Revisiting Arab Socialism

Abstract:
Many Arab states witnessed heavy state intervention and state-led development in their early post colonial years. ‘Socialist Arab states,’ principally Iraq, Syria and Egypt, which represent the chief cases of study in this paper, assumed the challenge of industrialising as a way to break the fetters of an inherited retrogressive postcolonial structure. Most of this class of Arab regimes aimed to achieve self-sufficiency in production, endorsed import substituting industrialization, and effected public investment so as to raise capacity. Pursuant to the recent revolutionary phase, which has divulged the social disaster attendant upon the adoption of neoliberal policies in the early eighties, the Arab socialist experience has resurfaced as a far more adequate social model of development despite its many flaws, principal among which, is the repression attendant on the labour process carried out by the socialising state. But to be sure, the implement of neoliberalism stripped the working population of many of its previous gains, all the while, raising the dose of repression at all levels. In the neoliberal age, workers and farmers in the Arab world lost socialised medicine and education, the right to farm agricultural land, and had their incomes depressed to levels endangering minimum subsistence in many instances. This paper revisits the issue of Arab socialism and investigates the changing nature of class formation in charge of Arab development. The class of military officers and its adjunct ally the middle class, hereinafter the state bourgeois class, by virtue of its control over state resources, was capable of acting as an agent of change and development during the socialist phase. Save the more detailed technical aspects of the interface between national policies and their developmental outcomes, experience shows that the broad determinants of development in the Arab world hinge on conjoining security and developmental strategies. In this region, imperial control of oil is central to maintaining the global accumulation process. In this context, Arab autonomy over territory, resources and policy becomes a sine qua non of development. Subsequently, reverse development or the de-development of the Arab world under the neoliberal phase can be principally attributed to the global avalanche, which signalled the withdrawal of the Soviet Union, and its successive military defeats that have exposed working-class security and national sovereignty simultaneously. The defeat of the Arab socialist project, which mimicked in its decline the eclipse of the Soviet Union and receding socialist ideology thereafter had more to do with global ideological shifts than popular dissatisfaction with the socialist experiment. Recent Arab development or, the lack thereof, is constituted to be a residual of contradictions in global capital accumulation mediated by international relations manifest in wars upon the Arab region. Arab development implies security for working people and, by implication, a sturdier national sovereignty. Arab development cannot be wrought by peaceful means, as it will inevitably contribute to weakening imperialist hold over a geostrategic region.
INTRODUCTION

It is often argued that heavy state intervention and state-led investment during the sixties in Arab socialist countries were premised on the absence of a vibrant bourgeois class that could have acted as an historical agent of change and development (Amin 1976 and Petras 1976).¹ In most developing countries, the post colonial developmental impasse, or the absence of ‘entrepreneurial business’ paved the way to the rise of a ruling class made up of rich peasantry and middle classes, which became the principal agent of development (Kalecki 1972: 164). The impasse in its broader sense represents the crucial problem facing the developing countries, which is to increase investment considerably, not solely for the sake of generating supply that would meet rising effective demand, as was the case in an under-employed developed economy, but for the sake of accelerating the expansion of productive capacity, which is inadequate and, at the same time, indispensable for rapid growth in national income (Kalecki 1976: 23-24). On narrower level, in Arab socialist countries, it was basically a mix of rich peasantry and middle class, conjointly with the military, whose mediation in a manifest form of social organisation, is defined for the purpose of this paper as the state-bourgeois class, which supplanted the entrepreneurial class, promoted state-led investment in industry and, more generally, built productive capacity during the post-independence period.

However, in much of the Arab world, the post-independence development debacle, could not have been totally attributed to the total absence of an entrepreneurial class. Prior to independence, vast sections of the national bourgeoisie partook in the virulent anti-colonial struggle. However, as soon independence was won, the political and economic frailty of the national bourgeois class became visible, as the colonial umbilical cord was severed. Upon the ashes of the old classes, there rose a set of military dictatorships competing in populist and genuine anti-imperialist positions. The old, especially the colonially reared sections of capitalist class, were subjugated in the process. With the old bourgeois class weakened, the state in this subject group of Arab countries became a surrogate bourgeois class. However, as early as 1959, Braverman foresaw the bifurcation in development lying ahead and warned that unless the working population politically partakes in the making of socialism, the whole process of egalitarian distribution could be easily reversed (Braverman, 1959). In a paraphrased version of his expression, these were ‘dictatorships masquerading as revolutions.’ The authoritarianism and repression attendant upon the labour process implied that socialisation could be easily turned around, since working class organisations were appendages to the regime and commandeered by the dictatorships themselves. The aim of this paper is to examine the class-driven aspect of capital accumulation in this group of Arab socialist formations. The argument aims to reflect the patterns of societal and institutional change as conditioned by the socio-economic structure, state formation and state-class relationships. In order to understand the driving social force of capital accumulation, I posit that it is essential to grasp more fully the political strengths and weaknesses of social classes, their relationship to the means of production, informal control of property and the private process of extracting socially produced wealth via the state.

This paper will be structured as follows. The relevance of the concept of state capitalism in the developing world and the state capitalist class which underlay such structures during the postcolonial period are briefly expounded in sections one and two. The allegedly weak entrepreneurial class in the Arab World is dealt with in section three. The rise of the armed forces and its transformation into a state capitalist class is tackled in section four; after which, the Arab socialist experience of state led accumulation is expounded in section five.

¹ In this article, the subject or agent of history responsible for accumulation are used interchangeably and refer to the social class which takes direct responsibility for creating a socioeconomic framework within which the social formation becomes reproduced.
1 STATE-LED DEVELOPMENT

In characterising the nature of the socio-political structure in a range of postcolonial regimes in the Third World, which achieved independence after the Second World War, Kalecki brings forth 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, they obtained credits from both the socialist and imperialist countries. Cold war political position lessened imperialist pressures and forced imperialist powers to grant credits without attaching too many conditions relating to the internal economic policies (Kalecki 1964: 7-8 and 10). At a later stage, Kalecki exclaimed ‘intermediate regimes’ are ‘the proverbial clever calves that suck two cows, each [political power] bloc gives them financial aid competing with the other’ (Kalecki 1976: 35).

Within the class of intermediate regimes, another band, dubbed state-capitalist regimes, was explored by scholars such as Buick and Crump (1986), Petras (1976), Binns (1986), Binns and Hallas (1976), Cliff (1974 [1955]), and Burnham (1945) where the state undertook the whole of economic activity displacing the bourgeois class in capital’s private appropriation, but never extirpating it. It may be relevant to note that that the concept of state capitalism was to portray the socioeconomic structure of Soviet Russia during the 1920s, which was then defined by the Trotskyists as economically backward or a degenerated workers’ state (Cliff 1974 [1955]; Binns and Hallas 1976; Buick and Crump 1986). The principal tenet of the argument is that the Soviet Union was isolated in the midst of a hostile capitalist world, and it did not possess the means and capabilities for the construction of a socialist economy. Such construction contingently relied on the unfolding of the proletariat revolution in the 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). The growth of state capitalism and involvement in the economics of ‘intermediate regimes’ is seen to have risen from economic planning and government intervention as a way to remove the relevant binding constraints of underdevelopment and the financing needed to jump-start the developmental process. The more rudimentary principle behind the advocacy of government intervention is based on the inadequacy and inefficiency of the market mechanisms, the need for social control of investment and development, and redistribution of income with more egalitarian measures (Kalecki 1976 and Buick and Crump 1986). As asserted by Kalecki (1976: 33), ‘state capitalism concentrates investment on the expansion of the productive potential of the country.’

In the process of political emancipation from imperial economic and political dominance, state capitalist regimes in the Arab world needed to undertake three steps. The first step was that of etatism or the confinement of policy to the remit of the state and its control over natural resources, which would harness the surplus to be reemployed 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; and the third was economic nationalization of large-scale industries. Those regimes supported import-substitution strategies and undertook a comprehensive form of industrialization and national reorientation of economic resources. The state arose as the owner of the means of production and appropriator of the surplus, thereby replacing the private sector and its activities. The private sector however, was not fully superseded. It absorbed a large number of the labour force in menial 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 political climate ripened for free market policies and openness.
Yet, the very usage of the term state-capitalist appears to be ideologically motivated. The abolition of capital as a social relationship in the early stages of socialism is unlikely even if civil liberties and working class participation in the political process were effected and, socialist revolution was all encompassing. The unevenness inherent in capitalism would still necessitate a redistribution under which surplus value would be generated and unequally distributed in the early phases of socialisation. This would also entail a regimentation and lingering aspects of exploitation pertaining to a capitalist labour process. More so, the stage of working class consciousness where public property becomes truly the public ownership, or capital withers and each feels that he or she owns public property, is a symptom that require a significant time in transition to materialise. Thus, for capital as a social relationship to dissipate immediately after public ownership of the means of production is not at all a tenable situation. For this reason, the use of the term state capitalism may be ill-positioned and driven ideologically by the Trotskyites. The concept itself could be qualified further to reflect more adequately conditions in newly nascent socialist formations.

The socialisation of the means of production is a necessary step for socialism. This would indeed represent a process of self-differentiation within capital itself, and it maybe uncalled for to note that the relationship of capital under capitalism pervades the totality of existence. The relevant step that would ensure the transition to socialism would be that of democracy for the working class, or ‘the oxygenisation of the revolution.’ The disqualifying and impeding element of past socialist experience lays in the absence of working class democratisation. In the socialist Arab states, matters were far worse since, unlike the Soviet Union, the socialisation of the means of production was incomplete and, working class repression was abound. It was a faulty socialist model but an apposite historical step in terms of kick-starting development and building a façade of opposition to imperialism.

2 THE STATE BOURGEOIS CLASS

The key strata in the developing formations that initiated the conversion from colonialism to state led development was the state Bourgeois class that spun state bureaucratic control over the economy. Buick and Crump (1986: 56) define it as the state capitalist class as ‘a class which owns means of production not individually as the bourgeoisie does, but collectively via its monopoly of state power.’ The state capitalist class consists of the party bosses, the upper level of the state bureaucracy, the senior management in the economic enterprises and the top ranks of the military and police forces Buick and Crump (1986: 56). Bottomore (1993: 55) argues that the new ruling or state capitalist class – by aligning with the middle class- succeeded in attaining political power under the ‘banner of socialism.’ In the same vein, the middle class is generally defined as the white-collar professionals (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. This stratum not only supplies recruits to the elites, but is considered a vital element in the government of society, as the stability of any political organism depends on the level of knowledge, consciousness and activity of this stratum. Whilst its members do not own the means of production, they are positioned to sell their labour power Bottomore (1993: 5). A more lucid definition of this class came from Petras (1976: 439) where he 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 class and, which has its own political and economic agenda and, whose promotion for market relations and capitalist development is extended under the expansion and shadow of state enterprise.

This alliance of the middle classes and the military contributed to the erosion of some traditional classes (landowners and colonialist bred bourgeoisie) and the promotion of others, such as the ‘new and more expanded middle classes.’ Whilst an industrial bourgeoisie was crippled politically either because its ties
to the previous colonist were cut or the post independence crisis was too steep, it became plausible for state capitalists – civil or military – to fill the class vacuum and expand a bureaucracy around the state. Along the same lines, Kalecki (1964) saw a coalition between the managers of the state sector and the middle class as it directed the transition to state capitalism. The transition was basically based on radical, nationalist, and anti-imperialist agenda in the sense it was hostile to foreign capital.

As the name implies, a capitalist class whether a state one or a private one, will maintain a capitalist labour process. It will, in an orthodox Marxian sense, exploit the labour force; the degree of egalitarian redistribution however, will be proportionate to a variety of internal and external considerations for maintaining regime stability. The kernel of social relationships remained capitalist in the sense that the economic mechanism of exploitation of wage labour and extraction of surplus value continued via state control (Buick and Crump 1986: 29 and 38). Whilst in private capitalism, the process of capital accumulation is organized by private capitalist owning cadastral property titles; the process under state capitalism is organized by officials of the state or their hired managers (Buick and Crump 1986: 20). As the build-up of contradictions typical to modernity came to the fore, an internal clash unfolded between the state capitalist class, which owned the state’s resources, and the increasingly socialised nature of the productive forces (Petras 1976). The demands of a growing urban labour force has brought pressure to bear on the state bourgeoisies and repression against groups representing rural and urban paupers rose (Kalecki 1976: 35). The initial populist euphoria, which accompanied state bourgeois led development, was followed by repressive measures, especially during periods of economic downturns, against trade unions and less favoured sections of the working class (Hussein 1971: 188, 281).

At a very general level, it follows that the emergence of this class of social structures can be viewed as a movement from one type of exploitation to another without a radical shift in the value extraction process attendant on accumulation (Petras 1976: 442). The increasing mechanisation of production meant that there was more of a relative surplus value being produced vis-à-vis the previous era, whilst the additional product was more equally distributed. More importantly, there was resource retention within the national economy, which meant that the monetary and non-monetary elements that go into the formation of value, which were transmitted to the colonists, prior to the rise of etatism, had been dealt a severe blow. The transition from the post-colonialist bourgeois formation to state-ownership led formation occurred without change in the fundamental construct of capitalist property relations, which is for the appropriation of value to proceed via class control through the state as distinguished from control through legal ownership. Industrialisation drove up the degree of relative exploitation. The additional wealth was distributed in more egalitarian fashion and reinvestment in the social infrastructure was significant. However, social change could only be gauged as a matter of degree and not as a fundamental breach with the past. Although the degree of inequality declined considerably, this observation can be maintained on the basis of the fact that workers and peasant were passive and disengaged participants in the social and political process.

The state capitalist experience of this class of Arab countries may not be considered a structural transformation per se but rather a transition, in the sense that no fundamental changes to the totality of social relations of was observed (Ayubi 1992; Pfeifer 1979; Petras 1976; Buick and Crump 1986). Notwithstanding the fact that the state capitalist experience of most developing formations helped in pulling their economies out of their postcolonial decrepit economic status, the construct of state capitalist structure rested principally on a single determining moment: a state capitalist class rose to become the collective owner of the means of production.

Pursuant to this rather brief expose of the general outlines of state led bourgeoisie, the question arises as to why state intervention prevailed during the sixties in the this specific class of Arab regimes or why was the state capitalist class tasked with the promotion of investment in industrial activity so as to lift their
economies of their initial post colonial state. A subsidiary point also arises as to why the Arab bourgeois class failed to challenge the economic impediments that existed then.

In the colonial age, as elsewhere, Arab industrialisation was curtailed. A classic example of that is Alduri’s illustration of the British assault on Egyptian textile in the mid nineteenth century (AlDuri, 1973). The splitting up of Tripoli, Aleppo and Mosul (1917), which had formed an embryonic industrial hub in the early twentieth century presents further proof of colonial anti-industrialist measures. Merchant capital activity thereafter represented the predominant activity of the capitalist class in this genre of Arab countries. Ever since independence, conditions of uncertainty associated with geopolitical risks and institutional frailty rendered short-term profiteering the principal undertaking of private investors. Private investment until today is centred on short term gestation capital and commercial activity. Colonialists did not breed an autonomous bourgeoisie. When development is considered to be akin to industrialisation, it follows that a national class, other than the national bourgeoisie, should carry out the task of development. This structural condition qualifies the Arab process of development as dissimilar to the experience of the private entrepreneurial model. By the twentieth century, the bourgeois revolution has become well-nigh extinct and the late development syndrome has imposed such enormous problems on backward countries that the possibility of solving these problems by means of individual entrepreneurial activity has all but disappeared (Buick and Crump, 1986: 46). It follows that the rise of nationalization and industrialization in Arab states was not connected to the rise of a national and industrially driven bourgeoisie. Specific historical conditions that were imposed upon Arab late ‘developers,’ did not allow for the emergence of a national bourgeois industrial class which could have taken the responsibility of leading the economies through transition. The role played by the bourgeois class –private capitalists - instead had to be passed on to other social entities, which were no less committed to the accumulation of capital than the bourgeoisie but which sought to achieve this goal by means other than individual entrepreneurship (Buick and Crump 1986: 47). Such a process paved the way for major economic, social and political changes to be carried out from above, either through state capitalism or militarism (Turner 1984: 61-62 and Petras 1976: 440). But it is not only the vacuum of an apt national bourgeoisie that accounts for the agent of development to be transmuted in and around the state, conditions of insecurity, fragility of institutions and imperially Infused debilitation have all contributed to the development of this environment. Key among these factors was the geopolitical instability spun around the Arab Israeli conflict. A spectre of war had always haunted the region in question. In the state of events, the danger to national security provided an alibi for the state capitalist class to repress and exploit at will inside and position itself to ascend onto the world capitalist order as occurred at a later stage.

In the metamorphosis from state led to the more recent privately led development, which had arisen three decades ago and, which is armed with an ideology of neoliberalism, there was observed a rising genie coefficient, a trade policy suitable to WTO standards of liberalisation, the annulment of multiple exchange rates, the liberalisation of basic commodity prices and the continued fixing of the exchange rate whilst facilitating capital transfer. Altogether these transformations had set the stage for the transfer of value or non-monetised assets and value forming resources to the ex-colonists once more. As the international environment as a result of the receding power of the soviet Union and its eventual collapse, became more conducive to the growth of capitalist relations, the state led class, which had guarded the seminal social relationship of capital under the guise of socialism, itself metamorphosed into full fledged capitalist. In the financialisation phase of imperialism, a bourgeois class tends to espouse its international counterpart more than its own working class as the nation state becomes a less significant element of the accumulation process (Patanik, 2007).

3 A FRAIL ARAB BOURgeoIS CLASS

In the two decades that followed World War Two, more than one-half of the population were farmers and the industrial working class remained relatively insignificant (Turner 1984: 54). The emergence and
expansion of the colonialist bred bourgeois class in the Arab region shows that the bulk of its activity has been concentrated in artisan and commercial endeavours. The circulation of capital began in money and returned to money, a matter which is typical of mercantilism. Very much as in days past, the entrepreneurial skill was directed towards trade rather than industry (Turner 1984: 53). Both Berger (1958) and Turner (1984) agree that the weakness of entrepreneurship stemmed from the point that the merchants and small retailers occupied a large proportion of the bourgeois class, thereby impeded industrial development. Moreover, the existing small number of manufacturers emerged from the merchant class, as many of the latter practiced both trade and industry. Issawi (1955: 131) relates this hybrid [of merchants and industrialists] to the availability of finance: ‘the vast majority of industrial enterprises [were] founded by traders or financiers, generally merchants engaged in foreign trade, for it was the latter class, alone, which had the capital necessary for such an undertaking.’ The merchants were not able to guarantee both capital and business capabilities for the creation of modern industries in the Arab region, but in the uncertainty related to weak states and intermittent wars that engulf the region, to shy away from long term industrial activity represented a reasonable choice. It is not entrepreneurial psychology per se but more so an insuperable historical condition, namely the promotion of capitalism by the colonial repression, which dealt a blow to the development of indigenous industrial entrepreneurship. In as much as the Arab state in question redressed the balance of forces with the imperialist through redistributing and solidifying the internal class alliance of workers and peasants, it was capable of development. Working class security, which represented the substance of sovereignty, was a sine qua non of development; a lapse in one meant a lapse in the other.

However, in the Arab world, where a hugely distorted balance of power holds sway against the peoples of the region and in favour of imperialism, de-development, which is a retrogression in civil liberties and welfare enhancing build-up of capital, has been in scope ever since the ideology of neoliberalism captured the imagination of the fattened state bourgeois class. Imperialism, eying oil control drives an agenda of anti-development in the Arab world. Thus, one is 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 one thing and uncertainty is another. The Arab region is as highly uncertain now as it was throughout the second half of the twentieth century. The prospects of war, in and of themselves, will invariably thwart development.

4 SOCIAL TERRAIN OF MILITARISM IN THE ARAB REGION

There is, finally, an important social group … which has been, in some countries, more influential than either the intellectuals or the political leaders: namely, military officers. It is evident that in newly independent countries, where political institutions are still in the making and political authority is still, in varying degrees, unsettled and insecure, those who control the ultimate power of direct physical coercion have the opportunity to play an important part in deciding the future of the nation (Bottomore 1993: 81).

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2 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 convertor 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.
Rustow (1963), Beeri (1970), and Picard (1988) contend that the military has played a role in the Middle East at large for almost a millennium. The military plays and has played a role everywhere, yet to project distant history onto the qualifiedly different present conditions is more of an allegory than a scientific based prognosis. As elsewhere, military intervention in the Middle East took the form of coup d'état, political uprising, revolts, and military or semi-military governments. Some modern Middle Eastern armies did in fact emerge out of colonial training and after the disbanding of previous colonial military formations (Owen 2004: 180). They expanded after independence and most officers were recruited from the lower classes. Armed forces still, played a central part in the politics of Middle Eastern states as elsewhere around the third world. However, the higher intensity and frequency of military involvement may be apparent in view of the persistent scramble for oil control in and around the Near East. Coups and military regimes were a common feature of the postcolonial world, but the frequency may also be contributed to international rather than simply Middle Eastern generated factors (Owen 2004 and Picard 1988).

Whilst in some developing regions the army appeared to act outside of 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, however, the armed forces have, to a higher degree than elsewhere set up authoritarian regimes or one-party rule, in which they intervened directly in civilian issues, assumed power, and ran the economy as if indefinitely in power. The army played a decisive and central role in politics, economics, and social affairs. In many countries of the region, like Egypt, Syria, Algeria and Iraq, the military rose as the principal political actor and instrument of government, but its role remained as diverse as the countries it dominated.  

Once the postcolonial regimes failed the challenge of development, the army took the leading role in ‘radical’ socioeconomic reform through a ‘revolution from above’ The ‘revolution from above’ was the term used to describe the insurrections initiated by military officers and not by the mobilized working class or a mass revolutionary movement with clear populist and egalitarian orientations. The process could be best described as raising ‘socialist’ banners for the sake of mass mobilisation and political control (Ayubi 1992: 94). Vatikiotis (1972: 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. Army officers sought to broaden their hegemony over the social base by speaking out the interests of middle class. It was also able to encourage secular values, typically those of Nasserism in Egypt and Ba’thism in Syria and Iraq. Along these lines, the military regimes invariably fostered Arab nationalist movements, undertook extensive land reforms, built infrastructural projects from heavy industry to dams, such as the Aswan in Egypt and the Euphrates in Syria, and enlarged armies and enhanced armaments (Khuri 1982: 17-21). Still one has to put forth that despite the progressive rhetoric, in this class of regimes, the army rank and file was composed, by and large, from small land owning peasant class with the narrow values of petty property ownership always lurking in the background.

The issue at stake here is whether the military provided a viable functional alternative to local bourgeoisie. 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 2004; Khuri 1982; and Richards and Waterbury 1990). It is also acknowledged for having met the hopes and the aspirations of the middle class (Petras 1976: 440) and thereby eliminated the influence of the traditional classes of the ancien regimes - landlord aristocracy and Colonialist bred bourgeoisie. Unlike the old elite whose constituency had feudal ties and values, the army acted as a ‘revolutionary’ force in the Arab World. However, in order to assess whether the army played a progressive or retrogressive role in the Arab world, one needs to examine the social articulation and the key alliances that the armed forces undertook during different historical periods. For instance, during the ‘socialist radicalization’ period of the sixties, the military aligned itself with the educated new expansive middle class. By representing the interests of

Picard (1988) extends a good account on the relationship between the armed forces and the state and society and the military’s involvement in economic development in four Arab countries that ranked high in military coups: Syria, Egypt, Iraq and Algeria.
the lower and middle segments in society, the armed forces fortified their hegemony social base (Leca, 1988).

At a later stage, and specifically after the military officers tightened their hold on the state, they aligned themselves with the newly revitalized business community. Their interests became visibly capitalistic rather than populist in the sense that they started pushing for economic liberalization during the late seventies and eighties, so as to reverse the process of accumulation in the interests of the public into their own. Here, it follows that the military officers parted with the interests of the middle and lower middle classes and promoted entrepreneurial mercantile interests. It was during this period that the army sought to secure and tighten the regime’s security by heightening cruelly its hegemony through an apparatus of repression. For instance, the mukhabarat – the intelligence agency - became the most powerful agency in most Arab countries and remained the main instrument of control. It repressed most labour movements and mass organisations (Pfeifer, 1979). More praetorian regimes were set, which now shifted their rule from populism, which tapped consumption and funnelled resources into public investment, to more reliance on coercion. The post-colonial crisis of development, which meant to redress the delicate balance of redistribution was now set to begin once more. The army brigadier, upon retirement, was destined to enjoy an exclusive state monopoly over a certain imported product.

5 THE RISE OF ARAB SOCIALISM

In their initial stages, Arab socialist regimes emerged with the ascendency of their leading class partner the professional middle classes or what has come later to be known as ‘intermediate strata,’ so as ‘to resolve the crisis of dependent capitalism’ or neo-colonialism (Farsoun 1978). Halpern (1962) emphasizes the role of the professional middle class, the property-less class that achieved its status through training, competency, and performance. According to Halpern (1962: 279): ‘the propertied middle class cannot compare in capital, skill, and organisation with the resources and power which governments must 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.’ It may have been the frustration of the new educated middle class that emerged after the colonial period that escalated general feelings of anti-Westernism and anti-colonialism, but the real reasons for the anti western stand are far more complex to be reduced to the feelings of a sub-class. The reasons for the rise of anti-imperialism relate to the abject conditions that were bred by the colonialist and to the rising tide socialist ideology and national liberation movements at the time. All in the main, the Arab colonialist bred bourgeois class – composed of merchants and small retailers - was deeply integrated into the capitalist system during the postcolonial period. It acted as an appendage to dominant imperialism (Amin 1978). It served foreign interests by colluding with the West and shifting capital outside the economy (al-Hamsh 2004: 40 and Springborg 1993: 3). Along these lines, 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. And it is this that strengthened the dependency of host economies on foreign capital for financial and technical support. More importantly, the Arab comprador class failed garner sufficient resources to build the productive capacities of the postcolonial economies. The acute inequality that existed laid the ideological grounds for disparaging of the old land owning and comprador classes. The military regimes, in their effort to lay hegemony over principal aspects of social life became the natural ally of the middle class. With the Soviet Union representing the social model par excellence of state led development, this alliance was capable of morphing into a bureaucratic state bourgeois class that wrested the state machinery and reorganized the economy around state interventionism.
Whilst the extent and form of state’s intervention in political, economic, and social activities varied from one country to another, the trend of the post independence years towards more intervention from the state was pervasive. The Arab Socialist states acted as engines of growth and undertook the task of economic transformation (Anderson 1987: 11). The state bourgeois class ushered state-led industrialization with an accent on building heavy industry and infrastructure. Land reform tagged along and evidence of increasing agricultural productivity assisted in partly stemming urban migration. With extensive social investment taking place, a golden age of development dawned upon the region and standards of living rose (Ayubi 1995, Anderson 1987, Richards and Waterbury 1990: 187, 255 and 416).

Although principal sectors of the national economies were nationalized and private sector activities were heavily curtailed, the growth rates of the 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. 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 unfair foreign competition. A tightening of the capital account and a multiple interest rate policy galvanised national resources and provided exchange rate stability. Subsidies and price controls in life essentials raised the standard of living for the working population. Land reforms, which have now been rolled back, raised food production considerably. Throughout this process socialisation the private sector was not completely demolished. Cooper (1983) for instance argues that there is a tendency among theoreticians to dismiss public-private oscillations that characterized 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 oscillated between various mixes of public and private sectors, i.e. mixed or joint sector structure. Moreover, Cooper (1983: 458) presents Egypt as a case model, whereby the ‘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 maximize one’s ability to gain from state’s economic development.

In Syria in particular, early state led development could be best described as one that absorbed the interests of the lower classes, expanded the middle class, and buttressed the position of the military within the state. Al-Khafaji (1986) 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 Iraqi state capitalism 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 and cautious manner. In short, the state-centred ‘socialist’ economy has protected Iraqi capitalism. The private sector activities were basically concentrated on construction rather than on manufacturing, and the private capitalists remained heavily dependent on the state. The tariff walls that were designed to protect public enterprises also protected private enterprise from foreign competition. The state extended supply and construction contracts to the private sector and many private sector profits were gained through subcontracting, and 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 Saddam Hussein’s presidency was minimal. This particular point could be drawn for all the Arab socialist regimes by the degree to which anti-imperialist struggle dominates the national agenda requiring a building of social cohesion internally through redistribution and,

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4 In the sixties, Egypt’s state-owned enterprises accounted about 60 per cent of value-added in manufacturing and Syria’s accounted about 55 per cent. The output of these public enterprises recorded 13 per cent of GDP in Egypt and 11 per cent of GDP in Syria (Richards and Waterbury 1990: 192).
externally, building military defences. The post independence imperialist assaults on these regimes also shaped the formation of domestic economic and social policies. It is not only reductive, but also insidious to dissect national policies that protected the relationship of capital in these national economies from the impact of the imperialist aggression on these nascent states. National defence, needless to say, calls for the redeployment of all social forces. Capital, itself, the abstract social relationship, is the predominant relationship in the epoch of capitalism. To issue a moral condemnation of its preservation in Iraq, is to assume that it could wither away if more radical forms of socialisation were to be implemented. Deconstructing capital is not an analytical process but a real historical process in which the class contradictions, especially those stemming from the international division of labour, politically weaken the hold of capital in the centre.

Notwithstanding Iraq, which was totally devastated by imperialist aggression, the Arab socialist regimes, which have maintained some token presence of the private sector, appear in hindsight to have done so in order to use the private sector to formalise their control of state property in cadastral form at the neoliberal stage. In the process of class restructuring that occurred pursuant to the fall of the Soviet union, the state bourgeois class would metamorphose into a standard third-world bourgeoisie. The intermittent debate, which existed between the state and the national bourgeoisie in the sixties, represented a reflection of the crisis of distribution pursuant to independence. In the highly unequal conditions of post colonialism, the state had to undertake forceful forms of equalisation. However, the fact that the idea that the private sector represents an indispensable constituent of the national struggle may have hid underneath it an ulterior motive, in which, the state bourgeoisie used this sector to launch itself into full fledged capitalism. However, this appears to be so only because the defeat of socialist ideology pursuant to Soviet collapse materialised. Without this condition, which resembles a historical force majeure, the social transformation and the class restructuring of Arab socialist states would not have been possible.

The private sector, in the initial stages of post-colonial reconstruction, could not have carried out the more egalitarian redistribution needed to align the national forces into the defensive anti-imperialist position. The private sector afterwards, in the neoliberal age, failed again miserably in the task of development as witnessed by the appalling social conditions prior to the Arab revolutions (Kadri, 2011). Pursuant to independence, the private sector was enthralled in crisis, its reputation was 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. Apart from that, the determining moment that set the course of development lay not only in superficial squabbles between party bosses and merchants, but more so in outside pressures, which were kept by imperialist forces to drain the capacities of newly liberated imperialist-noncompliant states lying around huge oil reserves. A state of constant war or the threat of war, whether real or perceived existed, which, in no way, would have allowed privately led investment in plant and equipment over the long term to mature. Unless the state intervened, it was unlikely for any net additions to the capital stock to have ensued. It may appear as an intractable task to gauge and dissociate the interface between policies and development outcomes by the impact of internal national class formations or the external meddling of the imperialist camp, but that is because the question is posed from an analytical perspective, which does not tally with a complexity of history. As more recent historical developments have shown however, the state bourgeois class, which portrayed itself as an ardent foe of imperialism, became more alienated from its social base under infitah (neoliberalism) and a close ally of imperialism. The centripetal pull of alike social classes was borne by history and specifically at the nadir of socialist ideology. Weakened by a lack of endurance to stave off imperialist pressure and drawn by cross border class alliance, which supersedes national borders, these transformed ruling elites were predisposed to end up in the lap of imperialism after the fall of the Soviet Union.

It is all reasonable that the state bourgeois were immersed in competitive emulation and capitalist consumption patterns, which incidentally never subsided even in the heyday of Arab socialism. These socially evolved conditions can play a principal role in furnishing the grounds for the continuity of the private sector in national economic life. Retrospectively, the State bourgeoisie, composed of middle classes and military officers holding on to peasant-community values needed a private sector to grow into
one day, as they surely did afterward. But the cycle of third world elites mimicking the consumption patterns of the more affluent central bourgeoisie is itself dependent on the ideological clash of socialism and capitalism. The fact that the former ideology receded relative to the latter, would principally explain why so many army brigadiers engaged in commerce exhibited the living standards of western CEO’s.

**PARTING COMMENT**

Arab economic history can be divided into two broad periods: a golden period of protectionism and state intervention and a leaden period of laissez-faire economics. Despite the post-independence aggressiveness of imperialism, socialist Arab states have demonstrated a better welfare and developmental model than the present one. In Egypt after many years of solid real growth, nearly a one in three children is malnourished (Kadri, 2011). In Syria, after a decade of six percent real growth, nearly one in four children suffers from stunting (Kassem, 2011). In Iraq, one in five children is left abandoned in the streets of Baghdad (Kassem, 2011). In the absence of adequate poverty data, the reports delivered on humanitarian conditions shed some light on the facts. The official rate of unemployment stands in the two digit category and the non-official one, accounting for informal poverty-wage employment, is nearly five times the official rate (KILM, 2010). Even on the dynamic side, present-day productivity of these economies is negative. Pre-revolutionary conditions are never bright.

Compared to the Arab neoliberal model, the rate at which literacy, living conditions and other welfare measures rose in the post-independence period, prove that the Arab socialist model is at least, on the basis of welfare and dynamic criteria, is better performing. The state bourgeois class succeeded in aligning security and developmental concerns in anti-imperialist struggle. It is however false to morally indict this period based on the premise that these state bourgeois classes have maintained the relationship of capital under a more collective ownership of the means of production. For capital withers not on paper, it is withers in the real conditions of the class struggle. Capitalist social relations are deeply entrenched, and radical change would have required more than simple commitment to socialism in some corner of the third world, but a global avalanche. The very nature of the class alliances that existed then would have never allowed for changing the repression attendant upon the labour process to come about. Nevertheless, anti-imperialist positioning represented a necessary step in the formation of global anti-imperialist fronts and the retention and redeployment of real resources in the national economies resulted in positive developmental outcomes.

The most telling drawback of Arab socialist regimes is that the working population was not afforded with the civil liberties to participate in the political process. This repression came handy when the turn to neoliberalism took place at a later stage. The private sector remained pivotal to the developmental process at all stages of the socialist project under the pseudo alibi of solidifying the national front. 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 personified the formal model that would form a stepping stone for the new capitalist class, which arose out of the state bourgeoisie, to join the circles of global capital. That a more radical socialist transformation to the social structure was not in evidence, especially when the working folk were kept at the margins of political life, does not mean that this more egalitarian state-led developmental experience did not forebear better results than its successor capitalist stage.

In the absence of a viable industrial bourgeoisie pursuant to independence, the military filled the class vacuum and exemplified the agent of development. The army was capable of playing a progressive social role when it voiced out popular aspirations for more egalitarian distribution. The army further broadened its social base by forging an alliance with the professional middle class and fastened its control in what
came to be known as its collective ownership of the state. Through control of the state, it oversaw the repression over the labour process necessary for value creation, created the financial space for capital expansion and carried state-led investment with the aim of building productive capacity. The development of latter neoliberal years, when generals became merchants, weakened the national front considerably, but it invariably sanctioned the newly emerging capitalist class as it joined the ranks of its global peer. Prior to the ongoing revolutionary phase, the state compressed wages, liberalised prices and boosted short term profits from commerce and rent, lifted its protection of national industry and set a single exchange and interest rates and, finally, opened up capital accounts and borders for resources to flow out of the national economies. In the continuum, which is history, there is much to gain from a reversal of these policies.

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