie whose goal is to expand its colonial base and exploit the colonies. But traditional and orthodox Marxism failed to demonstrate the role of comprador capitalism in protecting the national market. Or at least the orthodox Marxist analysis could not be applied in the comprador nationalist regimes. The orthodox Marxist argument that socialism is a possible alternative in the countries of the periphery (COP) is out of the question. This issue is still an open choice. A major problem of the formations of the periphery is that they failed to conform to capitalist or socialist formations. This is the case of the Arab nation that spent the entire 20th century in a long transitional period.

## Issues Related to the Arab Nation

Based on the above-mentioned theoretical assumptions, the notion of whether the Arabs constitute a nation was hotly debated. The debate centered on how 'real' is the Arab nation. Some argued that the Arab nation never existed at all. Other argued that, after the failure of the Arab nationalist regimes of the 1950s and 1960s, Arab nationalism ceased to exist. Others argued that there are four geographical Arab nations: the Nile Valley, the Arab Peninsula, *Almagharib Al-Arabi*, and *Al-Mashriq Al-Arabi*. Some people argued that there isn't anything in common between these blocks. Others suggested that the common relations between a remote Arab country like Sudan and its neighboring African countries is more than the common relations between Sudan and Syria. Some argue that there is no 'Arab joint market' to create a united Arab nation, and that this united nation needs to be unified by a joint capitalist market, which is not the case even today.

While Palestine is very close to Lebanon, and both are parts of Greater Syria, the Falangist party in Lebanon supports Israel against the Palestinians, while in far away Algeria, the political parties and masses support the Palestinian struggle while they are in *Al-Maghrif Al-Arabi*! While the Algerians sacrificed one million martyrs to liberate their land from the French colonial capitalism, the Falangists consider France the 'mother land'.

One of the arguments against the development of an Arab nation is the fact that the capitalist mode of production did not dominate the Arab social formations. Relatively speaking, the capitalist mode of production did not dominate spheres of production, consumption, distribution, and culture. It did not surpass totally and finally other non-capitalist modes of production and social structure(s) like the patriarchy. Due to this 'deformity', some argue that Arab nationalism will never develop properly, or that it does not exist at all.

The most crucial issue here is capitalist transformation. It is important to note here that the slow and deformed capitalist transformation in the Arab Homeland was not caused originally or solely by internal factors. The lagging capitalist development in the Arab Homeland started and is maintained by the European and later the U.S capitalist powers in their colonial, imperialist and finally global manifestations. Since the capitalist transformation has been hampered by external powers, this shouldn't negate or minimize the Arab nation as an old nation. In the Arab case, while the economic factor is artificially hampered, the cultural factor played an important unifying role. This cultural factor expressed itself in the continuous support of the popular Arab classes for Arab unity. The most recent referendum in this context are the demonstrations that took place all over the Arab Homeland in support of the Palestinian *intifada 2000*. The same is true for the stand of the Arab popular classes against normalization with Israel. It is true that transformation by domination of the capitalist mode of production, and the capitalist relations of production is more profound and more lasting than the mere cultural one. This, however, doesn't lessen the importance of a joint culture. The experience in the Arab Homeland proved that the comprador capitalist classes developed a self-contained culture based purely on their economic interests. These interests are different from those of the national bourgeois in Europe of the industrial revolution. In the case of Europe, the bourgeoisie, which controlled the national surplus, placed the law of accumulation to work for the internal, and national affairs. These Arab comprador classes surrendered the control over their local and national markets to the western productive capitalism.

By doing that, these comprador classes not only lost their markets, but stood firmly against Arab unity (more details to follow).

These same 'capitalist' classes contradict the traditional Marxist economic theory which states that each bourgeoisie struggles to protect and monopolize its national market. This theory is applied also to the independent and productive nationalist bourgeois. The Arab comprador classes sabotaged the national unity by strengthening the *qutri* over the *qawmi*, and by imposing the fabricated *qutri* culture over the *qawmi* culture. In other words, the comprador exploited and weakened the national culture in the same way it weakened and exploited the Arab economy.

#### **Four attitudes on the Arab Nation**

The early beginnings of the Arab modern national expression started in the last decades of the 19<sup>th</sup> century. This trend was the father of the Arab national movement from that period until the collapse of the bourgeois national movement by the end of the 1960s. From its inception, Arab nationalism was torn among four attitudes: Arab Nationalist movement, Political Islamic movement, Arab Communist movement, and the colonial-imperialist project. The school of the Movement of Moslem Brotherhood was, and still is, the father of all Political Islam (PI) attitudes toward Arab nationalism. The Arab national school of thought, however, considered religion, mainly Islam, a main component of Arab nationalism. The Christian Arabs in the Arab national movement also consider Islam as a main component of Arab nationalism, and emphasize that their culture, as Christians, is part of the Arab Islamic culture. Nevertheless, the PI never considered Arab nationalism less than an enemy of Islam.

This reflected an enmity between the Arab nationalist movement and the Political Islamic movement. Accordingly, the political and ideological currents in the Arab Homeland failed to achieve a dialogue or debate between these domestic schools about Arab nationalism. Recently there were some promising signs of dialogue between these two currents. It is hoped that this will continue. Until the failure of the modern Arab bourgeois nationalist movement in 1967, the PI school was in alliance or at least a relationship of understanding with the so-called 'moderate' Arab regimes that were either appointed, protected, or in alliance with colonial and later imperialist capitalist powers. The opposite was the case of the Arab nationalist regimes which were always in the center of a struggle against imperialist powers.

By the 1960s and precisely, in 1967, the challenge against the Arab nationalist movement, represented by the Nasserist regime in Egypt, reached its peak. The Zionist Israeli aggression, financed, trained, and armed by the imperialist powers (mainly the United States, France and Britain), defeated the Arab ruling national regimes which put an end to this current for that period of time.

After the 1960s, most of the Arab regimes declined and became more harmonious, in terms of economic cooperation (but not integration since they are dependent). The capitalist comprador classes seized power, (in Egypt for instance), and opened the rest of the Arab economies to the imperialist world market. As a result of the absence of the nationalist current, the conflict took place between the old allies, the moderate dependent regimes and the PI.

The imperialist-Zionist aggression wasn't the only cause of the collapse of the nationalist ruling regime of Egypt. The main reason behind the failure of the regimes failure was its inability to enact a program of development since most of its



resources were consumed in a defensive war against the imperialist-Zionist aggression. The failure of the Nasserist regime to last after the defeat in the war of 1967 lay the structural defect of the Nasserist socio-economic project.

While the popular classes were supporting Nasser by themselves, his regime was benefitting the middle class. His regime did not offer the popular masses the leadership or the confidence. This is why when the internal renegade faction from inside the ruling elite, motivated by its interests, decided to betray the progressive regime, the popular classes found themselves totally un-armed, in terms of weapons or having their own revolutionary leading party to defend the regime and the gains it achieved through that period.

Another school of thought in Arab nationalism was that of capitalist imperialism. Imperialism started planning to colonize, fragment, block the development, and fighting against Arab unity, even before the rise of the early Arab nationalist consciousness in the late 19<sup>th</sup> century (see later in this chapter). This is why, as soon as the Arab Homeland got rid of Ottoman rule, the western capitalist regimes brought their ready-made plan to fragment the Arab Homeland using the method of “divide and conquer”. The British-French secret plan of Sykes-Picot Agreement (May 1916) was designed to divide the Arab Homeland between the two imperialist enemies, and to prepare Palestine to be the last white settler state in history, and create an artificial Jewish Zionist Ashkinazi entity on the soil of the evicted Palestinian Arabs.

The importance of this capitalist imperialist school lies in the fact that it was a “practical” step realized on the ground, while the other schools, did not come to full fruition, due to the success of the imperialist project. This same project continues to operate and renew itself today. While Syria was the only Arab country which was fragmented to four entities, the capitalist imperialist powers are working today to substitute the ‘divide and conquer’ method by a new one that is the fragmentation of each country in the periphery and the concentration of the center (*Tathrir al-Muhit wa Tarkiz al-Markaz*). That is why the United States and Britain are trying deliberately to disintegrate Iraq, Egypt, Sudan, and *al-Maghrib al-Arabi* to several states either on a geographic, ethnic or religious basis.

It is understandable that underdevelopment in the periphery in general shouldn't be attributed to colonialism and imperialism only, especially now. It is important, however, to realize that imperialists' emphasis differs from one area of the world to another. For instance, the Arab Homeland is still highly controlled and targeted by capitalist imperialism. This is why the ruling classes that were appointed by the capitalist imperialist powers are still protected by the imperialist center.

It is important to note that the colonial-imperialist era witnessed the strengthening and deepening of the backwardness of the Arab Homeland. This underdevelopment blocked democratic development in the region. As long as the elite rule in non-capitalist, pre-capitalist, or peripheral capitalist formations, the necessity for democracy became less important since there was no active productive industrial machine that might be harmed by workers' protests. For instance, the political democracy that the working class gained in the developed capitalist countries was due, primarily, to the struggle of the labor movement. This led the capitalists to understand, that without this political democracy, workers will go on strike and, therefore, the production machine will cease to work properly.

What really needs to be studied today is the trend and race among many, if not all, countries of the periphery, is, in fact, inviting the MNC to “invest” in their countries. By doing so, these regimes avoid the need for democratizing the political

life of the people and keep the police power to repress the workers! (See Chapter One)

To be able to create its own form of hegemony, the Arab ruling comprador socio-economic systems created their own 'intellectual comprador' who will always market the theory and the culture of affirming and deepening dependency.

The present period is the peak of the imperialist domination over the Arab Homeland. For instance, an Arab regimes participated with the imperialist invasion of Iraq. When events reach this level and take this form, it means that the imperialist powers are in fact ruling the Arab Homeland.

The fourth school of thought is the Arab Communist one. Its founders were native Arabs but this school depended, to a large extent, on the Soviet interpretation and definition of Arab nationalism. Most, if not all, Arab Communists based their attitude towards the Arab nation on Stalin's theory that the "Arab nation is a nation in the making".

This theory lacks an understanding of the World Order. It is theoretical shortsightedness since it failed to grasp several fundamental facts, such as the existence of old nations which do not need proof of their national identity, nationalist aspiration, and consciousness. Stalin's analysis also failed to grasp the fact that the Arab Homeland has been divided artificially and forcefully by colonialism and imperialism. And, accordingly, it is a nation in the era of hampered development because of external factors. The same Soviet Union under Stalin recognized the Jewish Zionist Ashkinazi entity in spite of the fact that it is an artificial settler colonial state in Palestine, supported by the capitalist imperialist powers.<sup>2</sup>

Unfortunately, many Arab Communist parties accepted the Stalinist analysis to the extent that they stood against the idea of Arab unity. They were misguided by two theories: (a) the Marxist attitude against nationalism in general, and (b) the Stalinist attitude against Arab nationalism in particular.

Arab Communists fell into the trap of the ideological comprador, that imported the Stalinist analysis but failed to create and develop their own Marxist analysis of the Arab nation. This wasn't the case of the Communists in Mao's China, Vietnam and many experiences all over the world. They failed as well to realize that the policies of the Soviet Union, especially since the 1950s, became those of a superpower rather than a revolution.

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<sup>2</sup> The same is the following false quote, which inject Israel in an evident biased manner as if it was one of the ancient nations. "Corruption has been ubiquitous in complex societies from ancient Egypt, Israel, Rome, and Greece down to the present. Dictatorial and domestic politics, feudal, capitalist, and socialist economies, Christian, Muslim, Hindu, and Buddhist cultures and religious institutions have all experienced corruption but not, of course, in equal measures"(Corruption Culture, and Markets, by Seymour Martin Lipset and Gabriel Salmon Lenz, in *Culture Matters: How Values Shape Human Progress*, edited by Lawrence E. Harrison and Samuel Huntington, Basic Books, 2000, p.112-113). As the quotation deals with corruption, it is itself an example of 'scientific corruption done by intellectuals motivated by bribery and/or ideology.

It is well known that "Israel" as a state did not exist before the Jewish settler's occupation of three quarters of Palestine in 1948. What were existed in the ancient world was called "Yahuda" and for nearly 70 years. Even its place is debatable. The last scientific research shows that the Bible and the Hebrew tribe were in the Arab Peninsula, not in Palestine. This is addition to the fact that there is no proof that the Ashkinazi Jews (who create the Zionist movement and the Zionist project-Israel) have any 'blood or tribal' relations to the ancient Jews in the Arab Peninsula. The Ashkenazi Jews came into existence about 1200 years ago when a tribe people known as the Khazars... chose Judaism. ( Jack Bernetein, *In Racist Marxist Israel*, The Noontide Printing, 1991, p.p. 5-6.

One cannot ignore the fact that the Jewish settlers in Palestine pretended that they have a socialist base represented in the so-called *Kibutzim*. In fact, the *Kibutzim* were always related, in terms of their raw material and products, to the capitalist market. The socialist center should not have been misled by this ‘false socialism’. This ‘misleading’ may have taken place because of several factors:

- The influence of Zionist Jews in the Soviet Communist Party in particular, and international Communism in general.<sup>3</sup>
- That the newly created state, the Zionist entity (1948), even if it is ‘socialist’, was created through brutality against the Arab Palestinians who were forcefully and violently evicted from their own homes and land.
- The role played by the Jewish members in the Israeli Communist Party, who were Zionists more than Communists.
- The dependent Arab Communist parties that failed to reject and resist the Stalinist recognition of the Zionist entity. Even if the settlers are ‘Communists’, supporting them by any Communist is, simply, racism.

As for the last developments in the national question, it should be noted that the imperialist support of the Arab *iqlimi (qutri)* regimes, and the fragmentation (*tathrir or tazriri*) of the Arab Homeland is a clear example in explaining the nature of the new wave of nationalism in the peripheral countries. This new wave is a globalized and not a domestic one.

Most of the cases of the new wave of nationalism led by comprador capitalist factions believe in free market ideology, complete opening of their own markets to financing by imperialist regimes and their NGOs. While the national liberation movements were always opposed to imperialism, most of the new ‘nationalist’ waves were created and supported by the same imperialism.

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<sup>3</sup> The following quotation is a good example on the Zionization of the left even until today: The authors of the Blackwell Dictionary wrote:

“*Kibbutzim* in Israel may be regarded as a specific form of workers’ council, and although their mandate is much wider, since they encompass all spheres of social and economic life, their basis is the production community which is organized in a direct democratic way (Rosner. M 1976, *The Kibbutz as a Way of Life*. State of California: Institute for Cooperative Communities, quoted in ( *The Blackwell Dictionary of Twentieth-Century Social Thought* edited by William Outhwaite & Tom Bottomore Ernest Gellner, Robert Nisbet, Alian Touraine 1994 p.718). It is worth noting here that, a Marxist like Bottomore still consider the Zionist *Kibutzim* in Israel as workers councils today, in the era of globalism which the Zionist Israel is in its very center. While most of the capitalist regimes from center and periphery consider Zionism in 1976 as a racist movement. In fact, the liberal Gordon Marshal was more honest in this issue: “Agricultural settlements inspired by socialist and anarchist ideas are established by Jewish settlers in Palestine, in which working and domestic arrangements, including child-care are shared by members. They later came to employ wage labor and to form a small part of the Israeli economic system. They are interesting to sociologist primarily as experiment in egalitarian communal living” (*Oxford Dictionary of Sociology*, Gordon Marshal, 1998, p.340). The same is for the Oxford Dictionary of politics:

“*Kibbutz* is a Hebrew word meaning ‘gathering’. A collective farm in Israel whose members work co-operatively and do not hold private property. *Kibbutzim* were set up by Jewish settlers in Palestine, before the establishment of the state of Israel. In the 1960s and 1970s they were popular among idealistic non-Jews in the West, but their popularity has faded” (*Oxford Concise Dictionary of Politics*. Iain McLean, Oxford, 1996, p.268).

## **II. Towards a New Theory for Arab Nationalism: Analysis and Vision**

### ***The Deepening of Unequal Development by the Ruling Iqlimi Arab Comprador Classes***

The aim of this analysis is to explore a number of destructive events that affected Arab popular-nationalist classes as a result of the deliberate process of Deepening the Unequal Development, (DUD), among Arab countries. In addition, this section will assess and critique the socio-political and class factors that motivate the social classes that are the reasons as well as the product of this process.

The reality is that unequal development does not occur accidentally. It is an antagonistic project aimed at strengthening the *iqlim*'s economic policy to transform the fragmented economies of Arab countries from the stage of pre-capitalist, non-capitalist and/or peripheral capitalist formations to one that is dependent on the capitalist center. The *iqlimi* trend is, in fact, an antagonistic contradiction to the concept of Arab nationalism and Arab unity that views Arabism as a cultural belonging, and Arab unity as a socio-economic development project in service of the struggle popular-nationalist classes to achieve a better future. A future, for which prime movers are the material interests of the majority of the population in Arab countries, the popular masses for development. Additionally, real and sustainable development is impossible in small and fragmented areas, *iqlimi* in the case of the Arab countries. These *iqlimi* areas lack one or all necessary components of development, such as adequate market capacity, natural resources, skilled labor, know-how, and finance.

### **Two Attitudes towards the National Dimension**

To maintain its national integrity, any nation needs a strong, prosperous, internally articulated, unified economy, and a certain level of military might to protect itself and its achievements. Economic power has the ability to merge and unify nations even if they are historically at odds. In the case of the Arab nation, it is one nation, but not a unified one.

Despite the fact that Nasser's Egypt failed to unify the Arab nation, he maintained the position of Egypt as a central Arab State. The mere existence of this central state obliged the separatist and isolationist powers, the *iqlimi* and *qutri*, in the Arab Homeland to conceal their separatist agendas. But, when the national center, Egypt, fell into crisis in 1967-1970, the separatist *iqlimi* capitalists actively worked against unity and continued their project of DUD aiming at replacing the national state by the *iqlimi* state (*Al-Dawlah Al-Qutriyah*). These social and class conflicts tell us that unity, development, interests of popular classes, as well as national dignity were never just romantic slogan, but material needs and mechanisms which are able, if employed, to achieve unify or polarize most of the people of the Arab nation.

Since the Soviet Union lost its economic periphery in the African and Asian countries during the 1970s and its direct periphery in Eastern Europe in the 1980s, it was not surprising to see how this accelerated its own disintegration at the beginning of the 1990s. The sophisticated military power of the USSR failed to support its political regime.

People's position towards unity is, in fact, determined on the basis of class analysis. The attitude of each class towards unity is decided according to the size and extent of its interests in that unity. Unity, as a process, is always a challenge to all

social classes. The response of each social class to national unity is based on its own interests. In times of prosperity or growth, under a central national regime, more social classes support unity as a slogan or a project. The role of the central state is to challenge or to terminate the interests of classes that are opposed to unity. These classes are the *iqlimi* and dependent capitalists, or the supporters and beneficiaries of *iqlimi* state *Al-Dawlah Al-Qutriyah*, recently called the comprador class.

Since the late 1960s, the Arab nationalist movement faced a prolonged series of defeats. During that period, Nasser's regime in Egypt that was defeated by the imperialist-supported agent in the region, Israel, collapsed following Nasser's death (in 1970). The new Egyptian regime signed a 'peace' agreement with Israel which was still occupying the West Bank and Gaza Strip (WBG) and the Golan Heights of Syria. Iraqi military and economic force had been destroyed by the U.S led aggression in 1991. Following Madrid-Oslo negotiations and Accords, the PLO recognized Israel and accepted a self-rule regime under the Israeli occupation. In 1994, Jordan signed a peace agreement with Israel, the *Wadi Araba* Agreement. According to all these developments, the Arab *iqlim* comprador capitalist forces were, in fact, regarding imperialism and Zionism as their masters and the protectors of their *iqlimi* regimes.

The experience with the *iqlimi* Arab capitalism reveals clearly that the commitment to Arab unity is, in fact, limited to the popular nationalist classes, since unity is its only way for achieving development and dignity. Generally speaking, in any society, unity and harmony among most, but not necessarily all, social classes and their integration into one national economy is a process that takes place in exceptional periods of history, such as when a country is subjected to a colonial or settler-colonial regime. Under ordinary circumstances, however, class interests are the leading factor that determines the relationship among social classes and main ingredients in the class struggle. Class struggle shouldn't be understood as a class war only, since class differences, in any society, contain various degrees in the scale of class struggle.

That is why the obstruction of Arab unity is a natural result of the role of Arab ruling classes that subjugate the development of national economy to the interests of a class which represents the interests of the minority. This might help explain why the *iqlimists* and separatists insist on maintaining fragmentation of Arab Homeland as long as that enables them to control the economy and realize their own interests. By doing so, these separatists are, in fact, launching a class war, civil war, against the Arab popular classes.

Arab intellectuals and writers are also divided with respect to the nationalist question into two main currents: one is committed to the realization of the interests of the popular nationalist classes, while the other is, indeed, a tool in the hands of the ruling comprador class. The first is based on the theory that the Arab national dimension exists objectively and *a priori* and it argues that the existence of this dimension has nothing to do with the current politics of fragmentation and *iqlimi* ideology that are imposed by the ruling Arab classes. This current represents the classic Arab nationalists, the nationalists in general, and the Arab Communists whose conceptualization of Arab nationalism is based on the historical materialist analysis - class analysis.

The second current stems from the understanding that the present situation, is mainly a condition of weakness and fragmentation. The intellectuals of this school are, therefore, re-positioning themselves and their analysis in accordance with the interests and demands of the rulers, which translates into dependency and adaptation to the interests of the world capitalist order. This assessment of Arab nationalism stems from its own conceptualization of the Arab comprador capitalist (*iqlimi*) ruling

classes. They are the intellectual comprador of the capitalist comprador. They deny the historical and cultural existence of Arab nationalism. Their argument against Arab nationalism stems from recent times and does not take into consideration the historical process through which the Arab nation evolved. Their analysis fits into the bourgeois political functionalist analysis.

The positions of social classes in Arab societies will regard to Arab nationalism, Arab unity, and economic and social independence, are divided into two blocks: the ruling and the latent nationalism..

### **I - The Ruling Nationalism: *The Nationalism of the Ruling Class***

Mainly, this is represented by most ruling block of the social classes. These classes have been tied to foreign forces since the end of the Ottoman rule, but particularly during the European colonial era. During this period, the younger generations of these classes were educated and trained to become the ruling apparatus of rule in the post-colonial state. Those post-colonial states were either brought to power directly by the colonialists or in the case of those who 'liberated' their countries, they then became dependent on technocrats in establishing and operating the state apparatus.

The economic, social and political structure of these regimes were determined by the position of each regime or ruling class towards its former colonial power. Despite the end of the colonial regime, it should be noted that internal dynamics of change in these countries, were not the only force for economic changes. Following the destructive fragmentation of the Arab Homeland under the Ottomans, the European colonial powers further fragmented the Arab countries to support their own interests. The fragmentation into districts was consistent with the policies of the central Ottoman State in Istanbul. This form of fragmentation into districts was in harmony with the characteristics of the eastern military form of Feudalism.

The Ottoman rule in the Arab Homeland was a colonial one. This explains the intensive plunder of the surplus that was generated by Arab land and production that was, in turn, transferred to Istanbul.

Under the Ottoman rule, the Arab Homeland was divided into districts that remained open and unified, while under the European colonial rule, the Arab Homeland was fragmented into several small separate districts (*aqtar*). These *aqtar* (plural of *qutr* meaning country) were able to become separate states in spite of the fact that they were dependent on colonialism. The aim was to negate the possibility of Arab unity. Most, if not all these newly formed countries, due to division, have poor and fragile economies. European colonialism realized to which extent Arab nationalism and unity threaten their interests in the region. That is why they appointed rulers in these newly created Arab countries whose interests would be linked to European colonial countries. Therefore, what European colonialism did was create new states with appointed rulers to govern and control the will of the people.

The distinction between the two eras of colonialism (the Ottoman and the European) stems from the internal Arab structures. Local capitalism in the *iqlimi* entities had more control under European colonialism than it had under Ottoman rule. However, the power of local capitalism was still too weak to be independent from the imperialist support. In other words the situation was somewhere between total integration, but without fragmentation (the case of the Ottoman rule), and formal

independence that serves the interests and will of a dependent class (the case of European colonialism).

Following the capitalist colonial imperialist division of the Arab Homeland, the class and economic seeds of *iqlimi* were planted. That is why every Arab ruling class found its interest in separating its territories from other Arab countries and integrating itself with world capitalist market, dominated by the capitalist center. It is since that time that the (DUD) started, perhaps not deliberately. This orientation of the dependent merchant *iqlimi* Arab regimes, was motivated by their own interests, which included economic integration with the world market from the position of a small entity which represents, in fact, the interest of a certain segment of the society. What we are talking about here is a social segment that subjected the interests of the overwhelming majority of its people to its limited and selfish interests as a ruling one. This policy lacks national, political, and economic consensus and the articulation between the economic sectors of the local economy.

## **II - The Latent Nationalism: *The Potential, but Obstructed Nationalism***

The other front is the latent nationalist front, which consists of the popular-nationalist social classes and factions that were subjected, exploited, and whose surplus is drained by foreign powers and the ruling comprador capitalist classes whose share was, and still is, that of trickle-down economy. This front is under continuous attack by the ruling comprador that launches systematic class and civil war against the popular classes.

The nationalism of the popular classes is the Arab nationalism that strives for development, unity, and socialism. Essential components of a nation such as language, history, geography, culture, and heritage are important to Arab nationalism. However, the new and important component, the new discourse of this nationalism, is the common interest of all Arab societies in a joint Arab development. A project for a joint Arab development necessitates unity, since its interests require the availability of a large market. The process of development adds a new dimension to the traditional components of nationalism. It is a modern, practical, as well as a recruiting factor. The large Arab market is potentially strong and its potential to develop is high. Without the existence of a unified state, however, the development of a large united market is impossible. Unity is not limited to one form. At the very least, a policy for joint Arab development is necessary to begin with. The underdevelopment caused mainly by fragmentation and dependency of Arab countries is making the Arab unity an urgent matter. So, the DUD by the ruling nationalism is deliberately directed against the interests of latent Arab nationalism.

### **Arab Bourgeoisie Path is Deepening Unequal Development**

The emergence of the Arab bourgeoisie coincided with the beginnings of the Ottoman Empire's integration into the world market in the 1850s. While the Ottoman integration into the world order was a gradual one, it was, also, a controlled one due to its centralized eastern military feudal nature. This integration wasn't the choice of the merchant class in the Ottoman society. The central Ottoman authority fell under merchant pressure motivated by profits, and so they started a contraband trade of

agricultural products to the West. Another reason for the Ottoman openness was that the central Ottoman government needs to import western industrial products.

The integration of the Ottoman Empire into the world order hardly completes the picture. It should be noted also that the Ottoman formations were impotent; that is, they lacked the ability of self-transformation to capitalism even during the peak of the Empire's power. The main reason for that was the nature and the content of the eastern military feudal regime which consumes the extracted surplus for the military machine and the luxury consumption of the ruling class. This theory is highly applicable to the underdevelopment of Arab countries considering the fact that the relationship between the Ottoman center and the Arab periphery was that of plundering. This made the process of primitive capitalist accumulation impossible. In other words, the Ottomans abdicated to the Europeans a poorer and disintegrated Arab Homeland.

This is, incidently, the main distinction between the experience of China and India on the one hand, and that of the poor Arab Homeland on the other. The pre-capitalist formations in China and India were different in the fact that colonization wasn't continuous, and even, then, they remained unified under colonial rule. This is why there was one Indian and one Chinese bourgeoisie, while the fragmentation of the Arab Homeland generated artificially an abundance of Arab bourgeoisie. Due to their inherit weakness, the various bourgeoisie became totally dependent on the colonial powers. This facilitated the domination of western colonial capitalism over the Arab Homeland. The fragmentation of Arab countries wasn't only geographic, demographic, and national, but it was a fragmentation of social classes as well. Accordingly, a unified Arab bourgeoisie class failed to develop in Arab Homeland. A unified Arab Homeland with a strong economic base constitutes a threat to western capitalist colonizers and the separatist local bourgeois as well. This explains the organic relationship between the colonizers and the puppet bourgeois regimes.

The rise of Arab productive-nationalist bourgeoisie was hindered because of the Ottoman rule. When western colonialism invaded the Arab Homeland, it found an ally in the commercial and parasitic bourgeoisie that was ready to facilitate the colonialist's mission in plundering and blocking the development of Arab countries. While the unequal development in Arab countries is mainly attributed to the post-colonial era, the role played by the Arab separatist bourgeois regimes for an entire century was, indeed, a continuation of the colonialist nature and goals. Before explaining the role of the Arab bourgeois, it is necessary to examine the era of development that proceeded the present stage.

On a world scale, the Arab Homeland witnessed three major developments in the first four decades of the 19th century:

**First:** The weakness and beginning of disintegration of the Ottoman central state which paved the way for several countries to dissolve the Ottoman rule.

**Second:** The struggle for independence of some Arab countries that had the potential to achieve development. Mohamad Ali in Egypt and Daoud Pasha in Iraq attempted to establish modern independent states. Ali's ambition was to establish a modern state, a la European model in Egypt. To secure the success of his project, Mohamad Ali unified Egypt, Syria, and Sudan. Contrary to claims of many Western and Arab writers, Mohamad Ali initiated several major reforms in Syria,<sup>4</sup> which provoked the worry of his foreign enemies, western capitalism, and regional enemies, the Ottoman *Multazimin* (the locals who were appointed to rule, exploit, and transfer

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<sup>4</sup> Jalal Amin, *Al-Mashriq Al-A'rabi Wal-Gharb* (The Arab East and the West). Published by Markiz Dirasat Al-Wihdah Al-A'rabiyyah, Beirut, 1983 p. 23.



taxes to Istanbul). Daoud Pasha in Iraq (1817-1832), on the other hand, adopted essentially the same reforms. He declared that: "Europeans have no rights in Baghdad."<sup>5</sup> He imposed a system to protect domestically produced goods from the British ones. This provoked the representative of East India Company in Baghdad who urged the British to fire Daoud Pasha. One year after his fall in 1832, the representative of the East India Company in Baghdad wrote: "The people of Baghdad, despite of all their misery, had their dreams and hopes in Ibrahim Pasha... The merchants of Baghdad feel bitter because Palmerston [the British Foreign Secretary] opposed the annexation of their country with Syria that is ruled by a new ruler, called the "Egyptian Caliphate".<sup>6</sup>

While the nationalist movement started first in more developed countries like Egypt, Syria, and Iraq, the religious movements (the Sanousi and Wahabi) rose in the rich Arab countries, countries that generated little surplus, like Saudi Arabia and Libya.

**Third:** The gradual integration of the Ottoman Empire into the world market meant the opening of the first Ottoman gates for the western colonizers. The economic agreement between the Ottomans and Britain in 1838 abolished customs imposed on the trade between the British and Ottoman Empire.<sup>7</sup> This left the local Ottoman products under the mercy of a fierce European competition<sup>8</sup>. The signing of this agreement was soon followed by British loan to the Ottoman Empire and, thereafter, the British occupation of Eden in 1839.

Following the western capitalist interest in the region, especially after the signing of 1838 agreement between Britain and the Ottoman Empire, the British exports to Syria, Palestine and Egypt increased three times between 1826-1850. By the 1880s, trade exchange with Syria, Iraq, and Palestine collectively amounted to one fourth of the total Ottoman imports, and one fifth of its exports.<sup>9</sup>

In fact, the reason western alliance wanted to destroy Mohamad Ali's aspirations was to maintain the continuity of this 'unequal exchange' between his territories and the dying Ottoman Empire. This meant that the weakness of the Ottoman Empire did open the door for the dominance of the European capitalist colonial rule. Accordingly, the Arabs faced two enemies at the same time. These two enemies decided, in certain stages, to resolve their differences and minimize their rivalry to be able to control the Arab Homeland. That is why Palmerstone, the British Secretary of State at the time, said in 1840: "The Turkish control over the road to India is much better, from our point of view, than to subjugate this road to a strong Arab ruler."<sup>10</sup>

The final result of these developments was blocking, prematurely, the development of the Arab Homeland through the termination of its industrial beginnings. This is why the Arab Homeland became an importer of the essential

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<sup>5</sup> Ibid, p. 19.

<sup>6</sup> Ibid, p. 19.

<sup>7</sup> This was the first time that the Ottoman Empire had to borrow money from European countries. In his opposition to these loans, Rashid Pasha stated that if the Ottoman Empire does that, it will never rise again. What he feared was, precisely, what happened.

<sup>8</sup> Jalal Amin, *Al-Mashriq Al-Arabi Wal-Gharb* (The Arab East and the West). Published by Markiz Dirasat Al-Wihdah Al-A'rabiyyah, Beirut, 1983 p. 27. And Islamuglo Huri and Keyder Caglar, *The Ottoman Social Formation, in the Asiatic Mode of Production*, ed by Anne . M Baily and Joseph Lloberla. London Routledge and Kegan Paul, 1981..

<sup>9</sup> Lutski, Vladimir, *Tarikh al-Aktar al-Arabiyyah al-Hadith*, al-Farabi, publications, 1980, p.83.

<sup>10</sup> Amin, Jalal Opcit, p. 1983 p. 26.

goods, which it used to produce earlier, and which were, for a certain period of time, of much better quality than their European counterparts. On the other hand, the Arab Homeland became an exporter of agricultural crops and was subjected to a mercantile leadership whose interests lay in the expansion and deepening of dependency like Sa'id Pasha and the Khedive Ismail of Egypt.

The reason for the fall of Mohamad Ali was not limited to colonial aggression. The problem of the project of Mohamad Ali's lay in its failure to create the class carrier and social incubator for his progressive project. That is why the marvelous effects of his project vanished following the collapse of his military capitalist bureaucracy.

### **The Deepening of Unequal Arab Development**

As noted above, the uneven wealth endowment and resources among the various parts of the Arab Homeland were not different from those of other countries. For instance, the Southern portion of the United States of America is less endowed and developed than its north. The same is true for Italy. There is no equal development among all areas of China and India. However, the political unity of these national states permitted the integration of all parts of the country into a single structure and, therefore, the provisional uneven levels of development among those parts were not exploited by separatist tendencies and *iqlimi* political factions and classes to divide them into several 'independent' states. This doesn't negate the fact that class exploitation did exist in India and China before and after Mao Tse Tung.

The central and unified states in India and China played a major role in maintaining their geographic unity. In this regard, they are different from the Arab Homeland, because they are able to maintain their own central states. It should be noted that the unification of Arab countries took place only in periods when Arabs had a central and strong state. This continued even under the Ottoman Empire that maintained, by military force, many nationalities and all Arab countries under its rule.

The last episode of fragmenting the Arab Homeland into smaller entities was achieved at the hands of western colonial powers. This led to the creation of dependent regimes whose existence and survival were based on maintaining the state of fragmentation and obstructing the rise of a central Arab state. This laid the corner stone to institutionalize the deepening of unequal development among Arab countries. Through its ties with the world order, every ruling class in the Arab Homeland protected its own interest at the cost of the national one. This form of dependency and integration into the world capitalist order played a role in the failure of Egyptian-Syrian unity in 1958-1961 (United Arab Republic). The secession of Syria from the unity with Egypt could not have taken place without the existence of imperialist influence and local allies and the Zionist Ashkinazi project- Israel in the region. The Jordanian regime, supported by the US and Britain, also played a major role in this secession, while the possibility of an Israeli military threat halted Nasser from conquering the separatist military junta in Syria by military force.<sup>11</sup> This explains Israel's role in fragmenting the Arab Homeland, and preventing the rise of a central and strong Arab state that is able to conquer any secession with a defensive or preemptive strike.

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<sup>11</sup> This does not mean that Nasser was right. He must protect the first Arab modern unity by force.

In its course to achieve its own interests, the *iqlimi* capitalist Arab ruling class betrayed the aspiration of the popular-nationalist classes for Arab unity and development. The aim of the separatist Arab capitalism is to reinforce, as much as possible, the concept of deepening the unequal development that already exists among Arab countries. By doing so, these capitalist classes aim to terminate, for good, any possibility for Arab unity. While the center of the world capitalist order was, and still is, supporting the Arab dependent classes in their policy of fragmenting the Arab economies, the center itself was, in fact, embarking on several efforts to unify its countries, forces, and markets. The EU, NAFTA, FTAA are good examples of this.

The continued degradation of the Arab Homeland under the rule of the *iqlimi* capitalists placed it on the brink of marginalization.

### **The First Path of Development in the Arab Homeland**

During the eras of pre-independence and independence, the Arab *iqlimi* capitalism maintained and strengthened the natural inequality between one country and another. This made the inequality among the Arab countries an obstacle to transcend.

The first path of Arab development represented by Egypt, Iraq, and Syria is naturally rich countries (mainly in agriculture). Their similar structures breed similar political developments between them.

Egypt, Syria, and Iraq have fertile lands that can generate agricultural surplus. The availability of surplus made it possible for Mohamad Ali (in Egypt) and Daoud Pasha (in Iraq) to lay the cornerstone for a modern state as the main step towards independence. The possibility of building a modern and developed state in Egypt was strengthened further when Muhmad Ali restored Syria and Sudan. These early plans, as it is well known, were destroyed by the European capitalist colonialist aggression 1840.

The natural ability of these countries to generate surplus enabled them to start development and paved the way for an Arab nationalist movement to emerge. This early version of Arab nationalism contained a mixture of secular and religious elements. Muhammad Abdo and Al-Afghani were the pioneers of this movement in the last quarter of the 19th century and the first quarter of the 20th century. Later, the modern Arab nationalist movement emerged with the Arab Socialist Ba'ath Party, Arab Nationalist Movement and Nasserism. All these unionist tendencies and independent movements started in the countries that had the potential of fulfilling the role of central states: Egypt, Syria and Iraq. Under the leadership of progressive nationalist regimes, the three countries enthusiastically embraced Arab unity. Their economies were orientated towards independent development economies and not towards deepening the unequal development. In fact, the non-democratic practices of these regimes were one of their main weaknesses. Other Arab countries, that followed the dependent trajectory, those that did not achieve their independence through struggle, coup d' etats, or revolutions, and those whose independence took place too late, those did not become democratic or liberal. This does not mean that the progressive Arab nationalist regimes were democratic. The aim of raising this point is to reject the imperialist propaganda that the comprador reactionary monarchies are liberal and democratic. Once again, one of the main reasons for the failure of the progressive nationalist regimes was their lack for democracy.

Finally, the progressive project of the first trajectory was suppressed by the direct imperialist-Zionist aggression in the 1967 war against Egypt and the 1991 aggression against Iraq.

## **The Second Path**

Due to poverty and lack of natural resources of the second trajectory (including Jordan, Tunisia, Somalia, Sudan, Arab Peninsula and Libya), the struggle of these countries against colonialism was latent, whether in terms of struggle for independence or the beginning of national movement. The inherently poor structure of the second trajectory became an objective justification for its dependency as long as they remain divided and separated from other relatively developed and endowed Arab countries. The only solution for this objective inclination for dependency is a united Arab Homeland. On the economic level, the poor agricultural land in these countries was the reason behind their lack of adequate surplus that could be invested in creating a modern economy. In addition, the sparse population of most of these countries made it difficult to carry out a development project even when some of them became rich as oil exporters.

The reason why religious movements started in these countries might be due to their poverty and their dependency on agriculture. Since their beginnings, these movements stood against colonialism, but failed to carry on an organized national struggle.

It was necessary for part of these countries to wait for the exploration of oil, in commercial quantities, to communicate with the modern world and to have its share in Arab politics. Due to the fragility of the social and political formations of these countries and the dependency of their ruling semi-feudal elite, these regimes were and still are tied to imperialism against the Arab nation in general and their peoples in particular.

With some exceptions, the countries of the first path led the struggle against imperialism, even after their independence. They continued the struggle for industrial development and Arab unity. While the countries of the second path, with some exceptions (Libya for instance), maintained their reactionary role, remained strongly tied to imperialism and opposed to Arab nationalism and unity. The second path remained strong and protected by the imperialist-Zionist camp. The development of the Arab Homeland on a nationalist base will continue to be difficult.

At the same time, the policies of import-substitution and 'socialism' in the countries of the first trajectory were greatly needed for the rest of the Arab market and their oil revenues, the resources and economic capacity of the countries of the second trajectory were strengthening their ties with imperialism. This suffocated the project for development in the countries of first path that must have access to the rest of the Arab wealth and markets. The development policy of the first path has failed. One of the reasons was the Egyptian defeat by the imperialist-Zionist aggression in 1967. The new regime in Egypt, beginning with Sadat in 1971, surrendered to the imperialist world order. These events paved the way for the rich Saudi regime (the wealthiest due to oil rent) to lead what was called later the Arab system and to strengthen its policy of deepening unequal development.

## **An Economic Structure that Supports Deepening Unequal Development**

During the rule of the Ottoman Empire, most of the Arab countries were considered one trade region. Their trade took place without custom barriers. Until the first imperialist war – WWI (1914-1918), no less than 45 percent of the Syrian exports were going to other parts of the Empire; half of this amount was going to Egypt alone.<sup>12</sup> Until 1910, twenty percent of Egypt's imports were coming from Arab countries, excluding Sudan. By 1939, during the European colonialism, this percentage went down to three percent.

As mentioned above, Arabs, mainly in Egypt and Iraq, gained industrial experience during the 19th and 20th centuries. The first in the 19th century (Muhammad Ali and Daoud Pasha) took place during the first decline of the Ottoman central rule in Egypt and Iraq. A pioneer liberal bourgeois, however, led the second, in Egypt, under a dependent political regime. That occurred during the weakened imperialist grip era, 1920-1940s in the countries of the periphery (COP). The goal of both experiences was to build a modern capitalist system. The difference between them is that the first (Muhammad Ali of Egypt, 19<sup>th</sup> century) took place in an era when it was relatively possible for a country in the peripheral to develop independently, even in a capitalist manner. The second experience, however, took place when such a development was impossible, even if it started during the decline of the imperialist fist and failed to understand the lesson of the first experience. The second experience operated within the boundaries that the imperialists had drawn, and that is why it was a process of adaptation rather than of de-linking. It took place in conjunction with the fragmentation of the Arab Homeland. That is why the competition over trade between Britain and France spread to become a trade war among Egypt, Palestine, Iraq and Syria.

This is a striking example of the blocked development. It is industrialization adjusted to colonial policy. A policy that works against an auto-centric capitalist development of the periphery. Accordingly, by the year 1938, only 5 percent of Syria's exports were channeled to Egypt, in comparison to 17 percent in 1928, and the Syrian share from Egypt's exports in 1938 was reduced to half of what it was ten years earlier.<sup>13</sup> During the period of independence, the Arab regimes officially signed many economic and trade agreements among themselves.<sup>14</sup> The reality on the ground

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<sup>12</sup> Amin, Jalal 1983, opcit, p. 39.

<sup>13</sup> Ibid, pp. 38-9.

<sup>14</sup> However, reviewing all attempts of cooperation, alliances or integration among Arab or Islamic countries in the last four decades we find big projects at the beginning and very little or nothing was left at the end. ( Toye, J., Dilemmas of Development, Basil Blackwell Ltd, 1987 ) Some of these projects are:

13. The emergence of new centers of development and investment finance;
14. Arab fund for economic and social development
15. Kuwait Fund for Arab Economic Development
16. Abu Dhabe fund for Arab economic Development
17. Council of Arab Economic Unity
18. Gulf Cooperation Council (GCC)
19. Arab Bank for Economic Development in Africa
20. Arab Maghreb Union: Algeria, Libyan, Mauritania, Morocco, Tunisia (AMU)
21. Arab Monetary Fund (AMF), 1976
22. Arab Trade Financial Program (ATFP)
23. Arab Common Market, 1964
24. Arab Free Trade Zone

was that of strengthening of different economic structures, deepening unequal development, and decreasing natural integration of Arab countries.

## 1. Self-Blocking of Industrial Development

Arab economies of the 1980s and 1990s were mostly of an import nature, exporting some raw materials and agricultural products, with a parallel decrease in the manufacturing exports.<sup>15</sup> In general, those economies suffered from two forms of deformity; both were expressions of 'deepening of unequal development' among themselves. The first deformity is the deliberate lack of plans for integration on the national scale, and the second is the adoption of contradictory *iqlimi* policies.

In the program of industrial growth until 1985, the petrochemical industries in Saudi Arabia, Kuwait, Qatar, Oman (in the beginning), Libya, Iraq, Algiers, and Jordan, were competing with each other, and their *iqlimi* markets were unable to consume their local production. The same applies in the fertilizer, cement, steel, and aluminum industries.<sup>16</sup>

The total Arab steel production was only 8 percent of its needs, while the recession in the construction sector forced 105 cement factories to work with 70 percent of their capacity, in the years, 1992-1993.<sup>17</sup>

The Arab industry was concentrated in light industries that did not employ more than one hundred workers per industrial unit. The manufacturing industry employed 20-21% of the workforce. This lags behind the 49% average of developed countries. It lags even behind countries whose per capita income is parallel to the world average. In these countries, the manufacturing industry absorbs 28% of the labor force.<sup>18</sup>

The late 1970s witnessed a number of dangerous indications in the development of the Arab economies. The most important development is the relative shift from the agriculture to the manufacturer sector. This led to a relative decline in the agricultural sector resulting in a dangerous problem of food shortage facing all Arab countries. Another aspect is the substantial increase in the share of extracting industries and the service sector. The share of the agricultural sector in the Arab GDP declined from 16.6 percent in the year 1970 to nearly half of that in 1977. The share of transmutation industry declined from 11.9 percent to 8.6 percent, while the share of the extracting industry rose from 23.7 to 34.7 percent for the same period.<sup>19</sup>

Due to the inability of Arab agricultural and manufacturing sectors to absorb the surplus labor power, their regimes resorted to artificial expansion of the service sectors, especially the bureaucratic ones. The bureaucratic apparatus integrated the labor power into the ruling regime, not in a productive manner. That is why the marginalization of the role of labor force at the level of production led to their

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<sup>15</sup> Abu-Al-Naja, Hamdi, al-Taqa nah al-Munasibah li-Muwajahat Iktinaqat al-Tanmiyah al-Arabiyyah.in al-Mustaqbal al-Arabi, year 16, no:175, Sep 1993, p. 3-55.

<sup>16</sup> Hussein, Adel, al-Tanmiyah al-Arabiyyah wa-A'amil al-Mal al-Nafti, in Dirasat al-Tanmiyah Waltakamul al-Iktisadi al-Arabi, Arab Unity Research Center, Beirut, 1985, pp. 105-106. 1985: 1985, pp.105-106.

<sup>17</sup> summary on the economic development in the Arab World in 1993. quoted from the yearbook published by the German center for the East, by *Al-Quds* daily Jerusalem 20\10\1994.

<sup>18</sup> *Al-Taqrir Al-Iktisade Al-Arabi Al-Muwahad* (Arab United Economic Report), Arab League publications, Cairo, 1984, p.296 (Arabic).

<sup>19</sup> Hussein, 1985, opcit, p. 142

marginalization at the economic, social, political and democratic levels. This huge bureaucratic apparatus in the rental and non-rental economies was financed by the surplus of oil revenue for over three decades. The 'countries of oil rent' financed this service sector in the non-oil producing countries as well to maintain social stability there. While, what is really needed is to finance development strategy to transcend unequal development.

The assistance donated by the Arab "countries of surplus" to subsidize the deficit of other Arab countries, 'the countries of deficit' led the other to neglect the development of agriculture as their most productive sector especially for food security, in the absence of an industrial sector. The result was more disarticulation among economic sectors within every single country and more food imports. Unfortunately, the role of the oil rent was that of terminating the productive sectors in the Arab economies. This is a very short-sided redistribution of oil wealth.

The oil rent regimes were guided by an imperialist strategy in the area to circumvent social tension in the 'Arab countries of deficit'. In retrospect, this was a policy of aggression against Arab peoples, a preemptive campaign to eliminate any opportunity for social mobilization in the region. The limited redistribution of income was designed to support the ruling classes, not the popular classes.

Another aspect of the limited and formal redistribution of oil surplus is the employment of Arab workers in the countries of the Arab Gulf (known in the western media as the Persian Gulf). Those workers were treated as foreigners. The Gulf war against Iraq led to the termination of the employment contract of millions of Arab workers in the oil-producing countries in the Arab Gulf. As a result of this discriminating policy and treatment, the Arab workers in the oil-producing Arab countries were prohibited from contributing to the process of developing a united Arab labor movement as a step towards Arab unity.

## **2. The Decline of Agricultural Production**

The agricultural land in the Arab Homeland is estimated at 133 million Hectares (a Hectare is 10,000 square meter). It constitutes about 9.4 percent of its total land, while the cultivated land is only 42 million Hectares. The percentage of those working in agriculture of the total labor force declined from 46% (1980) to 42% (1985) and continued to decline to 38% in 1990. The share of investment in the agricultural sector and livestock declined drastically in 1990 to 1991.<sup>20</sup>

After being self-sufficient in providing crops until the early 1970s, the Arab countries witnessed a shortage in those crops estimated at \$14.1 billion in the year 1980, and \$16.6 billion by 1989. The amount of combined total exports and imports of food at all Arab countries increased from 11.9 in the year 1980 to \$14.3 billion by 1985 and to \$14.35 billion by 1990 in favor of imports.<sup>21</sup> The direct reason for the Arab food crisis is the increase in consumerism and a higher birth rate, which transcended the increase of the local agricultural production, especially since the early part of the 1970s.

While the annual agricultural rate of growth in the Arab countries never surpassed 2.5 percent a year during the period 1970-1985, the average increase of demand on agricultural products was nearly 6 percent a year. This led to a food gap

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<sup>20</sup> Al-Afandi, Nazira, Talkhis al-Taqrir al-Iktisadi al-Arabi, *al-Ahram al-Iktisadi*, 22 March, 1993, p12.

<sup>21</sup> Ibid, p.19

that increased, in average, from an annual \$1.2 billion for the period 1970-1974 to \$21 billion by the year 1985.<sup>22</sup>

Following are the percentages of the food imports out of the total food consumption for some Arab countries in the period 1969-1971: Saudi Arabia 63.3, Syria 32, Jordan 60.8, Tunisia, 40.7, Algeria 32.1, Morocco 18.2, Egypt 16.6, Yemen 28.7, Sudan 9.8 and Somalia, 13.1 percentage. In the period 1986-1989, the situation changed as follows: Saudi Arabia, 81.8, Syria 29.1, Jordan 85.2, Tunisia 59.3, Algeria 70.7, Morocco 28.8, Egypt 45.2, Yemen 62.1, Sudan 14.5 and Somalia 23.7 percent.<sup>23</sup>

These results seem astonishing when we consider the other part of the equation, which is the availability of a large area of uncultivated agricultural land and millions of unemployed workers. Arab workers from *al-Maghrib* emigrated to the west to face racism and discrimination, at a time the Arab oil-producing countries “import” millions of workers from Asian countries.

### **3. The Inter-Arab Trade as a Reason and a Result of Unequal Development**

The weakness and failure of the numerous Arab trade agreements were due to the different policies of their regimes, which rendered these agreements meaningless. In 1953, a group of Arab countries agreed to minimize customs between them. In 1957, members of the Arab League signed an agreement of Arab Economic Unity, and established, in 1964, the Arab Common Market. The Council of Arab Economic Unity was established in 1965 and from which the Organization of the Arab Oil Exporting Countries (OAPEC) was enacted. These agreements did not improve the pan-Arab trade or economic relationship.

The inter-Arab exports (among Arab countries) increased from 5 percent in 1981 to 7.3 percent in 1982 while the inter-Arab imports increased from 7.3 percent to 9.1 percent of total world trade by 1982. The percentage of inter-Arab exports to total exports was 8 percent in 1988, but decreased to 7.3 percent by 1990, while the percentage of the inter-Arab imports reached 9.0 percent by 1990.<sup>24</sup>

For the sake of comparison, the exports among the countries of EC in the early 1990s were 56-60% of their total exports. Among the United States, Mexico and Canada, the members of the NAFTA agreement, it was 14 percent and among the countries of league of East Asia (ASEAN), it was 18 percent for the same period.<sup>25</sup>

The share of Arab countries of the world trade was 3.3 percent in 1970. It jumps to 4.1 percent in 1989. This is not proportionate the percentage of its population to the total world population, despite the increase of oil exports. The same is true for the international commercial lending, in which the share of the Arab countries was 1.5 percent in 1970, and increased to 2.4 percent by 1989. Their share in international investments was 9.8 percent in 1970, and jumped to 13.2 percent by 1989,<sup>26</sup> while their contribution to the total donations was the highest in the world!(see later in this Chapter). According to the economic policies of the Arab

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<sup>22</sup> Al-Alwan Abdul-saheb, Azmat al-Tanmiyah al-Zira'ayah al-Arabiyah wa-Maazaq al-Amn al-Ghizaa'I al-Arabi, in al-Mustaqbal al-Arabi, year 11, no 117, November, 1988, p.92.

<sup>23</sup> U.N.D.P. 1992:152-15)

<sup>24</sup> Al-Afandi, 1993:22

<sup>25</sup> Arabs between the Arab and Middle East Markets. Mohamad kamal Mansour, in *Al-Nahar* 21/1/1995.

<sup>26</sup> U.N.D.P. 1992:37



countries, it is not difficult to imagine that foreign investments in the Arab countries were not in productive sectors.

It should be noted that the deformed inter-Arab trade was deliberately designed by the Arab regimes to deepen the unequal development among their countries and to make the exchange among these tiny entities and fragile economies poor to the extent that it will obstruct pan-Arab development.<sup>27</sup>

#### **4. Deformity of demographic Structure and the “Deepening” of Unequal Development**

In 1960, Arabs constituted 3.9 percent of the total world population. By 1989, this number increased to 5 percent. Arabs' share of the total world GNP increased from 1.5 percent in 1960 to 2.5 percent in 1989, a percentage that is below their annual population growth. This increase is mainly due to the rise of oil prices in the 1970s.

Regarding the uneven natural endowment of the Arab countries, there is a significant unevenness in per-capita income among them. The per capita income from the GDP in US dollars in many Arab countries was as follows: 15,984 in Kuwait, 11,800 in Qatar, 10,804 in Bahrain, 10,440 in Saudi Arabia, 7,250 in Libya, 1,934 in Egypt, 1,560 in Yemen, 1,042 in Sudan, 861 in Somalia, and 730 in Djibouti.<sup>28</sup>

The deformities in the economic sectors impacted the social structures of Arab societies. While some Arab countries are over-populated, (Egypt), others have low population to the extent that they have large communities of expatriate labor. In the countries of Gulf Cooperation Council, there are 8.6 million expatriate workers, or 37 percent of total population.<sup>29</sup>

Forty nine per cent of the population of the United Arab Emirates (UAE) are from India, Pakistan and Bangladesh. The Indian community is twice as big as the native Arabs. In 1999, the native Arabs constituted 19 percent of the total population of the UAE.<sup>30</sup>

In 1990, the population in the following Arab countries was as follows (in millions: 2.0 in Kuwait, 0.4 in Qatar, 0.5 in Bahrain, 1.6 in United Arab Emirates, 14.1 in Saudi Arabia, 12.5 in Syria, 4.5 in Libya, 1.5 in Oman, 18.9 in Iraq, 4.0 in Jordan, 8.2 in Tunisia, 2.7 in Lebanon, 25.0 in Algeria, 25.1 in Morocco, 52.4 in Egypt, 11.7 in Yemen, and 25.5 in the Sudan".<sup>31</sup>

#### **5. The Deformed Structure of Arab Lending**

Arab foreign aid, of course available only when oil revenues are high, is oriented towards foreign countries and is deformed. Also, Arab donations and loans to foreign countries have been directed according to an imperialist strategy that was

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<sup>27</sup> Some Arab countries impose customs of up to 100 per cent on imports from other Arab countries. This is something which even Israel or any other country does not do. The US-GCC (Gulf Cooperation Council) bilateral trade and other investment and business relations are stronger than those between the GCC and other Arab countries (Tanai Vassallo, U.S. GCC Economic Dialogue, www.Tradeline/960315

<sup>28</sup> U.N.D.P. 1993:152-153.

<sup>29</sup> "The Gulf States Discovers Unemployment".. *Al-Quds*, Jerusalem 5\2\1995.

<sup>30</sup> (*Al-Quds Al-Dawli*, London, 22 June, 2001.

<sup>31</sup> U.N.D.P 1992:170-171.

designed by the World Bank and IMF. Despite the fact that Arab countries are developing countries, the percentage of donations to poor countries compared to their GNP was much higher than their imperialist counterparts. The share of donations of the US is 0.24 percent, the EC is 0.51, while that of Saudi Arabia was 3.53 and Kuwait was 4.46 percent.<sup>32</sup> (See Chapter Seven)

During the period 1962-1983, the aid distributed by Arab countries to poor countries amounted at \$9,426,730 billion. The break down is as follows: 51 percent to other Arab countries, 19.7 percent to African countries, 27 percent to Asian countries, 1.9 percent to Latin American countries, and 0.6 percentage to other countries.<sup>33</sup> In view of the fact that several Arab countries are in desperate need for aid, there is no justification for the fact that half of Arab financial assistance goes to non-Arab countries. Additionally, this assistance did not crystallize into a real support for Arab development. This irrational donation policy is one of the means used by the rich Arab regimes to avoid assisting development in Arab countries. It is part of the policy of deepening unequal development.

## **6. Arab Capital Abroad Loses its National Identity and “Deepens” Unequal Development.**

Capital outflow from Arab countries to western banks puts an end to the possibility of re-investing the surplus on a national scale. This externally oriented surplus kept the wealthier Arab countries, that are able to generate surplus, increasingly disconnected from those that are poorer or unable to generate surplus.

The Arab capital deposited abroad is estimated at \$750-800 billion. Forty seven percent of it belongs to public and 53 percent to private sectors. The percentage of money liquid assets is 61 percent such as banks deposits, governmental and commercial banknotes, and IMF credits, in addition to the short term investments, the remainder is invested in acquiring shares, buildings, and loans. Approximately 74.5 percent of them are invested in the OECD. Arab debt to international commercial banks reached an amount of \$95 billion by the end of 1991.<sup>34</sup> Official figures for the balance of payments of Bahrain, Kuwait, Oman, and Saudi Arabia show that the combined deficit of these countries was \$55 billion in 1991. Within four years (1991-1994), this deficit rose to about \$100 billion.<sup>35</sup>

It should be noted that in Arab countries the gap between the social classes that control the surplus and the popular classes, continues to expand year after year. The interests of those who controls surplus are more and more articulated with those of the world capital. This is in harmony with the same policy of deepening unequal development. Accordingly, the social classes controlling the oil rent became the tool for capital drainage. Through the process of deepening unequal development, financial capital moved more freely to the world capitalist center. In this case, financial capital is different from other forms of capital regarding its ability to move abroad fast. Once controlled by the center, it loses its ‘national identity’ and roots, and becomes part of the so-called ‘international capital’ which, in the final analysis, belongs to the center. It will also be subjected to the center's administrative financial

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<sup>32</sup> The Unified Arab Economic Report, 1985, opcit, 399.

<sup>33</sup> The Unified Arab Economic Report 1984, opcit, 296.

<sup>34</sup> Al-Afandi, 1993:26.

<sup>35</sup> Saudi Arabia Economy Faces Problems. Douglas Davis, in *The Jerusalem Post* 28\10\1994.

decisions. As mentioned in Chapter One, the Arab credits in the center were also used to finance the center's aggression against the Arab people of Iraq, Libya, Palestine, South Yemen, Somalia and other countries all over the world. Doesn't this go beyond the deepening of unequal development.

In summary, the 20th century was a century that witnessed a rule of the Arab *iqlimi* bourgeois capitalist and comprador classes. These classes failed to achieve any of the focal aims or aspiration of the Arabic peoples. They failed to achieve Arab unity, democracy, secularism, and development. Neither a socialist nor a capitalist development has been achieved in the Arab Homeland. The ruling comprador classes are still in the camp of capitalist imperialism and Zionism against Arab nationalism. This *iqlimi* capitalism betrayed the people's goals of development, socialism, Arab unity, and the liberation of Palestine. It facilitated the drainage of surplus to the imperialist center and the deepening of unequal development in Arab countries.

Simply put, the capitalistic class in the Arab Homeland is in a stage of rearranging class order. It is inevitable that popular classes should follow the same path. That path is Development by Popular Protection (DBPP). In this context, it is necessary for those who struggle for national goals to avoid the adoption of the bourgeois capitalist content of the Arab nationalism, the 'nationalism of the ruling classes' which follows the capitalist modernization approach for development (see Chapter Two). Such a duplication will keep the Arab nation dependent and under the domination of international capital. If those, who struggle for the national cause, insist on repeating the same bitter experience, the results will be, to a large extent, the same failure as their predecessors, but it will last only for a short period of time. The failure of such an experience will follow shortly because the current Arab capitalism is already compradorized, which means that it is ready for betrayal of national cause – the betrayal national interests. The Arab comprador is not a productive nationalist bourgeois that still needs to 'develop' its own class interests. In either case, the result of repeating the bourgeois experience will further hinder the socialist project of the popular classes.

## CHAPTER THREE

### WHAT IS ANTI-NORMALIZATION AND WHY DID IT DEVELOP?

Normalization is a relatively new term in the Arabic political discourse. It was first minted by the Egyptian national/leftist opposition to the Camp David Accords signed between the capitalist comprador Egyptian regime, and the Zionist Settler-Colonial Ashkenazi (ZSCA) entity-Israel in 1978. This Egyptian opposition was, and still is, opposed to a strange and peculiar form of 'peace' which normalizes the relationship with the abnormal entity, Israel.

The Zionist Settler-Colonial Ashkenazi (ZSCA) entity-Israel was created in May 1948 after the occupation of the majority of Palestinian territory and 'Israel'. Prior to that 'Israel' did not exist. Since the British colonial occupation of Palestine 1917, and its formal mandate by the League of Nations in 1922, British capitalist colonialism detached Palestine from the motherland Syria and facilitated the immigration of Jews from all over the world to settle in the seized part of Palestine. That same British colonialism assisted Jewish settlers in establishing a modern, relative to the standards of that time, capitalist system for Jews. While Britain and France trained and armed the settler immigrant Jews to the teeth, British colonialism suppressed brutally the resistance of the Palestinian people. By 1948, the settlers defeated the Palestinian resistance movement and the traditional armies of some Arab dependent regimes. The new settler entity evicted about 800,000 Arab Palestinians and declared the "State of Israel" on their land. The occupied part of Palestine at that time constituted about 78% of the total area of the country.

In 1956, Britain, France, and Israel attacked Egypt to dismantle the nationalist regime of Nasser. By 1967, Israel, armed by the most sophisticated U.S, British and French military arsenal again attacked Egypt, Syria and Jordan. It occupied parts of Syria and Egypt and the rest of Palestine-namely the West Bank and Gaza Strip (WBG). As a result of this aggression, another 400,000 Arab Palestinian refugees were expelled from the WBG.

There are other reasons why would Arabs resist and refuse normalize with the Zionist entity (ZE):

- It refuses the UN's resolution 194, which confirms the right of the Palestinian refugees to return to their homes.
- It continues to occupy Arab land.
- It does not conceal its objective and plan to maintain itself as a 'pure Jewish state'.
- It plays the role of an imperialist watchdog in the Arab Homeland.

Ironically, in spite of all this, the Zionist entity expects the Arab nation to accept it as a "normal" entity, i.e. to be accepted by the Arabs on its own terms. These expectations are contradictory by their nature and reflect the racist character of Zionism and the Zionist entity (ZE).

It should be noted here that the Zionist entity attempts to camouflage its demand for normalization by feigning interest in, and search for, peace. However, this is a peace, that insists on all the above-mentioned goals and conditions. This is why the Arab peoples oppose normalization with 'Israel', hence the term anti-normalization.

## Why Anti-Normalization?

The term “anti-normalization” was coined to reflect material necessities on the ground. It was invented because some Arab rulers (e.g. Anwar Sadat, the former ruler of Egypt) signed a ‘peace’ agreement with ‘Israel’. Based on what we know about ‘Israel’ and its goals, Arab normalization with it is a national betrayal. It is, indeed, a reflection of an Arab sense of inferiority, since it is a recognition of a state that limits itself to one race and one religion and that is created by occupying the land of other people.<sup>36</sup> Accordingly; an Arab who establishes contacts with the Zionist entity is a “normalizer”.

How can one measure this issue and determine who is normalizing and who is not? The specific place and situation of each Arab should be taken into consideration. For instance, a Palestinian who lives in the 1948 occupied Palestine is a normalizer if he/she recognizes ‘Israel’ and nominates himself for membership in the Israeli parliament (*Knesset*). To be a member in that parliament, an Arab is a member in the parliament of the Jewish state. As a member, an Arab also recognizes the Zionist entity as a settler state on occupied Palestinian land. This includes the termination, though indirectly, of the Right of Return of the Palestinian refugees.<sup>37</sup> On the other hand, an Arab living in ‘Israel’ is not normalizing when he/she consumes Israeli products,<sup>38</sup> or nominates himself to a municipality council in his own town.

The case of Palestinians in the WBG is different. A Palestinian in the WBG is a normalizer if he builds contacts with an Israeli political party, company, cultural association, NGO, or other Israeli counterpart or participates in joint cultural activities. Considering the harsh economic situation in the WBG (the economic policies of the occupation - see Chapters five and Six), those who work in the 1948 occupied Palestine may not be considered normalizer, unless there are alternative jobs in the WBG itself.

An Arab outside the 1948 occupied Palestine is a normalizer if he consumes Israeli products or visits the Zionist entity. An Arab or Palestinian in the Diaspora is a normalizer if he/she consumes Zionist exports or products of companies that support the Zionist entity.

It is not easy, or even necessary, to present a list of boycotted products- an anti-normalization list. What is important for the Arab popular classes is to create a culture of boycotting the Zionist entity and the Western capitalist center and their products, a culture of resisting normalization with them. By achieving this goal, each Arab will be able to differentiate easily between what is normalization and what is not. Education is the only means to let people decide their position democratically. In other words, it is necessary to enable the Arab consumer to decide by him/herself.

However, from the Zionist point of view, normalization is not limited to diplomatic relationship with Arab regimes. For them, this is just the beginning.

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<sup>36</sup> ‘Israel’ is the first state in World modern history, which declares itself as a state for one religion. In other words, it is the first religious fundamentalism in the world. In fact, the Jewish fundamentalism in Palestine is one of the reasons behind the new Islamic fundamentalism in Arab countries. ( See Chapter Four).

<sup>37</sup> Some of the Zionized Arabs and Palestinians who recognize Israel, argue that the membership in the Knesset is a field of struggle for the right of self determination of the Arab Palestinians in the occupied land of 1948. But, without analyzing the racist and settler nature of Israel, it should be noted that, there is no single case in history when the national minority got the chance for self determination in the parliament of the national majority unless the national majority itself wants it.

<sup>38</sup> Until now, there is no relatively independent economic structure for the Arabs in Israel and they lack even for any orientation towards self-sufficient economic policy.

Normalization should go deeply inside the Arab nation to include every Arab in every part of the Arab Homeland.<sup>39</sup> The Zionists want to be accepted by the Arab masses. The masses' ability of consumption is a prerequisite of Zionist capital. That is why capital needs peace in this region. Capital wants peace as a vehicle to facilitate the disastrous plan of Integration through Domination (ITD). This is the aim of capital in the region after the Arab regimes have already formally recognized the ZE-Israel. Capitalists' greed for the highest possible profit moved to a new paradigm of the conflict in the region, the economic conflict. The first and old form of conflict was military. It was restricted to the armies of Arab regimes and the Zionist entity. The Arab nation and masses did not have the freedom or the choice to fight. By insisting on normalization, capital, represented by the imperialist, Zionist and Arab compradors, is, in fact, pushing the conflict into its new paradigm-the economic domination that desperately calls for normalization.<sup>40</sup> The resistance of Arab popular classes against normalization involves struggle at political, cultural, and economic levels. This represents the first direct challenge between the nation and its masses on one hand and their enemies on the other.

Will anti-normalization be applied against the Zionist entity only, or will it also be applied against the Western capitalist economies, especially the United States, Britain and France? Based on the role of these imperialist regimes in creating and supporting 'Israel' on the one hand, and their open enmity against the Arab nation on the other, anti-normalization, (boycott), should be applied against their products and their companies which trade with 'Israel'. Dealing with 'Israel' includes export, import, financial aid, grants, technical assistance, and investment. Investment is a large, sensitive and diversified area and includes official, private sector, direct, and indirect trade...etc.<sup>41</sup>

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<sup>39</sup> This is why, the 'peace' Agreements between the Zionist entity and Egypt, and later with Jordan and the PA, includes economic, social and cultural normalization. And, according to these agreements, the Zionist entity investigates any anti normalization activities inside these countries, and protests to the rulers there. The Zionist entity protests to the rulers of these Arab countries, when any writer writes an article against it. The Zionist entity wants these regimes to obligate its citizens to accept the Zionist entity.

<sup>40</sup> This economic conflict aims perpetuating Arab dependency and consumerism. It is a division of labor as the U.S bourgeois economist, Lester Thurow put it: "Those who not produce oil in the region should be making goods and services for those who sell oil" (New York, Warner Books, 1992-93, pp 216-17). This idea is a clear example of the more recent version of racist thinking.

<sup>41</sup> "The Morgan Stanley Investment Bank, for instance, has recently invested \$50 million in four Israeli startups. *Ha'aretz*, February 2, 2001) For startups and post-startups, acquisition by foreign firms is a major goal. America-on-line put up \$287 million to buy an Israeli firm named Mirabilis, ...Platinum Technology, Inc. bought Memco, which specializes in information security, for \$400 million *Israeli Almanac*, 1999, p.105.

## **Boycotting as an International Cause**

Boycotting the products of the capitalist center should not be limited to, or justified as, an Arab nationalist goal. It is an international issue that lies at the core of the development of the Third World. Third World economists, politicians, and intellectuals who separate the political struggle against capitalism, reflected in its three main manifestations (colonialism, imperialism and globalization), from the economic and development policies, are capitalists or marketers of capitalism. For the countries of the Third World, including the Arab Homeland, to repeat the experience of “capitalist modernization”, especially through the policy of open door for the products of the capitalist center, will only perpetuate their dependency. These are the new versions of the political, economic and intellectual comprador.

Failure to grasp the goals of the capitalists in the alliance between the capitalists-imperialists and the Zionists is a bourgeois nationalist way of thinking luring the Third World towards a new round of dependency. In the Arab case, sooner or later, this current will lead to a new form of ‘peace for capital’ with the Zionist entity (see Chapters One and two).

Boycotting the products of capitalist center and resisting capitalistic modernization is central to world revolution, international resistance, and challenge to capital. It is related to the strategy of de-linking from the center and employing a development model that the periphery must achieve. De-linking is the initial step in the march for development and against consumerism. A higher stage of de-linking is Development by Popular Protection (DBPP), briefly elaborated on at the end of Chapter One. This strategy of development becomes more urgent due to the brutality of capitalist exploitation, especially in the era of globalization.

In fact, it is the capitalists, the counter-revolutionaries who started and continued the boycotting and aggression against the radical liberation movements and regimes. It started when the capitalist/imperialist invaded the Soviet Union (1918), Korea and China (1949-1952), the boycotting of Cuba, North Korea, Iraq, Libya, and Iran. In the era of globalization, capitalism of the center reaches a new level in its aggression against evolution, in general, and development in countries of the periphery (COP), in particular. The objective of this attempt is to create globalized opposition to sabotage the progressive regimes and to create as many new national and ethnic entities as possible under the pretense of nationalism, self-determination, and the protection of ethnic minorities, as is the case in the Balkan.

The mere act of boycotting the imperialist products brings practical steps towards development of COP. The imperialists are, however, cautious about this issue. This is why they keep the COP totally dependent by expanding the technological gap between center and countries of periphery (COP), to the extent that these countries are not able to invent, develop and produce substantial products. This, in turn, blocks the development of the periphery, and as long as that development is blocked, the COP will not be able to boycott or oppose normalization with the center of imperialism. This is applied in all COP, including Arab countries. (See Chapter Two)

In practice, normalization is an action at the individual, class, national, and international levels. This is why it is not a regional/national matter limited to the Arab struggle against Zionism and imperialism. Normalization on the world scale goes beyond economic issues. It includes the periphery's cultural acceptance of Euro-centrism, Anglo-Saxonism, Zionism, Franconism, as forms of white cultural racism.

Capital is a universal system regardless of its geographic location. In this era, capital dominates labor and the popular classes all over the world, thereby lending importance of the Third World boycotting capitalism at the center, as a part of the world revolutionary struggle to terminate capitalism for good.

Finally, normalization moves vertically from individual to popular classes and finally to the ruling class. It also grows horizontally from one nation to another, creating and expanding its geography. Although anti-normalization with the capitalism of the center is an international duty, this discussion will be limited to anti-normalization in the Arab Homeland.

### **Anti- Normalization as an Arab and Palestinian Cause**

As noted earlier, the early debate on normalization took place in Egypt following the Camp David Agreement (1979), between the Zionist entity-Israel and the Egyptian regime. The validity and legitimacy of anti-normalization for Arabs stems from the following three main facts:

- 1- The Zionist entity still occupies Palestine, most of whose people live as refugees in *ash-shitat* (the Palestinian Diaspora) and some live as refugees in their own land.
- 2- Egypt is a major part of the Arab Homeland, and that Egyptian people are committed to the struggle for the liberation of Palestine, despite the Camp David Agreement.
- 3- Zionism and the Zionist state-Israel never yielded or hinted about change in its political ideology, military strategy, geographic expansionism, and its role as an imperialist watchdog the region.

Without conducting detailed historical analysis regarding more than two decades of “peace” between the Zionist entity and the Egyptian regime, I would like to note that the Zionist entity never changed any of the main components of its policy and ideology since that ‘peace’ was declared. It still insists on remaining permanently a pure Jewish state, established on an occupied land. The Zionist entity still represents the aggressive, plunderous, and exploitative interests of the United States and other capitalists in the center in the Arab Homeland. As noted above, Israel wants, in spite of all that, to have absolute and unlimited access to all Arab markets and resources and to be fully accepted and warmly welcomed by the Arab nation while it maintains its character as a “pure Jewish state”.

### **Why did Normalization and Anti-normalization Start in Egypt?**

“Peace for capital” was initially reached between Egypt and the Zionist entity. This is due to the readiness of Egypt's comprador class and its willingness to integrate with the World Capitalist Order. The comprador class in Egypt utilized its previous economic relationship and assistance with the former USSR to develop an economic structure and class interest that fit into this World Order. That was why the Egyptian comprador returned to capitalism and dependency before Syria, for instance. While the capitalist comprador class in Egypt moved early towards normalization with both



the center of imperialism and the Zionist regime, the Egyptian popular classes headed in the opposite direction, the direction of anti-normalization.

The class structure and the cultural maturity in Egypt, and even in Syria, are much more developed than their counterparts in the WBG and Jordan. This might help to understand why the Egyptian and Syrian 'peace' negotiators are relatively more firm than those of the WBG Palestinians and the Jordanians. Although both, the Egyptian and Jordanian regimes, lack the will to sever diplomatic ties with the Zionist entity in sympathy with *intifada* 2000, the Egyptian regime appears to have a firmer position and decided to suspend the diplomatic relations with the Zionist entity despite the fact that its relations with 'Israel' were established seventeen years before Jordan normalized with Israel'. The Jordanian regime failed to do so in spite of popular pressure.<sup>42</sup>

The societies in the WBG and Jordan lack an advanced level of development and class and cultural maturity in comparison with Egypt and Syria. Jordan, the WBG, and Lebanon are historically parts of Greater Syria. After the fragmentation of Syria, these entities were severed from the motherland and remained 'immature'. Because of that, it is much easier for the Palestinians in the WBG to launch a national-political struggle than a social, economic, or cultural struggle. This might find its expression in the delayed emergence of anti-normalization committees in the WBG compared to those in Egypt.

It is important to refer to the fact that cultural activity as a component of the national struggle, might partially substitute for the socio-economic weakness. This takes place when the socio-economic factor is not sufficiently mature in a small community or because of socio-economic and demographic destruction, as in the case of Palestine that resulted from the Zionist occupation since 1948.

The same is true for the political parties and intellectuals in Egypt. As members of a more developed socio-economic formation, the political parties and the individuals are much more independent from the ruling classes. This is not to say that the opposition in Egypt is in perfect condition, however they are not mere puppets of the regime. The case is entirely different among Palestinians in the WBG. There, the left and most of the intellectuals became dependent on the regime of the Palestinian Authority (PA). This is inherited from the PLO era when the intellectuals were employed by the leadership, which was always considered legitimate. The famous Palestinian poet Mahmoud Darwish is the best example of intellectual dependency on the political regime when he wrote that anyone who stands to oppose or to split from the 'legitimacy' (*Al-Shar'iyah* - the legitimate Palestinian political leadership), in fact, stands against humanity.<sup>43</sup> This is really a fascist thinking that places the leader above the society and class, especially when we know that PLO leadership has never been elected by the masses.

## **Normalization in the Making**

Since the creation of the Zionist entity –Israel in 1948, Arab regimes decided to boycott Israel and foreign companies that trade with it. Unfortunately, this boycott

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<sup>42</sup> But the popular pressure in Jordan succeeded in squeezing this economic normalization to a minimum. "...Because of the *intifada*, the Israeli owners of the factories in Irbid industrial area can't walk in streets, nor communicate with people, ..."see the Israeli newspaper *Ha'aretz*, 20 August 2001.

<sup>43</sup> See Faisal Daraj, "*Bo's Al-Thaqafah Al-Filistinyah*" The Poverty of Palestinian Intellectualism. Damascus 1996.

was not strong enough (e.g., it did not include boycotting the states that supported and traded with the Zionist entity). Nevertheless, the Zionist entity considered it an economic war against it. Moreover, since 1950, the starting date of the Arab Boycott Office in Damascus, the capitalist-imperialist officials pressured Arab regimes to end their boycotting to Israel. Does this have any significance to those Palestinians and Arabs who failed to grasp the correlation between economic relationships on one hand, and the interests between Western capitalism and the Zionist entity on the other, and to those who argue against anti-normalization with the capitalist center?

The economic loss that the Zionist entity sustained as a result of the Arab boycotting is estimated at \$40-50 billion. Considering the fact that financial capital is multinational, especially at the center of imperialism, one can conclude that most of the Western companies have a share, large or small, of Zionist -Jewish capital. This means that dealing with these companies; the Arabs are, indirectly, financing the Zionist entity and failing to implement a true and effective boycott against it.

Several “peace” agreements are already established between the Zionist entity and some Arab regimes, such as Egypt, Jordan, and the PA. Other Arab regimes have permitted the opening of Israeli offices for commerce and trading activities in their capitals, namely Oman, Tunisia, Morocco, and Qatar. The Arab League also reduced the level of Arab boycott. All these developments are real cracks in wall of the Arab bourgeois against Zionist entity and are, in fact, real normalization with it. A year after the Gulf Cooperation Council had cancelled the second and third levels of boycotting against the Zionist entity, the ‘Israeli’ exports to the Gulf states increased by \$2.5 billion.

Israel is the main beneficiary of the Oslo Accords. The Israeli foreign investment increased by 18% annually from the Madrid conference (1991) until Oslo Accords (1993) and by 20% annually between 1993-1999.

So long as the Arab regimes resume this trend which is really an Internalization of Defeat (IOD), it becomes clear that Arab popular classes will have to defend their rights and dignity by standing against normalization with the Zionist regime and by starting a popular anti-normalization struggle against the imperialist products. This anti-normalization would be realized on the economic level by boycotting Zionist and imperialist products. It is a popular form of anti-normalization organized and carried out by the masses to replace the lack of official anti-normalization by the regimes. This is a clear indication that the popular classes are able to find their way independently of the rulers. While the rulers are able to import Israeli and imperialist products and deal with the Zionist entity politically and culturally, the popular classes are able to defeat these policies. What is important here is to consider and remain focused on the real and ultimate Israeli objective- the Arab consumers and markets which are the markets of the popular majority.

Arab capitalist comprador regimes are the main vehicle for the realization of normalization. Their position as a ruling class and the nature of their interest and relationship with the capitalist center dictate the imposition of normalization upon the Arab nation. Normalization is an essential component of the DUD policy of the Arab comprador since it is opposed to Arab integration, development, and unity. (More on the Deepening Unequal Development (DUD) in Chapter Two).

The acceptance of Arab regimes of using colonial names for the Arab Homeland instead of Arabic names like the Middle East and North Africa is an acceptance of the British colonial military terms of the Arab Homeland. This is just an example of normalization at the cultural level. The term Middle East was coined to

serve the colonial military needs on the one hand, and to deliberately re-educate Arabs that they are not one united nation on the other.

Normalization in the Arab Homeland includes what Western capitalism calls partnership between the ruling elite and the private sector. Western capitalists attempt to strengthen and broaden the base of their local allies, military juntas, and monarchies in the Arab Homeland. They want to achieve that by adding the private sector to the ruling political elite and the capitalist comprador. The alliance will be between the capitalist classes in both parts in the center and the periphery. This is a further consolidation of the alliance, more than what currently exists, between the imperialist capitalism and the political ruling elite of the periphery.

Based on its interests, the Arab private sector stands against the efforts of popular classes to boycott the Zionist entity and certainly against boycotting Western capitalist products. In other words, the imperialist aim is to create an internal social division within Arab societies. The United States expressed its keen interest to expand the role of the private sector in the state power in the COP. Robert Pelletreau, former assistant to the US State Department Secretary stated: "The partnership in political power in the region encourages us...the larger political partnership is a world phenomenon. It is not an American invention...it is recognized internationally as the cornerstone for regional stability, social justice and economic development".<sup>44</sup>

The normalization conference at Al-Dar Al-Baida (Casablanca) in 1994 issued an encouragement to the FDI to freely exploit Arab resources, labor, and markets. This included the 'milking of people' and the transfer of the surplus to the center. In Jordan, for instance, the regime made it 'legal' to sell land to 'Israeli' Jews despite the fact that they are buying the land for the purpose of creating settlements and not for commercial goals. The Zionists still consider Jordan a part of the Jewish state.<sup>45</sup>

Normalization includes economic cooperation on a regional level and among the countries in the 'Middle East and North Africa'. By using this term, normalizers include Israel as a 'legitimate' state in the region. The Arab rulers who accept that are terminating the Palestinian Right of Return, but they are clever not to mention that specifically. This is an example of re-educating the masses and the public. Normalization efforts also include the creation of regional Tourist Councils, regional councils for business to support trade cooperation among the private sectors in the region. This level of cooperation creates joint interests between the private sectors of Arab comprador and those of the Zionist regime.

What is more dangerous is the creation of a permanent regional general secretary for a development committee which was established through the work of the Amman-Jordan based multi-lateral committee. The role of this committee is to encourage cooperation in the fields of infrastructure, tourism, trade, financing, etc...In the Amman-based committee, the most active sub-committee was the one that specializes in water resources. While the committee for joint private sector committee is integrating the Arab private sector with the Israeli one, other committees, especially that of the joint infrastructure, work on integrating the popular classes through joint networks of water, electricity, telecommunications...etc. These forms of integration make the boycotting difficult and costly. It certainly makes the struggle for liberation more difficult. In fact, integration aims at terminating any possibility of Palestinian

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<sup>44</sup> *Al-quds* daily, Jerusalem, 10-11-1994.

<sup>45</sup> See an Interview with Yoram Moridor, a leading figure in the ruling Likud block in Israel, in *Kana'an* no 96, 1997.

resistance to achieve the Right of Return and to deepen the Israeli Integration through Domination (ITD) into the Arab socio-economic and cultural fabric.

In the Barcelona Conference for the European-Mediterranean partnership that was held at the end of November 1995, it was "...agreed to establish a free trade zone by the year 2010 for the manufactured products in the European Union, the Middle East and North Africa. This partnership succeeded among the EU, Morocco, Tunisia, and more negotiations are taking place between the EU, Jordan, Egypt, and Syria". This integration takes place at the cost of the integration of Arab countries (see Chapter Two). A deeper and stronger link between the EU and Arab countries will enable the EU to impose Israel over the Arab countries. That is why boycotting Israel without boycotting EU and other foreign companies that trade with Israeli companies is really nonsense. A commitment to Arab interests must demand as a pre-condition that any foreign partner must sever economic relations with Israel.

The resolutions of this conference recommended that "the re-adjustment and modernization of the socio-economic structures of the Arab countries including giving priority to the private sector". Deceptive terms like "re-adjustment", "modernization", truly means adoption of neo-liberal policies which include a liquidation of the public sector and all gains that the popular classes in the Arab countries have realized in the era of progressive national regimes.

The resolutions of that same conference aimed at terminating any Arab resistance to Western colonial interests in the Arab Homeland, such as US military bases in many Arab countries, U.S. direct occupation of oil-producing countries, or the liberation of Arab occupied land, especially Palestine. It is stated that force shouldn't be used in any conflict in the region. It even refused to add in its text a differentiation between legitimate resistance of occupation and terrorism. This free trade agreement, however, doesn't include agricultural and transmutation industries. It is similar to the Paris Economic Agreement between the PA and Israel. According to the Paris agreement, industrial products are permitted to move freely between the two partners, since Israel is the more developed partner. The agricultural products of the Zionist entity are permitted to enter the WBG freely as well, while the Palestinian agricultural products are restricted from entering 'Israel'. (See Chapter Five)

Two main projects have been designed to disintegrate the Arab Homeland. The first is the Middle East project of which the Zionist entity is trying to be the center. This project is greatly supported by the US imperialism. The second is the Mediterranean project with the EU at its center. The Zionist entity - Israel is at the core of these two projects. Both are designed to ensure normalization with Israel and deepening Arab dependency.

Despite the heroic resistance of the Egyptian people to normalization, normalizers were not able to make a breakthrough. "By the year 1998, Egyptian exports to Israel were worth \$17.9 million (natural gas excluded), while Israeli exports to Egypt were estimated at \$53.4 million. It is estimated that the trade between the two countries will reach \$150 million (i.e. triple). Exports from Jordan to Israel increased from 12.7 million dollars in 1997 to 17.2 million dollars in 1998, and exports from Israel to Jordan in 1998 increased by 25 percent compared to 1997, from 20.1 million dollars to 25.2 million dollars"<sup>46</sup>.

However, for the Zionist entity, the importance of trade lies in strengthening normalization more than few millions dollars. The exports of the Zionist entity to

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<sup>46</sup> Israeli Central Bureau of Statistics, *Monthly Bulletin of Statistics*, Vol. 50 June 1999 Jerusalem 6.

Jordan in 1998 were about 0.1 percent of its total exports, while Jordan exported to the Zionist entity about 1.65 percent of its total exports in 1997.<sup>47</sup>

Despite the popular steadfastness against the 'peace for capital', it should be noted that the Arab comprador capitalist regimes did not cease to normalize with the Zionist entity. There are three Arab regimes that have recognized the Zionist entity: Egypt, Jordan and Mauritania. While Morocco, Oman, Tunisia and Qatar established representative offices for the Zionist entity in their countries. The United Arab Emirates, Yemen, and Algiers are developing contacts with the Israelis 'under of the table', while Syria and Lebanon have started negotiations with the Zionist entity.

It should be noted here that establishing relationship between any Arab regime and the 'Israel' is a betrayal of the national cause. These contacts must be based on the following conditions: total Israeli withdrawal from the Palestinian Occupied Territories-1967 (OT-1967) and an Israeli recognition of the right of return of the Palestinian refugees.

The most striking example of normalization is the Oslo Accords signed between the PLO leadership and the Zionist entity-Israel. These Accords are most dangerous as they provided a Palestinian recognition of the 'Israel', while, the 'Israel' is still occupying all of Palestine. According to the Oslo Accords, there will be no Zionist withdrawal from the WBG, but, rather, an 'Israeli' military redeployment. The main issues (Palestinian refugees, Jewish settlements, and the future of Jerusalem) were deferred to the final status negotiations. While Oslo Accords must be implemented by 1998, the Zionist entity refused to start the final status negotiations. Later, in the year 2000, the two parties started a new round of negotiations without success, since the Zionist entity insists on monopolizing all the land and rejects the right of return.

The other critical development that took place since the arrival of the PA to WBG is that the PA itself is the vehicle of normalization. The PA is sponsoring economic, political, cultural, security and even 'individual to individual' normalization with the Zionist entity.

### **The Position of the Zionist Entity on Normalization**

It is known that 'peace' took place as the Arab rulers accepted subjugation to the capitalist imperialists and Zionists. That explains the arrogance of the Zionist regime towards its Arab partners. Due to its Zionist and racist nature, 'Israel' believes that as long as the rulers are supporting this peace, there is no value for the attitudes of the Palestinian people. Additionally, the Zionist entity is, continually, urging the Arab rulers to 'persuade' their people to normalize with it. The Zionist entity maintains its self-proclaimed reactionary racist attitude and image towards the Arabs who 'only understand the language of force'. This 'theory' has been supported by the submission of the Arab comprador and reactionary rulers. The Zionist entity is unable to understand the resolve of people to fight and achieve victory. Hopefully, the Palestinian *intifada* 2000 will enable the Zionists to comprehend.

Shamuel Moyar, the director of the Gulf Department in the Zionist Foreign Ministry stated: "The Israeli Office of Commerce is only few meters far from the Iraqi embassy in Masqat -Oman. Oman did not sever its diplomatic relationship with Iraq

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<sup>47</sup> Jordan Export Development & Commercial Centers Corporation, Geographic distribution of Domestic Exports 1991-1998

and did not oppose Camp David agreement". He added "While dogs are barking, the caravan continues its march...Israel has contacts with other Gulf States, but the time did not come to announce that".<sup>48</sup>

The ambassador of the Zionist entity in Oman said: "The Gulf States are hypocrites when they negate the existence of any commercial relations with the Israel. There are Israeli products, especially information technology that is marketed in the region and most of the times through mediators... despite the Arab boycott which is declared officially, we are conducting business without announcing any information or figures according to the agreements between the two parties".<sup>49</sup>

One of the most arrogant and humiliating Zionist statements about 'peace with Arab normalizers' is what an Israeli journalist wrote about a 'peace' conference in the Mediterranean island of Rhodes: "The peace there was round, smooth and limp like a woman's breast".<sup>50</sup>

### **Financing Normalization**

The sources for financing normalization are varied and rich as well. All the so-called donor countries, which are the imperialist countries that dominate the World Bank, are financing the process of normalization. This 'bribe' started with the United States imperialism paying-off the Egyptian comprador regime. Since 1978, this regime had cashed in an annual amount of \$2.5 billion of U.S financial aid as a bribe for its normalization with Israel and the United States. This goes to prove that the U.S imperialism is a direct party of the conflict. This is an additional proof of that connection for those patriotic nationalist Arabs who fail to see the articulation between the interest of capitalist-imperialist and the Zionist project. In fact, for those who seek a more comprehensive evaluation and understanding, a class perspective on this relationship is necessary. There is no doubt that nationalist sentiments are not enough.

The role of donor countries became obvious in the WBG. These countries support the PA under a clear condition that it must carry on the 'peace' process with the Zionist entity.<sup>51</sup> This means that these countries do not hide their relations with this Zionist entity. Their role is to sponsor the Arab regimes' normalization with the Zionist entity. Even if the same assistance of the donor countries would be fully directed to the Palestinian people, its amount is nominal in comparison to only one item of the Arab surplus that is transferred to the West, (i.e. to the interest of \$800-1000 billion Arab credit in the West). Another source that provides financing for normalization is the NGOs.<sup>52</sup> (See Chapter Seven)

For some, the few billions dollars that were spent to support and finance normalization might seem as a large amount. This is not the case, however. According to the supply-side crisis in the imperialist center, there are infinite "lazy" trillions of dollars that are not invested and are not placed in speculative investments. When capitalism in the center spends these minute amounts of money in the region, they are,

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<sup>48</sup> *Al-quds*, 17 April 2000.

<sup>49</sup> *Ibid*.

<sup>50</sup> See Menahim Bin, in *Kana'an*, no 92, September 1998 p.p. 46-51.

<sup>51</sup> See the World Bank literature on the "peace process" in general, and one of its recent publications, the *World Bank Report*, 2000 in particular.

<sup>52</sup> See Abdullah Hamoudeh, The Foreign Associations and their Role in Normalization. In *Kana'an*, no 102 July 2000, p.p. 65-81.

in fact, using this lazy money in a strategic investment that is strengthening the ITD of the Zionist entity ITD in the Arab Homeland.

Arab “rental” comprador regimes, the oil-producing countries, are financing normalization as well. Their support to the PA, the main vehicle of normalization, while their support to the Palestinian people inside the occupied WBG is limited, is a direct evidence of that. It has, however, increased after the Oslo Accord, the “peace for capital”. Obviously, to support the PLO leadership, later the PA, is one thing, and to support Palestinian the people is another.

### **Does the Enemy Normalize?**

Following the Egyptian, P.L.O. leadership, and the Jordanian regime, most of the Arab capitalist comprador rulers and ruling classes did normalize, in one way or another, with the Zionist entity. Their relationship with capitalist-imperialist was not harmed.

Did the Zionists and imperialists, in return, make any attempts towards normalization with the Arab nation, or did they impose their own vision of normalization?

Following the collapse of the Soviet Union, the bourgeois thesis of the ‘End of the Age of Ideology’ was heavily marketed. If this thesis is correct, it has never been applied to the Zionist or the free market ideologies. The capitalist center strengthened globalization in the form of new terms and policies like, neo-liberalism which stands to the far right of Kenyism. Moving fast towards neo-liberalism and Kenyism, the Zionists never gave any hint of change towards the main components of their aggressive, settler-colonial project. They maintained, and even strengthened, their position for a “pure Jewish state”, the role of imperialist watchdog against the people of our region and the control of all the land of Palestine and other Arab countries, as well as the total rejection of the Palestinian refugees' Right of Return. In fact, following false peace of Oslo, the Zionists added a new demand, to be integrated into the Arab Homeland in the form of ‘Integration through Domination’ (ITD). This Zionist demand to subjugate the Arab popular masses, which I call the last but main battle, is, indeed, how the imperialist-Zionist camp works to impose “Internalization of Defeat” (IOD) upon the Arab popular classes. The imperialist powers, USA and Britain in particular, have the same demand. In cooperation with the Arab regimes that internalize defeat, the imperialists destroyed Iraq, dismantled the leftist regime in South Yemen, and encouraged civil wars in Egypt and Algiers. By so doing, they defused any possible Arab resistance to the latest version of the Imperialist- Zionist plan in the region: a plan that seeks the liberalization of trade, the internal fragmentation of as many Arab countries as possible, and one that strives to impose a peace for capital, not a peace for the people in the region. The counter revolutionary camp was encouraged to embark on its policy by the IOD that took place in many socialist countries and other national liberation movements all over the world.

The dismantling of the Soviet Union is a new but clear evidence for the IOD on a global scale. For instance, the role of the Russian ruling elite Nomenklatura in disintegrating the USSR was to change the Soviet system from the top. They, as ruling elite, did not own the forces of production, but they were enjoying the surplus value extracted from the Soviet working class, and other working classes in other countries. The Nomenklatura ruling elite launched a ‘white’ coup d’etat which enabled it to own the means of production cheaply and directly. The same for the

close and distant peripheries of the Soviet Union which, through compradorization, realized that their interests merged with the Imperialist center. The same is true for the PLO leadership that realized that it is unable to liberate Palestine or even to achieve an independent state in the WBG. Accordingly, this leadership decided to limit itself to a Self-Rule that is satisfied with a trickle-down share of the economy.

The Zionist entity, the Arab comprador, and the imperialists believe, wrongfully, that the Palestinians in the WBG will be satisfied by Palestinian self-rule. This anticipated approval would, in turn, generate an acceptance of the Zionist entity by the Arab popular classes, i.e. an Arab normalization with the Zionist entity as it is. Thus, this entity will find the road paved for ITD into the Arab Homeland.

Fortunately, this racist mentality failed again to understand the people's will, their culture and aspirations for Arab unity and development. The Zionist entity and the Imperialists fail stubbornly to understand that the Arab nation is not so inferior as to accept foreign racist capitalist domination.

### **Consumerism as Normalization**

To educate people and raise consciousness against normalization, it is important to note that this education should not be limited to the level of politics. Re-education and cultural strengthening are very important and form pre-conditions for fighting normalization. Some of the necessary cultural education is challenging consumerism. Consumerism is a symptom of capitalism and capitalist behavior. Capitalism has an insatiable appetite for consumption. Consumerism, certainly, existed in pre-capitalist societies, but did not constitute an ideology by itself and those pre-capitalistic political regimes were not keen on expanding it deliberately. Additionally, those societies did not have enough means to consume. The mass production was not available in those social formations. Mass production of the center and mass imports to the peripheries are essential for consumerism. Wage labor is also an important factor for the consumerist machine. The same capitalist system that exploits the worker at the working place, returns to exploit him again, now as a consumer, by stealing his wages in the form of purchasing the same goods that the worker produced. Through the production process, the same producer becomes alienated from what he produced. This is why he has to buy them from the market. Under capitalism, all factions of the peasantry are another target group for capital to loot what they earned as independent producers or agricultural wage laborers.

Women are also valuable targets for consumerism dominated by males in capitalist societies, since capitalism is the fortress of males, women are always victims of this system's false education. The main capitalist education for women in capitalist societies is to consume.

Accordingly, it is important for the Arab popular masses to develop a proper understanding of the issue of consumerism. Arab societies are deprived of being productive. Being non-productive, but consumerist, these societies become more vulnerable than the productive ones. Here comes the concept of conscious consumerism which is a personal, class, and national responsibility. It is part of Development by Popular Protection (DBPP).



## Resisting Normalization

As mentioned throughout this book, the counter-revolutionary campaign now stands at the 'doorstep of the popular masses'. It is struggling fiercely to break-down the resistance of the Arab popular classes. The goal of counter-revolution is to introduce, and then generalize, the Internalization of Defeat (IOD) to the popular social fabric of the Arab nation.

The period that followed the Camp David agreement between the Zionist entity and the ruling comprador of Egypt, witnessed an Egyptian popular boycotting of the Zionist entity at all economic, social and cultural levels. The same course of events took place in Jordan as well. However, the most important development is that of popular anti-normalization committees in the Arab Homeland are grassroots activities.

In the year 2000, these committees held two conferences. The first was a conference of Arab writers and the Arab Democratic Revolutionary Forum that took place in Beirut - Lebanon (1-5 August 2000). The entire conference was devoted to the opposition of normalization. The second conference was held in Amman-Jordan (20-22nd August 2000) and was sponsored by the Professional Trade Unions of Jordan.<sup>53</sup>

The mass demonstrations that took place in many Arab countries in support of the Palestinian *intifada* 2000 are the most significant manifestation of the opposition of the Arab popular classes to normalization.

In the WBG, normalization of daily life was totally halted during the *intifada* 2000. While the PA itself was obligated to halt some of its contacts with the Zionist entity, some of its leaders and NGOs maintained their contacts with the enemy.<sup>54</sup>

There is no doubt that the enemy camp devotes all its resources to breaking the people's front to Internalizes the Defeat. Therefore, a new form of people's struggle must start. The popular classes' war against normalization can be achieved in three steps:

**First:** A cultural and educational struggle against normalization

**Second:** An Economic struggle against normalization, and

**Third:** People's political, national, class, and military war against the enemy's capitalist camp- Arab regimes, Zionist regime, and the imperialist forces in the Arab Homeland.

## Towards a Joint Arab Anti-Normalization Policy

The popular classes are what is meant by Arab in this section. It became clear, after the last mass demonstrations in several Arab countries in support of *intifada* 2000, that the Arab nation, in popular terms, is unified against the common enemy. What is needed really is a unified Arab movement to ensure the sustainability of the struggle, to organize resistance, and to keep the resistance precisely oriented and

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<sup>53</sup> A conference against normalization took place in Baghdad at 25 September, and another in Beirut in October 2001.

<sup>54</sup> One of these contacts with the Israelis, is the joint Israeli and Palestinian meeting at Muftah NGO's office led by Hanan Ashrawi, attended by Yosi Billein, the former Minister of Justice in Israel and Yaser Abed Rubbo a Minister in the P.A cabinet. The attendees of the meeting signed a declaration against violence and demanded peace. Jamie Tarabay - The Associated Press 28-7-2001.

deeply rooted in the minds and will of the nation. This must be the vision and the role of anti-normalization committees.

Being opposed to normalization, these committees are against Arab ruling comprador classes, because these classes are the part that is normalizing with the Zionist regime and are dependent on imperialism. Anti-normalization is against the Zionist ITD into the Arab socio-economic and cultural fabric. Therefore, anti-normalization is in the service of Arab development and unity. These goals are in antagonistic contradiction with Arab ruling classes, imperialism, and Zionism.

The anti-normalization committees might be the vehicle to accomplish this task. They might develop to be a spearhead for new United Arab movement. The role of these committees should be the people's struggle at three major levels:

- a) The people's cultural struggle against the enemies of the Arab nation. This very basic and important war provides the people with education and consciousness of why and how to struggle and win at the cultural front.
- b) The political and economic war should follow.
- c) Both forms of struggle will be the pre-condition for the final people's war, the socialist revolution in the Arab Homeland.

These duties will develop the tool itself to transcend from the academic and mere intellectual understanding of Arab nationalism and unity to an Arab socialist movement fighting through the popular classes for the realization of Arab unity and development, which is Development by Popular Protection (DBPP).

The Arab popular classes, as the majority of the society, are the main consumers. They are able, if well organized and educated against normalization, to force their rulers to open Arab markets for Arab commodities. This will be possible only through boycotting the western-Zionist capitalist imports. This is one of the mechanisms for erasing the artificial Arab borders among Arab countries. These borders should be opened first for product and second for labor power and services. As long as we are developing the anti-normalization strategy, Arab masses should not even consume the products of the Arab companies that have relations with the Zionist entity.

## CHAPTER FOUR

### PEACE FOR JEWS IN A UNITED SOCIALIST ARAB STATE

*The Arab Comprador Can Guarantee Security for the Ashkenazi Entity. Peace for Jews However, may Be Guaranteed only by a United Socialist Arab State*

This analysis was originally presented at the Abna'a El-Balad Conference in Nazareth, on June 6, 1998 and was entitled 'A Democratic, Secular Alternative in Palestine'. This analysis focuses on the nature of the Arab attitude, toward Jews in Palestine, under a scenario of a real and genuine peace. In this chapter, I will not conduct a retracing of history to cite Arab treatment of Jews because of the following reasons:

**First:** The relationship between Arabs and Jews, especially the fair treatment Jews received from Arab Homeland and even in Andalusia, which is a fair treatment, has taken place under different social-economic formations and historical eras. Here I will assess potential future Arab Jewish relations in isolation from the past, despite the fact that past has been a credit for Arabs.

**Second:** The Arab Israeli conflict never was between two races or religions. It is between the Arab nationalist project of development and unity and the capitalist imperialist-Zionist alliance.

**Third:** The reason for discussing Arab-Israeli conflict is to propose a solution that culminates in socialism.

Therefore, this chapter is an attempt to provide an answer for the future of a Jewish minority in the Arab Homeland, and consequently to propose to and convince Jews in Israel that their position in the Arab Homeland will be established on the basis of equality with Arabs. Perhaps Jews wish to remain privileged with superiority over the Arabs. This situation can be sustained under the current imperialistic/comprador resolution of Oslo, but would be impossible and will not be tolerated by the Arab populace regardless of their kind of distorted leadership that they must endure. I am, therefore, and without any doubt, addressing the future and possible solutions, which no one can speculatively ascertain, but can be realized on a humanistic basis.

#### **The Enemy we confront**

It is presumed that my presentation deals with the relationship with the Zionist Israeli enemy the 'other'. Contrary to what has been referred to by many as the 'other'. I don't see this 'other' among Israeli Jews as a group. Conversely, I don't perceive it as exclusively restricted to the Zionist majority among these Jews. Nor do I see the entire Israeli left, albeit too small, as being outside the Zionist realm. I also don't see all Sephardic Jews as part of the 'other', the enemy, despite the hegemony of extremist right wing which is dominated, supported by Sephardic Jews. More importantly, I don't see the 'other' as being restricted to the borders of 1948 Palestine. The discussion still rages on heatedly within our own Palestinian society, as well as within the Arab nation, over the structural fabric of the Israeli society. Is it a nation?

Is it a national identity? For a community of people to become a nation and/or an identifiable national entity, it is not necessary for this community to evolve through the natural process imposed by the passage of centuries. If defining modern nations assumes having passed pre-capitalist era of development, the creation of a common market, language and culture, we, then, find that these attributes are rife among the Jews in Israel. However, Israel's evolution of its capitalist and historical development was forced through an accelerated process that makes its superficiality and artificiality very clear.

Nations are not measured or solely recognized by virtue of the length of their existence. There are old nations such as the Arab Nation, or new nations such as the American Nation, or those small African nations that are evolving before our very eyes.

I believe that our measure ought to be focused on Israel's role and Zionist ideology and project and not be based on the limits of its social maturity or its transformation to a 'nation'. Our acknowledgment or non-acknowledgement of its national evolution or societal development does not change where we stand vis-à-vis its existence as a pure Jewish state, the liberation of Palestine and our right of return. Our recognition of the American nation does not negate the fact that we consider the American capitalist and imperialist regime a brutal one that wreaked pain and havoc on many peoples throughout the world. It is a regime that has exploited many peoples, spilled their blood and impeded their development, progress and democratization. Israel's progression toward nationhood does not mean that struggle against it should in anyway end. We must not forget that most wars occur between (competing) nationalisms.

In light of the above, the "other" is not meant in neighborly terms, (i.e. willing to live side by side with them) , but rather an enemy with whom we have an intense ongoing struggle, an enemy that hinders our progress, usurps our land and stunts our ability to develop. This sheds more light on our discussion. The "other" indeed includes the capitalist-imperialist-Zionist camp as well as its Arab Comprador collaborators aided by few Arab and Jewish neo-liberal intellectuals. This "other" clearly declares its identity as different "other" in the regional context. Under this "other" falls all Zionist Israeli Jews, indeed all Jews who do not believe in the Palestinians' right of return to their ancestral homeland. Here, we must expose those Jewish leftists, whom we have welcomed into our midst, and with whom the "Palestinian Left" is so enamored, who do not support our struggle. Historically, this "Israeli Left" has treated its Palestinian counterpart condescendingly. On the other side, Palestinians are forever grateful for the "Jewish Left's" generosity by actually lowering their Jewish elitism for the occasional courtship. Ironically, you will not find too many Sephardim (also known as Sephardic or Arab Jews) among this left. Many of these Sephardim consider themselves, culturally at least, Arabs.<sup>55</sup>

Here, the factors at play in determining the identity of the "other" are: ideology, interest and role and not ethnicity, nationality, religion or the level of development. Here, it becomes clear that it is the role that Israel plays in the grand colonial- imperialist scheme that determines who is this "other". Here, it also becomes more clear how integrated are the interests of the western Imperialist countries with those of the Zionist "other". It is only natural, therefore, that those Arabs whose interests are in tandem with those of the imperialist-Zionist camp, are counted among

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<sup>55</sup> See Ella Shohat, Mizrahim In Israel: Zionism from the Standpoint of its Jewish Victims, in *News from Within* vol XIII no 1 Jan 1997, p.p. 29-49.

this "other", regardless of their language, or their ethnicity. Unless we are willing and ready to conduct our critique on this basis, we will continue to run aimlessly in a vicious circle without ever arriving at determining our identity or goals, and will be condemned to inactivity and lack of relevant productivity.

### **Some of the “Other's” Distinctive Characteristics**

While Israel is one of the expressions of white settler colonialism, it differs from others such as those in Australia, Canada, the USA, Rhodesia, and South Africa. Of course, all these colonialist expressions share several commonalities such as racism and total confiscation of land and resources that belong to the natives, both-necessary for a settler-colonialism to succeed.

Israel is different in many aspects one of them is that it has come late in the “Cycle of the Global White Settler-Colonialist Movement”. The Zionist settler campaign came in the 20th century, while those of White settlers in North America, Australia, South Africa, and New Zealand took place some centuries earlier. The first attempt for Zionism to establish settler colonialism in Palestine in the 1860s failed, and it succeeded only in the aftermath of World War II.

Other fundamental differences between Israel and the other settler-colonialists is that each settler colonial case has had its own ‘motherland’. This ‘motherland’, in the case of North American and Australian settlers, was, to a large extent, British. For the Zionists, the motherland is viewed as the entire western capitalist center. encompassed the entire capitalist map. Within this mosaic, there is what is loosely referred to as ‘Financial Israel’, as represented by strong Jewish banking influence in the United States, which in turn, is expressed through political and social clout. There is also the ‘Demographic Israel’, dependent on world Jewry most recently from the former Soviet Union. Conversely, the Palestinians were differentiable by Palestine's Arab depth, which allowed them the benefit of geographical national refuge in ways that maintained the Palestinian struggle, as was the case of American and Australian natives for instance. This Arab dimension gave the Palestinians a margin of support for waging a struggle to recover what has been lost. This same Arab depth challenges the various and continuous plans to settle the Palestinian refugees far from the borders of Palestine, especially in Iraq and Syria.<sup>56</sup>

The Zionist occupation and settlement in Palestine wasn't merely a result of the Nazi crimes. The issue predates and is certainly more complicated than that event. The real target of Jewish settlement in Palestine was to create a capitalist Ghetto, inhabited by Jews. The role of this capitalist Ghetto was designed to maintain the World capitalist system and enable it to dominate the Arab Homeland. Therefore, this capitalist ghetto, one must conclude, was intended to be a permanent enmity with the region in which it was implanted. Theodore Herzl, the father of political Zionism wrote: "The Jewish State will be a barrier between the Eastern barbarism and the Western civilization".

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<sup>56</sup> The Zionists aim was to push the Palestinian refugees to settle far from Palestine's borders, e.g. to Syria and Iraq. But neither the rulers of these two Arab countries, nor of any Arab country accepted that. The only exception was the military regime of General Husni Al-Zaa'im in Syria who tried that, but finally failed. See Avi Shlaim, “Husni Zaim” and the Plan to Resettle Palestinian Refugees in Syria, *Middle East Focus* 9 no 2 (Fall 1986), pp. 26-31.

It is important to note that Herzl adopted this issue and further developed it from the early speeches of imperialist strategists. Napoleon Bonaparte of France called upon the Jews to settle in Palestine. Lord Palmerstone, the British Secretary of State in 1840, called for the same goal. That is the reason why the secular Zionist ideology and project in Palestine has nothing in reality and practicality, to do with religion. Since its creation in Palestine, this entity is a strategic "investment" in the Arab Homeland. It wasn't an easy mission for imperialism and Zionism to create an aggressive entity in Palestine without having internal Arab allies. This alliance was necessary in **two** stages: at the inception of the imperialist-Zionist project and at the ongoing stage of its maintenance and sustenance. These Arab allies were and still are the ruling classes in the Arab Homeland. This alliance, between imperialism and Zionism on the one hand, and between those forces and each Arab ruling class on the other, did in fact benefit all involved parties. The imperialists/Zionists offered the Arab rulers protection against their own peoples. These Arab rulers were and still are launching an ongoing civil war against their popular masses. This civil war, that perpetuates dependency, dictatorships, and underdevelopment, represents an attrition war against the Arab nationalist movement hindering the achievement of its main goals of unity, liberation of Palestinian, and development. In other words, the Arab ruling classes are buffer zones between Arab popular classes and their goals. They are the enemies of their own nation. The antagonistic nature of Arab regimes towards the nation's goals made any compromise between the revolutionary movement and the regimes impossible.

The relationship between the rulers and the ruled is that of "to be or not to be". Based on this alliance with imperialism, both Israel and the Arab dependent regimes, for their sustenance and survival, needed the continuous support of imperialism in many various forms. One of these forms is the direct imperialist aggression against Arab national regimes or nationalist movements when the balance of power, inside one or more Arab countries, started shifting against the imperialist allies. The French, British and Zionist aggression against Egypt 1956, the Israeli aggression 1967, the U.S led aggression against Iraq 1991 are all direct proofs of this. This series of continuous abortive attempts of the Arab liberation, unity, and development in our region led to the loss of a whole century of transition. This very long transitional period did not lead to developing either capitalist or socialist formations.

During this period and circumstances, the parties which "developed" themselves and benefited were the two foreign and alien allies of the Arab dependent regimes: the capitalists-imperialists (who benefited and gained enormous profits) and the Zionist entity (which benefited and developed itself as well). The benefits to the region's enemies, however, were never limited to diplomatic and economic relationship between Arab rulers and Israel. These enemies wanted to be accepted as they are and even to be warmly welcomed by the Arab nation. The Zionists, imperialists, and the Arab ruling dependent regimes are working on a political and cultural re-education for the Arab popular classes to normalize relations with Israel. Once this goal is accomplished, the economic normalization will be easily accepted. If this were to happen, any development in the Arab Homeland will be totally blocked. (See Chapter Three for more discussion about normalization with Israel).

Rejecting normalization, we are touching the nation's enemy at its most "sensitive nerve". The experiences of the Egyptian, Jordanian and other Arab people show that their attitude toward Israel is still steadfast. Mass demonstrations that took place all over the Arab Homeland in support of the Palestinian *intifada* 2000,

uncovered that the Arab nation opposes normalization with Israel. Therefore, it is now the turn of the nation's enemies to: make a compromise that might be "accepted" by the Arab popular classes, or to split the nation, or to impose the normalization solution upon the people against their will. In either case, the nation and its masses will resist. People's attitudes will remain in confrontation with the official position of the regimes as it has always been.

But, this is not sufficient. This constitutes only half of the equation. The second half is that the popular classes must formulate a new approach to totally de-link themselves from the regimes. For the popular classes to achieve this de-linking, they must develop a new national liberation movement. The prerequisite to this must be the de-linking with most of the traditional national liberation leadership and with the same leadership that internalizes the defeat.

This people's struggle will aggravate the crisis of the people's enemies (the western capitalist center) whose main interest is to impose the "liberalization of trade" all over the region.

Liberalization of trade requires an area, or even the world, with no "tension", i.e. a world with no popular classes' resistance to capital exploitation. In other words, while capital is in a continuous class re-ordering, its interest and plan are to prevent the oppressed and exploited classes from the same. One might ask here, where does the interest of the Jewish people i.e. in this mixed official and popular national and class conflict? Is the mission of change in the region limited to the Arab peoples? This leads us to discuss other related issues.

## **More Than a Settler Colonial Project**

The settler nature of the Zionist project, and the success of its Ashkenazi ruling elite in incorporating all the settler Jewish social classes into its aggressive project-Israel, made the Jewish society relatively impotent to generate progressive forces. The Jewish people in Palestine occupy the Palestinian land, exploit the Palestinians who remains there as a cheap labor...etc, but, this is not the whole picture. Other parts of the social fabric of the Zionist project deserve to be discussed.

### **I. Left in Israel**

Until today, the relationship between the Arab left and Jewish-Israeli left (hence forth, the Israeli left) was never placed into its true context. Based on its position from the right of return of the Palestinian refugees, the Israeli left is a colonial left. The Israeli left that recognizes the legitimacy of the State of Israel while it is a settler colonial state and an imperialist watchdog in the region, in fact plays in the hands of imperialism and Zionism. This left pretends that it is a non-Zionist left. To be non-Zionist is indeed different from being against or anti-Zionism. For a political party to be anti-Zionist, it must be against the Zionist state. For them, this state must be illegitimate. In reality, all Israeli leftist political parties and organizations base their analysis and political attitude on the acceptance of the Zionist settler state.

In the case of Israel, it is not enough for the left to abandon the Zionist ideology, or to be an opposition to the capitalist system, i.e. it is not enough for it to declare itself a Marxist, any kind of Marxist. This Marxism must lead the left to be

against the very existence of a Zionist Ashkenazi settler entity. Unfortunately, this was never the case. The Israeli left is relatively monopolized by the Ashkenazi Jewish ethnicity. It is a left that inherits the Zionist racist ideology. This might raise a question of why did the Ashkenazi leadership of the Israeli left, i.e. the Israeli Communist Party, not recruit Eastern Jews, the Sephardim<sup>57</sup> as the poorer Jewish ethnicity to be its base, and concentrated on the Palestinian Arabs who are living under the Zionist entity? If the answer is because Arabs, as a race, are more inclined to socialism then this is no more than a racist response.

Part of the answer is that because the Arabs, are the most oppressed nationality in the Zionist project, and because the Israeli Communist Party and some other smaller leftist groups was the only Jewish political parties which considers themselves non-Zionist. The Arabs who are living under the Zionist project (also known as 1948 Arabs) were never permitted or given the right to form and organize their own national political parties. The poorly educated Eastern Jews were pleased that they, as Arabs (Arab Jews), were treated by the Zionists as an upper class, over the Palestinian Arabs. The Ashkenazi left never cared about educating Eastern Jews. The part that approached them was the Israeli right wing, which used them to seize power in the 1977 Israeli elections.

The important lesson deduced here is that, while the 1948 Palestinian Communists in and most of the Arab left who recognized Israel are non-nationalist and a revisionist Communists. They built relationship with the "Israeli left", the leftist Jews, supported the Ashkenazi entity and became more Zionists than Communists! If my proposition that the "Israeli left" is more Zionist than a Communist, its relations with the Arab left is in the service of Zionism. It reduced the radicalism of the Arab left and distanced it from the struggle for the Palestinian refugees right of return. For Zionism, this form of left is "acceptable" as long as it does not practice any real class struggle. This inability is due to an "absolute" poverty of working class consciousness. The opportunistic attitude towards the Ashkenazi state has never been limited to the Israeli left. The international left falls into the same trap (see Chapter Two).

There are two main bases to judge a leftist attitude towards the settler state, the Zionist project. The first is to examine the creation of a settler, capitalist and racist entity through the Communist approach to World Order. For a communist, the World capitalist order is the enemy of socialism, liberation movements and development of the COP. Following the 1920s, most of the two currents of the socialist movement, the social democracy and communist parties, supported the Zionist movement. Some of them invented the term "positive colonialism".<sup>58</sup> This position goes for the Soviet Union, who recognized Israel despite the fact that it was supported openly by the imperialist capitalist center.

The second is to examine Israel according to the writings of the founders of Marxism. Marx, Lenin and Kautsky took a firm position against the pretence that there is any national or religious Jewish question. Their analysis of the Jewish question was an analysis of class. The Zionist state, as an idea and a project, has been supported by the capitalists, the socialists, even the Communists (for a certain period), most of the Christian churches, and certainly by the Jewish clergy. This requires a

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<sup>57</sup> While Sephardi Jews are nearly 20 percent of the Jews all over the world, they are 43 percent of the Jews in the Zionist project. They with the Palestinians, are nearly two thirds of the total population.

<sup>58</sup> Regarding "Positive Colonialism" See Paul Kelemen, *Zionism and the British labor Party in Palestine 1917-1939*. Published in *Kana'n* no 72 in January 1996, pp. 57-66.



proper explanation for all of that support. The proper explanation lies in the fact that the capitalist order created and still supports Israel. This uncovers the deep contradiction and crisis of the Israeli left. It is a contradiction because this left received its legitimacy, as a political movement, from a state that is created by the capitalist center. And, it is a crisis because it is working inside a settler social formation, never providing the proper environment for class struggle.

Based on the nature of the Israeli Zionist racist formation, the popular alternative would be expected, but still is not accomplished, from the Arab side. One of the reasons why it was never accomplished is that large factions of the Arab left were dependent on the Soviet revisionism. This dependent attitude led this part of the Arab left to deal with Israel and the Israeli left from a position of inferiority. While, some of the aforementioned objections were raised inside the Arab left, the majority of the left never raised these debatable issues in the open or in the course of self-criticism. Even the part of the Arab left, (especially the Palestinian) that reneged from Marxism following the collapse of the Soviet Union, did not review its conceptualization of these issues, become either directly or indirectly, it became part of the false 'peace' process and turned its back to its history.

Another obstacle in front of the new alternative Marxist analysis and attitude towards the Zionist entity is the fact that many leftists, Marxist and Communist Arab parties and organizations, sank in the crisis of the world left. They are not in the crisis of not re-evaluating their experience only, but in the crisis of proving to the counter-revolution, to capital and globalization, that they never were serious Marxists. The long passive experience of the Arab left, as a recognizer of the Zionist state, facilitates the mission of the Arab dependent bourgeoisie in fighting Communism for the sake of imperialism. This, despite the fact that the dependent Arab bourgeoisie support the creation of Israel, and still hinder any people's initiative in the struggle against it.<sup>59</sup> It is only recently that the Arab comprador declared their real attitude toward, and secret relationship with, the Zionist entity. In their recognition of the Zionist project, the Communists were followed a wrong line of analysis, motivated by good will or backward class and communist consciousness. But the Arab comprador followed its clear class interests as dependents on the imperialist capitalist West. When Arabs and Palestinians, from all currents, recognized Israel, they failed to see how much the Palestinians have suffered under an extended holocaust for more than one century. The Arab comprador, which recognized the Zionist entity through ITD, is blocking the Palestinian people's struggle to end that holocaust.

## II. Israel: A Theological State

The left and secular people, all over the world, failed to observe that the Ashkenazi state is the first state in modern history that is based on religion. It is the first theological state. The question is why does Zionism behave in the eyes of the outside world, as a secular movement, while inside the Zionist project, it acts as a religious state? While it is true that the main component of the Zionist project and ideology is its capitalist nature, the Ashkenazi state never acted as a real secular regime. This false secularism paved the way for the very creation of the fanatic Israeli right wing parties, especially *Shas* and those in the settlements. Zionism, as a settler

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<sup>59</sup> The Arab reactionary regimes facilitate the immigration of the Arab Jews as settlers to Palestine especially between 1948-1952. Accordingly, they supported the Zionist project by its most necessary needs, cheap labor and soldiers.

ideology, considers land as one of its cornerstones. In this context, it exploits the myth of the “promised land”, to use the Jewish religion in the service of its capitalist project. Now, the question of whether Zionism is a secular ideology, is meaningless because the most important thing is that, Zionism acts in a dual fashion, secular and religious, depending on the needs of the settler project.

The Zionist Ashkenazi state acts practically as a theological state. It is written on the entrance of the Knesset, the Israeli parliament, "the parliament of the state of Jews". All members of this parliament, including Arab members, take an oath to the Jewish State. This reminds us of two forms of world hypocrisy. The first is the formal one that many regimes, especially of the West attack the new Islamic states in Iran and Sudan, and not give lip service towards the first religious Zionist entity. The second is many circles in the world left and academia who also criticize the new Political Islamic (P.I.) movement accusing the P.I of being either fundamentalist or terrorist. Nothing has been said against the Jewish fundamentalism, and even the new fundamentalist churches in the West. In fact, the Islamic fundamentalism in Palestine is to a large extent a response or reaction to Jewish fundamentalism.

### III. The Eastern Jews

Eastern Jews, (the Jewish settlers who came to Palestine from Arab and Islamic countries) are nearly half of the population of the Zionist entity. In comparison to the Ashkenazi, they are in the lower class. But still they are superior to the Palestinian Arab national minority inside the Zionist project, and certainly superior to the WBG Palestinian workers who are working inside that entity.<sup>60</sup> In the last ten years, the status of these Eastern Jews witnessed a new deterioration. This is due to the Zionist entity's import of one million of new settlers, mainly from the former Soviet Union. These new immigrants, as white settlers and well-educated professionals, gained a superior status over the Eastern Jews. The resulted problem was a class, not ethnic or cultural distinction. The Eastern Jews started blaming the regime for discrimination. The other reason behind the deterioration of the status of the Eastern Jews, is the Zionist entity's fast integration into the global economy. Eastern Jews work mostly in traditional economic sectors. Accordingly, they are not prepared to compete in the information sector.

Another main and important aspect is the Zionist integration into the process of "peace for capital" in the region. This peace enables Israeli companies to relocate to, and do business in, Egypt and Jordan. Most of the Jewish workers who were laid off by the Israeli factories which were moved to Jordan and Egypt were Eastern Jews. The Palestinians in Israel represented the remainder of the laid off workers. The level of class consciousness of the Eastern Jews and the Palestinians, is really low. Both classes are divided according to their respective national ethnic backgrounds. They are divided into a lower status, the case of the settler working class on the one hand, and the nationally and class oppressed Palestinian worker on the other. Despite that, the two communities are still too weak to start a social ‘class’ alliance against their joint class enemy, the Ashkenazi settler capitalism. The Eastern Jews are not satisfied

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<sup>60</sup> In this context, Yacov Ben Efrat wrote: “the developments have left behind another group that has long suffered from discrimination: the Mizrahi jews. Class differencies have grown. An Ashkenazi worker today earns 1.5 times more than a Mizrahi and twice as much as an Arab. “ (When America Stumbles, Israel falls, in *Challenge*, March-April 2001, no 66, p 17.)

with the terms of the Oslo peace process. This is not because they consider it 'peace for capital' or because they are in favor of the Palestinian refugees' right of return. The reason is, that the Eastern Jews believe that this peace will give the poorer Arab workers access to enter the competition with them for their jobs, whether inside the Zionist entity or when some traditional Israeli companies relocate to Arab countries. All these issues are indicative of how capital is dominating labor in the region.

In such circumstances, the Eastern Jews are attracted by the most right wing and reactionary Jewish institutions, the army and the fundamentalist political parties. This deepens the schisms among their culture (which is Arabic), their social status (as the lowest Jewish ethnicity), and their class status (as the poorest Jewish class and the most fragile in an economic crisis). The deterioration of the class status of the Eastern Jews did in fact negate the old Zionist propaganda that the Israeli state is the "mother of all Jews". The deeper the class division inside the settler society becomes, the more improvement in the objective factor in forming better class consciousness. This is the rule, but this might not be negated because of the nature of the Zionist entity. It may not be an accident, that identical development occurs inside PLO who changed from the 'mother' of all Palestinian people to be the 'mother' of the Palestinian compradoric capitalist class. Both developments are related to the imperatives of globalization.

### **Debate on the Solution**

Following is a very brief summary on the solution for the Palestinian question. In his speech in Abna' Il-balad conference, 6 June 1998, Asa'ad Ghanem (of the University of Haifa), Argued for a Bi-national state in all of Palestine:

"...Arab nationalist renaissance project was delayed for another twenty years...I was the first liar when I said that the Palestinian people will establish a democratic state. In bi-national states, there is equality between all nationalisms like veto right for each community, equal representation in states' associations, autonomy in education etc... For those who want a Palestinian state in the West Bank and Gaza, and leaving the Palestinians in the 1948 area to solve their problems with Israel, I am telling them that our problems will never be solved between us and Israel only".<sup>61</sup>

The Arab nationalist project might be delayed for even more than twenty years as Ghanem said. But, the choice is to struggle for achieving it, not for giving it up to the Zionist Ashkenazi project. The "delay" of the Arab nationalist project, led Ghanem to ignore the Arab dimension in the conflict. That is why he restricted the solution to the Jews and the Palestinians only. The same is the position of Ashkenazim, left and right equally, who always ignore, and even hate to hear, the Arab national dimension because this would deny them the chance to continue the monopoly of the land of Palestine. This might work in the short run. However, for a final solution, the Ashkenazim are ultimately looking for Arab markets and normalization with the Arabs. Ghanem failed to realize that the normalization between the Arab nation and Israel will never work as long as the Zionists in Palestine monopolize the land of Palestine, refuse the Right of Return of the Palestinian refugees, and monopolize the economy and the military apparatus in the Zionist

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<sup>61</sup> Asa'ad Ghanem, a lecturer in Haifa University and Giva'at haviva Institute. A Bi-national State All Over Palestine Without a Palestinian state". A lecture in Abna Il-Balad Conference at Nazareth, June 1998. The same paper presented in Abna' Il-Balad Conference 6 June, Nazareth, 1998.

project. The bi-national state is meaningless as well because it cannot solve these complicated issues.

In addition to his adoption of the bi-national state, Nadem Rohana (Harvard) goes beyond Ghanem by expecting that in the bi-national state, "... land laws will change, both peoples will enjoy land...but the chances for the acceptance of these changes on the Jewish side are still weak".<sup>62</sup> It is clear that Rohana, like Ghanem, based his argument on a solution between the Palestinians and the Jews. He ignores the Arab dimension. Also, he did not tell us how both peoples will "enjoy" land ownership under a capitalist regime, even if it is not a racist settler one. He failed, in particular, to tell us if there is a chance for the Palestinian to enjoy using his own land, which is occupied by the settlers. If not, Rohana must justify why should a Palestinian accept either the settler's monopoly of his land or a joint use of his private property with the settler, in a capitalist system!.

There is no need to ask Rohana if he is able to guarantee the settler's approval for the Palestinian to enjoy the use of the land with him. In other words, he did not question the nature of the Zionist entity and the necessity to change it. More important, Rohana did not touch upon the Zionist imposed taboo that is the impossibility of the refugees Right of return.

As a Jew, i.e. settler, writer, Sami Smoocha's position is based on the official Israeli policy towards its Palestinian Arab citizens. He calls for: "Israel as a Jewish state, democratic with equality for the Palestinians and a continuous improvement for the Arab condition". Samoha continues: "But now, due to the political deterioration on the nationalist Arab level, is it still possible for the Israeli Arabs to recruit the Arabs for the goal of changing the Zionist-Jewish nature of the state".<sup>63</sup>

Let's agree, only for the sake of discussion, that the Palestinian Arabs in Israel are the part that recruits the Arabs for the struggle to abolish the Zionist-Jewish nature of Israel. Suppose that the Arabs weren't self-motivated to change the Zionist-Jewish nature of Israel, that the Arabs were not motivated by Arab nationalism when they fight back against Israeli aggression. But, did Smoocha consider that that the Arab nation is now, standing against normalization with Israel? The question now is can Smoocha understand that this new position, anti-normalization of the Arab nation, is an expression of its national commitment. Can Smoocha grasp the fact that in the era of peace for capital, the Arab popular classes became motivated by self-protection in defense against the Zionists on the one hand, and their Arab and foreign allies on the other? Is he able to realize the Zionist entity's demand from Arabs to normalize with it is an aggression against the Arab nation? As long as Smoocha's ideas are based on the official Ashkenazi state's policies, it is useless to argue the Right of Return with him. And, as a settler colonialist, he believes in force and understands only by force itself.

The same is true for Ilan Saban, of the University of Haifa<sup>64</sup>, whose argument stems from the formal Zionist-Ashkenazi policy and ideology. He is in favor of giving the 1948 Palestinians autonomy, special parliament, and participation in the "Democratic" Jewish state. In other words, as a colonialist by nature and culture, he is 'clever' enough to try to contain the development of national aspiration inside the

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<sup>62</sup> Nadim Rohana's speech in Abna' Il-Balad Conference 6 June, Nazareth, 1998.

<sup>63</sup> Sami Samoha's speech in Abna' Il-Balad Conference 6 June, Nazareth, 1998.

<sup>64</sup> Ilan Saban, "An Improved Status quo". Paper Presented in Abna' Il-Balad Conference 6 June, Nazareth, 1998.

Palestinians of 1948. From its side, the Zionist authority is "practical" and clever by working hard for its continuous expropriation of the land in 1948 and the expansion of the Jewish settlements especially in Galilee area. This, in addition to the integration of Palestinian intellectuals and merchants into the lower circles of the Zionist regime. Integration of the Arab intellectual and merchant elite, is the same policy of integrating the Eastern Arab Jews, but in lower national/class strata, i.e. the Eastern Jewish elite still higher than the Arab Palestinian elite. But the two forms of integration are take place for different goals.

The integration of Arabs is mainly national rather than class reasons. Muhammad Amarah, (University of Bar Ilan) is more pessimistic than others. He expects "...a tough Israeli treatment to the 1948 Palestinians, deterioration in their civil rights but without cancelling their right to vote, economic and social discrimination, and obligation to serve in the army".<sup>65</sup> In fact, the situation is open for many possibilities, including transfer. What supports that is the massacre that was committed by the Zionist Jewish army during *intifada 2000* killing and wounding hundreds. Each of the above steps depends on the balance of power.

In fact, Rasim Khamaiseh designed three scenarios for a solution to the 1948 Palestinians. He argues that: "Palestinian Arabs which are: 1- geographic separation by annexing the areas which are highly populated by Arabs to a neighboring state to become part of the majority in that state, 2- to create a new political entity in the areas where the Arab minority constitutes a majority and to let it manage its life independently, 3- an agreed upon mass transfer of the Arab minority in the form of exchange of population to bordering states which share with it issues like culture, religion and nationalism. The inclination of creating an independent entity is weak between the Arabs in Israel."<sup>66</sup>

Each of Kahamiiseh's ideas has some possibilities. While he noted that the independent entity has little support among the Arabs, he failed to support that by facts. Also he failed to refer to the Zionist entity's position towards that. But due to the nature of the PA and its commitment to the peace of capital, i.e. the Oslo peace accord, there is a high possibility and inclination that the PA will agree on the exchange of land or population or both<sup>67</sup>.

Illana Kofman, of the Open University, goes a step further. She suggest that the Israeli state be: "... a civil national state, either by becoming: 1- a Hebrew state looking at its citizens, Jews and Arabs, as one nation, a secular democratic republic, the law of return for Jews would be abolished and limited to those who want it. Military service must be universal and applied to both, Jews and Arabs, or; 2- to declare Israel as a multi-cultural state...the goal of the state is the luxury welfare of all its citizens..." She adds: "But, it is difficult to apply these models as long as there is an international legitimacy of Israel as a Jewish state. And this is what the vast majority of the Jews in Israel want".<sup>68</sup>

What Kofman suggests here are nice ideas. But mere suggestions are not enough. She did not mention how to apply them. Despite the fact that she herself does not declare whether she supports an exclusive Jewish state, she shows us the blocked

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<sup>65</sup> Muhmad Amarah, Increased Decline In the Arab Situation , Paper Presented in Abna' Il-Balad Conference 6 June, Nazareth, 1998.

<sup>66</sup> Rasim Khamiseh, Separation, and Transfeer of Arabs, Paper Presented in Abna' Il-Balad Conference 6 June, Nazareth, 1998.

<sup>67</sup> This has been confirmed by some PA negotiating team in Camp David 2000, two months before the second *intifada* took place.

<sup>68</sup> Illana Kofman, The State of Israel: A National-Religious State. Paper Presented in Abna' Il-Balad Conference 6 June, Nazareth, 1998.

road of her simple suggestions when she mentions that the vast majority of the Jews are in favor of a Jewish state. Here is the core of the issue: What are the means that should be used to implement changes in this colonial, settler, reactionary and racist public opinion?

Azmi Bishara, an Arab Palestinian Knesset member, is different from all those I refer to at least because he is a leader of a political party, and pretends that he is an Arab nationalist. It is important to consider that he spent most of his life a member in the Israeli Communist Party. The importance of this relates to his insistence to recognize the Zionist State since this issue is in the core of the political program of this party. In other words, Bishara rejected Marxism, maintained his loyalty to the Zionist State, and pretended that he is an Arab Nationalist.

Bishara said: "...despite the fact that I neither recognize Zionism's history, nor Zionism historically, I found myself obliged to recognize the fruit that was created by this Zionism. Because Israel was born out of international legitimacy, I can't say that it does not exist, or that it doesn't have rights. The thing that I still insist on is that its rights should not materialize at the expense of others or by force".<sup>69</sup>

But Bishara never defined or drew a line to show us where and when the "rights" of the settler state starts to materialize at the expense of others. In fact, the mere existence of a settler in Palestine is at the expense of the Palestinian people. Accordingly, there is no solution capable of halting the Zionist project's confiscation of others' rights other than socialism, the solution which Bishara turned his back to.

Bishara's main argument is to make Israel a "State for all its citizens". This thesis is continuity, in quantity not in quality, of the slogan of the Israeli Communist Party: "Equality between Arabs and Jews in Israel". It seems that he picked something from arguments of the others as well. He favors the cultural and educational autonomy<sup>70</sup> for the 1948 Arabs, but he is not for an independent Palestinian State for them. Azmi Bishara wrote on this issue: "It is meaningless, it is not a real issue at all, there will not be a geographic autonomy because the Arabs are scattered all over the country... My aim is a state for all its citizens, a cultural autonomy. Without this, events will lead to a demand of liberated areas and their unification in a natural unity. This will lead to a conflict... but if the cultural autonomy is deeply rooted in a state for all of its citizens it will be a base for integration".<sup>71</sup> Here we grasp where Bishara's heart lies. It is in the Zionist side. He is warning, advising the Zionists that the best road for Palestinian integration into the Zionist state is to give them autonomy. Otherwise, the Palestinians will raise their political ceiling

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<sup>69</sup> *Haaretz* (Hebrew daily, in Tel Aviv) supplement, 29-5-1998, quoted in, Ali Samniyeh, *Dirasah Hawl A'laqat Filistenee al 1948 bil-Dawlah al-Abriyah , bil-Kneseet, wabil-Mustakbal bain al-Tarafain*, ( A Research on the Relationship 1948 Palestinians, the Hebrew State, the Knesset, and the Future between the Two Parts. 2001, p. 29, (no publishing house).

<sup>70</sup> Said Zaidani, one of the early Palestinian Arabs in Israel who wrote on the cultural Autonomy for the 1948 Palestinians, wrote. "...and the Cultural Autonomy, as I imagine it, is the compromise between a just solution mediated between the individual civil rights solution and the national communal right. The integration of the Arabs in Israel with the life of the society and state no more than a big lie, and their total separation from it is a dream that will never materialize, especially at a time when the chance for a secular democratic state not viable". Said Zaidani, *The Autonomy as a Golden Middle Solution between Integration and Separation*, in *Kadaia*, no 5, Jerusalem, 1990. The least that can be said on Zaidani's argument that it is a typical liberal intellectual argument based on the ideology of adaptation.

<sup>71</sup> Azmi Bishara, *Ya Allah: Prime Minister! Interview by Lary Derfner*, in *The Jerusalem Post* 28 Feb 1997. see for details Adel Samara, *Bi-national, Cultural Autonomy, and a State for All its Citizens are Zionist Solutions*, in *Kana'an*, no 85, 1997.

to separation. This is a special form of Arab nationalism, the main goal of which is the integration into the Zionist project!

The most provocative of Bishara's ideas is his opinion on Zionism. He argued: "... Zionism never has never had internal harmony. Its nature wasn't despotic as the traditional Arab point view had seen it. I was accustomed to see it as a colonial movement. But, through my readings of the Zionist literature, I am quite sure that it is more sophisticated. It views itself as a renaissance movement, a liberation movement, Accordingly, it has always been in a situation of tension between its image of itself and its practices".<sup>72</sup> This attitude of Arabs towards Zionism shed lights on a new intellectual trend among Arabs and Palestinians who accept Zionism, but in a more "sophisticated", educated and complex manner if compared to the relatively uneducated Arab rulers. By accepting Zionism and the Zionist entity as such, people in this trend are in fact Zionists. It is possible for an Arab to become Zionist, because Zionism is an ideology. But it is impossible to call an Arab a Jew, because according to Judaism, a Jew must be born of a Jewish mother. It is impossible to say that there is common Israeli culture among Arabs and Jews, because in Israel there is no common Israeli culture. There are two cultures, the Jewish and the Arab. It seems that Bishara's "flexible" conceptualization of Zionism was the main reason behind his decision to nominate himself for Knesset, the parliament of the Jewish state, considering that just being a member in this parliament, one in fact must sacrifice the Palestinian refugees' Right of Return. Being a Knesset member and pretending that he is an Arab nationalist, Bishara is in fact a hypocrite.

Since these basic and fundamental issues are still debatable in the Zionist project after fifty years of its creation, it is clear evidence that it is not a normal entity. All of the aforementioned ideas revolve in the range of adaptation with the Zionist goals. There is no real difference among them (both Arabs like Bishara, or Jews like Smooha) regarding the main issues. The differences are in the details. That is why all of them are Zionists to this extent. They ignore the Right of Return of the Palestinian refugees, and ignore the Arab dimension in both the current conflict and the future of status of the region.

### **The Socialist Project Pre-Conditions the Disintegration of the Zionist Entity**

There are three main developments that the Arab popular classes and their vanguard parties have to consider in developing their new strategy at the beginning of the millennium. The first development is at the world scale, the deterioration of communist Internationalism and the world revolution, which started in the 1950s and reached its peak by 1990s. In other words, it is the victory of capital in the form of epidemic of globalization. The second development is IOD by Arab regimes and many other political parties, which resulted in the false peace process (Oslo) and Israel's arrogant position towards the rejection of the Right of Return. The third is the success of the enemy's camp to terminate the possible Arab resistance against its plan of "peace for capital". To achieve that success, imperialism and the Iqlimi regimes, destroyed the power of Iraq, encouraged the P.L.O leadership's deterioration towards IOD, supported North Yemen in terminating the leftist regime in South Yemen, and the inflamed of bloody internal wars in Egypt and Algiers.

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<sup>72</sup> *ibid.*

These developments pre-suppose an elaboration of a new Arab strategy for development, unity and the liberation of Palestine and other occupied Arab land. But our discussion here will be limited to the struggle against the Zionist entity and its future place in the Arab socialist project.

As mentioned in several chapters of this book, there are two socio-political groups in the Arab societies that internalized the defeat. These are the ruling comprador capitalist classes and large number of political parties. Accordingly, these groups became vehicles for normalization with the imperialist center and the Zionist project. But, the Zionist goal, never stopped at the point of "peace" with Palestinians. The Zionist goal requires a "quiet", underdeveloped, fragmented, non-socialist and open Arab Homeland for Israeli products, i.e. a large subjugated periphery. The Zionist goal is to be accepted by Arabs as a normal part of the region aiming at dominating the Arab markets, through ITD. This means that the policy of normalization is a policy of aggression. It aims at maintaining the Zionist entity as it is, and to have it be accepted openly by the Arabs. The real meaning of this goal is a new version of a Zionist war. But, this time, it is not a formal war against the ruling classes and their armies. These ruling classes became a part of the Zionist/imperialist camp. It is a war against the nation. To elaborate, it is a war against the popular classes whose interest is in unity, development, socialism, and the liberation of the occupied Arab land. We are, then, discussing a new era, a new class re-ordering in both revolution and counter-revolution, in the socialist and capitalist camps.

### **The Components of the Socialist Project Compared to the Zionist Project**

As it is noted in Chapter Three, that the Arab comprador ruling classes has already travelled a long way towards normalization with the Zionist project. Many of them have declared the end of Arab formal boycotting of the Zionist project. Several Arab regimes recognized the Zionist project as it is. The Zionist project on the one hand, and some Arab countries on the other, are encouraging trade between themselves. There is no guarantee that the regimes that minimized its contacts with the Zionist project following the popular pressure in support of *intifada 2000*, will not renew and even strengthen these relationships. The Zionist project protested to Egypt and the PA all articles that were critical to its policies or ideology. This is due to the items in "peace" agreements that were designed to create cultural normalization as a part of a plan to terminate the people's spirit of resistance and challenge. Before dealing with the attitude Arab socialist project towards the Zionist entity, it is worthy to deal with the recent deterioration of the Palestinian struggle against the Zionist entity. It should be mentioned that as long as the Palestinian resistance movement lowers its goal to the level of restoring the West Bank and Gaza, not the liberation all of Palestine, it falls into the trap of "dividing its own country with the enemy". This deterioration started in the open after PLO's defeat and eviction from Jordan 1970. The division of the homeland with the enemy, played a major role in the breeding of defeatist slogans or projects, e.g. two-state solution, bi-national state, democratic state...etc. By doing that, the PLO itself neutralized the popular Arab dimension from the struggle. A development that terminated the PLO's credibility. The deterioration to the level of these slogans and attitudes means that those who raise and believe in these slogans have changed their position from the national liberation movement to Palestinian Zionists. They are Zionists in terms of recognizing the Zionist entity on the land of Palestine. This means that they accepted the Zionist ideology and policy of



rejecting the Palestinian refugees' right of return even if they did not declare that. These people are in fact part of the Arabs who internalized the defeat.

As for the socialist solution of the conflict, I will divide it into three interconnected areas. The first area relates to the Palestinians in the occupied 1948 areas. This community is part of the Arab nation. It has its own nationalism, the Arab nationalism. It is not an 'accumulation' or gathering of human beings without a social structure and political/national goal. Accordingly, their role in the joint Arab popular classes' projects is a struggle to create their own Palestinian state in the occupied part of Palestine 1948, i.e. the Zionist entity. But this is their transitional goal in the road towards the final (socialist) goal. The justifications of declaring such a state are the following:

- a. It is their right, as a national minority, to have their own state.
- b. They are opposed to the idea of the exchange of land between the Zionist entity and the PA, because they are against the idea of two-state solution. A solution that maintains and recognizes the Zionist project.
- c. Their demand for an independent state is a challenge to the United Nations which supported a large number of new states that declared their separation from the former Soviet Union and Yugoslavia, e.g. Kosovo, Bosnia, Croatia, Macedonia...etc
- d. The Palestinian state for the 1948 Palestinians is a step towards the disintegration of the Zionist project as a step towards the re-unification of all of Palestine with the Arab Homeland.

The second area is the WBG, where the direct, transitional goal is the withdrawal of the occupation from the OT-1967. This withdrawal shouldn't be conditioned or tied to recognition of the Zionist entity because this recognition, as mentioned earlier, contains giving-up the right of return of the Palestinian refugees. My point here is that the PA must not pretend that it is representing all the Palestinian people. This representation was accepted to a certain extent when PLO was a national liberation movement, fighting for the liberation of Palestine. In other words, the direct goal must be the end of occupation without recognition of the Zionist entity. This must be the Palestinian position, even if its cost will be termination of the declaration of a Palestinian state in the WBG, or the continuity of the occupation itself. I am against the declaration of a Palestinian state in the WBG as a final solution, because it is a Zionist demand more than a Palestinian one. The occupation must be defeated and forced to withdraw from the WBG, but not for the sake of establishing a Palestinian state limited to these areas, as a final solution of the Arab-Israeli conflict.

The Zionists are in favor of a Palestinian state so they can sign a final agreement with a "state" and not with a "political organization, PLO". The declaration of a Palestinian state in the context of Oslo is a mere recognition of the Zionist project and an acceptance of the termination of the refugees right of return. In addition to that, it is an invitation, from the Palestinians, to the Arabs to terminate the anti-normalization activities. Briefly speaking, it is a continuity of the "peace for capital". Bi-national, and /or a democratic state in Palestine, terminates the Arab national dimension of the Palestinian question. These solutions ignore the right of return, because they are solutions for the Palestinians and the Jews who are currently inside Palestine. If one of these solutions is applied, the national struggle of the Palestinian people will deteriorate to the level of an internal civil rights issue inside a "legitimate" state. If the Palestinians inside Palestine accept any of these solutions, they are, in fact, asking the Arabs to normalize with the Zionist entity. While the real

Arab role is to struggle against this entity as an occupation of Palestine and as a watchdog for imperialism in the region.

The withdrawal of occupation from the WBG and the creation of a Palestinian state for Palestinians in the occupied 1948 areas are an introduction to the disintegration of the Zionist entity. This preliminary, or transitional solution, is aimed at re-uniting Palestine with the Arab Homeland. This leads us to the third and main goal, the Arab popular socialist solution, the only solution which guarantees for the Jews the right to live in the area as an ethnic minority with full rights like Arabs and other ethnic groups. But, this project is in a contradiction with the Zionist main goal in the region. The Zionist entity's policy and attitude could be summarized as follows:

- To maintain Jewish control over all of the land of Palestine.
- To reject the Palestinian refugees' right of return
- To maintain Israel as a pure, Jewish state
- To keep itself as a watchdog for imperialism in the region.
- To be accepted as a normal entity in the Arab Homeland.

This is a typical racist way of thinking. It is mentality of subjugation. As long as the Zionists maintain this policy and mentality on the one hand, and insist on being accepted into the Arab Homeland in an ITD manner, on the other hand, Israel is in fact expanding the direct military war to economic, social and cultural wars against the Arab people. It is an aggression against the people's ability to produce, and therefore, leads them to consume only its goods. The Popular Arab solution in Palestine contains, in the first place, Palestinian refugees' right of return, and the dismantling of the Zionist entity. It contains the elimination of the Jewish monopolies of land, economy and the military apparatus. This solution can be applicable only through a united socialist Arab federation. The socialist Palestine will be a member in that federation.

Here comes the role of the Arab socialist project, the goals of which are unity, development, and liberation of the occupied Arab land. These goals are in a direct contradiction with Zionism and imperialism. Accordingly, the Arab socialist project is in fact anti-normalization with the Zionist entity and imperialism (see Chapter Three). This is the only solution that guarantees, for the Jews, real human rights in an Arab developed, united or federal socialist state.

### **The Vehicle is Nationalism of the Popular Classes**

As discussed throughout this book, the Zionist project as a racist and settler project, neither capable of generating a social political force that is ready to arrive at a real peace with the Palestinian people and the Arab nation, nor of generating a communist movement. Accordingly, my argument will focus on the nationalism of the Arab popular classes (Arab nationalism), which has the potential of achieving that goal. I will not repeat my argument that is stated in Chapter Two, on nationalism in general and Arab nationalism in particular. For the purpose of this research and in my conclusion, Arab nationalism means the nationalism of the Arab popular classes, and their position towards the issue of the Arab struggle against the enemies of that nation. My argument that Arab nationalism should be evaluated according to its aims, and its political movement, and within the historical events that is the subject of discussion. I am inclined to suppose that Arab nationalism in this era, as an expression of the needs and rights of an oppressed nation, is progressive by its nature. Parts of the Arab Homeland are colonies in the real sense of the word.

The ambition of this nation is to achieve unity, development, and the liberation and restoration of its all occupied regions, not only Palestine. These regions include part of Syria that is occupied by Turkey a part of Iraq and a part of Bahrain that are occupied by Iran, and a part of Al-Maghrib (Morocco) that is occupied by Spain.

The nature of the contradictions sheds lights on the form of the struggle. The struggle of a nation for development, liberation, and unity, in the era of globalized capitalism, will certainly be a socialist struggle. To elaborate more, the social class, which is supposed to lead liberation, independence, and unity, is the bourgeois class. This class in the Arab Homeland, as discussed in Chapter Two, turned against unity, has allied itself with imperialism and is "donating" its occupied parts to the colonial and settler- colonial powers. In other words, the comprador bourgeois class is an enemy of the nation. Therefore, this class lost its supposed historical role to achieve the nation's development, unity and liberation. Based on that, the social class, which is supposed to take the lead, will be the popular classes whose interests are in unity, development, liberation of its occupied land and ultimately achieving socialism.

## CHAPTER FIVE

### GLOBALIZATION, THE PALESTINIAN ECONOMY, AND THE "PEACE PROCESS"

*This chapter was first published in Journal of Palestine Studies, no 114. Vol XXIX, Number 2, Winter 2000. Since then, the current developments of the intifada 2000 did in fact prove its content.*

Notwithstanding the peace process, the areas of the West Bank and Gaza under the jurisdiction of the Palestinian Authority remain dominated by Israeli economic policies and are subordinated to the prescriptions of international financial institutions, such as the World Bank and the IMF, which played a central role in designing the PA economy. The chapter concludes that the PA's unquestioning adoption of neoliberal economic policies favoring foreign capital at the expense of local capital has further weakened the local private sector and resulted in a kind of "development" that does not serve the population.

Although globalization is an international phenomenon, its effects are experienced differently in advanced capitalist countries (center) and in "developing" countries (periphery). Thus, while Western capitalist countries benefit from the liberalization of trade, access to expanded markets, and free movement of capital and goods (though not labor power), the effects of globalization for the periphery lead to the decline of the nation-state's power, restriction of its markets, and further blocking of its development.<sup>1</sup>

These effects have been known for some time and have been raised in many international fora. At the ninth session of the UN Conference on Trade and Development (UNCTAD) in May 1996, for example, "several leaders from developing countries described how globalization and liberalization had forced their local companies out of business and marginalized their economies".<sup>2</sup> Tanzania's President Benjamin Mkapa told UNCTAD that countries undergoing liberalization and privatization under World Bank/ IMF-style policies have suffered heavy social costs, including job losses, cuts in health care and education, and instability.<sup>3</sup>

This chapter examines the effects of globalization on the West Bank and Gaza (WBG) territories occupied by Israel in 1967 and subsequently integrated into its own economy, which is highly integrated into and heavily subsidized by the world capitalist center. Despite the "peace process," those parts of the occupied territories that have come under the jurisdiction of the Palestinian Authority (PA) have remained dominated by Israeli economic policies. Moreover, the entire WBG has been subordinated to the prescriptions of international financial institutions, mainly the World Bank and the IMF, the principal vehicles for the economic globalization that constitutes this latest phase of capitalist development.

But unlike other formerly colonized countries, the PA's economy may be alone in having been designed from its very beginning by the policies and prescriptions of globalizing institutions. In the immediate wake of the Oslo signing, it was the international community, led by the World Bank, that drew up the Emergency

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<sup>1</sup> According to Swiss finance minister Kaspar Villiger, "globalization has increased the power of the big corporations, but has eroded the authority of political masters" (*Third World Network*, 4 July 1996).

<sup>2</sup> "Backlash Grows Against Globalization," *Third World Network*, 19 August 1996.

<sup>3</sup> *Ibid.* See also, "New-Liberalization in Action," *Third World Economics*, no. 161 (16 May 1997).

Assistance Program for Palestinian infrastructure development and institution building. The private sector was given a central role: one of the program's principal aims was to "stimulate private investment in sectors such as industry, tourism, housing, telecommunications and agriculture by channeling long term finance to local entrepreneurs."<sup>4</sup> It was also the World Bank that in essence created the Palestinian Economic Council for Development and Reconstruction (PECDAR), whose main function was to disburse the donor funds (\$2.4 billion pledged) according to the Bank's directives.<sup>5</sup> As for the possibility of an independent Palestinian economy, "For the World Bank, the economic de-linking of the self rule areas from the Israeli economy is a contradiction of the Paris Protocol. It should be noted that assistance to the Palestinians is based on these protocols".<sup>6</sup>

The "peace process" launched in Madrid has unfolded during a period when globalization has dominated international relations. Consequently, as long as the "peace process" sponsored by the United States (the main controller of globalizing financial institutions) continues, the occupied territories will continue to be deeply affected, economically and socially, by these institutions to the extent that PA policies will be globally, not pan Arab and internally, oriented. Despite the experiences of the many developing countries that have already taken this route, the PA unquestioningly adopts the wave of globalization, with seemingly little awareness of alternatives.

### **The Legacy of Direct Occupation**

Within days of Israel's conquest of the WBG in June 1967, the Israeli military governor began to issue military orders that would reshape the lives of the territories' residents. No less than half of these orders involved economic matters<sup>7</sup>, for a principal aim of the Israeli occupation was and continues to be to "adjust" the economy of the territories to fit in with the interests, needs, and structure of its own economy. These interests include the employment of a cheap labor force. Military orders cut the occupied territories off from the rest of the world, making Israel their main supplier (90 percent of the occupied territories' imports come from or through Israel). Thus the wages paid to the workers were returned to Israel as payments for Israeli consumer goods. By absorbing the labor force, while at the same time pursuing a policy of rejecting Palestinian applications for licenses to start productive projects,<sup>8</sup> the Israelis were able to destroy the occupied territories' economic infrastructure, thus facilitating the integration of the latter's economy into that of Israel. This process forced all Palestinian social classes to interact directly with the Israeli economy, thereby creating and reinforcing Palestinian economic dependency.

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<sup>4</sup> Emergency Assistance Program for the Occupied Territories (Washington World Bank Publications, 1993, p.4)

<sup>5</sup> Mahmoud al-Labadi, "PECDAR and the World Bank," in *al-Iqtisad al-Filastini fi al-Marhala al-Intikalya* (The Palestinian economy in the transitional period), ed. Muhammad Ishtayia (Jerusalem: PECDAR Publications, 1999), p.382.

<sup>6</sup> Pinhas Inbari, The World Bank Report on the Progress of the Peace Process at the Economic Level, quoted in *al-Quds*, 21 March 1995.

<sup>7</sup> Adel Samara, *The Political Economy of the West Bank 1967-1987: From Peripheralization to Development* (London: Khamsin Publications, 1988), pp.58-64.

<sup>8</sup> "The Ministry of Industry and Trade and the administrative branch of the occupation may act to prevent the establishment of industries that are competitive [to Israel], and administrative difficulties are placed in the way of competing exports." Simha Bahiri, *Industrialization in the West Bank and Gaza*. Also see *The West Bank Data Project and the Jerusalem Post*, Jerusalem, 1987, p.39.

For the Palestinian working class, as already mentioned, Israel became the main outlet for employment: surplus labor power, especially from the refugee camps and the rural areas, became increasingly dependent on the Israeli market. On the eve of the intifada in 1987, the number of such workers in Israel had reached nearly 165,000.

For the business class, the only route open was to become commercial agents marketing Israeli products in the occupied territories. When Israeli businessmen realized how profitable it was to invest in certain sectors of the occupied territories' economy, they teamed up with Palestinians. This led to the evolution of a subcontracted Palestinian business class, which dominated and even replaced the weak nationalist bourgeoisie that had been privileged under Jordanian rule. Israel thus annexed to its own economy two of the three main classes of Palestinian society, the workers and the capitalists. Accordingly, the natural equation of labor to capital found in most societies was deformed in the occupied territories, since both the working class and the capitalist sectors became integrated, separately, in the Israeli center.

The peasant class, meanwhile, had been further weakened by Israel's policies of land confiscation (more than 60 percent of the land, especially the most fertile parts, had been expropriated or come under Israeli control), banning Palestinian agricultural exports, and encouraging the production of crops required by the Israeli market<sup>9</sup>. Those harmed most were the independent and small producers who were either hit by land confiscations or unable to compete with crops imported through or produced by Israel. As a result, the surplus rural labor power that failed to find jobs in the towns or was unable to emigrate to the oil-rich Arab countries looked for work inside Israel. Fundamentally, the colonial-settler Israeli occupation targeted the land and, unlike the Palestinians, had a clear strategy for its use.<sup>10</sup>

## **The Oslo Context and the Paris Agreement**

The Paris Economic Protocol of April 1994 is, in fact, worse than the Oslo Accord that laid the groundwork for it. Both agreements (Oslo I and Paris) ignored the issue of Palestinian sovereignty over land, which means that the Palestinians are unable to put forth a real development strategy, especially in agriculture, the main economic sector in the WBG. Far from guaranteeing Palestinians the freedom to import and export without Israeli supervision, the Paris Protocol explicitly restricts the PA to specific quantities of goods that can be imported and exported. The protocol also creates a joint economic committee to deal with all economic affairs, essentially giving Israel veto power over PA requests.<sup>11</sup> Israeli exports to the Palestinian territories to \$1.2 billion and move freely, while Palestinian exports to Israel ~ only \$210 million and are subjected to tough restrictions.<sup>12</sup>

The PA is well aware of the shortcomings of the agreement. The Palestinian minister of trade at the time, Maher al-Masri, noted, "All economic agreements following the Declaration of Principles were dangerous and have had ~ negative

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<sup>9</sup> Adel Samara, *Iqtisad Taht al-Talab* (A stand-by economy) Jerusalem: al--Zahra Publications, 1989).

<sup>10</sup> Adel Samara, "The Palestinian National Movement: No Land Strategy," *News From Within* 13, no.2 (February 1997), pp.26-28.

<sup>11</sup> *The Interim Israeli-Palestinian Agreement 1993 and the Declaration of Principles 1995* (Jerusalem: Jerusalem Media and Communication Center Publications, 1996), p.264 [in Arabic].

<sup>12</sup> *PECDAR INFO* 1, no.2 (December 1996), p.8.

impact on the economy."<sup>13</sup> Masri also stated that the "Israelis control Trade Protocols, through their restrictions on dealings with the Arab world, in order to limit the amount and quality of goods we are allowed to import outside Israeli customs tariffs.... They impose their own specifications and measurements on the imported goods".<sup>14</sup> In essence, the Paris Protocol did not effect any change in policy from the direct occupation era to the postdirect occupation era. This is why the PA has repeatedly tried to have the Paris agreement amended. Not surprisingly, Israel has refused, given that it is in Israel's interests to use its new regional relations against Palestinian economic interests.<sup>15</sup>

Regarding the labor force, the Paris agreement states that "The two sides will work towards a normal work force movement between them, taking into consideration the right of each side to decide at one time or another the extent and conditions of workers' movement in its area. If normal movement is cut from one side, it should immediately inform the other. The other side would be able to discuss the subject in the joint economic committee."<sup>16</sup> Instead, using the "security" issue as an excuse, Israel has repeatedly imposed closures on the WBG and banned Palestinian workers from entering Israel without even informing the PA. The PA's only response to these measures has been futile complaint. In essence, the PA has given priority to the continuous employment of WBG workers inside Israel, when the alternative should be devising a development strategy to employ them in the territories.

As a result of the closure policy, the PA tax department estimates that it has lost 50-70 percent of its potential revenue from the VAT paid by Palestinians for their imports from Israel, the tariffs paid at the border for imports from abroad, and the income tax deducted from the wages of Palestinians working in Israel.<sup>17</sup> The closure policy led some Palestinians to argue that since the Paris agreement permits each side to boycott the other's products,<sup>18</sup> the Palestinians should boycott Israeli products. However, even if this were accurate, how could the Palestinians replace Israeli imports, when all trade routes are in the hands of the Israelis?

## **PA Economic Policy and Nation Building**

The PA leadership deeply admires neoliberal economic policies, which it endeavors to apply. These policies are inspired by a free-market ideology: no protectionism, no economic regulation, no conditions on money transfers abroad, and so on. Such policies require the PA's full application of the prescriptions of the international financial institutions that support and even sponsor globalization. In return, the PA expects some positive input from these institutions.<sup>19</sup>

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<sup>13</sup> *PECDAR INFO* 1, no.8 June 1997), pp.4-5.

<sup>14</sup> *Ibid.*

<sup>15</sup> For example, "When Israel decides to import fresh agricultural products, it will give top priority to Jordan if Jordan produces these products.... Jordan will not pay customs duties when it exports olive oil, sheep, goats, white cheese, and fresh fruits and vegetables to Israel. Israel will do its best to offer access and facilities to enable the Jordanian exports to reach the self-rule [Palestinian] areas" (*al-Nahar*, 22 September 1995). It is clear that Israel's aim here is to harm Palestinian producers.

<sup>16</sup> *The Interim Israeli-Palestinian Agreement*, p.281.

<sup>17</sup> A. Alawneh, general director of the PA tax department, quoted in *al-Quas*, 6 July 1996, p.11.

<sup>18</sup> Ahmad Qurai', speaker of the Palestinian Legislative Council, quoted in *al-Quds*, 13 March 1996.

<sup>19</sup> "The PNA remained committed to the peace process in order to improve living conditions in the short run and to achieve a viable and promising future for the Palestinian people in the long run. The PNA is determined to realize these goals, with the assistance and support of the donor community and multilateral agencies." *The Palestinian Public Investment Program for 1997 (PPIP, 1997)*.

On the practical level, the PA has approached development in conventional terms: spending tax income, loans, and grants on either short-term employment or infrastructure for the purpose of enticing foreign (including diaspora Palestinian) investors.<sup>20</sup> In Palestinian towns, the most obvious sign of development is the construction of hotels, offices, and new buildings. To have a "stand-by economy," the PA needs to prepare a special infrastructure that meets the demands of tourists, businessmen, nongovernmental organization (NGO) managers, top-ranking PA officials, and so on. But how much does the population really benefit from these investments? And to what extent are the land and capital of the WBG being directed toward the kind of production that meets the population's needs? The new buildings, supermarkets, and luxury restaurants in Ramallah and other West Bank towns, far from constituting development, merely prepare the ground for the "casino economy" that is the end result.

During the period 1993-98, the cumulative totals of international donations to the PA reached \$3.55 billion in pledges and \$2.45 billion in disbursements<sup>21</sup>, yet the GNP dropped by 3.4, 10.1, and 2.9 percent for the years 1993, 1995, and 1996, respectively. At the same time, the rate of unemployment jumped to 30 percent, compared to 5 percent in the pre-Oslo period.<sup>22</sup> While recent employment trends suggest an improved outlook for 1998 and 1999, the source of this growth stems from an external factor. Even the PA's own publications acknowledge that a major reason for the increased outflow of labor from the WBG is construction in Israel and Israeli settlements.<sup>23</sup>

Certainly, the PA's modus operandi cannot be divorced from the economy's lamentable performance. The PA's corruption (see Chapter Six), by now almost universally recognized,<sup>24</sup> and financial mismanagement of donor funds flow from the mentality of a guerrilla organization that continues to prevail, wherein the leadership cannot be questioned and operates in secrecy and without accountability. Hence the PA's parallel budgets, one public and one covert, the latter containing hundreds of millions of dollars of public money distributed to buy loyalty for the regime<sup>25</sup> rather than going into development or building infrastructure. Hence, too, the PA's creation of a huge bureaucratic structure, now numbering more than 150,000 civilian and military personnel totally dependent on and therefore loyal to the regime. In this the PA resembles the Arab regimes, but unlike them, it lacks the resources to sustain such a "state" apparatus.

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<sup>20</sup> In this context, see the papers presented by Muhammad Mustafa, George Abed, Edmond Asfour, and others at the conference "The Palestinian Economy: Towards a Vision," Birzeit University, 9-12 June 1996, prepared by the Arab Economists Association in cooperation with Economic Development Institute and German Agency for Technical Assistance.

<sup>21</sup> World Bank, *West Bank and Gaza Update*, Third Quarter 1998, p.8.

<sup>22</sup> M. Ishtayia, *al-Iqtisad al-Filastini*, p. 91.

<sup>23</sup> *Ibid.*, 6.

<sup>24</sup> On the PA's corruption, see Ronen Bergman and David Ratner, "The Man Who Swallowed Gaza," *Ha'Aretz Week-end Supplement*, 4 April 1997; David Hirst, "Shameless in Gaza," *Guardian Weekly*, last week of April 1997, p.8; and Report of the PA Budget Committee for 1997, distributed in June 1997, but without a publication date.

<sup>25</sup> While international institutions and donor countries feign commitments to transparency, they never challenge the financial mismanagement of the PA, and in cases where they note corruption, they do so indirectly. For example, the World Bank (in its *West Bank and Gaza Update*, Fourth Quarter 1998, p.9) notes, "According to the latest statistics, gross domestic production (GDP) was valued at \$3.1 billion in 1995 (although we estimate an additional \$170 million due to revenue clearance leakage in 1995)." The question is, Who received the leaked money?



One result is that, in addition to mismanaging donations, the PA has created its own monopolies. According to the U.S. State Department, "there are at least thirteen known monopolies under the control of no more than five individuals who are members of the PA's inner circle." Monies from these monopolies, according to these same officials, are used in large part to pay the salaries of police and other agencies, which donors no longer finance.<sup>26</sup> But the monopolies have a highly negative effect on the economy. Being neither public nor private, they are subject neither to public scrutiny nor to regulatory laws.<sup>27</sup> Equally important is the fact that through these monopolies, which deal in such commodities as petroleum, tobacco, gravel, flour, sugar, soft drinks, vegetable oil, and so on,<sup>28</sup> the PA has become a competitor to local business. When a group of local businessmen signed an agreement with the Israeli cement company Neshet, for example, the PA rejected the deal and replaced the group with its own associates.<sup>29</sup> (The PA also monopolizes most of the marketing for large companies that supply the PA areas.)

Meanwhile, the PA is declaring that it will not "intervene" in the economy. Products are hence free of quality control, and the West Bank remains a free market in which Israel can dump defective and already expired products.<sup>30</sup> Businessmen, driven by the desire for easy profits and realizing that Israel will not allow any real flexibility for the self-rule economy, avoid investment in productive sectors and invest instead in construction and land speculation. The cumulative result of the open-door policy, the monopolies, and the encouragement of foreign (or émigré) capital at the expense of local capital is to weaken further and even destroy the small and independent Palestinian producers, causing higher unemployment, less capital accumulation, and more dependency on Israel.

In the light of these results, one must ask: Why are the donors not protesting? And if their donations are not geared to promote employment growth, what are they geared to do? (See Chapter Seven)

Six years after Oslo I, it seems clear that the aim of its architects was to usher in a new system reorienting the Palestinian people toward accommodation, thus limiting their goals of national liberation. The PA, created and financed by the advanced capitalist countries, has become directly involved in re-educating the people (including a political discourse considering any resistance to the Israeli occupation to be against "peace" and indeed against the Palestinian people). In essence, the PA is collecting "political rent" for its role in supporting agreements that pave the way for world capital to achieve its policy of class reordering in the region. As long as the PA

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<sup>26</sup> Sara Roy, interview with officials from U.S. Department of State and United States Agency for international Development (USAID), Tel Aviv and Washington, December 1995 and January and May 1996, as quoted in Sara Roy, "Economic Deterioration in the Gaza Strip," *Middle East Report* 26, no. 3 (July-September 1996), p. 38.

<sup>27</sup> Described as "semi-private/semi-public but wholly secret," the monopolies operate in a gray zone, with an unknown portion of their profits going to the handful of members of the new ruling elite (whose names are nowhere registered) that run them and the rest going to PA bank accounts not controlled by the PA Finance Ministry. See Rick Hooper, "The International Politics of Assistance to Palestine in the West Bank and Gaza Strip, 1993-1997," in the *Economics of Middle East Peace: A Reassessment*, ed. Sara Roy (Stamford, CT: JAI Press, 1999).

<sup>28</sup> In the last two years, under pressure from the Palestinian Legislative Council and the donors, some of the monopolies (tobacco, for instance) have been in principle, eliminated.

<sup>29</sup> Interview with K. Hassouneh, Palestinian businessman, 3 June 1996.

<sup>30</sup> Interview with Maher Dusoki, a member of the Consumer's Protection Committee, Ramallah, 3 December 1995.

serves the de-mands of the globalized financial institutions, it can hope to continue receiving donations despite its corruption and performance.

### **Is the Private Sector a Priority?**

The private sector is at the heart of the PA's development strategy. For example, the Palestinian Public Investment Program (PIIP) of 1997, the first development plan for which the PA had full responsibility (though under the close supervision of the World Bank and donor group), states that the philosophy underlying the planned 1997 Public Investment Program continues to be one of private sector-led development, with the public sector working to provide a stable legal, regulatory, and policy framework conducive to private investment and productive activity. In addition to this, it provides essential support to infrastructure and social services, which cannot be provided by the private sector. This is consistent with the PA's overall developmental strategy identifying the private sector as the principal en-gine of growth.<sup>31</sup>

The Palestinian Development Program (PDP), which replaced the PP") in 1998, has continued with exactly the same emphasis. But the PA's globalizing orientation, which crystallized in its acceptance of the open-door policy, encourages and indeed privileges foreign corporations while weakening the position of the local private sector.

The PA's industrial policy is similar: "despite only having a share of 8 per-cent of GDP, this sector is being targeted for development support by the [PIIP]. The program supports both large and medium export oriented industries and small and micro enterprises. The PA strategy offers two broad packages of assistance: the first supports border and local industrial zones, which will be open to capital from domestic and foreign sources; the second is geared to small enterprises to complement industrial zones through industrial complexes and incubators<sup>32</sup>." Even if this policy were suitable, this seemingly good intention is totally unrealistic, since the investment law en-acted by the PA in 1996 favors foreign capital, which, if it arrives, aims at accumulating profits, not providing welfare improvements for the people.

Concerning agriculture, the PIIP notes that "in spite of limited natural re-sources, efforts to develop this sector will be intensified as a major component of the private sector development strategy. The PIIP encourages private cultivation by improving the legal and regulatory framework, developing financial institutions, making technological advances in the sector and improving access of agricultural products to regional and world markets.<sup>33</sup>" But how can these goals be achieved when the banks, which in a normal situation must finance agricultural investment by loans, are transferring most of the savings abroad? And when other potential resources, such as donors and NGOs, avoid the agricultural sector? Moreover, the PA does not invest loans in a productive manner, a situation exacerbated by land confiscation and effective control over 85 percent of historic Palestine's resources by Israel's continuing occupation.<sup>34</sup> This is in addition to the lack of a Palestinian strategy for land, or even a policy for land reclamation and development loans.<sup>35</sup>

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<sup>31</sup> PIIP, 1997, pp. 2-3.

<sup>32</sup> Ibid., 7.

<sup>33</sup> Ibid.

<sup>34</sup> "Human Development Report: Palestine 1998-1999," September 1999, p. 7.

<sup>35</sup> Samara, "The Palestinian National Movement." Opcit.

## Investment and Banking

The PA's adoption of globalization (i.e., an open-door policy with no protection) has encouraged local and foreign banks to act freely regarding the transfer of public savings abroad, minimizing the size and amounts of loans, and imposing severe conditions for guaranteeing loans. It should be emphasized that decision making in the PA areas does not fall to the PA alone, but donors, the World Bank, the Israeli authorities, the NGOs, and the international organizations. If we add to this fragile situation the fact that the areas of the PA enjoy not sovereignty but self-rule, the difficulty of fostering development in these areas becomes clear.

The PA repeatedly reaffirms its commitment to the free market economy, which enables the private sector to lead economic activity. Indeed, according to the PA, the role of the public sector is "to create the proper environment for a dynamic private sector, capable of shouldering the heavy responsibility of a prosperous and advanced economy".<sup>36</sup>

But the PA's policies actually contradict its claim of building an independent and developed economy. Beyond the PA's monopolization of the granting of licenses (either for themselves or their cronies, or for the highest bidder—thus eliminating small competitors not on competitive grounds but through corruption), the PA's investment law itself works against the development of a strong local economy. Item 21 of the law stipulates equal treatment of Palestinian capital and capital from abroad. But treating strong, well-established foreign capital the same as weak, emerging local capital can only result in the local capital's being either forced into subcontracting or driven out of business altogether. Similarly, the investment law's unambiguous favoring of larger business interests<sup>37</sup> perpetuates the weakness of small existing or potential projects, which have little capital and employ few workers but which are owned by skilled, welltrained, independent producers geared to local needs.

In general, sound government policy would give priority either to foreign investments that do not encroach on local interests or to local investment linked to a national policy on agriculture, land, and industry aimed at providing basic needs. Only in this way could the government hope to lessen the severely unequal exchange relationship with Israel, for Palestinian economic resources not expended in productive investments will be spent on imports from Israel, i.e., rechanneled to the Israeli economy.

Interestingly, Jamil Khalidi, head of the PA's Investment Department, compares the PA's investment law unfavorably with the Israeli one: "despite the fact that the Israeli law (No.1055) for investment came too late, i.e., not until the Intifada had happened, it was more flexible than the Palestinian one. The Israeli law offers three to six years of exemption for the local investors."<sup>38</sup> Because the PA is being

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<sup>36</sup> PECDAR INFO 1, no. 2 (December 1996), p.7.

<sup>37</sup> According to the law, "Projects which invest \$500,000 or employ 25 Palestinian workers, will be offered income tax free exemption for five years when they will be due. Those who invest \$150,000 and employ 15 Palestinian workers will be offered income tax and fees exemption for three years. Those who invest \$70,000 and employ 10 Palestinian workers will be offered income tax and fees exemption for two years... The board of directors of the investment department is allowed to give exceptional exemptions to projects of more than \$5 million which employ more than 50 workers." Jamil Khalidi, "The Palestinian Investment Law," *Publications of the Palestinian Liberation Organization and Palestinian Authority* no. 26,1996, p. 44.

<sup>38</sup> *Ibid.*, 12.

subsidized by donor grants, the tax system it applies should be at least as flexible as Israel's in the last years of direct occupation or as Egypt's, whose economy is better established than Palestine's and which seeks to draw investors by offering ten years of exemption in new industrial areas and remote areas and for new housing projects.<sup>39</sup>

But in an era of globalization, capital (especially third world capital) increasingly ignores nationality and national commitment. The more "national capital" is integrated with international financial capital, the weaker the national attachment becomes, unless the business environment in the particular country is attractive (either because investment is feasible or because of special offers from the regime). In this context, the deciding factors will not be tax exemptions, but the safety of the investment, availability of feasible projects, and cheap labor. The fact that Palestinian labor is expensive for the region (an average monthly wage of \$500, compared to \$90 for an Egyptian worker and \$250 for a Jordanian<sup>40</sup> makes state intervention, the public sector, and protectionism all the more important, none of which are pursued by the PA's globalized policies. On the contrary, "the law of investment did not put a maximum percentage on foreign ownership of joint projects; neither did it put any restrictions on transfer of net profit".<sup>41</sup>

Criticism of the practical application of the PA's investment philosophy comes not from the leftist or nationalist opposition (weak, accommodating, or even absent), but from the private sector itself. Muhammad al-Masruji, a well-established Palestinian businessman, for example, commented on the "lack of laws and regulations for the operating banks in the West Bank and Gaza. Accordingly, monetary policy is decided by the Jordanian banks. The PA forced the Palestinian Commercial Bank to start with \$10 million, while this ceiling was never applied to nonlocal banks".<sup>42</sup>

Most of the investments inside the self-rule areas and the occupied territories are for housing. These investments are likely to have reached \$1 billion, mainly in towns, since the Madrid process began. In villages, building licenses are still in the hands of the Israeli military authorities, who generally choose to withhold them. Despite promises, there has been little investment, and therefore little improvement, in infrastructure either by the donors or the PA<sup>43</sup>. PECDAR, like many donor organizations, devoted considerable effort to short-term job creation schemes with little developmental effects for example, spending millions of dollars on cleaning up Gaza's dirty streets.<sup>44</sup>

Nine industrial zones are planned along the Green Line for a cost of \$5 billion. According to the World Bank,

The initial conception of the industrial estate development program was one of fostering business clusters on the borders between Israel and the Palestinian territories ("border" estates), so as to permit employment by international and Israeli entrepreneurs of Palestinian workers free of security related restrictions on the entry

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<sup>39</sup> Ibid., 15.

<sup>40</sup> Aisling Byrne, "Gaza's Textile Merchants Struggle with Globalization and Peace," *News from Within* 13, no. 1 (January 1997). According to the Israeli paper (*Haaretz*, 20-8-2001) the monthly wage of Jordanian worker who work at the Israeli factories in Irbid's industrial Zone is \$120.

<sup>41</sup> Khalidi, "The Palestinian Investment Law," p. 20.

<sup>42</sup> Muhammad al-Masruji, Palestinian businessman, commenting on Osama Hamid's "Lecture on Banking Systems," a study presented to the Palestine Economic Policy Research Institute (MAS), Ramallah, and published in *Kana'an*, no. 83 (December 1996).

<sup>43</sup> The only infrastructural area that has shown improvement is telephones, which have been privatized.

<sup>44</sup> See Aisling Bryne, "Hammered from Both Sides: The Failures of the PA's Economic Strategy and the Paris Economic Agreement," *News from Within* 12, no. 6 (June 1996).

of Palestinians into Israel proper. Public investment costs for the full program of nine border estates and six local estates . . . are tentatively estimated at U.S.\$120 million, excluding land costs.<sup>45</sup>

By creating a globalized Palestinian economy and labor force, these border industrial zones will obstruct the development of the industrial sector inside the WBG, which was already obstructed by the occupation. While the economy of the territories under direct occupation lacked an industrial core (each area being connected with the Israeli economy separately), under the PA it will be connected not only to the Israeli economy but to the border industrial zones as well. The expected industries will be labor intensive, exported and low tech, with few controls (environmental, etc.). Since the industrial base will be globalized, agriculture will likewise be export led. Tourism, mainly centered in Jerusalem, will either remain in Israeli hands or be internationalized. Many Palestinians can be expected to be employed in marketing Israeli products in Arab countries<sup>46</sup>; in so doing, they would facilitate the Israeli market's invasion of the Arab world-an "Integration Through Domination" (ITD) that appears to be welcomed by many Arab regimes<sup>47</sup>. This economic phenomenon has its political counterpart: the PA and the comprador intellectuals who support it are "marketing Israel" through advocating normalization and holding donor-sponsored joint cultural and other seminars inside the territories and abroad.

Neither under direct occupation nor in the current situation are banks likely to offer much assistance to economic enterprises or play much of a developmental role. Back in 1967, during the first two months of the occupation, all Palestinian, Arab, and even foreign banks were closed, and thirty-six branches of the Israeli commercial banks were opened. As commercial banks, they had nothing to do with development. Following meetings between the Israeli Labor party and Jordanian officials in London in 1986, the Israeli government decided to open two branches of the Cairo-Amman Bank and another of the Bank of Palestine. Since the Oslo agreements, nine banks and more than sixty branches have been opened in the Palestinian areas.<sup>48</sup>

In general, the PA has adopted a strategy of stimulating private sector development and competition by encouraging the inflow of foreign capital through limiting restrictions on foreign remittances and dealings in foreign currency.<sup>49</sup> This very open policy benefits the banks more than the population. Its influence extends beyond the Palestinian investment law in encouraging foreign over local capital,

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<sup>45</sup> *Confidential World Bank Report*, n.d., p. 10.

<sup>46</sup> An Israeli factory owner in Jordan told (*Haaretz* 20-8-2001), "We bring managers for our factories, in Irbid industrial area, from the West Bank, as a people who accustomed to live under occupation". This is in fact a clear example of normalization.

<sup>47</sup> The Israel-Jordan peace agreement paved the way for a direct Israeli colonial investment in Jordan. According to San Proper, chairman of Israeli Industrialists, "Israel established the textile industry in Jordan to take advantage of the cheap labor force there and then market the products in Arab countries.... Israeli food industries have been established in Egypt, Jordan and the PA areas....The Israeli, Jordanian, Egyptian and Palestinian entrepreneurs are keeping their names secret" (*al-Quds*, 12 February 1998). Mundhir Haddadin, the Jordanian minister of water and irrigation, stated, "Trade between Israel and Jordan has grown from the almost nothing to \$35 million,...and more than 12 joint projects have been established in Jordan-from textiles to electronics-since the signing of the peace agreement in 1994" (*al-Quds*, 31 May 1998). Despite widespread protest, the Jordanian regime decided to let Israeli industrialists open an industrial exhibition in Amman in January 1997, thereby placing the comprador and the popular classes in direct competition.

<sup>48</sup> Hamid, "Lecture on Banking Systems."

<sup>49</sup> F. Bsaiso quoted in *al-Ayyam*, 4 January 1997, p. 6.

playing a major role in money transfers abroad.<sup>50</sup> As for bank holdings, by 4 March 1996 total individual and private sector deposits reached \$1.35 billion, of which \$310 million was out as loans and \$938 million as bank deposits abroad.<sup>51</sup> By April 1997, the level of total deposits (which had been \$219 million in 1993) had risen to \$1.8 billion.<sup>52</sup> The relatively high percentage of capital in current accounts in Palestinian banks (it was 60 percent, though it has decreased to 35 percent) benefits the banks, certainly not a country whose leadership claims to be "nation building," and where money for loans is very much needed.

Similarly, while the ratio of loans to deposits in 1996 was 80 percent in Jordan and 90 percent in Israel, in the West Bank it was 21.6 percent and in Gaza 18.6 percent,<sup>53</sup> improving slightly by 1997 to reach 28 percent.<sup>54</sup> Some 72 percent of these loans are given on a very short-term basis to keep clients financially solvent. Real loans account for only 6 percent.<sup>55</sup> The loan ceiling in the WBG did not exceed \$30,000-\$40,000, and for sums above this the branch was required to seek approval from its headquarters abroad.<sup>56</sup>

In sum, banks in the WBG are clearly not working as vehicles for development. In a practice protected by PA laws, the local banks (almost all branches of banks headquartered in Jordan) encourage the population to save more and then lend their savings abroad. About 90 percent of Palestinian savings are deposited in Jordanian banks, and these savings are invested as the Jordanian head offices see fit—certainly not on developing the Palestinian economy.

This is a typical case of applying the World Bank and IMF liberal economic policy. The result will be a heavy burden of debt for the entire population, except for the small minority that is drawing large profits from their capital deposits abroad. It is worth noting that the PA has never to this day announced the availability of loans, talking of "assistance" instead, even though outright grants account for only a third of what is lent out. The higher taxes that will inevitably be imposed to repay nationalized individual debts will only add to the burdens already borne by the Palestinian people.

## Donors

In the Palestinian context, donors have significant influence and control and basically determine how their money is spent; "Palestine" is thus constructed according to their wishes. For example, the Local Aid Coordination Committee (LACC), co-chaired by Norway, the World Bank, and the UN, has met at least once a month since January 1995 with approximately thirty local donor representatives in attendance. In turn, the IACC has established twelve thematic sector working groups, each with one or more PA ministries as "gavel holder," a donor as "shepherd," and a UN agency serving as the "secretariat".<sup>57</sup>

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<sup>50</sup> Adel Samara, "Banks Are Not Vehicles for Development," in *Ru'yah Ukhra* 4, no. 1 (March 1996), p. 12.

<sup>51</sup> Mohammed Qerrish, delegate of the Commercial Bank, quoted in *al-Ayyam*, 24 July 1996.

<sup>52</sup> M. Ishtayia, *al-Iqtisad al-Filastini*, p. 285.

<sup>53</sup> Hamid, "Lecture on Banking Systems."

<sup>54</sup> Ishtayia, *al-Iqtisad al-Filastini*, p. 285.

<sup>55</sup> *Al-Quds*, 25 December 1995.

<sup>56</sup> 55. Hamid, "Lecture on Banking Systems."

<sup>57</sup> See Rex Brynen, *The (Very) Political Economy of the West Bank and Gaza: Learning Lessons about Peace-Building and Development Assistance* (Montreal: McGill University, 1996), pp. 3-4.

On the political level, the donor's assistance efforts aim at strengthening the PA and creating tangible benefits for Palestinians in the WBG, thereby generating support for the peace process. However, according to Rex Brynen, "individual donors ultimately retain control of their own individual programs . . . . Virtually all donors were driven by a desire to become involved in projects that maximized their political visibility and credit"<sup>58</sup> On the economic level, the donor situation is further compounded by commercial competition among financiers for projects that are thought to have some long-term economic benefit. Some aid has many strings attached, and procurement guidelines may mandate preferences for suppliers from donor countries. Adding this to the fact that Israel still controls many aspects of the Palestinian economy, what will remain for the PA to control? This in fact is a good case study of what a globalized economy will look like.

Some of the donor funds are in the form of loans, which in principle must be repaid. But the PA's only source of income to repay the loans is taxes. Since the expenditures of the PA are higher than what it collects through is actually spending, not investing, the donors money. This has one result: accumulation of debts. Despite that, the PA continues to borrow.<sup>59</sup>

Considering that this money has been spent on bureaucratic and luxury items the PA debt cannot be financed without incurring more debt. This will create a repayment crisis, but the solutions will not be those typically employed in third world countries-i.e., the selling of public sector assets (as for example in Egypt) or the nationalizing of the debts (there is no public sector to be sold, whether to local or foreign capital). In the Palestinian case, the price that will be paid is a political one: further concessions to Israel and its western sponsors.<sup>60</sup>

## Conclusion

The years of occupation have shown that there is no chance for real co-operation between the Israeli and Palestinian economies. The Palestinians, as the weak party, need more protectionism and economic delinking from the Israeli economy. While globalization threatens to subsume national-level processes and increase dependency, poverty, and social tension in third world countries in general, it is even more dangerous for the Palestinian economy, already captive to the Israeli economy. The PA's blind adherence from its creation to neoliberal policies has led to sharper class differentiation, corruption, and polarization inside Palestinian society. Israel, meanwhile, has transcended its traditional role as a Western outpost in the region to become a tool for regional globalization by integrating itself into the Arab world in terms of ITD and by becoming the "center" for the Arab "periphery."

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<sup>58</sup> Ibid., 6-9.

<sup>59</sup> Despite the fact that the PA previously decided to limit the assistance it would accept in grants and soft loans, \$350 million of the aid pledged in Paris [November 1996] was actually in the form of loans. The \$350 million pledged by the Arab Bank and the European Investment Bank (EIB) were in the form of commercial loans." Adnan al-Amad in *Palestine Report*, 29 November 1996, p. 4.

<sup>60</sup> To have an idea about how much the PA is controlled by the government of the United States (as the core of economic globalization crystallized in neoliberal policies), Israel Shahak noted: "All the officials of the many secret [police forces] are being trained in the United States by CIA and to some extent the FBI. I believe, in fact, that American direct supervision of Arafat's regime carried out by the CIA has no parallel in the Arab world, even in the pro-American countries of the Arab world." Israel Shahak interviewed by Harry Clark, *Against the Current*, no. 79 (March-April 1999), p. 12.

The only reasonable way for any development in the occupied territories will be internally, through Development by Popular Protection (DBPP)<sup>61</sup> (see Chapter One). Under direct Israeli occupation, and especially during the intifada, a popular economy did exist wherein investments were oriented toward direct needs in a policy of self-preservation. Even after Oslo, such a strategy remains valid: the PA's adherence to neoliberal policies should not per se prevent the population from renewing the DBPP of the intifada years or from giving priority to food security, basic needs, and the protection of the independent producers, especially those cultivating the land. It is imperative that the popular classes organize themselves and pressure the PA to adopt the DBPP and to delink as fast as possible from the Israeli economy. Efforts must be made to establish more economic cooperation with Arab economies. Although the formal Arab boycott of Israel has by and large been terminated due to Palestinian formal normalization with Israel, it is through the DBPP that the feeble formal Arab boycott of Israel could be replaced by a strong popular boycott.

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<sup>61</sup> For more on DBPP, see Adel Samara, *Industrialization in the West Bank: A Marxist Socio-Economic Analysis* (Jerusalem: al-Mashriq Publications 1992), chapter 9, pp. 340-81; and Adel Samara "*al-Himaya al-Sha'biyya*" (Popular protection), in *al-Himaya al-Sha'biyya*, ed. Adel Samara and Udeh Shihada (Damascus: Kana'an Publications, 1998), pp.7-180 [in Arabic].



## CHAPTER SIX

### THE POLITICAL ECONOMY OF CORRUPTION

#### *The Case of the Palestinian Authority*

Corruption goes in parallel with human economic activities from the old empires to the imperialist/capitalist center and the collapsed bureaucratic Soviet revisionism. Corruption is one of the internal components of the class society, a society that is dominated by private property relations. Accordingly, monopoly and globalized capitalism, the most “developed” class-based social formations contain the most systematic corruption. As long as the capitalist mode of production dominates most of the social formations in the center and periphery of the world system, and as long as the ruling classes in both center and periphery cooperate in all aspects of life, including corruption, our point can be made that there is global, international corruption. However, this “developed” corruption in the center of the world order is systematic, well done and frequently hard to grasp. This might justify the approach of corruption as an independent socio-economic phenomenon, even as an economic and social system. This in contrast to dealing with it as a marginal phenomenon. As long as corruption exists in all economic activities of governments, private sector, political parties, trade unions etc. one can justify the use of the term “ Political Economy of Corruption”.

This term contains a non-traditional concept of corruption. It does not examine corruption as a simple, occasional or accidental event. It is a concept that considers corruption at the formal and popular levels at the local, national and international levels; in political regimes and political parties.

To deal with corruption in terms of a political economy means that corruption is not merely theft. It is political, social, and certainly an economic system or economic activity. Accordingly, the violation of the moral factor is not the main aspect of corruption. To treat corruption from the perspective of a moral factor is not a satisfactory approach.

The main form of corruption is the official one, because it is not only that the rulers are corrupted, but they are a source of corruption as well. Official corruption, as the main and leading form of corruption, takes several forms. The traditional forms are surcharges to import invoices and undercharges to export invoices used by commercial and industrial firms. In the case of imports, prices appearing in the invoices are higher than those agreed to between the foreign seller and the local buyer. However, this is just one example.

In many cases, the issue of corruption has been accepted or even “praised” by some bourgeois economists, international financial institutions, and core countries. These parties attribute to corruption a role in the “development” or growth of peripheral countries. An example was South Korea before the 1997 financial collapse. But, the same parties (regimes and financial institutions) who were praising growth through corruption in South Korea, changed their minds and attributed the financial crisis in the Tiger Countries to the same “praised” corruption and nepotism.

Corruption in general is a political economy of dependency, in the broad meaning of development. If some growth takes place in a corrupted country, it is a mere exception. It gains some praise when compared to the many corrupted regimes who fail to achieve any growth. Their failure is due to their belief that the wealth which they stole, will be restored by the people when a social change takes place.

Accordingly, for a country to embark on development, there is no way to achieve development by other means besides corruption rather (see on ECLA later in this chapter). But in the final analysis, corruption is a class issue . It is the theft of the poor and oppressed classes' share of the national wealth.

Corruption is found almost everywhere, but it is stubbornly entrenched in the poorer countries such as Egypt, Lebanon<sup>1</sup>, Sub-Saharan Africa, and Latin America. It is deeply-rooted in many of the newly industrialized countries, and it is reaching alarming proportions in the former communist countries.<sup>2</sup>

Regarding corruption, the difference between the Arab Homeland including the PA areas, and Latin America, is that corruption in Latin America is camouflaged by formal “democracies”. In the last three decades, most of the Communist, leftist parties whose leaderships failed to lead the masses and gain power, deteriorated to a situation of internalizing the defeat. And accordingly, acted as defeated people. That is why they became parliamentary parties. In the Arab Homeland including the PA areas, there is a lack of this party system. In Latin America, corruption is covered by a “democratizing” process. In Arab countries, it is an open theft. As non-democratic regimes, the rulers have a free hand in using the wealth of the nation. The oil revenues in the Gulf states are treated by dynasty rulers as if it is a family property.

While the highest levels of corruption have been found in countries during periods of rapid economic and political transformations (e.g. Russia and Eastern Europe), and in despotic regimes, (e.g. the Arab regimes), the PA case represents most of the passive aspects of both. Imperialist media pretend that Russia is in a process of democratic transformation. However, this is not the place to argue whether democracy will find a chance to breathe beside corruption. In the PA areas, a group of twenty political activists, writers and academics signed a leaflet criticizing the corruption of the PA, which led most of them to jail.<sup>3</sup>

### **PA's Ideology of Free Market is Less than Capitalist Policy**

Through what is called privatization, the PA encourages monopolization of the Palestinian economy either in hands of foreign corporations and/or Palestinian companies. The PA openly favors the private sector, Palestinian or foreign, in fact, favors the foreign more (see Chapter Five). The favoring of the private sector takes place in a dangerous manner. The chance is open for the highest bidder. Accordingly, al-Masri family (one of the most aristocratic and merchantile families in the country) is about to own the country's economy.<sup>4</sup> This level of centralized monopoly is rejected even in the United States. The case of Bill Gates is a good evidence.<sup>5</sup>

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<sup>1</sup> For corruption in Egypt see, Shihata Siam, *Post Liberalism: The Structure of Capitalist Mind in Egypt* (Arabic) Ramtan publication, Cairo 1996 . see for Egypt and Lebanon, Jalal Amin, *Al-Dawlah Al-Rakhwah fi Masr* The Flabby State in in Egypt), Sina Publications, Cairo, 1993.

<sup>2</sup> See Daniel Singer, *Who's Milliniuem*, Monthly Review, 2000.

<sup>3</sup> Twenty social, political and intellectual figures in the West Bank and Gaza signed a Manifesto , in November 1999, criticizing the PA as a corrupt regime. The PA's response was an arrest of all of us except those who were members in the “Legislative Council”.

<sup>4</sup> “But Masri, a daper, Texas-educated billionaire, keeps his eyes on new features of the Nablus landscape, all of which he had a hand in building: a Palestinian stock exchange, a modern television assembly, the headquarters of Paltel, the Mideast's first privately owned phone company. These are cornerstones of an emerging Palestinian economy, being built with offshore Palestinian money in expectation of statehood. And all are offshoots of the Palestinian developent and Investment Co. (PADICO), a Nablus-based holding company run by the iron-willed Masri...Local critics, though, contend that it rests on a foundation of cronyism, nepotism and protectionism, with troubling

As blind followers of free market ideology, and the prescriptions of the World Bank and IMF, the PA failed to apply a policy which attributes to the state, a vital role in building the economy, i.e. a Keynesian economy. The aim of the PA is to guarantee for its political elite high income, but not to develop the society's economy. It made the country a place of dreamers for monetary liquidity and new cars and other luxuries. For Keynes, the state is the strong arm that generates prosperity through an increase of growth rates, decrease of interest rates, increase of investment rates, and increase in demand on the consumption and investment goods. Since the supervisor of the PA is the United States and the international financial institutions, i.e. the World Bank, the PA applied the new capitalist economic policy which terminate the role of the state and the control of the supply growth, in addition to deregulation of the markets. This what is called, in general, the neo-liberalism as the negation or the final departure from Keynesian economics.

### **Governmental Corruption as a Class Issue**

According to Mushtaq Khan, "To understand the extent and implications of political corruption on different countries we have to identify the specific classes and groups involved in political corruption and their bargaining power in specific contexts".

Corruption, as an integral part of the political economy, is limitless in the ruling elite. To become a political economy, corruption has to spread by the ruling elite through the entire social fabric. For the prevailing expansion of corruption to become a social behavior, while destroying the community, it becomes a source of indirect protection for the corrupt ruling class.

Corruption, like other socio-economic phenomena has commonalities. The case of the PA has many specialties among the different corrupt regimes'. As a regime in the era of nation-building, accountability is imperative. As a country without real sovereignty, efficiency and good financial administration must be on the top of its agenda. The lack of sovereignty should be substituted by good political and economic behavior. As a country in nation-building, it shouldn't apply the "catastrophic" prescriptions of the World Bank.<sup>6</sup> What is strange is that this is the first

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implications for a Palestine of the future. Some see PADICO's close ties to Yasser Arafat's Palestinian Authority as framework for further concentration of wealth in a society already driven by deep inequities. William A. Orme Jr. Big Palestinian Holding Company Dominates development in West Bank. In the *New York Times*, May 6, 1999.

<sup>5</sup> In reality, the PA controlled areas, relatively, has nothing (big companies...) deserve privatization. But in its media it always preaches for privatization and the "leading" role of the private sector. As a country in nation-building, privatization is born with the regime, i.e. the PA is giving the few individuals of the private sector the opportunity to monopolize big projects. The Palestinian capitalist family of al-Masri got the privilege to take the bidding for many big companies, one of them is Gaza Industrial Estate. It establish a Palestinian Industrial and Free Zones Authority (PIFZA) which is related to another large corporation belonging to the same family called PADICO.

While the Israeli regime always covers the mistakes of its alliance with the PA, following the new link of Intifada, published a booklet agitating against the PA. The booklet blames Palestinian economic problems on internal mismanagement and cronyism, singling out the "centralized monopolies" directed by Mr. Arafat's chief economic adviser, Muhmad Rashid, and the powerful Nablus-based Masri clan and its publicly traded investment company PADICO. *The New York Times*, 21, Nov, 2000.

<sup>6</sup> An example of these catastrophic prescriptions is the preaching on free markets, concentration private sector, the creation of Free Industrial Zones...etc.

country in the world to apply the World Bank prescriptions from its very existence. As an un-endowed country (a country with poor natural resources), it shouldn't let a few rich families create monopolies by allowing them to obtain all the contracts through high-bidding. This is in addition to dependency on donors who are real allies to the enemy of the Palestinian people (the Zionist entity-Israel).<sup>7</sup> In other words, the PA economy is an open economy and lacks a productive base. Despite of all that, the PA regime is corrupted.

Every ruling political regime is essentially a regime of a dominant class, in spite of its alliance with other minor classes articulated with it. The ruling class is the first and most benefited class in economic and political instances. Many of these benefits come through corruption. As long as the political system is undemocratic, the ruling party, or class, will become more corrupted.

The case of the PA is a good example. Most of the jobs from the cabinet to school teachers are monopolized by members and supporters of Fateh organization, the ruling party. As members in the ruling party, Fateh members were given most of the important jobs in the system. In many cases, large numbers of people are appointed to offices with no job vacancies.

“In 1998-99, 58% of the PA's current expenditures were devoted to salaries, well above the 45% average for the Middle East and North Africa regions, and over twice the world average. In the draft PA budget for the year 2000, this proportion is slated to grow further, to almost 60%”.<sup>8</sup>

The PA minister of Agriculture, Hikmat Zaid, said: “We need large farms which employ a lot of labor power...we must enter the export world...this is much better than recruiting people inside ministry buildings which put them in trouble and make them unfeasible. Out of the general budget, the budget to agriculture which was allocated in the year 2000 1.3%, which is not adequate for the agricultural sector and the food security”.<sup>9</sup>

In this context, the PA is imitating Arab regimes by indenturing as much as possible of the working force into the regime's bureaucratic apparatus so as to keep them out of participation in opposition actions. Here, these people will be maintained as beneficiaries, corrupted in their high ranks, and oppressed and paralyzed in their middle and low ranks. Since the salaries of the middle and lower classes are low, many of them substitute that by asking for bribes. By doing that, they will be hated by the community. This hate pushes them to support the regime and places them against the masses.

As long as the donors are paying most of the PA's “development” budget, they minimize the duties of the PA. Accordingly, the PA must save enough money to use it for nepotism and corruption. Through nepotism and corruption the PA became

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<sup>7</sup> The aims and policies of the “donor” countries, i.e. the United States of America, Britain, France, Norway... is to settle the Palestinian refugees out of Palestine. These countries, especially Britain before 1967 and the United States after 1967, are in fact fighting behind Israel and against the Palestinian people and the Arab nation.

“A cursory examination of MOPIC project data reveals that the overwhelming majority of this assistance appears to have been spent by donors within their own countries, on their own NGOs or technical experts. Although no detailed assessment has been made, some PA officials claim that 79 percent of all donor funding of this sort is spent on the salaries of external experts and other forms of external procurement. Palestinian researchers claim that an even higher 90 percent of technical assistance funds are spent on donor personnel or in donor countries.”(JMCC1997, 46) Quoted in the *World Bank Report. Effectiveness in the West Bank and Gaza*, 2000, p 107 WB)

<sup>8</sup> Ibid, *The World Bank Report*, p xviii.

<sup>9</sup> Interview, *al-Quds* daily, Jerusalem 27, August 2000.

strong enough to devote money for jobs aimed at creating loyalty other than employing the needy people. In normal cases, and without this suspicious role played by the donors, most of the PA's expenditures should go towards the creation of permanent and productive jobs, because of the necessity for that in a newly formed 'state' and because war against the occupation will end with the so-called peace. The Israeli economic destruction of the WBG economy to repress the *intifada* 2000 is the best and most recent proof.

Generally speaking, the PA assigns jobs in a partisan manner. Accordingly, priority has been given to two main categories: the returning cadres and the locals who were imprisoned by the occupation even if they have their own businesses. But inside these two categories, top priority is granted to Fateh members, which is discrimination against the majority. In fact, most of those who were not in the ruling party never received any rewards, and most of them never asked for them. The PA created a system of reward to inject into the people the behavior of cashing in on their struggle. This is not mere corruption. It is the moral destruction of the national cause. Even if there is a right for people to be rewarded with jobs for their struggle, this must be measured according to people's qualifications. Those who have no qualifications and are unable to be retrained for another jobs, have the right to get a retirement salaries.

Another category is colonels who are imposed by the PA Chairman over civil associations, (e.g. the leaders of the trade unions in the WBG are twelve colonels appointed by the same PA chairman).

Leaders from other PLO organizations, are benefitting according to their loyalty to the "peace settlement", embodied in the PA. Their positions and salaries are improved as long as they guarantee to the regime that they control their own organizations from within not to never oppose the regime's policies, especially during the so-called "peace" process. This means that qualifications are never given consideration when distributing jobs. This might explain the inefficiveness of the PA's institutions. Here, the corruption is at individual, class and political levels.

When all these forms of corruption are not rejected, and "sold" by the donor countries who support the regime despite of all its practices, it means that there is a joint agenda between the donor countries and the ruling class to condition (re-educate) the society to accept low level of values and morals.

What must be noted here is that the "experience" of the absolute leader of the military organizations of PLO is to facilitate corruption. In three decades, when the P.L.O was active, financial reporting was infrequent as long as the resources were not identified and undocumented. Leaders were relatively free in donating, and high ranking members were able to spend without providing records either because of their "high" positions or because of the underground political work of the Palestinian resistance movement in general.<sup>10</sup> The same behavior is repeated when the PLO leadership became the ruling elite in the WBG. This is why the PA is the only regime with two budgets, one is an ordinary and publicly declared budget and the other is there, but never declared. The hidden budget is used for bribes and political appointments.

There is a tradition of leader's "free hand" in dealing with money. Of the main sources of financial aid before 1990 were the Arab regimes who were never asked to

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<sup>10</sup> The State of Qatar, took Jawid Al-Ghusain, a former member in PLO Executive Committee, to court, and sentenced him to pay \$13 million to the Palestinian National Fund, because he was supposed to pay the money in 1991-1992. Al-Ghusain told the court that he got the money from PA chairman Yasser Arafat personally.

be accountable. Their aim was to corrupt the P.L.O in order to not develop into a revolutionary organization which might threaten their interests. Other sources of financing the resistance movement is the tax paid by Palestinian workers in the Arab oil countries and the rest of the world, in addition to donations from Palestinians in the Diaspora. These people either do not know their rights to ask for accountability, or they have blind confidence in the PLO leadership. Both justifications are catastrophic.

The PA failed to realize that the people in the West Bank and Gaza are different from the PLO's military organizations' members in Beirut. These PLO's members in Beirut-Lebanon believe highly in PLO leadership. They neglect their professions and work as cadres. As professional militants, they were dependent on the monthly salary paid to them by the leadership. When the leadership decided to compromise and move towards the Oslo Peace Process, these people obeyed and were totally dependent of the leadership.

The population of the WBG is self-sufficient as a society. Accordingly, as a self-sufficient society, the WBG population has no reason to obey the PA regime blindly. Two results followed that:

**First**, the PA felt that it is unable to gain people's confidence. This is why it pursues corruption projects to recruit loyalty. This ends in huge bureaucratic apparatus of the PA that employes nearly 150,000<sup>11</sup> people.

**Second**, in doing so, new divisions are created in the society such as is the "privileged" and "the not", local and returnees, the north of the West bank and the south, and even Gaza and West Bank.<sup>12</sup> There is no doubt that these divisions are based on direct material benefits.

According to Marx: "...every mode of production determines modes of circulation, distribution and consumption as so many moments of its unity".<sup>13</sup> The question is how does distribution take place under the PA. As long as the production is low, even marginal, it never becomes the main financial source of income of the PA regime. What are distributed by the regime are the donations that it received from various sources. That is why they are distributed in a corrupted manner.

As long as the regime's revenue is not only generated from its own society, from taxes and /or public sector projects, and as long as the regime's corruption is financed, even indirectly, by the donors who finance some of the jobs which the regime must carry, the PA regime will find it easy to go so deep into corruption.

In the collapsed socialist countries, the ruling parties were corrupted because they controlled the economy on behalf of the working class, the sole producer of

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<sup>11</sup> "As a result some 14 percent of the entire Palestinian labor force is presently employed in the public sector,(16 percent if UNRWA is included), compared to 12 percent in Egypt, 10 percent in Jordan (11 percent with UNRWA), and 10 percent in Tunisia. In 1998-99, 58 percent of PA's current expenditures were devoted to salary, well above the Middle East and North Africa average ... (p88)... "it should be noted, moreover, that civil service salaries are generally low, and have eroded in real terms since the establishment of the PA. If public sector employees were to receive the pay increases proposed in the 1998 Civil Service Law, the wage share of the recurrent budget will increase further" *The World bank Report, Effectiveness in the West Bank and Gaza*, 2000, p88.

<sup>12</sup> Corruption is splitting the society. Some locals, especially business owners and those who apply for new licenses, see the society as divided into "Locals" and "returnees" (meaning those Palestinians who returned to the WBG after the PA Authority of established).

<sup>13</sup> Marx, K 1961 *Capital*, Vols I and II, Moscow, Foreign Languages publishing House. p.266)

surplus value. The rulers of the “rental oil countries” are the same since they consider oil as part of the dynasty’s ownership. But while the two mentioned examples are controlling national wealth, the case of the PA is similar in behavior but different in the source of the wealth. The money that is available in the hands of the PA, is mainly from taxation, governmental monopolies, and the donor countries which donate money as an indirect price “political rent” to encourage and facilitate the PA’s further deterioration towards political compromise with the Zionist project-Israel. What is ironic, however, is the fact that the donors are not protesting the PA’s corruption. This is evidence that the donor countries, that are core capitalist countries, support the PA as long as it carries out the imperialist “peace settlement” in Palestine. This settlement satisfies their political agenda, the cornerstone of which is to terminate the Palestinian refugees’ Right of Return and to facilitate normalization between Arab countries and Israel, with the aim of implementing Israel’s plan to be integrated into the Arab Homeland in the manner of “Integration Through Domination”. This Integration Through Domination is an Israeli goal and plan not an Arab one.

The grants the PA’s leadership gives to its supporters are money that is supposed to be devoted for development or job creation or must be used to improve the low salaries of many sectors of the society, the schoolteachers for instance. This policy is a corrupt one, and it is oriented toward buying loyalty to the regime at the cost of development. As long as the PA maintains its current economic policies, more donor grants and/or loans means more backwardness and more dependency on debts and donor countries whose aim is to support the Israeli termination of Palestine. Unfortunately, it is a political rent for the political positions of the PA.

## **SOCIAL-ECONOMIC MANIFESTATIONS OF CORRUPTION**

### **I. Modernizing Traditional Corruption: Sector and Class Corruption**

Corruption is not a new phenomenon in traditional societies, such as the Palestinian society. By nature, the patriarchal structure encourages corruption in many forms. One of these forms is *al-wasta*, which is a third party mediated between the citizen who has a complaint against government office and the government employee who would not deliver the service he receives some bribe from the citizen. During the Jordanian era, mediators came from the traditional social leadership which started from *mukhtar(s)* (local leaders) in villages going up to high ranking people in government, depending on the size and level of the demanded service. This hierarchy has changed during the direct Israeli occupation to be delegated and donated to collaborators with the occupation who serve the enemy by milking their daily living from the people. Also, collaboration itself has its own stratification. Workers contractors, agents, sub-contractors, and some wealthy citizens who have access to Israeli facilities and privileges.

Under the PA regime, figures of *al-wasta* are relatively new. They are high ranking employees in the regime. The PA rewarded *al-wasta* to its ex-cadres, or to members of the regime’s bureaucratic structure. As PA employees, these *wasta* are the judge and the jury. In addition to the bureaucrats, the *wasta*, became a new part of the privileged elite, rich comprador families, high ranking NGO (see below) ...etc.

The new *wasta* and comprador elite, which grew under the PA, has replaced or shared with those who were favored by occupation or at least joint them. Nobody

knows the real list of those who received licenses for trading and importing agencies. A member in the

The Palestinian Legislative Council” requested the secretary of the Council to obtain a list of four names of that list. The secretary never replied.<sup>14</sup>

This corrupted environment pollutes the social image. People talk about those who corrupt in a critical manner, even by name. However, in the end, many citizens go to the corruptees’ homes, offices or working places to bribe them. The same corruption reaches the local councils of municipalities and villages.

Intellectuals were some of the early social factions to be paralyzed by corruption. The main parties of the Oslo Agreement, NGOs, foreign and international associations, and PA recruit intellectuals by offering them high paying jobs. In doing so, the main parties of the “peace process” are taking out from the mass movement its intellectual machine through de-politicizing many radical cadres of the leftist national movement.

As noted above, the regime offers jobs to people based on “politics”. The regime knows the lack of qualifications of its cronies, and that is why they are willing to do any job the regime asks them to do. They are not well educated, and many of them come from middle class and poor families. Their intention is to improve their lives, which is a human right, but this should not be achieved in this manner. They want to show their simple families that, at the end, they got something for their past role in the struggle as if the equation is as simple as that. In the end, each one of them is ready to fight for what he gained. For them the cause was reduced to having a good job. That is why they are ready to compromise the Right of Return of the people for a good job and new car...etc. The regime guarantees full employment for its party members and supporters in a form of “politicized employment”. On the other hand, the majority of the work force has been thrown to unemployment. They must find their way to gain jobs, by *wasta*, or working in Israel, smuggling, or leaving the country... An economic situation of high unemployment, low growth, high prices, a case of stagflation is pushing the young generation to leave the country. The result is what the occupation has always dreamed of.

Of the reasons why the regime is buying loyalty is the economic backwardness and the poor economic resources of the country, notwithstanding occupation. That is why the PA became the source of economic security for those who are looking for work. To feel socially and even politically secure, one needs economic security. By monopolizing jobs for its loyal people, the PA deprives the majority of the people from equal competition for the country’s resources. The deprived majority is obliged to turn to family or *hamula(s)* (extended families) for economic support. This is the reason why traditional social relations are being revived. Corruption deepens the lack for social, economic, and personal security as long as the loyalty to the regime is the standard for getting a job.

The supporters of the PA are not ready to accept any criticism of the PA. Accordingly, they never realized that their leadership decided early on to share the country with the enemy, even when the PLO leadership raised the slogan of “National Authority” in the West Bank and Gaza (1972-74). With time, the national authority program ended up normalizing with the enemy and recognizing the occupation over its country. The acceptance of sharing the country with the enemy ended with acceptance of division of the remaining part of Palestine, the West Bank and Gaza including Jerusalem.

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<sup>14</sup> An interview with Abdul-Jawad Saleh, a Palestinian Legislative Council member.



## II. Judicial corruption

Another aspect of corruption is the judicial level which is subordinate to the executive authority, contrary to any democratic system. The executive authority is at liberty to dismiss High Court decisions. What is really strange is that despite the fact that the executive authority does not respect the High Court's decisions, the High Court members never protest or resign in protest.<sup>15</sup> Unfortunately, this gives the people no choice but to believe that what is ruling now is not law but corruption. Thereby forcing them to find their own way -either fighting back or adaptation.<sup>16</sup> Even in this context, corruption was not limited to the higher ranks of the PA. It goes down to the lower steps in the social ladder. For instance, many court cases are delayed in courts for no clear reason. This delay pushes clients to pay money to a colonel who is able, by his own "informal and illegal means", to solve the problem.

The so-called Palestinian Legislative Council (PLC) of the PA is composed mainly Fateh members.<sup>17</sup> When a report of formal and Cabinet corruption was made public, most of this council supported the corrupted cabinet and that is why the same cabinet continued. In this case, the PLC is not representing the people, it is representing the ruling party whose Cabinet is protected by the same council. Despite the fact that the term of this Council has expired two years ago, none of its members has resigned. All of them accepted the extension by the executive authority which is a proof that they are not representing the people but the ruling class that they became part of it due to their interests or positions.

When the regime, the PLC and the ruling party are openly corrupted, the rest of the people are forced to work in the environment of corruption as well. That is why, corruption became the norm, which affects every single individual in the society unless he isolates himself from the it.

The "Legislative Council" accepted a state of two budgets. Thirty five percent of the declared budget is spent on the police and intelligence apparatus. Considering the large number of people employed by PA (nearly 150,000), their share of the budget and the continuous increase of this apparatus for the "loyal people", it became clear that nearly one third of the society depended on the regime. In one way or another these people might support the regime as the source of their living. This is why the regime doesn't care for accountability or democracy.

## III. Corruption Swallows the Share of Education

Palestinians, mostly refugees, feel that education is a weapon with which to face life's challenges. Emphasis on education is rooted in the fact that Palestinians, compared to other countries, have few choices. The role of school teachers has deteriorated under the PA. Their salaries ranges between \$300-450 per month. Any teacher who has a chance for a second job in the afternoon, in the evening or even

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<sup>15</sup> The Palestinian high court made forty eight decisions to release of prisoners, but the chairman of the PA refused to release them. The judges never protested.

<sup>16</sup> The degradation of the Palestinian national/leftist opposition played a major role in the weakness of social protest and resistance against the PA policies.

<sup>17</sup> Fateh gained most of the seats because the Islamic and national-leftist currents refused to participate in the elections because it took place under Oslo Accords.

during holidays, took it. Lack of budget for the teaching sector means no training and developing. Classrooms have on average 35 students with limited classroom space. Schools are operating two shifts. This increases the burden on teachers without improving their salaries.<sup>18</sup>

Despite this, there is high competition for teaching job. This is due to the high unemployment rate, and a decrease in jobs in Israel and in Arab oil-producing countries.

The PA's employment policy created a new unnecessary sector which eroded teacher salaries. This new sector is paid high salaries at the expense of teacher salaries.

Teachers were the first sector to have large strikes demanding salary improvements. The PA plays the same capitalist corrupted regime's role by dividing them, especially by forcing its party members to weaken the strike, by preparing unemployed graduates to replace the striking teachers and by arresting their leaders.

The leftist opposition failed to support teacher strikes. This is due to the PA's ability to bribe their leaders. A leading teacher from the Democratic Front for the liberation of Palestine (DFLP), a leftist organization, continued the strike against the will of his own party and was arrested by the PA, and later punished by his own party.

The condition in the universities is not better. Lecturers conducted numerous strikes either for salaries, libraries operating costs, laboratories, and other expenses. In Al-Quds University, a Saudi businessman offered \$10 million to pay the deficit of the university and the lecturers' savings fund with a condition of changing the members of the Board of Trustees who were accused of mismanaging money. The PA rejected the condition because the members of the Board of Trustees are from its own party.

#### **IV. Corruption and the Working Class**

One of the main aspects of the WBG economy during the occupation era is the unbalanced equation of labor and capital. Generally speaking, local capital is supposed to employ (or exploit) local labor power. This issue is based on the classical theory that the bourgeoisie has an interest in its national market as its domain. In this domain, capitalism exploits the local labor power. This equation was broken by the Israeli occupation which blocked the development of the OTs. During most of the occupation, more than 40% of the WBG labor power commuted to work inside the Green Line-Israel. Nearly the same percentage of workers left work in the Arab oil-countries.

It was expected that the Palestinian regime will adopt a development policy which protects the labor force from class exploitation and national humiliation by the Israelis. It was expected as well that the PA will transcend the PLO's poor traditions of having no development policy, to design one that is close to Development by Popular Protection DBPP (see Chapter One), or at least to be committed to its pretense of making the WBG like Singapore. The Paris economic agreement. Signed between Israel and the PA, stated that Israel will issue permits for 100,000 Palestinian workers to work inside the Green Line-Israel. This part of the agreement reveals that

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<sup>18</sup> While the World Bank Report dealt with most of the education system, it never mentioned the teachers' salaries. Taking into consideration that the World Bank heavily argues for the sake of sustainable development especially the human development, this leads the World Bank to ignore the deteriorating quality of life of teachers..

dependency on the Zionist entity-Israel is a main component of the PA's economic policy. This is why the PA continually blames Israel for not allowing the Palestinian workers to work in its economic sectors. "Unemployment rates were tripled, from an average of 5.6 percent of the labor force in 1990-1993 to an average of 18.3 percent in 1994-98".<sup>19</sup>

But, is a figure of 5.6% unemployment rate before Oslo correct?. This percentage is a false Israeli figure. And if the employment of these WBG workers in Israel or even in Arab countries is permanent and with no fear of termination without notice, does it mean that this is right economically. The normal situation is that the local capital must be able to absorb (again or exploit) the local labor. This was never was the case in the WBG's economy.

In fact, the working class is exploited by Israeli and local capital on the one hand, and cheated at the political/national level on the other. During the direct occupation (1967-1994), and the indirect one since 1994 up till now, the leadership of the working class was a "tail" for the political organizations whose leadership was from petty bourgeoisie or the intellectuals (non-socialist either way). The situation deteriorated more when the working class leadership fell totally in the hands of the PA.

When power was transferred from Israeli occupation to the PA, the PA received a "ready to obey" working class leadership. This is why the trade unions disintegrated during the PA rule. The PA continued the PLO's policy against the working class. Bribing high ranking leaders by giving them privileges, new cars, extension of their terms and "secret" salaries.

As noted earlier, the PA appointed colonels as leaders for the trade unions. When the teachers started their strike, the Trade Union leadership signed a declaration condemning the strikers. Supported by the PA, the general secretary of the Trade Unions signed an agreement with the Israeli Trade Union "*Histadrut*"<sup>20</sup> on behalf of the workers and received 8 million Israeli Shekels as a first payment from the Palestinian worker's wage deductions in Israel. According to this agreement, Israel will continue to make payments on a monthly basis. In addition to the fact that this is a normalization step against the people's will, the general secretary behaved autocratically. He never consulted any of other leaders of the trade union or technical teams.

Encouraging the PA to be more corrupt, the Israeli occupation authorities give the PA the control over Palestinian labor in Israel. This will give some people the chance to gain from issuing permits to selected workers considering the wages are 300% higher in Israel than those in the WBG.

## V. Investment vs. Corruption

It might be an exaggeration to build a link between corruption and development. It is less of an exaggeration to find some link between corruption and growth. Development, at its core meaning is for the benefit of the popular classes that are the main victims of corruption. It is a benefit in terms of giving them their right to participate in planning and production, leading, and compensation for their services.

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<sup>19</sup> *The World Bank Report*, 2000, opcit, p.13.

<sup>20</sup> This information is from a workshop conducted by a group of trade unionists in Ramallah, 13 August.

Development means that people deserve to enjoy the right to work and to contribute, and not to be marginalized in all socio-economic-political and cultural activities.

Corrupt people have little inclination towards investment and development. They might prefer to invest abroad rather than locally. To invest locally, they must believe in the stability and continuity of their political system, it is clear that they do not.

The Latin American UN Commission ECLA was the first group to develop the policy of Import Substitution. Accordingly, for years they argued that a high rate of import growth plays a major role in sustaining economic growth policies and that Latin American countries continue in sustaining strong external support in order to meet service payments. This concept proposes a mutual good will from the Import-Substitution policy towards development as a national policy and from foreign assistance. This is questionable and debatable. As a reformist school, ECLA tries even to reconcile development and corruption.

ECLA's main argument is that this form of "bribing" might not harm development as long as the dominant classes would not obstruct development. This "positive" attitude of the dominant class is due to ECLA's belief that as long as the dominant class benefits from growth, some trickle-down will go to the poor classes and this will minimize social tension and facilitate development. In practice, however, a substantial portion of the capital that flows to Latin America, in the form of development loans, escaped from the back doors and found its way to private accounts in foreign banks. The Russian experience is the latest and the most clear. fraudulent operations are impossible without facilitators from the managers of international banks.

In the case of the Palestinian experience, the so-called Jordanian-Palestinian Joint Committee, based in Amman, that helps develop the Occupied Territories applied conditions which cannot be met by anyone below the upper-middle class. To obtain a loan, the borrower must own a piece of land. Only the petty bourgeois or upper classes own land close to cities. The Joint Committee policy was to develop construction projects close to cities in wealthy areas.<sup>21</sup> Large loans never entered the OT-1967. Instead, they are deposited in foreign banks. The main aim is to remain loyal to the Palestinian leadership. It is a mutual interest. The rich got the surplus. In return they exchanged their loyalty to Jordan for loyalty to the PA.

One can tell a lot from the way the PA uses donors' money. Neither the PA nor the donors are really interested in development or growth. The PA has become a corrupt regime transferring the locally produced and gained capital abroad, and the donors never devoted their assistance to local development,<sup>22</sup> taking into consideration that the donors control the use and distribution of their donations.

This tradition of PLO's lack of development perspective continued when it arrived to power in the WBG. "...Corruption fits into this general concern (lack of development perspective) because corruption seems to be a powerful indicator of state failure and seems to be a major explanation of why some states apparently fail to make any policy work in many developing countries"<sup>23</sup>. In the case of the PA, the

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<sup>21</sup> At this level, my idea was that this Joint-Committee must offer loans to people who are willing to build suburbs or small villages in the mountains of the WBG where Israel is expected to build Israeli settlements. The PLO leadership gave lip service to that. What the PLO wanted at that time was to buy loyalty for itself against the Jordanian regime. It was busy in its internal competition to gain loyalty.

<sup>22</sup> See for example pages: *The World Bank Report*, 2000, opcit, p. ix, xii, , 107.

<sup>23</sup> Mushtaq Husain Khan, *The Analysis of Corruption: a review of Issues*, not published paper , 1999, p1

problem is a double-edged sword: the lack of development strategy, and a history of corruption and obtaining money from non-local resources.

In an open letter to the PA Minister of Trade and Economy, the merchants who import consumer goods from European markets, according to a formal licenses issued by the PA, found that the market is saturated by goods smuggled from Jordan, especially milk and cheeses. The tax percentage on milk and cheese products reaches 80% , while in neighbouring countries these products are tax exempt”<sup>24</sup>.

## VI. Consumerism and Corruption

Consumerism is not a new phenomenon in the Palestinians Occupied Territories-1967. It has been minimized, but stayed latent, by the *intifada-1987*. Despite of the high moral level of *intifada*, the rich layers of the society never ceased to purchase Israeli products from inside Israel.

Under the PA rule, and despite the deterioration of living standards and the downfall of revenues, consumerism has expanded. It is financed by donor countries, NGOs, and by corrupting PA high ranking officials as well. This is why the level of consumerism is so high in the areas which house the PA ministries, high ranking officials, donors’ offices, NGOs offices, and international agencies.

This is not to minimize two other factors:

1. The traditional inclination in the community to spend in a showy manner as a social source of pride.
2. The consumer behavior that has permeated in the society through more capitalization of the economy in addition to the absence of institutions that strengthen the culture of resisting consumerism.

More consumerism means higher prices. Expanded consumerism leads to more contraction of the local markets because money is spent on goods imported from Israeli and foreign markets. As proof of this, as a poor country, the PA areas are full of expensive commodities, including new and expensive cars. This has led to the stifling or suffocation of the local infant industries as well those who produce the basic needs.

According to the traditional mentality, even the popular classes are competing for consumerism. This is clear in their extravagant spending habits.

## The World Order and Corruption

It is hard to imagine a corrupt regime that is separated and isolated inside its own country. All the highly corrupt regimes in the periphery are related to, supported by, and certainly working for a capitalist core. In other words, core imperialist countries are supporting the industry of corruption in the periphery as part of their national income or GDP since corruption at the periphery means transfer of wealth from the periphery to the center. When it comes to profits, capital rarely considers morals or democracy. This is why corruption is a complementary part of business and globalization.

The most recent example is the core’s support of privatization in Russia, where the industrial complexes were sold very cheap. The result of the so-called

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<sup>24</sup> An advertisement signed by Wallid Anabtawi, on behalf of others. Published in *Al-Quds* daily 26-8-2000.

Russian transformation towards democracy and capitalism deteriorated towards systematic corruption.

A reason why colonial/imperial capitalism supports corrupt regimes lies in the fact that it is an extension of colonialism in new forms and levels of core/periphery capitalist class “alliance”. In other words, world capitalism is in the stage of re-arranging its class structure- the stage of class re-order.

It should be mentioned that the corruption process in the center is different from that at the periphery. Corruption in the center, as an early transformed society “social formation”, is institutionalized and subsidized by the draining of wealth from the periphery. There is a role for wealth transformation from periphery to center, a role in minimizing corruption in the core countries. Accordingly, corruption in the world system is some form of the dominant phenomenon of this capitalist system in the era of globalization.

In peripheral formations, corruption is open and stratified from the upper layers of the society down to the popular classes. To struggle against corruption in some peripheral countries is, in fact, harder than to struggle against colonialism or occupation.

“ International businesses will generally turn systematically to corruption, where possible, to obtain access to markets, government favors, and other resources, in particular, in Francone Africa, France is still the senior business partner enjoying long-lasting economic, political, cultural, linguistic, and personal relationships. As an example, the French oil company, ELF can get access to Cameron’s off shore oil resources through bribing president Paul Biya... ”<sup>25</sup>

By adopting the World Bank and IMF prescriptions of privatization, non-state intervention in the economy, open market, absence of protection, granting laws and regulations favoring foreign over the local capital despite the PA’s pretense that it is supporting the private sector, the PA Self Rule economy became a stand-by economy. This same policy gave priority to the Casino economy over development, intensive employment, and production of basic needs.

As a stand-by economy, the economy of PA Self Rule is going to depend more on services. These services are not limited to the Casino economy. The PA expects an active role in tourism. Despite the fact that tourism will activate the tourist industry, tourism needs several complementary services, restaurants, hotels, tour guides etc. This, in addition to the fact that as long as the PA has no sovereignty over the borders and Jerusalem, tourists will first go to Israel, and their travel to the WBG will be temporarily.

While one of the departments of the Palestinian regime issues an official report on real and concrete corruption, the US Ambassador to Israel, Martin Indek, praised the PA function: “The U.S Ambassador to Israel, Martin Indek, emphasizes that the PA succeeded in changing and developing to the better in a various economic fields, referring to the industrial zone in Gaza”.<sup>26</sup> While a report published by *Newsweek* stated :“The Palestinian leader was free to dispense the cash to those who towed the line. It took three years of intense pressure from donor groups like the International Monetary Fund to persuade Arafat to funnel the money through his finance Ministry. The IMF also pushed Arafat to reveal the Authority’s business holdings, but he’s still sitting on the audit report from Price waterhouse Coopers”.<sup>27</sup>

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<sup>25</sup> Look at original Inge Amundsen, Political Corruption: The Effects of Regime Type. Unpublished paper, p. 12

<sup>26</sup> *al-Quds* daily, June 2, 2000

<sup>27</sup> *Newsweek* May 22, 2000

Why is the IMF so “patient” with the PA in spite of all this corruption, while it is harsh against Mr. Mugabee of Zimbabwe despite the fact that his country is making the loan payment in a timely manner? When Mugabee protested the IMF’s delay in lending his country the second installment of a loan, the IMF director did not tell him not to support Kabila of Congo. This is why Mugabee has called the IMF a wild animal. Even the Egyptian regime is under intense pressure from the IMF to devalue its currency, despite the fact that the Egyptian regime touts the Palestinian regime in the “peace process”, i.e. it plays a major role in persuading the Palestinian regime to continue in the failed and catastrophic “peace process”.<sup>28</sup>

The donor countries, at several occasions, paid the salaries of the Palestinian policemen, sometimes through UNRWA, a UN agency for the relief and assistance of Palestinian refugees. But none of these donors considered paying the salaries of school teachers who are poorly paid and were forced to strike several times.

International banks have a role in corruption in the countries of the periphery (COP). According to the large amounts of money, liquidity, and declining domestic demand for funds, banks in the developed countries started competing for capital export to the peripheral countries whose demand for loans was too large, especially the less developed countries which borrow from the private banks to finance their expensive economic policies. When COP were able to repay, commercial banks were lending and facilitating corruption.<sup>29</sup>

Large amounts of these loans were never used in development, instead they were diverted to corrupted circles. Following the explosion of the debt crisis at the beginning of 1980s, commercial banks and developed countries reduced their loans to peripheral countries in spite of the large, idle financial surpluses available in their countries. Most of the loans stolen by corruption returned to the core countries in private accounts. Suharto, of Indonesia, faced a trial for stealing and depositing in international banks an amount of \$4 billion. Recently, the role of commercial banks is to launder money through Third World banks and regimes. But even this money when laundered, returns back to the center. In this case, money laundering is a joint activity between the peripheral capitalist state, international banks and the state at the center of the World System.<sup>30</sup>

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<sup>28</sup> See Adel Samara, *Imprisoned Ideas: A Discussion of Palestinian, Arab, Israeli and International Issues*. al-Mashriq al-Arabi center for Cultural and Development Studies, Ramallah, 1998, Part III Chapter I, Egypt’s Role in Palestine: From Liberation to Compradorized solution. The US imperialism paid for the Egyptian regime for its role in the “peace” with Israel, in the Gulf aggression against Iraq. As long as several Arab comprador regimes are recognizing Israel, Egypt’s weight in this level is minimizing. A new role for Egypt against Arab nationalism is necessary to have a new “support”.

<sup>29</sup> “Between July and November 1976 the government of Argentina deposited in the Chase Manhattan Bank on New York over \$ 23 million a month, for which the average interest rate received was five per cent. However, in the month of July of the same year, the Central Bank of Argentina renewed for 90 days a loan of \$30 million granted by the same bank, at the rate of 8.75 per cent...” Jacob Schatan, *World Debt Who is to Pay* Zed books, p49, 1987.

<sup>30</sup> For instance, the U.S Administration under George W. Bush., retreated from its commitment to reform the system of the Off-shore banks whose work is money laundering. See Lucy Komisar: After Dirty Air, Dirty Money, The Bush Administration is Blocking Efforts to Rein in Offshore Banking. *The Nation*, June 18, 2001. P.16-17. And *The Economist*, June 23, 2001, pp. 55-57. According to the IMF estimation, the amount of money generated by money laundering comes to \$500-1500 trillion. The United States still favouring money laundering, *The Economist*, June 23, 2001, pp. 55-57. For more information on money laundering, see: China’s Money Laundry, by David Lague, in *Far Eastern Economic Review* June 21, 2001, pp 56-58. [www.feer.com](http://www.feer.com).





## **CHAPTER SEVEN**

### **NGOs: DEVELOPMENT OR INDIVIDUAL ENRICHMENT AND EXTERNALIZED AGENDA**

#### ***The West Bank and Gaza Strip as a case study***

The definition of Non-governmental Organizations (NGOs) varies from one writer to another. Without going into a lengthy discussion about these definitions, there are two main points that will clarify this term:

- (c) To draw a clear line between NGOs on the one hand, and grassroots organizations, trade unions,

charitable societies, cooperatives that are mainly activities of civil society activities, on the other.

- (d) My aim is to separate and differentiate NGOs from the grassroots social activities, that are established on a voluntary basis by local social classes and those that are self-organized and self-financed. The agenda of these organizations is usually domestic or national one.

In this article, I attribute the term NGOs mainly to foreign NGOs and to local NGOs that are created by, or dependent on, the foreign ones. In addition to that, local organizations that are not socially based and don't have membership or general assembly, and consist of offices and employees, are considered NGOs and not grassroots organizations. I am, therefore, differentiating between an individual, whose work with an NGO is linked to his gains (salary and privileges) and another individual who is an activist, a pioneer, a builder, or a member of a grassroots organization.

My definition of NGOs does not include grassroots organizations in the western capitalist countries, since these NGOs were established independently, and even in opposition to, the western capitalist regimes, such as many anti-globalization NGOs.

The term NGOs in the chapter also means those which consist of only offices and employees, and those which claim that their aim is to assist in development, yet do nothing about it. Those NGOs pretend that their aim is to assist the socio-economic and cultural development of the target COP. NGOs that are composed of managers, staff, secretaries and offices to deliver services, conduct research, and prepare studies based on the demand of foreign NGOs or the embassies of western capitalist countries. Included in this term are also NGOs that are not financed by their own membership, rather by foreign capitalist regimes, the so-called 'donor countries'. Finally, the NGOs that this chapter focuses on are mainly those which operate in the Third World.

Evaluation of the NGOs is highly controversial. It seems that in many cases, these controversies are not based on the nature, structure and role of these NGOs only, but to a large extent, on the ideology and political positions of those who are evaluating the NGOs.

It is important to consider the relationship between

foreign NGOs and their capitalist regimes in the center, the political aims, colonial history and the current imperialist policies of these regimes. This will make it possible to conclude that NGOs are a new form of the traditional European capitalist missionaries with the difference that today's NGOs which operate in COP are in the service of the imperialist center. While some of these NGOs are not in service of their regimes, then the question is how to make this distinction.

It should be noted that NGOs' attempt to conceal their "umbilical cord relationship" with imperialism will not help them from losing their fragile credibility among people. This is because, it is a wrong relationship considering that imperialism never looked at the periphery for allies but for agents. Also, because it is difficult to hide the fact that they are sponsored by imperialism.

NGOs are a debatable issue among the Palestinians in the WBG. Their supporters are deliberately mixing the term NGOs with other terms like local (*ahli* in Arabic) grassroots, civil society, and mass organizations. The artificial expansion of the term NGOs reached a point where Trade Unions were considered NGOs. The purpose of this exaggeration is to hide the true face and role of NGOs, especially when doubts about their role, their source of financing and their relationship with western capitalism are increasing. The World Bank as an international financial institution encourages corruption as part of its hidden agenda in the COP. In fact, it strongly supports NGOs in the PA-controlled areas. By doing so, the World Bank is contributing to false activities and not fulfilling its stated goals. The World Bank Report for the year 2000 stated: "...Various non-governmental groups, including political party activists, religious leaders, charitable organizations, local business associations, and foreign NGOs, were the first choice of only 12 percent of those surveyed, with political parties accounting for more than half this total".<sup>1</sup>

The main bias here is the deliberate confusion of the NGOs, as they are defined above, with grassroots organizations and political parties. The same goes for confusing the role of NGOs with the issue of development. Development is a communal/social, political, economic, and cultural process. It is either conducted by a regime that represents the majority of the society or

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<sup>1</sup> See the World Bank Report, *Effectiveness in the West Bank and Gaza*, 2000, p. 83

adopted by the popular classes in the form of Development by Popular Protection (DBPP). NGOs are financed from abroad and influenced by the donors. Even if some of them target the poor masses, their budgets do not come from their own society or supporters. This is why their motives and their agenda are not determined locally. Even when they target the poor, which is based on a radical class understanding, but in an implementation based on charity.

While all NGOs, at least those in the Palestinian Occupied Territories of 1967 (OT-1967), claim that their role and aim are to assist development, they are financed by foreign ODA. This is why their agenda is designed abroad by the World Bank and the embassies of western capitalist countries, etc. It is a suspicious alliance between two partners that are supposed to have different agendas, unless one of them is willing to disregard its agendas. At this level, and based on the obvious role of the World Bank, one must conclude that the false claim is that of the NGOs. It is amazing, however, how the World Bank praises the role of NGOs in assisting the 'development' of the PA-controlled areas. The role attributed to them in *The World Bank Report of 2000* is much larger than their 'real size' on the ground.<sup>2</sup>

As organizations, founded and funded by the imperialist donors and the World Bank, NGOs end by allying themselves with the capitalist comprador ruling class in countries of the COP. The PA-controlled areas provide a good example of this, despite the competition between the two (NGOs and PA). This competition is about controlling the larger share of donations (see later). According to its components, NGOs are a comprador intellectual machine that allies itself with the capitalist comprador, and through that, its upper cadres collect great wealth and became capitalists themselves.

### **NGOs: A Product of a Special Era**

The phenomenon of NGOs has emerged during the last three decades of the Cold War. It arrived in parallel with the change in balance of power and social forces inside, and between, the socialist and capitalist blocks. During 1970s, most of the USSR remote peripheries ( in Asia and Africa) disintegrated. During 1985-90

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<sup>2</sup> See for instance *The World Bank Report, 2000*, p. 17.

disintegration of its close peripheries (East European socialist countries) took place. Led by gradually compradorizing capitalist classes, these countries started de-linking from their camp and tying themselves to the capitalist imperialist center.<sup>3</sup>

The NGOs have been used as a cover to hide the ugly face of imperialist regimes in the countries of the Third World that suffered greatly from western capitalist colonialism, later imperialism, and currently globalization. Some Western capitalist regimes have been used for this role, like Norway and Sweden, whom I call, in this context, “Non-Governmental Governments”. Governments with little or no colonial heritage in the periphery, especially the in Arab Homeland.<sup>4</sup> This is why Norway served the US imperialist aims in the Arab region as if it were a U.S organization. A Norwegian NGO called (FAFO) operated in the West Bank and Gaza under the pretense of being affiliated with Norway Trade Unions. In reality, however, it is the same NGO that conducted the necessary preparations for the infamous Oslo negotiations, using as its main tool, a long list of Palestinian academics. Many of these academics became members in the Madrid and Oslo negotiation teams and others, such as the teams negotiating the issues related to the rights of Palestinian refugees.

Actually, the NGO phenomenon came as a new tool for globalization, the last development of capital’s domination and hegemony over the World. Through this domination, the compradoric rulers, academics, and intellectuals in the periphery deteriorated to the level of declaring total “loyalty” to imperialism.

The emergence of the NGO phenomenon came in parallel with the Third World debt crisis as well, when the countries of the periphery failed to repay their debts, especially during the eighties, named ‘the Lost Development Decade’ by the United Nations. During this decade, the regimes of poor countries were poor to the extent of not being able to resist the lure of the relatively

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<sup>3</sup> See Adel Samara, *The Soviet Union, from Revolution to Collapse*, in *The Collapse of the Soviet Union: Causes and Lessons*. (ed), by International Communist Seminar, Brussels- Belgium, 1998. P.p 223-137.

<sup>4</sup> The Arab Cultural Center in Sweden decided in year 2001 to include in its activities a part on the Palestinian catastrophe (53 years on the problem of the Palestinian refugees). The Sweden Ministry of Culture terminated the activity by refusing to finance it. *Al-Quds Al-Arabi*, 14-8-2001, London.

large amounts of money which NGOs are able to afford. In other words, the funds that the NGOs had at their disposal are huge and are being used for bribing individuals, not for financing development for the interests of the popular classes. Frequently, large amounts of money are spent for corruption (see Chapter Six). Corruption facilitates the mission of NGOs, as long as some ruling circles in poor countries accept a share of NGOs' money. To strengthen the position of NGOs, the imperialist regimes expanded NGOs budget to exceed that of official government's Overseas Development Agency.

### **NGOs Replace ODA**

As a hidden face, NGOs have been favored by imperialist countries over the direct governmental development assistance departments like ODA. This is in harmony with our analysis above. In this capacity, NGOs are able to play a more "beneficial" role for the donor countries, than the ODA. This is why they were given priority over ODA.

"Over the last two decades, NGOs have replaced Governments: It is often suggested that one of the advantages NGOs have over official aid agency is their flexibility due to their smaller size. Today, however, several of the larger NGOs handle funds of similar magnitude to many of the official aid agencies. For example, in 1985 the aid from Catholic Relief Services was US \$437 million, compared with US \$426 million of Belgian government Aid, that of CARE was \$247 million (compared with Austria's \$258 million, and in 1989 the budget of Oxfam UK was US \$119 million, higher than that of the New Zealand government's aid budget (US \$104 million).

At this time, the size of many NGOs is rapidly increasing and the number of the NGOs is also mushrooming, especially where the governments are disposed to funding them. Total private philanthropic contributions amount to about 1.75 percent of the GNP (about 2 percent of which is for Third World causes) and, if public contributions are included the "private voluntary organizations" handle approaching 5 percent of the country's GNP (close to total defense spending of 6 percent of GNP). In the United Kingdom, private contributions to charities amount to about 2 billion UK pounds, or 0.58 percent of the GNP, of which about 6.5 percent was for

Third World.

Of all OECD countries, only Australia, Austria and France contributed a lower proportion to NGOs than the British government, yet Britain was one of the first countries to start giving public support to its NGOs. In 1971, the United Kingdom contributed about 8 percent of all OECD official funding, by 1979 this fell to 1.6 percent, and by 1986 to 0.6 percent. Other governments rapidly increased their support while the British government did not. The reduction of ODA countries in their NGOs caused the protest by dependent regimes that wanted a “share” for themselves. However, NGOs and dependent regimes are competing for control over their share of donations. By creating this competition, the donors keep both of them loyal”.<sup>5</sup>

According to Brazillian General Nilton Sercoza, NGOs spent \$700 million in Brazil in 1994.<sup>6</sup> If NGOs spent tens of millions of dollars in the WBG (see later), it means that the amount spent for Brazil is a very small if we were to compare Brazil’s population to that of the PA-controlled areas (see later). This is an indication of the extent to which the imperialists are concentrating on occupied WBG. Presently, NGOs - mostly international ones- collectively spend an estimated nine to ten billion

<sup>5</sup> See John Clark, *Democratizing Development: The Role of Voluntary Organizations*, p.p. 42-43. Kumarian Press, 1991.

Table: US support to its NGOs

US NGO	(contribution (Us \$ millions)	
	Private	Government
Agricultural Cooperations Development Institute	0.149	5.882
		% Government
		97.5
Pathfinder Fund	0.796	5.472
		87.3
Catholic Relief Services	61.9	333.0
		84.3
CARE	250u	127.0
		83.5
Church World Service	29.5	8.8
		23.0
American Friends Service Committee	18.0	0.018
		0.1

Source Fox Thomas H. *NGOs from the United States in World Development (Supplement)*, vol.15, “Development Alternatives : the Challenge for NGOs” (Oxord:Pergamon, 1987).

<sup>6</sup> Quoted from *Executive Intelligence Review*, November 7, 1997, vol 24 no. 54. P52.

dollars annually.<sup>7</sup>

As it is mentioned in several places in this chapter, the continuous increase of NGOs share at the cost of ODA does not mean that this money is sufficient for development needs. This negates the exaggeration that was mentioned in the World Bank Report, which stated: “The level of assistance reflects the great importance that donors place on supporting the Middle East peace process. Indeed, at least US \$175 per capita (1997) aid to the West Bank and Gaza represents one of the highest levels of per capita official development assistance anywhere in the World”.<sup>8</sup>

It is well known that donor countries, the NGOs, and the World Bank want the Palestinian people to “swallow” and accept the false peace of the Oslo Agreement. These parties pretend that they favor the West Bank and Gaza (WBG) by increasing their share of donations to those areas. Despite the reduction in ODA budget, in general, in favor of the NGOs, it is still clear that NGOs budget is not that large and might decrease in the future.

The World Bank Report, 2000, states that: “All of these effects may be further compounded by both a general reduction in official development assistance levels and increased composition among recipients for scarce aid resources. Total global ODA fell 18 percent in nominal terms and 21 percent in real terms between 1994 and 1997 (the most recent year for which data is available). During that same period, the proportion of global ODA provided to the WBG actually increased significantly, from 0.78 percent to 1.24 percent according to OECD data. Further decline in global ODA is certain to affect negatively the availability of future resources for the WBG. This may be further aggravated by competing needs from humanitarian emergencies elsewhere in the world, such as peace building efforts in Kosovo and East Timor for example”.<sup>9</sup>

In addition to the fact that this amount of money is less than what is needed for development, it should be noted that these small budgets are never spent properly (see

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<sup>7</sup> See Tanmiya, 1995:2. A publication by Welfare Association, Geneva.

<sup>8</sup> *The World Bank Report, 2000*, p.17. It should be noted here that, even if this U.S aid is real, and even if it is for building infrastructure and development and not for corrupting and imposing ‘peace for capital’, the same US is the party that donated F-16 jet fighters to Israel, which uses them to destroy the WBG infrastructure during *intifada* 2000.

<sup>9</sup> *ibid*, p. 24



Chapter Six).

If the donor countries favor the WBG, it is then to strengthen the false 'peace'. The question then is what would be the purpose of creating 'false peace'? What do the World Bank, the donors, and NGOs say about the *intifada* 2000 that the Palestinian people declared against this "peace"? Will they change their attitude, or will they punish the Palestinians in the WBG?. In fact they are punishing. The donor countries are the only countries in the world that did not protest against the Zionist entity - Israeli massacres and the economic destruction in the WBG. And even if the per capita share of this assistance is \$175, does it go to assist the people? And even if it does, is it enough? (See Chapters Five and Six).

### **Development: Proposed but Never Delivered**

It is worth noting here that the relatively small budgets of NGOs are one of the proper means of evaluating their efficiency in performing their proclaimed claim: development. Development should be conducted on a national scale since it is for nations and not individuals. In this context, NGOs budgets, while they seem large relative to the needs of the individuals, their salaries, charity, and corruption, they are not large enough to satisfy the needs for national development. This negates the claim of NGOs that their aim is to assist in development. The donors, as the source of NGOs' budget are, in fact, one of the main causes of the underdevelopment of the COP, and they continue to block their development (see Chapters Two and Six).

To state that imperialism is a driving force in the underdevelopment of COP is not an abstract accusation. The present donors are the extension of the old colonial regimes in the COP that rob these countries' resources and wealth and appoint their social agents as rulers in the post-colonial era. These rulers, as representatives of merchants that constitute the comprador, played the expected role in blocking the development of the COP. The imperialists' protection of these regimes, in addition to blocked development, led to the blocking of democracy, not to mention unequal exchange.<sup>10</sup>

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<sup>10</sup> There was a great hope that the Third World countries will pass the post-colonial era as a transitional one. Unfortunately, this is not the

It seems that the small budgets of NGOs are the reason for concentrating on charity and helping the poor, not on development. Their justification is that, for the “development” of these people, a small capital is all that is needed. This breeds two important issues:

**First:** This form of development adopts and encourages private individualistic culture, while what is needed is a communal cooperative economic, social, and cultural activity.

**Second:** These limited amounts of funds create small and weak projects that are not capable of competing in the capitalist market. This is one of the reasons why most of them ultimately collapsed. The only way for these projects to compete is to start in a cooperative manner. However, the World Bank report noted: “ In the first half of 1999, NGOs disbursed some US \$15 million in loans. Although this represents less than 2 percent of commercial Bank Loans in the same period, these programs typically focus on the poor, who otherwise have little access to credit and the entrepreneurial prospects it represents. Somewhat larger loan programs, such as those operated by the Palestinian Development Fund, aim to meet some of the needs of small and medium enterprises for consulting services and financing. In all of these areas, the NGO sector has an important role to play, alongside initiatives to facilitate private sector development”.<sup>11</sup>

Due to the fact that the loans finance individual projects are small, these projects will collapse in face of family hardships or other social or financial circumstances. The poor remain poor but now with a huge debt. No word from the World Bank on cooperatives, and no cooperative action from NGOs. After all, is it still necessary to ask who leads whom? The fact is that both, the World Bank and NGOs, are re-educating the poor people in the free market ideology. What facilitates this mission of the World Bank, NGOs, and the PA anti-development team, is the fact that most of the leftist, progressive, Marxist, and nationalist activists who are supposed to be opposed to capitalist modernization, are themselves integrated into this form of

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case. The post-colonial era has been followed by other eras of the same type, the neo-colonial and recently globalization

<sup>11</sup> *The World Bank Report, 2000*, p.49.

modernization and oppose the Development by Popular Protection (DBPP). A model whose validity was confirmed again by the new wave of the Palestinian *intifada* 2000.

For a certain period, NGOs' activities appeared like charitable work. However, after the experience of 1980s and 1990s, it became clear that the donors were, in fact, 'operating a business'. They were providing loans and collecting interest. When most of the projects failed, the donors moved towards Technical Assistance (TA). To the best of my knowledge, this move started even earlier before the era of the PA, during the period I was close to this field through my work (1990-1993) for the United Nations Development Program (UNDP), in Jerusalem, and the United Nations Relief Work Agency (UNRWA). When the donors appeared directly on the scene during the PA era, they further encouraged Technical Assistance. This enabled them to avoid any criticism when projects would fail. They were able to recover most of the funds they "donated" to the Palestinians in forms of high salaries for the 'western capitalist experts', or through sending Palestinians to training courses in Europe and USA. This provoked PA officials who are the beneficiaries of the donors' money as well. The World Bank Report noted: "According to senior Palestinian officials, technical assistance and ancillary activities can compose half of donor support for any given [capital] project. Indeed, there is widespread perception among Palestinian aid officials that the potential ability of donors to insert their own national technical experts into a project plays a major role in shaping donor priority-setting".<sup>12</sup>

TA is a vague issue that is difficult to measure in comparison to productive projects. Accordingly, the NGOs are fulfilling charitable mission there. Unmeasured activities are, in fact, charitable and not development-based. Since it is limited to this level, the foreign NGOs are in fact supporting the political aims of their governments as capitalists/imperialists who are genuinely opposed to the development of the societies in the periphery.

"The government, through its aid ministry, USAID, has been able to influence greatly the shape of the NGO community and mold NGO objectives to fit its own foreign policy and aid objectives "...There is a growing concern that the government is increasingly telling the NGOs what projects to submit for funding. ..A warning signal was

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<sup>12</sup> *The World Bank Report*, 2000, p. 109.

given as early as 1982 that NGOs could find that they prostitute themselves in the quest for official funding. “the corruption of NGOs will be the political game in the years ahead –and it is already being played today...they will be corrupted in the process, because they will receive enough money for their own projects but the rest of the aid program will suffer”.<sup>13</sup>

During the PA era, the role of the NGOs did not decline or become restricted. In fact it was expanded to the extent that both, NGOs and the PA, were competing among themselves. The principles of both were identical, i.e. to support the private sector and the market ideology. The politics of both are also identical, i.e. to normalize with the Israeli occupation. The difference is, then, over the benefits and who has control over the donors’ money. Is it the political leadership that implements the Oslo Agreement and maintains it against the people’s will? Or is it the NGOs, ‘the son of imperialism” whose culture, commitment, education, and politics are externalized and they share joint projects with the Israeli partners? *The World Bank Report of 2000*, like all other WB publications, speaks kindly of NGOs which is a deliberate attempt designed to support them. This support of the donor countries to NGOs led some of their (NGOs) leaders to challenge the PA. One of the very much NGO-ized intellectuals went to the extent of writing that NGOs should control the PA function.<sup>14</sup>

This may be understandable if we consider what Zakaria Abdul Rahim, a deputy in the PA Ministry of Interior stated: “ NGOs, in the PA-controlled areas have received \$400 million since 1994. Of this amount, \$160 million were spent on human rights and democracy activities. There are 1000 NGOs registered in the Palestinian Ministry of Interior, 200 of them are located in Jerusalem, and 35 are foreign...the activities of these organizations included social service, caring for retarded people and assisting in education, health. and agricultural

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<sup>13</sup> John Clark, 1991, opcit.

<sup>14</sup> See Rima Hamami, NGOs Political Profession in the Absence of Opposition, in *Al-Siyasah Al-Filistiniyah*, no, 10, Spring 1996. See Adel Samara reply in *Kana'an* no 88, January 1998. Rima Hamami’s position is in fact supported by the donor countries. The same case is that of Dr. Sa’ad Ed-din Ibrahim in Egypt who was been arrested (summer 2000) by Egyptian regime, but later released due to pressure by the US State Department.

affairs. I am suggesting that they deal with productive projects. The Ministry of Interior can't interfere arbitrarily in the activities of these NGOs".<sup>15</sup>

For a government not to interfere in the activities of its "civil society" may be considered as positive sign, but is not the case even in the countries of the center.<sup>16</sup> However, the reality is, however, that NGOs in the PA areas are not real civil society organizations and the PA has never been a democratic regime. The only explanation for this is that the PA is unable to interfere in the affairs of the NGOs because the donor countries "want it this way" for their own reasons.

### **NGOs: Infiltration into the Social Fabric of the Periphery**

NGOs are designed by the imperialist regimes as a cover for their infiltration into the social fabric of societies of the periphery, mainly into the popular classes and the leftist organizations. This is the reason why the same ruling regimes in the COP facilitate their mission. As mentioned above, people in the countries of the periphery (COP) hate imperialism due to its brutality during the colonial rule and after. For that reason, the NGOs were created.

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<sup>15</sup> *Al-Quds Daily*, 11-9-2000, interview Zakaria Abdul Rahim, a deputy in the Interior Ministry of the PA. The number of Palestinian NGOs, in all its various forms, is close to one thousand. While the *Tanmiya* newsletter estimates that number to be between 950 and 2500. "Foreign NGOs with activities in the OT-1967 put the number in hundreds, with over 130 European and over 40 from North America.... It is estimated that over thirty local credit and foreign agencies have credit schemes in the OPTs, some NGOs are specialized in credit, others include it within their activities. Out of these thirty institutions, seven are foreign NGOs and two UN agencies... The combined total revolving fund is estimated at \$ 25 million and would probably increase..." (*Tanmiya*, a Bulletin published by the Welfare Society, in Geneva, 1995:2-3 Despite the large number of local and foreign NGOs in the OT-1967, none or may be just a few have successful cooperatives, or projects that generate funds to cover their expenses. They are office NGOs, not grassroots ones. (For more discussion on this issue, see Adel Samara, *Women vs Capital in the Socio-Economic Formation in Palestine*. Published by the Center of Al-Mashriq-Al-Aamil for Cultural and Development Studies, 1996).

<sup>16</sup> The issue of civil society is debatable. It is, according to Gramsci, a new way of capitalist class' domination through hegemony over the popular classes. This negates the liberal pretense of a 'real' independence of the civil society organizations from the ruling capitalist class.

While NGOs have claimed that the poor, women, and children are their target groups, they have not, however, worked or provided development services to these groups in the PA-controlled areas. Their assistance was never channelled to the local and communal representatives like trade unions, women unions or students, rather it was directed to individuals. NGOs dealt with individuals through an ideological plan to encourage individualism over cooperative activities and political/class struggle.

NGOs deal with two extremely different groups in the societies of the periphery:

b. The first group is used as a tool for infiltrating the popular classes and consists of the intellectual elite, technocrats, and westernized elite who are the brokers for foreign NGOs and the 'managers' of local ones that are financed by foreign funds. The size of this group is expanding at the cost of that of the radical popular organizations. It is important to note here that most of those who work with NGOs in the WBG, at least in the beginning, are not qualified in the fields of their careers and professions. The aim of foreign NGOs, at the onset, is to find people and through them to infiltrate the social fabric of the society. This is why the NGOs hired anyone who showed willingness to cooperate with them. An engineer would be hired to lead a cultural group, a political science graduate to lead development organization...etc.

b. The second group includes the poorest social strata. These strata were, in fact, used as a stage for the first group to implement the political agenda of the donor countries.

The social, ideological, political, cultural and economic gap between these two social groups is very large. This is why the westernized elite is, in fact, more closely related, and even loyal, to the western capitalist culture than to their own society. This gap has widened after the increase of the "brokers" income (NGOs are part of them) that the westernized elite generates from their role

in NGOs. The donors can afford to provide the brokers, in a poor country, with fancy offices, elegant furniture, and employees with many benefits. In this case, the brokers became westernized at the cultural and economic levels. Their role is to westernize the culture for the society to become consumerist and to believe in the market ideology.

To implement this agenda, it is necessary that NGOs corrupt intellectuals as a tool of corrupting the community “from below”. In the case of the PA, while the regime is corrupting the society ‘from above’, the NGOs are corrupting the intellectuals, the leftist cadres, and the grassroots organizations. Most of NGOs activities are in the cultural and social fields.

At the development level, the policy of the NGOs is policy to develop small projects, most of the which have failed. This is why, as noted above, most of the NGOs turned to “technical assistance and training”. The efficacy of this field cannot be easily measured. Under the PA, NGOs are now able to litigate bankrupt clients while that was not the case under Israeli occupation.

Ordinary people work in these organizations because they provide job opportunities, while managers perform the job that the foreigners have intended for them. This is the intellectually westernized and the bourgeois educated elite. While Palestinians in the WBG started looking for individual “security” after the betrayal of intifada and the national struggle, this elite found its “security” in serving the imperialist’s mission. Some of the locals realized the reality and dangerous role of these organizations and resigned. Others became mere tools in the hands of the NGO's in accomplishing their aims, to be re-educated and to become “educators for this re-education” as well.

Thanks to the NGOs, most university lecturers are preoccupied with writing proposals and researches at the demand of donors.<sup>17</sup> An NGO in Ramallah, West Bank, paid for a 25-30 page paper a fee of \$ 9,000, allowing the writer a period of eight months to accomplish the task. This is a very high fee compared to most wages in this

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<sup>17</sup> In his article, *Tourists with Agenda*, Salim Tamari warned that Western researchers might replace the Palestinians in conducting researches on Palestine and the possibility that the western researches might buy the Palestinians, justifying that the Palestinian intellectuals, like their Arab and western counterparts are ready to sell themselves and researches to the highest bidder. *Middle East Report*, September-October 1995, no. 196, p. 24.

region. Taking into consideration the fact that the writer does not need to leave his regular job to write that paper. An NGO for women with an office in Ramallah takes groups of young Palestinian women to 'socialize and have dialogue' with young Israeli women in a normalization activity while Arab grassroots organizations are fighting against normalization.

In its efforts to support the hidden agenda of NGOs, and the so-called "peace process", the World Bank functions as a tool for the policies and aims of the donor countries and does not make any changes in its position, based on the needs and the priorities of the Palestinian people. Despite the fact that the so called "projects for democracy and human rights" are not on the priority list of the Palestinian people, the World Bank continues to market and finance such projects.<sup>18</sup>

NGOs' expenditure on "Human Rights and Democratic activities" is a cause of concern and is questionable. These issues require real struggle by the concerned political parties. Democracy cannot be achieved by "employing" people, rather by genuine and grassroots education and commitment. In fact, NGOs are now attracting and/or bribing leftist cadres who left their political organizations to work for NGOs that are financed by donor imperialist regimes. Those same regimes are generally opposed to any real political and social radical change in the countries of the periphery. By offering these cadres high salaries, NGOs are contributing to the creation of a new social elite in these countries. NGOs have penetrated large sections of the society, not only the leftist circles through issues such as human rights, women's rights, gender studies, technical training, democracy, and normalization with Israel. The parties that will ultimately decide these priorities are the World Bank and NGOs.

The infiltrated social elite believe in the false image of the western capitalist modernization approach, which claims that cultural differences can be bridged by transcending backwardness, and that modernization will bring about the universalization of a culture specific to modern industrial society. This is, in fact, what enabled NGOs to play the role of re-educating the societies of the COP with the culture of the imperialist capitalist. This enabled the NGOs to pretend that they are doing a "development" job on the one hand, and that

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<sup>18</sup> See pages 72, 74 and 75 of *The World Bank Report 2000*



westernization and modernization development are attainable on the other.

This is why NGOs pretend that they must 'help' the Third World to modernize itself, to be able bridge the gap with the West. As part of this modernization approach, NGOs pretend that they aim at increasing agricultural production, improving housing conditions, and health and education services. These projects were conceived and planned in the West and implanted in the Third World as a ready-to-use and the 'proper model' of development. In reality, however, this claim has no ground, at least not in the field of agriculture.

The experience in the 1967 Palestinian Occupied Territories has demonstrated that all NGOs have avoided this sector despite the fact that agriculture is the backbone of the economy in the OT-1967. The NGOs' position and policy of neglecting agricultural development is, in fact, an Israeli demand. This, however, should not be an excuse for them to do so. They are avoiding agriculture because they themselves do not believe in this form of real development.

NGOs that call themselves Credit Schemes (CS), started offering loans to Palestinians in small-scale enterprises. They provided loans with low interest rates of 3-4 percent, a six months grace period, and a repayment period of three to four years.

These institutions used development as a cover. Some of them did not appoint Project Development Officers (PDOs) to follow-up on whether there is truly a project established by the loan, or if the borrower has contributed his share in the project's capital as it was agreed upon. Some of CSs were offering the 'local' managers 'open checks' for administrative costs without providing any account review. A British NGO Credit Scheme did not, for six years, provide accountability for its administrative cost that approached \$ 250,000 annually.

For six years, the EC financed CSs that were not asked or required to submit a budget for the donors. The first time the local CSs were asked to prepare a budget in a formal way was in 1993 (my personal observation), although they started offering loans in 1984. In many cases, the CS, directed by the donors, offered only partial funding to the project. The applicant was required to provide the rest which he/she never did. Thus, the client/applicant started the project with insufficient capital, and the result was that the project failed. The question is, why did these NGOs allow the borrowers to fall into this trap? Is it a

deliberate policy to corrupt people, to promote failure, and to create and sustain dependency? This is why NGOs covered their continuous failure by shifting to technical assistance.

Other local NGOs, financed by EC, approved loans by “quota” given to borrowers who were nominated by NGOs’ Board members, based on each board members’ priorities. Board members of these CSs are all capitalists. These same individuals, with few exceptions, are Board members on several CSs. They, the board members, were encouraging borrowers not to pay back their loans.

“...many P-NGOs [Palestinian NGOs] have accountants with no experience in cost evaluation, proper budgeting, financial analysis, and management of financial reporting. There is a need for computing hardware and software, and for clear financial controls and authorities at different levels. The prevailing culture among accountants, regrettably, shuns detailed costing and thrives on declarations of deficits”.<sup>19</sup>

This argument is valid. It should be noted, however, that the separation of the P-NGOs from the foreign ones is arbitrary and misleading. Many P-NGOs were, and still are, created, related, and controlled by the foreign ones. It is the foreign NGOs that “allowed” their Palestinian dependents to appoint their employees based on political loyalty and not professional capabilities and skills, and they are the ones that failed to conduct project appraisal or evaluation. There is no space here to go into details about the lack for feasibility studies, the low rate of loan payment, and the ‘unjustified’ write-offs of many loans. The results of that were:

- a. Many Palestinians are under the impression that it is possible to receive loans in the range of \$10-40 thousand dollars without having to repay them. (This has the purpose of re-educating people not to take business seriously). Since most of the projects failed, the NGOs found it a good excuse to say that the Palestinians are not efficient people. The NGOs, however, never admitted responsibility for indirectly orienting their clients “to not be serious”.
- b. Many Palestinians became willing to accept a relationship with these western capitalist bourgeois

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<sup>19</sup> *Tanmiya*, 1995:6.

organizations. This was an introduction and an invitation for western politics to infiltrate the political and social fabric of the Palestinian society. In fact, this is its main goal.

Prior to 1990s, for instance, the US Consulate General in Jerusalem was not able to openly build any contacts with individual Palestinians, with the exception of some secret or indirect contacts with the westernized elite. Since 1990s, however, it started recommending Palestinian employees of US financed NGOs to visit to Palestinian villages using official Consulate vehicles. The first point on the weekly agenda meeting of the American NGO Cooperation Development Project (CDP) that is always chaired by an American manager, was: 'To what extent have we infiltrated the Palestinian grassroots organizations?'

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Two days following the ceasefire of the imperialist aggression against Iraq, (January 17, 1991), the Spanish Consulate General in Jerusalem 'distributed' about \$1.6 million dollars to Palestinian NGOs that rushed, without hesitation, to receive the money when the blood of the Iraqi people did not dry yet. It is well known that Spain had the fourth largest army that participated in the aggression against the Iraqi Arab people. The question here is why did they distribute money on that particular day? Is it anything more than a deliberate decision to 're-educate' the people to abandon national Arab commitment for the sake of receiving money.<sup>21</sup>

Since the Madrid Conference (October,1991), all NGOs in the OT-1967 started giving priorities to joint Israeli-Palestinian projects (more details to follow). All such joint projects had approved budgets regardless of their sizes. This condition became well known to Palestinians who are involved in politics and development.

Many NGOs' conferences were held abroad. Hundreds of Palestinians were invited to attend these conferences in their capacities as "experts". Unfortunately most of them were not. The aim of hosting these conferences in the West is to put the Palestinian "experts" in a new environment, that of the West. In this environment they, the Palestinian 'experts', were torn between two

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<sup>20</sup> Interview a U.S.A NGO director who failed to mention his name.

<sup>21</sup> See Adel Samara's article, Developments or Fat Cats?, in *Al-sha'ab* daily, Jerusalem, 7 February 1991.

mixed feelings. The first was the feeling of inferiority towards the West. The second feeling was of their superiority towards their countrymen. This is the way to alienate people from their own community. It is a process of deformation.

### **Normalizing the Left**

Many high ranking cadres of the Palestinian political organizations become managers of NGOs. The need for annual budgets for their offices made them dependent on the foreign NGOs and consulates of their countries. Once the political position of their organizations became contradictory to the imperialist 'peace' settlement, the donors exerted tremendous financial pressure on the cadres to force them to reduce their opposition to the 'peace' process. The local NGOs managers and employees agreed. In fact, some, if not most, of them changed their political position to the extent that they argued that their political organizations should be converted to NGOs.

This is due to the fact that this form of left is unable to differentiate between a political party and an NGO. A political party, is a socially, politically and ideologically organized force that represents the interests and aspirations of a class or a group of classes. Political parties, in general, adapt and publicly announce a program of the class and/or classes that they represent and that will effectively serve the interests of the majority of the society. In carrying out their tasks, political parties, especially those which represent popular classes, create grassroots organizations as their community network. The grassroots community-based organizations should act as "mediators" between the party and NGOs. The political party, thus, is interested in keeping the grassroots organizations active and functional. In such a healthy situation, the grassroots organizations might receive financing from a progressive NGOs ( not the direct or indirect agents of their governments). Only these NGOs can fulfill a progressive mission by maintaining a connection with the grassroots organizations. In fact, this should be the only form of cooperation between the independent and progressive NGOs and the grassroots organizations in the countries of the Periphery (COP). This financial relationship between a radical political

organization and foreign party entails that this organization has to sacrifice its radicalism.

What happened in the OT-1967 is that the left failed to create grassroots organizations, and even lost what was already built during the struggle against occupation. Moreover, the leftist political parties and organizations increasingly lost their content and began organizing their political activities through the framework of NGOs that they identify with.<sup>22</sup>

Through the financing of NGOs and the PA's bribing of some high ranking leaders of the left, the leftist organizations were reduced to "moderate political forces" and entered the Oslo Accord from the backdoor.

NGOs' relationship with the Palestinian political parties, especially the left, started in the OT-1967 through the former Palestinian Communist Party (CP), now known as the People's Party. It is the first leftist political organization that received donations from NGOs, especially from the Jewish Dutch organization NOVIB through this party's first local NGO. NGOs of the People's Party became financial empires, in terms of their financial capabilities and relative to the economy of the OT-1967. The main organizational structure of this Party is its NGOs that are financed by western capitalist governments.

The Popular Front for the Liberation of Palestine (PFLP) and the Democratic Front for the Liberation of Palestine (DFLP) followed the path of the Communist Party but with less funds and, afterwards, with fewer activities. The CP and both of these fronts formed joint leftist NGOs in both societies, the Palestinian and the Israeli.

Historically, NGOs that were created by imperialist regimes as an informal political activity during the Cold War era, became a source of employment and income for many unemployed second class intellectuals, technocrats, sociologists, and economists in both the Center and the Periphery. For the imperialist centers, the meager funds that are spent in these activities are negligible compared with their "return". This "return" has several forms that include the NGO-ization of revolutionary political organizations, dissemination of free market ideology, and recruiting more people to advocate the re-adjustment policy of the World Bank and IMF. This is why NGOs in the OT-1967 played a

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<sup>22</sup> See Adel Samara, *Imprisoned Ideas*, Chapter Five, NOGization of the Palestinian Left, p.p. 131-136.

role in terminating political and grassroots organizations. For most of these popular institutions, their role and function have been diminished to maintaining offices and employees that are financed and controlled by donor countries.

The sources of NGOs financing are not well defined and are not limited to a specific government, charitable foundation, corporation or individuals. No one knows why would someone be selected to receive the funds. No one can control NGOs spending or know through which channels and in which amounts these funds were received. The true budgets of these NGOs are not announced or made public. This “free hand” of receiving money lured many leftists and former militants to join these organizations, especially after the PLO’s Internalization of Defeat (IOD) and the economic hardship that the country endured. It is through this mechanism that the corruption of Palestinian intellectuals continues. For a society, losing intellectuals in the era of resistance, means that the masses are losing a main factor in the education for development, freedom, and resisting Zionism and imperialism.

### **Nice Speeches but Dirty Deeds**

NGOs held a conference at Talita Qumi school in Bethlehem (29-30 July 1999) that was titled “Prime Peace Research in the Middle East: The Role of the Non-Governmental Organizations in Peace Building between Palestinians and Israelis”. The invitation letter of this conference contained the following question: With which NGO from “the other side” are you cooperating? One would understand from the declared theme of that conference that cooperation between NGOs on both sides, the Israeli and the Palestinian, worked for the so-called “peace”, not for the development of the Palestinian people. All these activities are taking place with Israelis while Israel continues to occupy most of the West Bank and Gaza and continues to expand the building of their aggressive settlements and at the same time ignoring the Right of Return of the Palestinian refugees. This is a clear example of the loss of national commitment and full engagement and articulation with the enemy of the nation.

In the aftermath of the *intifada* 2000, and in a dramatic move to improve their image, the Palestinian NGOs (P-NGO), demanded that all Palestinian NGOs and

Palestinian Authority institutions halt joint projects with Israeli organizations, in particular the “People to People Program” of the Perez Center for Peace, as well as all projects funded by USAID.<sup>23</sup> The P-NGO network stated that it would issue a list of the organizations that receive money from USAID to be distributed to all civil society institutions inside Palestine and abroad.<sup>24</sup>

Until now, these NGOs act as if they cannot grasp the truth. If they really understood what form of peace they supported and what ‘form of money’ they enjoyed, they must close their offices and give the people back the money that they cashed. This simply, is because the donors pretend that this money has been donated to the Palestinian people. In fact all the money which the NGOs and the high ranking PA staff enjoy is the money of the people. This money must be nationalized to help the popular classes who are fighting in the *intifada*. Soon, the PA will go back to continue compromising with the Zionist occupation. Then, NGOs will go back to their designed role-normalization.

It has become clear that NGOs are unable to fulfill two contradictory functions, i.e. to fulfil development in the COP and to serve the interests of their masters in the center. For those members of the NGOs, members of good will and progressive ideologies, they need to understand that as long as they work for NGOs, they can't deviate from the policy of the donors. For a society that struggles against Zionism, imperialism, and capitalism in general, NGOs do not and will not evolve to be a means of development in the economic, social, and cultural spheres.

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<sup>23</sup> Shimon Peres, planted the first settlement, Kadumim in the heart of the West Bank. Quoted from an article by Uri Avnery 25-11-2000 posted on the [eli73@emirates.net.ae](mailto:eli73@emirates.net.ae) (Lillie).

<sup>24</sup> *Al- Hayat Al- Jadida*, 25 Oct 2000.

## GLOSSARY AND DISCUSSION OF TERMS

### Abbreviations

COP	Countries of periphery
CS	Credit Schemes
DBPP	Development by Popular Protection
DUD	Deepening Unequal Development
EC	European Community
FAFO	A Norwegian organization related to the Trade Unions
FBI	US - Federal Bureau of Intelligence
FDI	Foreign Direct Investment
FT	Free Trade
IMF	International Monetary Fund
ITD	Integration through Domination
MNC	Multinational Corporation
NAFTA	North American Free Trade Agreement
ODA	Overseas Development Agency
OTs	Occupied Territories
OT-1967	1967 Palestinian Occupied Territories
PA	Palestinian Authority
PDO	Project Development Officer
PDP	Palestinian Development Program
PI	Political Islam
PINGO	Palestinian International Non-Governmental Organizations
PMA	Palestinian Monetary Authority
PPIP	Palestinian Investment Project
TA	Technical Assistance
UNDP	United Nations Development Program
WB	World Bank
WBG	West Bank and Gaza Strip
ZE	Zionist Entity

### Glossary

**Note:** *In this book, the reader will find some new and debatable terms that he/she may not be familiar with or find them unacceptable. My aim in introducing these terms is to emphasize the return to the terms and concepts that have been deliberately distorted by the enemies of the Arab nation. The terms that have been injected into the Arab political discourse must be scientifically examined and proven before they take place in common use. Those terms that do not meet this criterion must be, therefore, eliminated and replaced by the original terms that are precise and reflective of their true meanings and contents.*

**Arab Homeland:** This term refers to all Arab countries. It deliberately rejects the incorrect and imposed term the “Arab World”. Arab World means those Arab countries (in Arabic *aqtar* ) are neighboring countries but not one nation. Arab World is a colonial term that was coined to negate Arab nationalism through a gradual and long-term re-education process of Arabs themselves that they are not one nation, rather several ones. The purpose here is to confirm that the Arab



Homeland is the real term, and one that is reflective of the aspiration and the interests of Arabs. While colonialists and imperialists (mainly British) invented the term “Arab World”, they later proceeded to fabricate other deformed terms for the Arab Homeland such as the “Middle East” and “North Africa”.

The British military and strategic establishment invented these terms to serve its military objectives. In the eyes of Britain, the Arab Homeland is viewed as an area of colonies, not a nation. The military and strategic term aimed at breeding its ideological, political and cultural connotations in the ironic process of re-educating the Arabs about themselves.

***Iqlimi and Qutri:*** *Iqlimi* is an adjective of *iqlim* and *qutri* is an adjective of *qutr*. *Iqlimi* or *qutri* refer to a part of a country that is usually larger than a district or province. In Arabic political life and discourse, it signifies an area that was artificially severed from the rest of the Arab Homeland and refers to the fragmentation of the Arab Homeland into *aqtar* (plural of *qutor*). This term is used by the nationalist Arab parties that believe and struggle for a united Arab Homeland. It is also used by Arab political parties, regimes, and individuals who are opposed to Arab unity and support maintaining the current Arab *qutri* states and perpetuate their division that was designed by the British and French colonialists.

**Ashkenazi:** The dictionary defines *Ashkenazi* (plural *Ashkenazim*) as a member of one of the two divisions of Jews comprising the eastern European Yiddish-speaking Jews. Thousands of Jews in this group left Eastern Europe to settle in Palestine. The counterpart of this sect in Israel is the *Mizrahi*, who are the Eastern Jews. The political implication of the term Ashkenazi refers to the white European Jews who created the Zionist movement as a settler colonial ideology and organization. The founders of this movement realized the great benefits and services that a settler Jewish state can provide to the colonial-imperialist center. After they created the Zionist movement by the end of the nineteenth century, the Ashkenazim played an instrumental role in shaping the strategic relationship with the imperialist center (western colonial powers especially British and France). The Zionist goal was to gain their support for the establishment of a settler colonial Jewish state in Palestine. This was accomplished by supporting and facilitating Jewish immigration to Palestine.

**Autarchy (Autarky):** In a lexicographic sense, autarchy means national economic self-sufficiency and independence. In the Marxist discourse, however, it means self-sufficiency as a step towards de-linking from the World Capitalist Order. The bourgeois economists enforce a different meaning for autarky as if it is an absolute closure from the rest of the world. Their aim is to accuse Marxists of building an isolated economy.

**Center (or Core) and Periphery:** These two terms refer to the World Capitalist Order, which is divided into two main parts: center and periphery. The center includes developed capitalist countries, which dominate the other part in several forms. In the past, the center consisted of the colonial powers, which dominated, occupied and exploited the periphery. After the independence of the countries of the

periphery, the center continued to maintain its dominance through (a) unequal exchange, (b) the alliance with comprador regimes in periphery, and (c) even through new forms of military colonialism as is the case of the Arab oil-producing countries. The center is opposed to all efforts and attempts of the countries of the periphery to delink from the World Capitalist Order, i.e. to become socialist. This is why the United States, for example, attempted to topple the Cuban socialist system.

**Copenhagen Group:** A name given to a group of people financed by the Denmark regime and consists of Israeli Zionist, Egyptian, Jordanian, and Palestinian westernized intellectuals. The role of these intellectuals is to make “peace” and advance the official arrangements between the Arabs and Israel. This role also includes the advancement of Oslo Accords and the general “peace” process designed by the US, Israel, and Arab capitalists, which is “peace of capital” not for the people. This group, essentially, supports false “peace” agreements between some Arab rulers and Israel.

**Comprador:** Means buyer in Portuguese. As a political and social term, it was used for the first time by the Chinese Communist revolution during Mao Tse Tung’s leadership. In the Marxist literature it refers to the agents of the foreign companies, especially companies from the center of the capitalist order. The interests of this comprador class contradicts local and national economies in two ways:  
(a) The local economy in general because imports mean the transfer of national surplus to pay for the imported goods, which harms the development of the economy and deepens its dependency on the foreign ones, especially those of the center;  
(b) It harms the local nationalist productive bourgeoisie, which invests in the national economy to substitute for the imported goods. (See Import-substitution).

The term Compradorization means that a dependent regime has become increasingly dominated and ruled by the interest and policies of the comprador class.

**Green Line:** The Green Line is a concept used in reference to the division between the part of Palestine, which was occupied by the Zionists in 1948 and the part, which was occupied in 1967. The term "within the Green Line" is used by Arabs who do not recognize the settler state of "Israel" as a legitimate entity in Palestine when referring to the land and people who fell under its control in 1948.

**Import-substitution:** An economic policy followed or applied by some nationalist bourgeois regimes of Third World countries in the post-colonial era. The Egyptian regime under Nasser is an example. It is an economic policy that calls for manufacturing local products as alternatives and substitutes to the imported goods, especially the industrial goods of the center of the World Capitalist Order. When this policy is applied in a radical manner, it might be a step in the process of delinking from the World Capitalist Order.

**Integration Through Domination (ITD):** This term refers to Israeli attempts and efforts to forcefully integrate itself into the Arab Homeland, but on its own terms and conditions. Based on the facts of

how it was implanted in the Arab Homeland, its function and ideology, Israel was and still is considered in a state of permanent war with the Arabs. This choice of continuous war can not work in the era of globalization in which the first priority is to eliminate tension all over the world as a pre-condition for the “liberalization of trade”. Israel, supported by US imperialism and other imperialist countries, continuously tries to “eliminate tension” in the region through subjugating the Arab nation by force to the *level of no resistance*. This, however, has never succeeded. The choice that Arabs offer Israel is the integration of Jews into the Arab Homeland as an ethnic minority enjoying full equality with other ethnic groups. Ironically, this is totally rejected by Israel that insists on maintaining itself as a “pure Jewish state”. Additionally, the deterioration of the conditions of the Arab comprador capitalist rulers and some Arab political parties that resulted from “Internalization of Defeat” (IOD) encouraged Israel and the imperialists in this pursuit. ITD means that the Arab nation will accept Israel as a “normal” state in the region. Israeli products will be marketed freely and Israel will be the industrial and financial center of the region. It will have the upper hand in the military power as well. In other words, Israel will be accepted as a “center for the Arab periphery”.

**Internalization of Defeat (IOD):** It is a case or situation when a social class, political party, or even an individual is defeated and succumbs to thinking, behaving, and communicating as defeated. Defeatism, in this case, is deeply accepted by the people. The reason of defeat is not an external one only; it is mainly a subjective one. It is a condition when a class adapts to defeat and ceases to resist even when it has a just cause.

**Keynes (keynesianism):** Refers to the theories of John Maynard Keynes, the British economist and his followers. These theories advocate monetary and fiscal programs operated by government to increase employment. Different from classic economists, the godfathers of capitalism, Keynes and his followers argued for a state role in the economy of the luxury state. Since the mid 1980s, the British conservative regime under Margaret Thatcher, and the US under Ronald Reagan moved to extreme right wing policies, from the luxury state to neo-liberalism and privatization.

**Neo-liberalism:** A new economic policy applied in western capitalist countries since the second half of the 1980s. It is a departure from Keynesism to the so-called monetary theories of Milton Friedman and his followers. This new policy aims at increasing the profit of the capitalists in the capitalist center. This is, however, realized at the costs of the gains and rights of workers and popular classes that were achieved through their long march of class struggle in the center. Popular protests against neo-liberal policies took place in Seattle, US (November 1999) and later in Prague, Sidney, Quebec, and Genoa.

**New World Capitalist Order:** It is a recent term that was coined following the collapse of the Soviet Union. It is used by those who believe that the World Order of today is different from the World Capitalist Order that dominated during the so-called “Cold War”. However, in the context of World Order as a center that dominates the periphery, the author does not believe it has changed that much. In fact,

its capitalist polarity has become stronger. It is capital in the era of globalization.

**Non-Governmental Governments:** A term that is applied on western governments that do not have a colonial history in the Arab Homeland, like Norway, Sweden, Denmark and Canada. These regimes, however, have been used by US imperialism to play a role similar to that of the western NGOs in Arab societies. This role serves the goals of US imperialism, particularly in supporting and assisting to Israel, encouraging normalization with it, and terminating the rights of the Palestinian people and right of return of Palestinian refugees.

**Peace for Capital:** Several peace agreements have been signed between some Arab regimes, especially the PLO leadership (later the Palestinian Authority), and Israel. The experience shows that this peace has, indeed, taken place among the capitalist classes in the western capitalist center, especially USA and Europe, Israeli capitalist ruling class, and the Arab capitalist regimes in the periphery. The main goal of this peace was to maintain and accelerate the capitalist slogan: “The liberalization of trade on the World scale”. The experience in the West Bank and Gaza Strip (WBG) also shows that those who benefited from this peace were the capitalist hierarchy starting from its center in the USA to the comprador capitalists in the WBG. Briefly, this peace did not serve or save the lives of the Palestinians in the WBG. That is why it is a peace for capital, not for people.

**Political Rent: Rent**, originally, is one form of surplus labor, controlled by landowners in the feudal social formations or in the pre-capitalist social formations. By its nature, it is designed and oriented to expand at the expense of the necessary labor. It is extracted from peasants’ work in the properties of landlords. The landlord uses the products of others without him participating in the production process. He, then, receives the lion’s share of the profit because he is the owner of the land. What enables him to do this is the form of the relations of production in the feudal society, which allows that. The ideology, here, and not the economic factor, is the determinant factor as is the case in capitalist formations.

The term **political rent** is built on the assumption that the political leadership or rulers in the PA controlled areas, for instance, as well as most of the Arab countries are treating the resources of their countries and their peoples (especially labor), as their private property. Accordingly, these rulers compromise national rights and offer concessions to the imperialists and Zionists. In return for these concessions and compromise, they receive benefits in, at least, two forms:

- a) Directly, as direct “assistance” from imperialism in the form of liquid money (cash) which goes mainly to the rulers’ accounts and/or;
- b) Indirectly, in the form of support and protection that the nation’s enemies provide to keep these rulers in power.

For its role in supporting the imperialist aggression against Iraq in 1990, the Egyptian regime was bribed with a \$7 billion debt exemption. This is political rent at the cost of the betrayal of the national cause.

**Re-education:** The imperialist capitalist center, some foreign and local

enemies, and some international financial institutions (such as the World Bank) attempt, by all means, to ‘educate’ the people to accept new values, habits, and culture that contradict their own. This new culture includes poor and different values that are inconsistent with the beliefs of these people. The aim of re-education is to demoralize and weaken people’s spirit of resistance and revolution on one hand, and to implant selfish values of consumerism, free market, and Internalization of Defeat (IOD) on the other.

**Supply-side Crisis:** Many countries around the world are able to produce a variety of products. This, however, does not negate the fact that the countries of the center still monopolize the most sophisticated hi-tech products. This participation of a variety of producers (in many countries) in the process of production on the world scale does in fact expand the credibility of the Marxist discovery of the “capitalist law of production in an anarchist manner”. The result of this is that the world’s production exceeds the market’s capacity to consume. This is known as the supply-side crisis. Therefore, the competition between the producers became fiercer. This is one of the reasons why the US imperialism insists on “occupying” oil-producing Arab countries since they have enormous financial liquidity generated from oil exports. This “occupation” enables the United States to control this vital commodity especially against its main competitive capitalist centers, Japan and the European Union.

**Westernized Intellectual Elite or Intellectual Comprador:** A term used to differentiate between intellectuals with national or class commitment in accordance with their ideology and struggle, on the one hand, and those intellectuals whose culture and loyalty are to the western capitalist culture and politics, on the other. This elite is willing to serve the “marketing” the western capitalist culture and values in their own societies. Their political and class loyalty is to the capitalist West. Accordingly, they are certainly anti-socialist and anti-nationalist. In the Arab Homeland, these intellectuals are opposed to Arab unity and development. They are the intellectual counterparts of the comprador class. They “import” and market the western white culture in their own countries and societies.

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**EPIDEMIC OF GLOBALIZATION**  
*Ventures in World Order, Arab Nation and Zionism*

**Dr. Adel Samara**

It is not possible to understand the Arab-Zionist conflict and the struggle of the Arab nation outside the framework of global relationships and the world order with all its complexities. Globalization, in Dr. Samara's work, is understood as a regime of global production and capitalistic growth. It is false, therefore, to believe that this struggle is, somehow, outside and immune from the flows of capital and its extensions and interests.

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*Epidemic of Globalization*, with its compelling arguments, is a recommended reading for all those wishing to understand what has gone wrong in the region.

**ABOUT THE AUTHOR**

Dr. Adel Samara is an Arab-Palestinian writer and researcher who has written extensively about the Arab and Palestinian struggle. He is considered one of the leading Marxist-Nationalist Arab-Palestinian thinkers. Due to his political views and activism, Dr. Samara was imprisoned several times. He is the author of several books and the editor-in-chief of Kana'an, an Arabic cultural quarterly published in Occupied Palestine. He is, also, a member of the editorial board of Kana'an Online, published both, in Arabic and English, and can be viewed at [www. Kanaanonline.org](http://www.Kanaanonline.org).

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