Revisiting Arab Socialism

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Abstract:

The class in charge of development under Arab socialism was an alliance of the military with intermediate classes. Intermediate classes are sections of the working class differentiated by skill, higher income or occupation. In this relationship, the army held sway, and insofar as it placated populist aspirations for more egalitarian distribution, its role was progressive. The army and the intermediate class form the state bourgeois class, and exercise a collective ownership of the state. Hussein and Abdel Malek characterised the Arab socialist state as a surrogate bourgeoisie. Under Arab socialism, the predominant relationships remained capitalist and the repression over the labour process necessary for value creation persisted. However, by creating the financial space for the expansion of state-led industrial investment, investing in social infrastructure and undertaking vast land reform and redistribution measures, the Arab socialist model had outperformed the ongoing neoliberal model. Under the neoliberal model, the military re-allied itself with merchant/rentier capital and global financial capital. Generals became merchants, weakened the national front considerably, and the old state bourgeois class transmuted into a fully fledged comprador class. In this new ruling class alliance, the army no longer held sway. Global financial capital became the dominant player to which generals prostrated. Prior to the ongoing revolutionary phase, the Arab neoliberal state compressed wages, lifted its protection of national industry, set single exchange and interest rates and opened up trade and capital accounts with the intention of readying cheapened national resources for transfer abroad. This essay traces the metamorphosis of the state bourgeois class in Arab socialist countries, namely Egypt, Iraq and Syria, into the neoliberal/comprador class. With the exception of Iraq, which collapsed from without by the force of outright occupation, the other states experienced gradual social erosion leading to massive uprisings from within. Under the weight of successive Arab defeats, the state bourgeois class structurally fulfilled the terms of surrender and underwent a transformation from surrogate national bourgeoisie to surrogate international financial bourgeoisie.

1. Introduction

Early on in the post-independence years, ‘Socialist Arab States’, principally Iraq, Syria and Egypt, undertook massive measures of land reform, nationalisation of principal industry and financial institutions, provided universal health and education and clamped the circuit of resource usurpation. This class of Arab regimes sought self-sufficiency in production, endorsed import substituting industrialisation, and effected public investment in heavy industry when raising capacity. Many consider that the Arab socialist model has outperformed the ongoing neoliberal model, which began in the early eighties. Although standards of living are historically determined, the period 1960-1980 represented an epoch in which Arab countries exhibited a dynamic performance in terms of income growth, more equal income distribution, and improvements in infant mortality, life expectancy and other social indicators (World Bank 1995). Among Arab countries, Arab socialist regimes, in particular, have outshone the rest as a result of land reform, socialised health and education and, on average, higher per capita real income growth (Bush 2004). In comparison, the implementation of
neoliberalism in later years, however, was to strip the working population of its previous social gains, all the while, raising the dose of repression.

Development outcomes depend on the commitment of a social class in power to real-resource mobilisation. This essay revisits the issue of Arab socialism and investigates the structure of the class formation that shaped development in the post-independence years. The class of military officers and its adjunct ally, the intermediate strata, including sections of the small land holding peasantry, hereinafter the state bourgeois class, by virtue of their control over state resources, assumed the role of development agent during the Arab socialist phase. The intermediate stratum is a differentiated and class conscious section of the Woking class. It is distinguished from the less privileged working strata the basis of salary, education, skill and, more decisively, by the degree of control over the means of production delegated to it by the military. The state bourgeois class is a surrogate national bourgeoisie (Hussein 1971 and Abdel Malek 1971). Account taken of the detailed aspects of the interface between national policies and their developmental outcomes, experience shows that the broad determinants of the relative success of the Arab socialist model hinge on the fact that they joined together security and developmental concerns. Security is a totality that encompasses, communal and national securities, with working class security being essential to national sovereignty. In the Arab region, imperial control of oil is pivotal to maintaining the global accumulation process. In this context, Arab autonomy over territory, resources and policy become sine qua non for development. Subsequently, reverse development or the de-development incurred by the Arab world under the ongoing neoliberal phase can be mainly attributed to the structural terms of surrender to imperialism. The neoliberal phase of development has not ended with the beginning of the Arab Spring. If anything, failure to redistribute assets and adherence to free market policies indicate that many of the dispossessing policies of the past will gain momentum under newly elected Islamic governments.

The turnaround from Arab socialism to neoliberalism occurred as a result of successive Arab military defeats and the rise of a neoliberal ideology bolstered, soon after, by the defeat of social ideology attendant upon the demise of the Soviet Union. These relevant historical events imparted the ideological foundations for the state bourgeois class in power to undergo an apostasy and lead the assault on working-class security, which would later compromise national sovereignty. The defeat of the Arab socialist project had more to do with a shifting class alliance that structurally absorbed the terms of surrender and the global ideological move away from socialism than with mass dissatisfaction with socialist measures. Egypt succumbed first as it signed the Camp David Accords, Syria followed with its second phase of neoliberal reform introduced in 2007 and, in the case of Iraq, despite many concessions offered by the regime, the precipitous destruction of the social formation was more crucial to capital than its gradual descent into the neoliberal quagmire. The metamorphosed social class that presided over the current neoliberal social disaster was no longer a surrogate national bourgeoisie; it became compradorial or an alliance with international financial elites and a proxy thereof.

To be sure, heavy state intervention and state-led investment during the sixties characterised the path of Arab socialist development. The state bourgeois class supplanted the national entrepreneurial class, promoted investment in heavy industry and, more generally, built productive capacity. The rise of this class is premised on the absence of a bourgeois class proper, which could have acted as an agent of development (Amin 1976 and Petras 1976). Not that the case of the Arab world is peculiar; in most of Africa and the Middle East, the post-colonial capacity debacle and the absence of an effective ‘entrepreneurial business’ paved the way for the rise of a ruling class made up of small land-holding peasantry and middle classes (Kalecki 1972, p. 164). This was a instance of an in incapacitated bourgeoisie in a capacity wanting context. The state bourgeois class became the subject of the post-colonial development project in many of the newly independent Arab states.
However, in much of the immediate post-independence Arab world, there was no total absence of an entrepreneurial class. In Iraq, Syria and Egypt, prior to independence, sections of the national bourgeoisie partook in virulent anti-colonial struggle. Yet, as soon independence was won, the social frailty of the national bourgeoisie came into evidence, especially as the umbilical cords with the colonists were severed. Upon the ashes of the old classes, there arose a set of military dictatorships competing in populist and genuine anti-imperialist positions. The old, especially the colonially reared sections of the bourgeois classes, were politically subjugated in the process of strengthening national independence. With the old bourgeois class weakened, the state in this group of Arab socialist countries became a substitute bourgeois class with a more expanded welfare function. In a tidal ideological atmosphere of equity and national liberation, the inequity of colonialism was scorned upon and egalitarian measures were implemented to redress odious development under colonialism.

Whether it is a bourgeois class per se or a state bourgeois class, the common denominator ‘bourgeois’ implies a similar substance to both of these classes. In an oil or geopolitical rent driven accumulation context and, given the pull of a cross-border class alliance, the state bourgeois class is innately predisposed to surrender under imperialist pressure. As a bourgeois class, it can furnish concessions to the working classes, but it cannot provide it with the civil liberties that would compromise capital as a social relationship. As early as 1959, Braverman foresaw the bifurcation in development lying ahead and warned that unless the working population politically participates in the making of socialism, the whole process of egalitarian distribution, undertaken by Arab socialism, could be easily reversed (Braverman 1959). In a paraphrased version of his expression, these Arab socialist regimes were dictatorships masquerading as revolutions. The authoritarianism and repression attendant upon the labour process implied socialisation and egalitarian distribution could be easily overturned from above without much resistance from below once historical conditions ripened. When frequent military routs instilled a state of defeatism in the upper layers of society and when working class and civil society organisations remained appendages to one-party regimes, the class in power easily overturned the gains acquired by working people under Arab socialism. That it is impossible to militarily defy nuclear powered imperialism was the thought that encapsulated the *état d’esprit* motivating the process of de-socialization. In preponderance of oil, imperialism is not drawn by trade and doux-commerce with the Arab world; it seeks destruction, resource grab and, ultimately control.

By the time the uprising occurred in 2011, the state of social devastation in the Arab world was so severe such that the masses poured into the streets without any long term revolutionary plan. Their principal aim was changing the status quo. In the state of retreat in social ideology, these were revolutions without a party vanguard, strategic social programs and where the only organised groups were free-marketeer Islamists already operating under the auspices of imperialism. This was the outcome of a capital accumulation process commandeered by international financial capital.

The political relationships of differing social classes to imperialism, their relationship to the means of production and informal forms of property control via the medium of the state underscore the transition from socialisation to privatisation. The social mutation of the ruling elites from national bourgeoisie to agents of global financial capital occurred as a result of successive imperialist military victories over the Arab world and the receding zeal of socialist ideology. Under the clout of international financial capital, it is arduous for an alliance of national classes in the Arab world to maintain a nationalist predisposition in accumulation. Gradually, the Arab ruling elites internalised the terms of surrender dictated by the Bretton-Woods institutions and became modern suzerains for empire.

In exploring the subject of this essay, the argument will pursue the patterns of shifting class structures and the changing mode of appropriation in a class determined capital accumulation process. On its own, the topic is broad and a single essay will not do it justice. But the purpose of this contribution is to supplement the debate by bringing into consideration the class determinants of development. Capital accumulation in a
developing context cannot be read using a neoclassical framework of full employment. A full employment hypothesis does not apply in a developed context, leave alone a developing context. Although necessary, demand-side approaches are also inadequate on account of frail capacity in the developing world. What is there to demand when there is little capacity to put to work. Capital accumulation is not solely about the incremental rise in the capital stock over time, it is primarily about the social relationship that underpins the decision to build and re-circulate the social product nationally. Hence, the point is to explore the primacy of the social class in charge of development. When the state bourgeois class represented an alliance of the working class with the military, one witnessed a marked developmental impact. However when the class alliance became that of the military with comprador capital, one notices developmental retrogression. The essay contends that changes to the class structure in the subject group occurred under the weight of consecutive Arab defeats and a concomitant rise of neoliberal ideology globally. The state bourgeois class structurally fulfilled the conditions of surrender and underwent a transformation from national bourgeoisie to surrogate international financial bourgeoisie.

The line of thought tracing the changing nature of the state bourgeois class from nationalist to comprador will be structured as follows. In section one, I outline the relevance of the concept of state capitalism and state-led development in a developing Arab context. In sections two, I investigate the state bourgeoisie, its frailty and predisposition towards capitulation to imperialism. The allegedly weak entrepreneurial class in the Arab World is dealt with in section three. No discussion of this specific Arab mode of development can proceed without exploring the dominant role of the military in power. In section four, the rise of the military to power, its transformation into a comprador segment of the ruling class and the versatility it exhibited when faced with successive defeats are exposed. Section five deals with the historical achievements of the Arab socialist experience and the reasons behind it collapse.

2. State-led development

In characterising socio-political entities resembling Arab socialist states, Kalecki employed the concept of ‘intermediate regimes’. He describes those regimes as being neither strictly capitalists, as foreign influence on them was limited – nor socialists. On an international level, intermediate regimes obtained credits from both the socialist and imperialist countries. In the case of the Nasser regime for instance, the 1958-1961 archives of the state department illustrate how Nasser acquired Hawk missiles in addition to being taunted with credit from the US in an effort to dissuade him from alliance with the Soviet Union. Gramsci (1978, p. 409) also tackled similar class formations in peripheral Eastern and Southern European societies and noted the conspicuous rise of an intermediate stratum. His comment relayed how in peripheral countries... a broad spectrum of intermediate classes stretches between the proletariat and capitalist-classes which seek to carry on... policies of their own, with ideologies which influence broad strata of the proletariat, but which particularly affect the peasants and rural communities. But the intermediate strata in the Arab world cohabitated with the military in a context of war and did not own significant property – apart from that for personal use. The power afforded to the intermediate strata during the Arab socialist age was delegated to them by the military. Theirs was a subordinate position to the military, but they effectively became part of the ruling nomenclature by their indirect control of the economy via the state. When, at the beginning of the neoliberal age, the lingering socialist stance of certain sections of these intermediate strata contradicted the terms of structural submission to imperialism,
the military retracted its delegated authority and allied itself with the local merchant class and, more decisively, it became a subordinate partner of global financial capital.

Within the class of intermediate regimes, a narrower band of regimes closely resembling the Soviet model were dubbed state-capitalist regimes, (Petras 1976; Binns 1986; Binns and Hallas 1976; Cliff 1974/1955; and Burnham 1945⁴). Cliff developed the concept of state capitalism in relation to his characterisation of the Soviet state. Extensive socialisations in land and social resources, which were carried out under Arab socialist regimes, would indeed bear resemblance to the Soviet model. However, Arab socialist regimes did not uproot the old bourgeois class. They never went as far as the Soviet Union in extirpating the private owning national bourgeois class. In their five-year plans, their inter-industry prices were not fully set at cost (shadow price), and where the private sector was involved in the production chain, a price mark-up generating profits was permitted up to a certain level. A cap on the prices of goods provided by the private sector mirrored the depth and the power of this sector’s involvement in the broadly socialised economy. Until 1980, these price caps were only slightly above cost and restricted private sector expansion. In the neoliberal age, price-capping was removed except in Iraq, which was at war and rationing food. When, for instance, in 2007, Assad liberalised prices and removed price caps, the private sector, which is mainly the president’s kin, assumed full control of the Syrian economy. In Egypt, Sadat began the process of liberalisation as early as 1980. In the age of socialisation between 1960 and 1980, however, the private sector in these states survived as a repressed component of the Arab socialist economies.

The very notion of state-capitalism, however, can be vacuous or a sort of one size fit-all concept. It is unlikely that any institution under capitalism could escape the totality of capital as a social relationship. Repression/regimentation of wage labour and resource allocation on the basis of profit are ubiquitous. The abolition of capital as a social relationship under state ownership of national resources, although possible, if only on account of structural shifts in history, is unlikely to occur precipitously and in a single developing country. This is so even if civil liberties and working class participation in the political process were effected. Imperialist assault aimed at snuffing successful socialist models and the unevenness inherent in capitalism would necessitate redistribution under which surplus value would be generated and unequally allocated in the early phases of socialisation. Either equalisation payments between sectors or industrialisation would imply a distorted surplus value distribution. This would also entail exploitation, regimentation and protracted aspects of repression pertaining to a capitalist labour process – these salient characteristics will emerge all the more so in developing formations whose aim is to industrialise. A working class consciousness where public property is fully public ownership and state owned, is a historically contingent process that is dependent upon several parameters including the level of advancement of productive forces and the successes of socialising appropriation. Thus, for capital as a social relationship to promptly self-disband after state ownership of the means of production is not at all a plausible assumption even under a working class participatory democracy. Not that it is impossible to make historical transformations, for the very idea of impossibility is a form of thought that is irrelevant to social agency within a historical process where change is a compromise between the real and ideal.

To boot, the traditions and symbols of oppression are not immutable, but they are historically cast and would, pari passu, thwart the progress of socialisation. The incalcitrant force of habit alone can prove intractable. For this reason, the use of the term state capitalism tallies with any state under capitalism or those, which are in transition to socialism and, hence, its meaning is only discernible within a specific structure of a

⁴ The concept of state capitalism arose in relation to the Soviet Union, which was isolated in the midst of a hostile capitalist world, and did not sui generis possess the means and capabilities for the construction of a socialist economy. Completing socialist construction contingently relied upon the unfolding proletarian revolution in the more advanced capitalist economies of Western Europe, which would later supply Russia with the prerequisites needed to develop a socialist workers’ state (Cliff 1974/1955 and Mandel 1951). For several years after the October revolution, the official language of the Comintern remained German in the hope that Germany would become the next socialist revolution.
given discourse. For the purpose of this essay, the class that owns the means of production through the state and is in charge of development in the subject group of countries will be referred to as the state bourgeoisie.

The very act of socialising represents a self-negating process of capital. The social relationships holding capital together as a state of exploitative existence tear at each other. In the intermediate term, socialisation disciplines but does not abolish capital. Nationalising assets, combined with a democracy for the working class, is a requisite step for a socialism growing in the midst of hostile milieu. However, within the class of socialist Arab states under question, the socialisation of the means of production was incomplete and, working class repression abounded. ‘Arab socialism’ was intrinsically capitalistic and it could not have bonded the national front in anti-imperialist struggle, which is the quintessential condition for a raw material-third world developmental model. Save the interface between policy and outcome, an anti-imperialist position, stemming from a sovereignty substantiated with working class security, provides the autonomy over policy that would mobilise resources in line with social requirements. Arab socialism, in this regard, was moribund but, a model nonetheless which had put into place the necessary measures that were to redress the catastrophe of mal-distribution and underdevelopment inherited under colonialist rule.

Arab socialist regimes undertook three vital steps in consolidating their post independence position. The first step was the confinement of policy to the remit of the state and its control over natural resources, which would harness the surplus to be redeployed in national development projects (Petras 1976 and Amin 1978). The second was agrarian reform, which concurrently limited the political power of the traditional landlord class. The third was economic nationalization of large-scale financial and industrial institutions. Typically, these regimes supported import-substitution strategies, controlled the capital account and invested in heavy industry and infrastructure. The state arose as the chief owner of the means of production and appropriator/allocator of the social product. In all of this, the private sector was not wholly superseded. It absorbed a minor proportion of the labour force in services and traditional activities. State ownership existed side by side with a constrained private sector, where with the certitude of hindsight, the private sector’s scope for expansion would be reignited when the state bourgeois class in power underwent a metamorphosis into a fully fledged comprador bourgeoisie.

Economic planning and government intervention in relative autarky represented the means by which the foremost binding constraint of underdevelopment, which is the financing needed to galvanise national resources, was to be overcome. The national currency circulated without the trepidation of the international financial market. The current account real and capital balances were devised to suit industrial policy. Several interest and exchange rates were at play to attenuate the impact of foreign exchange shortages on the national issuance of currency. Situated historically, this was a time when the idea of free markets was ebbing relative to the advance of socialism and national liberation movements around the globe. Government ownership and massive intervention were based on the inadequacy and inefficiency of market mechanisms, the need for social control in investment strategy, and a more egalitarian redistribution of income (Kalecki 1976). This was all to change under the weight of several Arab defeats that ended with the occupation of Iraq, the rise of monetarism and the deepening of the crisis of socialist ideology assuming catastrophic depth upon the collapse of the Soviet Union. The very state bourgeois class in power shifted its allegiance from the intermediate strata and peasantry to merchant-rentier class and, more decisively, the global financial elite. From around 1980 onward, the age of US/Saudi neoliberalism eclipsed the Nasserite period of Arab history.

3. The state bourgeois class

The state bourgeois class, composed of the military and intermediate strata, spun bureaucratic control over state and economy via a one party system controlled at the helm by the military. The state bourgeois class in symptomatic terms consists of the party bosses who are at once the top ranks of the military forces, the upper
level of the state bureaucracy and the various regime-allied civil society organisations led by professionals from the intermediate classes. The litany of scholarship on stratification in the Arab world, however, pursues a more disciplined approach in explaining the autocratic nature of Arab regimes relating it to the ‘cultural mentality’ of Arabs. The cultural paradigm, which is a disguised racial differentiation collated to the practice of imperialism, presupposes inherent traits that are inbuilt into Arab culture. At a recent workshop at Harvard University, two researchers were running separately two fifteen hundred years regressions to show that either by the length of time a ruler stays in power or by the number of elected councils, the Western world appears more stable and more democratic across fifteen centuries. The book entitled ‘the Arab mind by Raphael Patai’, the manuscript of choice for informing State Department personnel about the Arab world, is of course the epitome of the cultural stance.

But in more historically concrete definitions of social classes, however, there is to begin with a prevalence of class relationships over a social class. For Marx, in particular, social classes cannot exist outside class relationships that tie them together and analysis of class in diverse formations must begin at this point. It is within these relationships that class structures, including their history and evolution, are constituted. What a class is and does depends on where it is situated in relation to other classes, not only in terms of relationship to property, but also in terms of its forms of organisation and ideological leanings in relation to imperialism. In other words, classes are a macro-sociological personification of relations between classes including their subjective, cultural and symbolic dimensions. These relationships between classes are founded upon social relations of production, which are capitalist and will have to be defined in their specificities and development. Here, the specificity in the Arab world is the newly independent formation which came under imperialist assault as soon as it proclaimed its independence. To the extent that these relationships between classes rest upon relationships of production, they are essentially, but not exclusively, relationships of domination and exploitation, not only within the national borders, but also in relation to the global accumulation process. This latter point encapsulates the key relationship of national classes to imperialism. Eurocentric thought regularly fails to observe the intersection at which national peripheral classes meet with imperialism and are accordingly defined by this relationship. When gauged in relation to imperialist control of oil, the lines of demarcation separating differing national classes in a post-colonial Arab context would be best determined in relation to the formation of an anti-imperialist national front. A notional ruling class is not ruling in relation to the working classes in the Arab world alone. It is also ruling in proportion to the strength of the bonds tying it to imperialism. Seen from this perspective, for instance, the House of Saud as a constituent of a social class and its Wahabism are modern constructs of British/US hegemony and, pointedly, have little or no referent in Arabic-Islamic history prior to the modern age of imperialism.

The somewhat elusive intermediate class namely comprises skilled professional, eg. schoolteachers, university professor, civil servants, accountants, military officers, medical doctors, engineers, and lawyers, whose status is not dependent on the ownership of property and wealth, but based on training and performance (Petras 1976). Its elusiveness stems from its wavering position vis-a-vis imperialism. This stratum is a differentiated section of the working class that supplies recruits to the elites. It is considered a subsidiary force in the government of society. The stability of a post-independence Arab political entity partly depended on the power delegated to this strata by the military. The military personified the dominant faction within the ruling class alliance. Petras (1976, p. 439) defined the ‘intermediate strata’ as a class conscious and independent social stratum – apart from workers and from the traditional landowners – that is horizontally and vertically linked to the salaried middle income strata and, which has its own political and economic agenda and, whose promotion for market relations and capitalist development is extended under the expansion and

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5 ‘The Role of Economic Institutions in the Organization of Middle Eastern Economic Life in the Modern and Pre-Modern Periods’, Centre for Middle Eastern Studies, Harvard University, March 2011.
shadow of state enterprise. The new Arab ruling post-independence class reinforced its grip on power by populist appeal to pan-Arabism and socialism.

The alliance of the intermediate strata and the military contributed to the partial erosion of some traditional classes (landowners and colonialist-bred bourgeoisie) and the promotion of others, such as the new and more expanded intermediate strata as a result of free universal education and health. The expanded intermediate strata were the professionals who sprung around the vast social programs of the state. While an industrial bourgeoisie was crippled politically either because its ties to the previous colonist were severed or, because the post-independence crisis was too steep, it became conceivable for the state bourgeoisie to fill the class vacuum and expand a bureaucracy around the state (Abdel Malek 1967). In these new social relationships of production, the state-bourgeoisie organised around the state, maintained not only their relations to the means of production through the state itself, but also distributional arrangements measured against the pace of capital accumulation and regime stability. This is the organised dimension of capital or a political process mediating the inevitable capitalistic growth of the state bourgeois class. Solidifying control over state power becomes a goal meant to entrench the newly fattened class. The state, in return, would promulgate the law in tandem with the new-class’ own expansionary pace. Under more stable conditions, working classes in relation to the dominant military class would have maintain their organisation, struggles and experience, which would influence the cohesion of the working class a whole, including the peasantry. In conditions of war, these workers rights were subjugated by the alibi of national defence. The degree of egalitarian redistribution of the social product was proportionate to internal and external power considerations meant to maintain regime stability. In the Arab socialist age, national security and developmental objectives were relatively intertwined and ran parallel to each other. The first major departure of development from security was to occur when Egypt signed the Camp David Accords in 1978 and flew in the US orbit. This step weakened an already frail Arab security arrangement, uncovered working class security and opened a window for imperialist intervention in much of Africa as well as the Arab world.

While under privately ordered capitalism, the process of capital accumulation is mediated through various legal and political institutions organised by individual capitalists owning shares or cadastral property titles; the process under Arab socialism is organised by officials of the state or their hired managers (Abdel-Malek 1971). As the build-up of contradictions inherent in class society emerged as a result of regressive mal-distribution and successive defeats to imperialism, an internal clash unfolded between the state capitalist class, which owned state resources, and an increasingly socialised labouring class. This phenomenon has also been witnessed elsewhere. Kalecki observed in respect to the general case of intermediate regimes that the demands of a growing urban labour force has brought pressure to bear on the state bourgeoisie and repression against groups representing rural and urban paupers rose (Kalecki 1976, p. 35).

The class fault lines under Arab socialism progressively became pronounced. In the latter years of the Arab socialist project, access to foreign exchange in the form of petro-rents permitted sections of society to visibly display signs of wealth – first in Egypt and then in Syria. Iraq is a particular case, which was too engrossed in conflict for foreign earnings to weigh in on class divisions. Under Saddam’s regime, the force of the law dealt quickly with black-market currency traders. The initial populist euphoria, which accompanied state-bourgeois led development, was followed by more repressive measures against the working class, especially as the walls protecting the national industry came tumbling down under stealthily infiltrating petrodollar from the oil states. Dollars and petro-Dinars, traded in the black markets, allowed similar labour which is denominated in petro-currency abroad to acquire much more wealth at home as a result of repatriation and black market dealings. The lax attitude of the regime to black market operations indicated that certain segments of the military and state bourgeoisie were beneficiaries of the illicit activity. Gradually, the multiple exchange rate regime protecting national assets from being bought at prices set by the imperialists came tumbling down.
These multiple exchange rate structures came into effect to redress the prices consigned to differing quality of products or national versus imported goods. Apart from regulating imports, the multiple exchange rates disproportionately raised the price of imported commodities in order to protect national products. Multiple exchange rates addressed a lopsided power structure that trailed from the days of colonialism in which the discrepancy between the real valuation of currency and its nominal one were set according to the desires of colonialism. Trade unions and less favoured sections of the working class bore the worse of the assault on the currency when the cohort of the professional strata veered to the right in pursuit of petro-dollars and class alliances began to shift (Hussein 1971, pp. 188 and 281). But a caveat is in order here, the intermediate stratum and the military’s gradual shift to the right was preceded by several military defeats and a Camp David Accord.

At a general level, the case may be that the emergence of this class of Arab socialist structures is a movement from one type of exploitation to another without a radical shift in the value-extraction process attendant on accumulation (Petras 1976, p. 442). The increasing mechanisation of production meant that there was more of a relative surplus being produced vis-a-vis the previous era, while the additional product was more equally distributed. More importantly, there was resource retention within the national economy. The act of re-circulating national resources arrests the monetary and non-monetary elements that form value from being transmitted to the ex-colonists. Prior to independence and the rise of etatism, the colonial circuit of value transfer, by which national resources were grabbed at minimal prices, prevailed. The transition from the post-colonialist bourgeois formation to state-ownership led formation occurred with only formal changes to the fundamental construct of capitalist property relations. The appropriation of value proceeded via class control through the state as distinguished from control through private/titled ownership. Industrialisation drove up the degree of relative exploitation; however, the additional national wealth was distributed in a more egalitarian fashion. Reinvestment in the social infrastructure, particularly, in health and education, was significant and recycled value back to the working classes. Arab socialism was an era in which a country, such as Iraq, had gone from an eighty percent illiteracy rate and one of the highest income inequality profiles in the world to a state of near complete literacy and relatively fair wealth distribution (Todaro 1979).

Social change, in particular, the leap from colonisation to Arab socialism, is to be gauged as a matter of degree and, specifically, in the overall betterment of living condition. Although a fundamental breach with the past in terms of welfare occurred, capital as an exploitative relationship stood its grounds. Despite a reduction in the degree of income inequality under Arab socialism, workers and peasant remained passive and disengaged participants in the social and political process. One party rule and corporatism disengaged the impetus that internalises the culture of resistance and social change. It created, by the degree of repression, workers prohibited from organising or erecting the defence mechanism against the erosion of the achievements acquired under Arab socialisation. Insofar as fundamentally revamping exploitative social relationships, the post independence experience of this class of Arab countries is not a structural transformation per se but rather a transition, in the sense that no radical changes to the totality of capital as a social relationship were observed (Abdel-Malek 1971; Pfeifer 1979; Petras 1976). Most significant in this process is the practical banishment of autonomous working class organisations by state suppression partly on account of conflict and under the pretext of defending the homeland. Notwithstanding the fact that the state-led development experience of these developing formations lifted their economies out of their decrepit postcolonial status, the construct of Arab socialist structure rested principally on a single determining moment: an autocratic state bourgeois class rose to become the collective owner of the means of production. However, the rising dosage of autocracy represented a readymade conveyor belt that had cut the costs of the transition to neoliberalism in the early stages of social transition. As welfare dwindled, repression rose.

In the colonial age, as elsewhere, Arab industrialisation was curtailed. A classic example of that is Alduri’s illustration of the British suffocation of Egyptian textile in the mid nineteenth century (Al-Duri 1969). Not
that colonial plunder requires proof, the splitting up of Tripoli, Aleppo and Mosul (1917), which had formed an embryonic industrial hub in the early twentieth century, further corroborates colonial anti-developmental bias. Merchant capital activity thereafter represented the pervasive activity for the capitalist class. Ever since independence, conditions of uncertainty associated with a combination of imperialist assault and institutions devoid of working class representation rendered short-term profiteering the principal undertaking of private investors. Private investment until today is centred on short-term gestating capital and commercial undertakings. Colonialists did not breed an autonomous bourgeoisie. The bourgeois class that they weaned in the immediate post-colonial years was financially and, more pertinent, in terms of real resources, incapable of promoting developmental investment. When development is considered akin to industrialisation, it then follows that a national class incarnating the capabilities of the state, other than the national bourgeoisie, should have assumed the responsibility for development. Only state resources can challenge post colonial dilapidation.

There is quite a difference between colonial plunder and the late developer syndrome. Late developer syndrome imposes enormous burdens on newly independent countries such that the possibility of solving problems by means of individual entrepreneurial activity all but disappears (Buick and Crump 1986, p. 46). But late developer sounds innocuous and bereft of politics. Colonial plunder, however, never receded in the Arab world and the imperialist assault regained momentum after the fall of the Soviet Union. A constant state of war or the serious threat thereof were endured by Arab late ‘developers’, which not only forbade the emergence of a national bourgeois industrial class, but also increased the risk to private investment to the point where it became almost futile. The role played by the bourgeois class had to be passed on to other social classes, which were no less committed to the accumulation of capital than a typical industrial bourgeoisie. The new class alliance of military and intermediate strata sought to achieve development by social means as distinct from individual entrepreneurship (Abdel-Malek 1971). Such a process paved the way for major economic, social and political changes to be carried out from above, either through the state or through an alliance with the soviet bloc (Turner 1984, pp. 61-62 and Petras 1976, p. 440). But it is relevant to recall the order of priority. It is not only the vacuum of an apt national bourgeoisie that accounts for the agent of development to be transposed in and around the state; conditions of imperialistically infused debilitation wrought upon the Arab world have all contributed to the development of this environment. Key among these factors, were successive Arab defeats to Israel. A spectre of war had since haunted the region. The dangers to national security provided an alibi for the state bourgeois class to repress and exploit at will, and to later position itself to ascend as an imperialist satellite of the world capitalist order.

In the transition from state-led to privately-led development, there occurred a rising genie coefficient (income inequality gaped away), a trade policy suitable to WTO standards of liberalisation, the annulment of multiple exchange rates, the liberalisation of basic commodity prices (removal of price caps) and the pegging of the exchange rate to the dollar while facilitating capital transfer. Seen as a totality, these measures imply one sordid condition which is to facilitate the transfer of value or non-monetised assets and value forming resources to the ex-colonial powers all anew. Additionally, as a result of the receding power of the Soviet Union and its eventual collapse, the reign of neoliberal ideology became yet more profound. The state bourgeois class, which had guarded the seminal social relationship of capital under the guise of socialism, leap into the condition of fully fledged capitalism. The military altered its class alliance from the intermediate strata to the merchant class and, more importantly, it became a subsidiary of global financial elites. In the financialisation phase of imperialism, the disarticulation endured by the Arab social formation as a result of a gravely imbalanced power structure and resource usurpation wrought havoc upon class alliances and structures. At the level of working class consciousness, the divide between the state of being and an historical grasp of that state forked away as social ideology took a dive. The Arab state bourgeois class of the neoliberal age assumed a fully compradorial role and merged with global capital. Inherent capitalistic tendencies, pitting the private against the social, in this genre of Arab capital egged on integration with global capital. However,
the outcome was not inevitable, until military and ideological defeats amassed against socialising states in the eighties and were too grave to be withstood.

4. A frail Arab bourgeois class

In the two decades that followed World War Two, more than one-half of the population remained in the countryside of the Arab world and the industrial working class amounted to a relatively insignificant proportion of the working class (Turner 1984, p. 54). The commercially engrossed ancien bourgeois class circulated capital in a mercantilist fashion. It was money, returned to money without significant value added to commodities, and with heavy reliance on imports and few goods produced by local means6. The entrepreneurial skill swung towards trade as opposed to industry (Turner 1984, p. 53). Both Berger (1958) and Turner (1984) agree that the weakness of entrepreneurship stemmed from the fact that the merchants and small retailers represented a large proportion of the bourgeois class. Moreover, the small number of manufacturers emerged from the ranks of the merchant class itself. The vast majority of industrial enterprises were founded by traders or financiers, generally merchants, engaged in foreign trade. No class on its own had the capital necessary for post-colonial developmental undertaking (Issawi 1955, p. 131).

In the uncertainty related to weak states and intermittent wars, to shy away from long term industrial activity represented a reasonable individual choice. State collapse in Lebanon, Syria and Iraq are evidence that no animal spirit can endure this structural shift. It is not entrepreneurial psychology per se that inhibits investment in long term industrial developments, it is war and the prospect of state collapse. Bearing in mind that imperialist aggression is premised upon encroachment, in as much as socialist Arab states redressed the balance of forces with the imperialists through redistributing and solidifying the internal class alliance of workers and peasants, they were capable of development. Working class security, which substantiated sovereignty, was a sine qua non of development; a lapse in one means a lapse in the other. The dynamic of class polarising capital accumulation under Arab socialism was accentuated by imperialist meddling meant to fragment and weaken resisting Arab formations.

Over the past thirty years, with the commencement of the neoliberal age, the social conditions in the Arab world deteriorated to a point where roughly half the population was spending half of its income on basic food consumption7. Investment fell from 30 percent in 1980 to around 18 in 2010 (WDI, various years). The regional rate of unemployment was one of the highest globally and the share of labour in the form of wages fell to around a quarter of national income (KILM-ILO, various years). These were but a few of the results of the structural terms of surrender dictated by imperialism via the interlocution of the World Bank and IMF policy. At the same time oppression became more expansive. Apart from the gruelling human rights record of Arab regimes, a 2007 report by the International Trade Union Confederation, for instance, indicates that ‘workers in the Arab region still have fewer trade union rights than anywhere else in the world’8. Imperialism, eying oil control, drives an agenda of anti-development in the Arab world. Thus, one is well advised to recall the definitive historical context before judging on the basis of psycho-behavioural assumptions whether a risk taking entrepreneur exists in an Arab context. As Keynes was apt to differentiate, risk is calculable but

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6 The role of a capitalist and a merchant class are not to be confused, as the merchant class acts as a circulator of money rather than converter of money into physical elements, used for producing wealth (Fine and Saad-Filho 2004). That is to say, the process is that of distribution of goods rather than production of goods and creation of new value. The profits attained from the process are effectively a transfer of value from members of society to the merchants.


8 Annual Survey of Violations of Trade Union Rights (2007).
uncertainty related to war is wholly unpredictable and could imply structural realignment. The Arab region is as highly uncertain now as it was throughout the second half of the twentieth century. The imminent prospects of war have essentially thwarted development.

5. The military in power

The post-independence capture of state power by socialist Arab regimes occurred mainly by coup d’état. Not that it is unusual, in most modern Middle Eastern countries the colonially trained military emerged as a social force pursuant to the disbanding of previous colonial military formations (Owen 2004, p. 180). They expanded after independence and most officers were recruited from intermediate strata or small-holding peasantry. Given the state of tension that reigned in relation to imperialist assault and the formation of the state of Israel, armed forces played a central role in the politics of Arab states. Coups and the recycling of military regimes were a common feature of postcolonial Syria and Iraq. Although coups were not symptomatic of the Egyptian case given the popularity of Nasser, the May-corrective movement (1971) undertaken by Sadat was in many respects a putsch. The higher frequency of coups in Syria and Iraq may be attributed to fiercer international struggle for both states as well as self-induced factors of instability (Picard 1988). While in some developing regions the army appeared to act outside class relations as a moderator, or in a way so as it intervene in civilian affairs only to put ‘things in order’ then ‘return to the barracks’ (Khuri 1982), in the Arab world, the armed forces have resumed authoritarian power. They set up one-party rule, intervened directly in civilian affairs and practically commandeered the economy. In Egypt, Syria and Iraq, the military rose as the principal political actor and instrument of government, but its public visibility varied in relation to regime stability.

Once the disappointing developmental performance of the national bourgeoisie of non-military postcolonial regimes came to the fore, the army took the leading role in ‘radical’ socioeconomic reform through a revolution from above. Vatikiotis (1972, pp. 12-13) argues that political insurrections, uprisings, and rebellions witnessed in the Middle East region, or what is known as the ‘revolution from above’ cannot be considered as revolutions and only represented ‘middle class dissent’ with Western intervention. However, if revolutions were to imply social and political change, then these coups were indeed revolutions. Army officers broadened and cemented their hegemony over the social base by espousing the aspirations of the broad section of the masses. Nasserism in Egypt and Ba’thism in Syria and Iraq undertook extensive land reforms, infrastructural projects and heavy industry development favouring the betterment of conditions for lower strata (Khuri 1982, pp. 17-21). The pedantic tweaking with revolutions as some sort of platonic ideal to which real world processes have to measure, is more theology than social science.

The wide consensus in the literature presents the military as a progressive social force and an instrument of social change and modernity (Vatikiotis 1972; Abdel-Malek 1971). It is also acknowledged for partially meeting the hopes and the aspirations of the middle class (Petras 1976, p. 440) and to have shrunk the influence of the traditional classes of the ancien regime, landlord aristocracy and Colonialist bred bourgeoisie. Unlike the old elite whose origins remained in part strongly feudal, the army acted as a social ‘revolutionary’ force in the Arab World enacting laws that revamped the foundation of civil rights, including, the rights of women. The army rank and file were composed, by and large, from well-to-do sections of the working class and small land owning peasants. The case may be that the vestige of petty property ownership desists from social progress, however, the élan of modernity and Soviet influenced social programs subjugated certain socially regressive traditions. At a later stage when the army capitulated to imperial diktat, it was not the resurrection of some ‘inert’ cultural value that swayed its position on the formation of class alliance in compradorial ways; it was pliancy in relation to a state of military defeat. Although the alleged inertness of

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9 [http://membres.multimania.fr/yannickperez/site/Keynes%201937.PDF](http://membres.multimania.fr/yannickperez/site/Keynes%201937.PDF).
reactionary traits pertinent to Arabs occupies a huge space in the Western imaginative, this approach cannot conceptually be admitted into social science because the abstraction of the Arab as a socially regressive type is ahistorical.

To assess the shifting class allegiance of the military, one needs to examine the key alliances that the armed forces undertook at different historical periods. The firm articulation of the military and the newly expanding intermediate strata in the socialist radicalisation phase of the sixties strengthened the hegemony of the armed forces over the social base (Leca 1988). As of the early eighties, weakened national security implied weaknesses at all security levels including working class security or security from want. The military internalised the conditions of defeat, and managed the transition to neoliberalism by aligning itself with the newly revitalised business community. By the early eighties, the rent petro-dollars began to seep into the semi-autarkic economies of Arab socialism and signs of conspicuous consumption emerged. The state bourgeois class became noticeably capitalistic and parted with its populist working class rhetoric. It started pursuing economic liberalisation so as to reverse the process of socialisation. At first sight, it appears as if this new predisposition is driven by the dynamic of inequity under any capitalistic mode of development. However, upon a closer look, these changes were decisively determined by the onslaught of global militarised capital onto this crucial oil region. Egypt and Syria were left with debilitating costs of wars and Iraq had just re-entered another war. Evidently, these routs tallied with the potential for expanding accumulation based on dislocation for certain sections of the state bourgeois class. However, the determining moment for the transition had little to do with the tendency of national capital to grow under more unequal conditions and, a lot to do with the implicitly enshrined conditions of surrender meant to pauperise and dis-empower working people. The mode of integration of the Arab world through the channel of oil requires the articulation of the Arab world with the global economy via a mode of destructiveness and disengagement of national assets that would not afford the population with sovereignty over national resources10.

Although to a lesser degree, in Iraq the military absorbed the conditions for surrender pursuant to successive military defeats and projected them in piecemeal neoliberal policies that structurally swung the economy towards a privatised mode of accumulation. Apart from being in a permanent state of war, Iraq’s form of nationalistic capitalism, the intransigence of its leadership and its vast reserves of oil, implied that no matter how malleable its leadership became, its terms of surrender could only come about by direct re-colonisation. At one point prior to the second Gulf war in 2003, the Iraqi leadership practically passed over its oil field ownership to French and Russian oil companies; however, to no avail. The subjugation of Iraq, a country too strategic for imperialism to be left standing, its dissolution into several antagonistic social entities and continuous internal strife, represented a model that stifles adequate popular sovereignty. In retrospect, the collapse of Iraq as a state appears to have been necessary to tilt the balance of power securely in favour of US imperialism. It is fallacious to comprehend the US’s goal in terms of a desire to set up a stable social formation in Iraq. The continued state of violent flux militarises the Gulf and hollows out the social formation so that it is no longer in a position to reproduce itself on better terms. That latter objective is development as a process of bettering living standards and the rights of people to fulfill their potential by the exercise of politics through the state. Ultimately, the destruction of the Iraqi social formation as a viable entity and the rise of Israel as a regional superpower intrinsically weaken the capacity of working people in the Arab world in confronting American imperialism.

At different stages in their development, the Arab military re-allied itself with global financial capital and the merchant class, and slowly de-industrialised and de-socialised their respective social formations. By the time of the uprising, one out of three children in Egypt was malnourished and nearly thirty percent of Syrian

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children suffered from stunting. In Iraq, however, the pace of pulling down the social structure was determined by military bombardment. To date, more than one million orphaned children are roaming the streets of Baghdad. It is not bombastic to state that conditions in the Arab world are appalling; it is an understatement of the impact of bombardments. It was during this neoliberal period, however, that the military’s intelligence agency, the mukhabarat — became the most powerful institution and main instrument of control. The suppression of organized labour and other civil society organisations assumed new heights (Pfeifer 1979). Praetorian regimes that before had capped affluent consumption and funnelled resources into public investment, came to mimic western consumption patterns and, ultimately, to rely more heavily on coercion. The post-colonial crisis of underdevelopment, which was bolstered by a crisis of inequitable distribution, and which was partly redressed by Arab socialism, re-emerged under the rule of the newly established military-global financial elite-merchant class alliance. In Egypt, one year prior to the uprising, a major Arab newspaper headed with an article entitled: Egypt is back to King Farooq’s days in terms of inequality when two percent of the population owned 98 percent of the wealth. Income inequality rose at an increasing rate. In this new order, the army concentrated more power its hands and became strictly the subject of development. The army’s role in Egypt in the post uprising days remains in evidence. The army’s top ranks have intertwined themselves with vested interests in the commerce of their respective economies. They did so in relation to an import-led mode of development. Upon retirement, the brigadier was destined to enjoy a state patent over a certain imported product. The public sector was fated to become privately owned.

6. Arab socialism

During the socialisation phase, the ruling class in Arab socialist states was specified as an alliance between a dominant military and an intermediate stratum. However, a formalised characteristic of a ‘middle class’, borrowed from a Western context (in how it is used as a separate category of middle class from the working class in the US) and implied upon Middle Eastern formations was such that:

“the propertied middle class could not compare in terms of capital, skill, and organisation with the resources and power which governments muster for rapidly overcoming economic backwardness and keeping pace with social change in the Middle East... only the new, salaried middle class, clustered around a core of civilian and military politicians and administrators, seem capable of leading the quest for status, power, and prosperity by taking control of the state apparatus” Halpern (1962, p. 279).

Although well parameterised, this distinction between strata within the working class does not read into a social class in relation to other classes and, more specifically, in relation to imperialism. The degree of cohesion of a working class depends on its position vis-a-vis the ideological power of capital. It is not the reasoned ideological discourse of capital that conquered the Arab world; winning hearts and minds was never the purpose of US aggression anywhere in the region. It is militaristic imperialism in an oil/Arab context that exemplifies a formidable force. The military bases strewn around strategic resources are the embodiment of international financial elites in actual physical form. None of the Arab class structures can be said to exist outside this militaristic relationship to imperialism. In the sixties, with colonialism retreating, it may not have been possible to assess imperialist clout in respect of national social classes. However, in as much as these

12 http://www.aljazeera.com/video/middleeast/2011/05/201151041017174884.html
13 http://www.alquds.co.uk/ (in Arabic).
modern states were created by imperialism, so were their social classes. As soon as the Arab socialist project succumbed under a combination of imperialist assault and internal fracturing resulting from capitalist accumulation, the ties of national social classes with imperialism were re-established.

It may as well have been the frustration of the new educated ‘middle class’ that emerged after the colonial period that escalated the sentiments of anti-Westernism, but the real reasons for anti-western stance are far complex and multi-layered. They cannot be reduced to the undulating feelings of a sub-stratum. Anti-imperialist positions gained momentum in response to the practice of imperialism and the abject conditions that were created by the colonialist forces. The rising tide socialist ideology and national liberation movements in this epoch earmarked anti-imperialist struggle. The Arab bourgeois class – composed of merchants and large retailers – was deeply integrated into the capitalist system during pre and post-colonial period. It acted as an appendage to dominant imperialism (Amin 1978). It served foreign interests by colluding with the West and stifling resources (al-Hamsh 2004, p. 40; Springborg 1993, p. 3). In the more general case, Petras (1976) argues that the global expansion of imperial capital into the developing societies has incorporated the national bourgeoisie into its international network through trade, joint ventures, patents, loans, and credit. These linkages strengthened the dependency of host economies on foreign capital in financial and technical support.

In the immediate postcolonial phase, the Arab comprador class failed to garner the legitimacy and sufficient financial and real resources to build productive capacity. The inherited inequality laid the groundwork for discharging the old land-owning and comprador classes once the tide of socialist ideology took root in the Arab world. With the Soviet Union exemplifying the social model of state-led development par excellence, the alliance of military and intermediate strata emulated soviet style socialism. While the expanse and form of state intervention in political, economic, and social activities varied from one country to another, the trend of the post-independence years was for growing state ownership of the economy. The Arab Socialist states acted as engines of growth (Anderson 1987, p. 11). The state bourgeois class led the process by focusing on heavy industry and infrastructure. In the mid-sixties, The Syrian Ba’ath carried out massive land reforms. In Iraq, the Ba’ath redistributed land, oil revenues in more equitable ways. In Egypt, state-owned enterprises accounted for about 60 per cent of value-added in manufacturing and Syria’s accounted for about 55 per cent. The output of these newly established public enterprises recorded 13 per cent of GDP in Egypt and 11 per cent of GDP in Syria (Richards and Waterbury 1990, p. 192). Land reform tagged along and evidence of increasing agricultural productivity assisted in partly stemming urban migration. Until 2006, Syria was exporting cereals. With extensive social investment, standards of living rose significantly (Ayubi 1995; Anderson 1987; Richards and Waterbury 1990, pp. 187, 255 and 416).

The growth rates of the Arab socialist period as compared to the more recent neoliberal phase were higher. GDP and GDP per capita growth rates of the Middle East region registered 7.5 per cent and 4.8 per cent, respectively for (1964-1974) period. Notice that the rate of population growth is nearly steady. These rates then dropped to 2.9 per cent and 0.3 per cent for (1985-1995) period (World Bank 2009). In the uncertain post-independence environment, the state acted as a guarantor of long term investment in plant and equipment. Industrial and agricultural state owned banks lent to national projects at concessional long term rates. A so-called black list protected the national industry from foreign competition. A tightening of the capital account and a multiple interest and exchange rate policy galvanised national resources and provided exchange rate stability. Subsidies and price controls in essentials raised the standard of living for the rural population. Land reforms, which have since been rolled back, raised food production considerably.

Throughout this process of socialisation, the private sector remained active. Cooper (1983) for instance argues that there is a tendency among scholars to dismiss public-private oscillations that characterised ‘state capitalists’ regimes of the Arab region. He concludes that ‘state capitalist’ regimes failed in transforming the fundamental structure of their societies, either into a dynamic capitalist form or into a non-capitalist one, thereby they oscillated between various mixes of public and private sectors, ie. mixed or joint
sector structure in which the public sector was inefficient. Moreover, Cooper (1983, p. 458) presents Egypt as a case model, whereby 'state control did not obviate the role of the private ownership'. Cooper notes that the incentive to accumulate was always present and strong, both in the agrarian – where the incentive was to escape from state control – and the non-agrarian sectors of the economy – where efforts were taken to maximise one’s ability to gain from state’s economic development. The issue with this doctrinal line that dubs inefficient the public sector in a developing context is the looseness associated with branding anything state capitalist and then assuming that privately motivated accumulation is incongruous with the status quo. The pursuit of private interest pitted against public welfare is conditioned by the form of social organization which is capital and, therefore, it is common place for rent seeking around the state to counter public interest. When the so-called inefficient public sector was curbed under neoliberalism, the whole of the social structure went into a tailspin. The public sector served as a welfare cushion as job creation declined and in the absence of unemployment insurance. In more specific terms, the Arab world is an imperialistically aggressed region and the criterion for efficiency is class inspired. Under capitalism, in whichever shape or form it appears, private incentives are not going to disappear. The indelible fact remains that no individual incentive framework of the post-colonial private sector could have carried out the task of development given its structural incapacitation in terms of resources and finance. Moreover, the comprador-class’ tolerance of imperial intervention in national affairs ideologically discredited it as a subject worthy of carrying out the task of development.

When these socialised countries implemented the neoliberal mantra of free markets and private-led investment, the investment rate in general fell from a high of over thirty percent in 1980, to a low of around 18 percent in 2010 (WDI, various years). That private investors cannot lead in capacity building is not only related to penury of finance or to geopolitical uncertainty but also to the broader imperialist objective of controlling oil by disempowering and pauperising the population in abundant-oil region. In the socialist age, the private sector was free riding upon the success of the state interventionist model – public investment crowded in private investment. In Syria, what remained of the private sector after massive socialisation in the mid-sixties grew in tandem with growth in public investment. Downstream involvement in commerce and industry in the socialist age was later to engulf the whole economy under the neoliberal-openness age. The private sector piggybacked the developmental process at all stages of the socialist project. This very private sector would later backstop a new capitalist class that would metamorphose into the newly emergent owning class of the neoliberal age. The private sector typified the formal model that would constitute a stepping stone for the new capitalist class, which arose out of the state bourgeoisie to join the circles of global financial capital. That a more radical socialist transformation to the social structure was not in evidence, especially when the working folk were disengaged from political life, does not mean that the socialist state-led developmental experience did not forebear structurally and historically relevant social results. The welfare outcome of socialisation is not wholly irreversible, but to date it has proven difficult to reverse.

The case of Iraq is, however, different because higher oil revenues provided the socialising state with leverage to finance welfare with foreign exchange. Iraq is also different in the way its terms of surrender were imposed by military devastation. Whatever criticism of the regime that arose from a left perspective appears retrospectively to have been a gross mis-assessment of the situation. Al-Khafaji (1986), for instance, argues that the presence of the ‘socialist’ state in Iraq strengthened the private sector and the economy’s transition towards a capitalist state. He describes the Iraqi genre of Arab socialism throughout the seventies and eighties as the state’s incubation of Iraqi capitalism by which the state supported and monitored the development of Iraqi capitalism in a controlled manner. That may as well have been a case of Syria or Egypt, but the Iraqi state in which the old state bourgeois class presided is not the Iraqi state of today. If that had been incubation of the private sector in Iraq, then it hatched re-colonisation. Arab socialist regimes, which are in essence capitalistic, cannot be expected to make transitions to socialism without democracy for the working classes. Their social reforms were carried out by the international élan of post-independence restructuring. In Iraq, the conditions of
surrender were not laid down by the Washington consensus, they were imposed by real devastation and by Paul Bremer\textsuperscript{14}. The latter ‘freed’ the economy and tore down national industry and agriculture. The majority of the left in Iraq purposefully underestimated imperialist intent and tempered their critique of imperialism in order to demonise Saddam, which also justified imperial expansion\textsuperscript{15}. A nationalist social class is nationalistic by the working class alliances it keeps and the distance it holds from the imperialist centre. Underrating the significance of the destruction of Iraq as a state to imperialism or, worse yet, relegating the whole US assault on Iraq to a mistake based on misinformation, channels the scope of research into what is historically counterfactual. The historically relevant condition rests in the deepening crisis of capital that rides on sturdy trends which call for further imperialist expansion, oil control and resource grab. To condemn the preservation of the private sector in Iraq, is to assume that with more radical forms of socialisation, Iraq could have escaped the oil control agenda of imperialism. Deconstructing capital is not an analytical process but a real historical process in which class struggles, especially those stemming from the struggle against imperialism, politically pressure capital into making further reforms and concessions in favor of working people.

In all Arab socialist countries, the state-centred ‘socialist’ economy protected the niches occupied by the private sector. Private sector activities were basically concentrated on retail and construction rather than large scale manufacturing. Their inputs were state subsidised and the prices they passed on to consumers were capped to moderate profits. The tariff walls that were designed to protect public enterprises also protected private enterprises from foreign competition. The state extended supply and construction contracts to the private sector and private sector profits were amassed through subcontracting. The latter gave rise to patron-client activities between state officials and businessmen. However, Batatu (1986) notes that the leveraging power that the private sector enjoyed under the regime of Saddam Hussein was minimal. This particular point could be drawn for all the Arab socialist regimes by the degree to which they upheld an anti-imperialist position that required a fortification of social cohesion through redistribution. The post-independence imperialist assault on these formations also conditioned domestic economic and social policies. Until their capitulation, these socializing states were at risk of war or in a state of war and national defence required the engagement of all social forces.

Notwithstanding Iraq, which was totally devastated by imperialist aggression, the remnants of the private sector in Arab socialist states did indeed serve as the embryo for broader private sector-led development at a later stage. The very class in power under socialism moved into the private sector and formalised its control of state property in cadastral form during the neoliberal stage. The wealth of Mubarak and Assad families are irrefutable testimonies to this public to private wealth transfer. President Assad’s cousin is said to own sixty per cent of the country’s economy through a complex web of holding companies\textsuperscript{16}. The same cannot be said of Saddam’s regime, however, probably since it was not allowed to last long enough to experience neoliberal transformation. In the case of Egypt and later Syria, adhering to the diktat of imperialism proceeded in a way that may have pre-empted imperial aggression Iraqi-style upon their territory. In the case of Iraq, its demise as a state can be attributed to its ideological stance or refusal to surrender early on to the condition of capital; it was rather necessary for imperialism to structurally turn the balance of power in its favour by demolishing the whole of the social formation. Iraq as a weakened social form is crucial to the standing of US Empire\textsuperscript{17}. Along the same logic, the current protracted process of destruction in Syria follows a similar rationale from the point of view of empire.

\textsuperscript{14} \url{http://www.alternet.org/story/19293/}

\textsuperscript{15} ‘I did not want to be a collaborator’ Isam al-Khafaji, a former member of the Iraqi reconstruction council, explains his decision to resign: \url{http://www.guardian.co.uk/world/2003/jul/28/iraq.comment}

\textsuperscript{16} From Financial Times article, April 2\textsuperscript{nd} 2012, titled ‘Assad cousin accused of favouring family’.

\textsuperscript{17} Downloadable PDF available from: \url{http://www.networkideas.org/featart/aug2011/Ali_Kadri.pdf}
By the late nineties, in both Egypt and Syria, the process of class restructuring was completed. The state bourgeois class became a typical compradorial bourgeoisie. The alternating debate concerning equitable distribution, which existed between the state and the national bourgeoisie in the sixties, mirrored the crisis of inequity inherited from colonialism. In the highly unequal conditions of post colonialism, the state had to force through equalisation measures such as land reform. However, the very idea that was flaunted by the state bourgeoisie that the private sector constitutes an indispensible constituent of the national front in the struggle against imperialism may have concealed an ulterior motive. The state bourgeoisie later used this private sector to absorb and effect the conditions of capitulation to imperialism and launched itself as fully fledged capitalism. The defeat of Arab socialist states was manifold, but the further retreat in socialist ideology pursuant to Soviet collapse provided the elites with the ideological pretext for the volte face. It denudated elements in these regimes that had acquired wealth via state control and that subsequently needed to actualise this wealth in titled and private form. Without the condition of Soviet collapse, which resembles a force majeure, the ease with which these social transformations and class restructurings were carried out by the autocratic regimes may not have been unproblematic, as they evidently appear so in hindsight.

For structural reasons, the private sector, in the initial stages of post-colonial reconstruction, could not have carried out egalitarian redistribution required to align the national forces into a defensive anti-imperialist position. The private sector in the neoliberal age also failed miserably in the task of development as witnessed by the appalling social conditions prior to the Arab uprisings. Pursuant to independence, the private sector was submerged in crisis, its reputation tarnished by the stigma of a shifty national allegiance, and its structural shortcoming, which is its lack of capacity to tap into the substantial resources needed for development, was in evidence. During the Arab socialist phase, the determining moment in the course of development lied not only in superficial squabbles between party bosses and merchants, but more so in outside imperial pressures, which were kept up by military force to drain the capacities of newly liberated and noncompliant states – especially so, concerning those around huge oil reserves. A state of constant war or the threat of war, whether real or perceived existed, which disallows significant privately led investment in plant and equipment to gestate over the long term. Unless the state intervened, it was doubtful that any relevant net additions to high capital output ratio capital could materialise. The lower ratio of overall investment to output and the ephemeral nature of investment during the neoliberal age provide ample proof of this point (as mentioned earlier investment rates declined from 30 percent in 1980 to around 18 percent in 2010).

It makes for an intractable task to dissociate the interface between policies and development outcomes by attributing them either to internal national class formations or the external meddling of the imperialist camp in national affairs. The external involvement in national affairs forms part of the class structure that constitutes the state. To question whether the Arab developmental disaster is the fault of national elements or that of imperialism sinks social science to the whim of empire. This issue is not an analytical condition per se; it is a process of history. Whatever class alliance existed in the socialist Arab state, it was developmental or anti-developmental by the space it kept from the imperialist centre. Depending on the centripetal strength of the working class, national class formations shape the condition that combines the struggle against imperialism and development outcomes in real and ideological forms.

In one glaring example of faulting the national forces alone for their mal-development, Jomo (2005) analytically proposes in no uncertain terms that it is the national bourgeoisie that is responsible for poor developmental outcomes. In a work titled the origins of development, structuralism is faulted for stating that subordination to the world market seals the fate of nations, and that it is squarely the doing of the national class in charge of development (Jomo, 2005). The fate of nations in an increasingly interconnected world is contingent upon an anti-imperialist international class alliances supported by socialist ideological zeal. The national bourgeoisie is determined in relation to its mode of integration with global capital and in relation to appropriation from the national economy. Unfettered expansion denominated in dollars will inevitably convert
the national class into a compradorial one. The upshot of this becomes: is a comprador class in any way national? The very being of the nation state mediates the category of capital and not vice versa. A social class cannot be defined in terms of the passport it holds. Historically, a social class supersedes the modern form of the nation state. A bourgeois organises the pursuit of profit through the state and the state is only means to an end. Development in relation its agent, which is a social class that is not defined in terms of ethnicity or national colour but in terms of its relation to the appropriation of surplus from self-expanding value, is the subject of social science. Accordingly, to expect that a national bourgeois class will oppose imperialism on national grounds or because it is committed to its own national working class is absurd and runs counter to its very raison d’être.

From the point of view of a third-worldist under American bombardment, structure appears immutable. The kernel of the issue, however, is neither structuralist nor atomized-individualistic. Change is class determined and the social class with hundreds of military bases strewn across the Middle East forms the determining constituent of Arab states. This structure has so far escaped deconstruction and, historically, Western anti-war protest movements have been unsuccessful. They nationalised, as opposed to internationalised, the struggle and sought an end to war as if it was a form of charity by the rich North to the poor South. The creation of social wealth by more productive means in the West became possible in part by destroying the productive of means of the Arab world. Wealth creation was given a Western nationality proper. This Eurocentric approach represents a civilisational distortion of value, one wherein Western lives are dearer than those of the rest by the criteria of a nationalism that is invariably laced with racism as is the case in any form of nationalism. But one presumes that the impact of Hollywood culture on social science reduces the social agency of class to colour, sect, and ethnicity or, worse yet, good and bad guys in order to exonerate imperialism.

The state bourgeois class, which paraded itself as an ardent foe of imperialism under Arab socialism, was later to become more alienated from its own social base under Infitah (openness or the Arabic equivalent of neoliberalism) and a close ally of imperialism. Infitah was a model of value usurpation and an opening up of national markets to geopolitical rents, which destroyed the protective dual-exchange rate arrangement and enacted the Saudi model of earning without effort as the leading social model. US/Saudi administered geopolitical rents did not come unaccompanied with ideology, they brought along the retrogression of Wahabism. Weakened by lack of endurance to stave off imperialist pressure and drawn by a cross border class alliance, these transformed state bourgeois elites were socially predisposed to implement the terms of surrender. The blame game, in the sense that it is the fault of the third world or the fault of the centre that caused developmental disasters, is a surreptitious argument that misses the point of global accumulation is an organically interconnected social process, which is monetised subject to the rapport de force in international relations.

7. Closing comment

From a culturalist perspective limited industrialisation and development in the Third World has been ascribed to the lack of the spirit of entrepreneurship or the ‘problematic of the missing middle class’ (Turner 1984, p. 44). However, structuralists such as Baran (1973) and Poulantzas (1973), think little of the problematic of the missing middle class. They argue that although the capitalist class plays a dominant role in capital accumulation, it nonetheless is not to be found in a vacuum. To them, the totality of the mode of production, in which the state is central, constitutes the determining moment of social and economic transformation. It is difficult to identify social classes without prior identification of the mode of production (Poulantzas 1973). The case for the Arab world is especially acute since the capitalist system incorporated the Arab region in terms of production, exchange and cultural relations, via colonisation (Amin 1978). For Baran, the entrepreneurial spirit
is said to be bred within the capitalist structure, where in the ‘absence of industrial capitalism there are no industrial capitalists’ (Baran 1973, p. 385). ‘The existence of “entrepreneurial role” is sociologically determined, not generated by the creative activities of individuals. Entrepreneurship is an outcome of capitalist structures. The contemporary class formation in the Arab World is the product of an oil-determined articulation, which is carried out by military force (Avramidis 2005). It is this articulation that forbade not only the evolution of a vibrant entrepreneurial class, but also precipitated the planned abortion of development in the Arab world. This is not a condition which is specific to the Arab world, it occurs at the point where the metabolic rate of the reproduction of capital imposes social dislocation to a degree which is satisfactory to value grab.

Real developmental achievement leaves its imprint in real time, which is one continuous whole and not the formalised short-term/long-term travesty it is often made up to be. The positive developmental impact of the socialist Arab state was real and lasting. Lumping Arab socialist and their later mutations, the neoliberal regimes, together on the grounds that they were both repressive dictatorships is somewhat academically complacent. These Arab socialists may have been capitalists parading under the logo of socialism, but the egaliatarian redistribution undertaken in the early stages of independence left an everlasting impact on welfare. To have drastically reduced the illiteracy rate in Egypt at first, is an accomplishment that neoliberalism found difficult to roll back. Different starting points of development lead to different paths of development – China’s lead over India is a case in point. Thus, a quasi-socialism emerging in a less developed Arab formation, bombarded by belligerent imperialism, is in some respects a victory of labour over capital and a collusion of an ideologically inclined social theory and practice. Social theory and practice in the Arab world, to be sure, meet and depart from each other more so by the outcome of international class struggle than nationally confined class struggle.

The reading of class transformation in this essay is based on the premise that it is submission to imperialism that revamped class structure in order to absorb the terms of surrender. After several routs, Arab socialist regimes went from being led by an alliance of the military and the intermediate strata to an alliance of the military with the more domineering international financial capital. There is another underlying hypothesis that underwrote the Arab path of development and that needed to be brought forth at the very start, but it is equally relevant to resurrect it now. Arab development is determined in relation to contradictions in global capital accumulation mediated by international relations manifest in oil-control wars upon the Arab region. Arab development, if it were to happen, imparts security to working people and, by implication, popular sovereignty and a sturdier Arab national sovereignty. Therefore, Arab development is unlikely to be wrought by peaceful means, since it will inevitably contribute to weakening imperialist hold over a geostrategic region whose control is central to empire. Imperialist wars aimed at the selective deconstruction of Arab social formations exemplify the mode of praxis of the foremost constituent of the subject of history, which is US Empire, in respect to the Arab world.

A telling drawback of Arab socialist regimes, however, is that the working population was not afforded with the requisite civil liberties to participate in the political process. This repression came handy when the turn to neoliberalism took place at a later stage. Critiques of this experience from the far left have a moral overtone that indicts the Arab socialist model on the grounds that it maintained the relationship of capital under a more collective ownership of the means of production. Ethical evaluation begins at the intersection of theory with practice and not a theory with theory18. Capitalist social relations are entrenched, and radical change would have required more than simple commitment to socialism in some corner of the third world, but a social ideological avalanche. On its own, the level of development in Arab states with traces of semi-feudal despotism would not, sui generis, attenuate the repression attendant upon the labour process. Nevertheless, anti-imperialist positioning represented a necessary step in the formation of global anti-imperialist fronts and, the

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18 From Barrows Dunham, Thinkers and Treasurers, Monthly Review 7 (8), December 1955.
consequent, retention and redeployment of real resources in the national economies that resulted in comparatively positive developmental outcomes. This post colonial stage in Third World development with its political landmark achievements in Bandung and the rise of the non-aligned movement was possible because of concerted international working class alliances. Dislodging the Arab development debacle would require more than just an Arab spring, it requires a World spring, else one will continue to bear witness to an elected Islamic brotherhood submitting World Bank wishes and a Syria engulfed in baleful fratricide.

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