

accused of lying about the administration. Its survival is not assured.

And what about the Kurdish armed forces? These are not yet convincingly loyal to an abstract idea of a Kurdish state. They are loyal to one or other faction or possibly to a smaller party leader who has contracted his services to one of the two main factions. This replicates the pattern of the old tribal confederations. Can the foot soldiers of these *peshmerga* groups abandon one system of loyalty in favour of another? One may hope so, but one must be doubtful. The collapse of the Lebanese army provides a stark warning of how deeply held ideas of loyalty can fragment more recent state institutions.

Some Kurds bridle at the suggestion that tribal values still prevail, as if they are backward. There is, of course, little backward about them in circumstances such as the Kurds have experienced. They are natural and very well tried political systems in the absence of strong state institutions. But they are not democratic. Indeed, the strongmen of such systems have every interest in avoiding democracy since this will reduce their power and authority.

Then there is the question of the oil at Kirkuk. The issue is not whether the Kurds or Iraq as a whole will control it. The central question is whether it will be controlled by the community (regardless of whether it is Kurdish or Arab) or by government. Governments that have direct access to sufficient wealth to run the state have no need for, or interest in, real democracy. If one doubts this assertion look at OPEC. Only one member, Venezuela, enjoys a parliamentary democracy and that is for the simple reason that it acquired its democracy before it acquired its oil.

Finally, no one contemplating the future can remain unconcerned by the danger of a further major round of fighting between the KDP and PUK in order to establish the "top dog". Both parties have already demonstrated their willingness to co-opt external allies (Tehran for the PUK, Baghdad for the KDP) in order to gain the upper hand. For the true nationalist this must remain dispiriting.

How will events in the rest of Iraq affect the Kurds? The potential for long-term instability in the rest of the country is great. The potential for the two Kurdish parties seeking to exploit this instability in order to vanquish their rival is also great. This is the kind of thing that happened between the confederations in the 18th century and again in 1994-96.

Unfortunately, it is these long-standing factors which must make one hesitate concerning Stansfield's conclusion that "the people of Iraqi Kurdistan may now be realizing the beginnings of a stable, indigenous system of government with aspirations of democratic ideals and tendencies, if not, as yet, realities". I (and doubtless Stansfield) would be delighted if the Kurdish leadership proved me comprehensively wrong.

**David McDowall**

## New perspective

### *The Global Political Economy of Israel*

Jonathan Nitzan and Shimshon Bichler

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The political development of Israel and events in its long conflict with its Arab neighbours are frequently described with little reference to economic trends, while Israel's economy and institutions within it have their own literature, in which politics plays a peripheral role. Nitzan and Bichler reject such a separation. The analysis they offer suggests that the succession of crises and wars in the post-World War II Middle East, as well as the unfolding of the "peace process" in the 1990s, are rooted in long-term underlying trends in the development of decisive elements in society — and not only in the region.

Nitzan and Bichler begin by setting forth an overall approach. They argue that power is the means and the end to the accumulation of capital. Through differential accumulation, some capitalists are able to expand their share of power in order to influence the development of societies in directions that favour them. They tend to form a dominant group consisting of the largest corporations at the centre of power. This occurred within Israel, as well as elsewhere in the developed world: the authors here emphasize the trends that make Israel similar to other advanced capitalist countries, questioning arguments that it is a "special case".

The pre-state era and the first decades of Israel's existence were not the period of socialist egalitarianism that old Zionist leftists like to romanticize and modern economic liberals love to castigate: these were times when a dominant capitalist group was able to emerge within the protective structures of the new Jewish society being built in Palestine. By the 1970s, five core conglomerates dominated virtually every field of business activity in Israel; a sixth group composed of state-owned firms by this time "already functioned more as a storage facility for privatization targets than as an accumulation-driven organization."

There were periods when militarization, which can only be publicly justified by the maintenance of a certain level of threat perception, worked well for "dominant capital" in Israel, particularly in the late 1960s and early '70s, when domestic military spending shot up. When, in the '90s, foreign investors put money into Israel on a large scale and some companies founded in Israel went international, Israel's ruling elite effectively incorporated themselves into a new order of transnational accumulation in which its interests would be best served by the winding down of conflict with the Palestinians and the Arab states: hence their backing for the "peace process".

The analysis here is often helpful in putting one's

own previous ideas into a new perspective. I remember thinking that the rapid expansion of Israel's high-technology sector from the late '80s onwards threatened to open up much wider the technological gap between Israel and its Arab neighbours.

In some ways it has done, but in retrospect, its strength seemed greater than it was. Bichler and Nitzan show how much of this sector was either cherry-picked by major transnational monopolies, or, in some cases, went transnational itself in order to prosper outside the small Israeli market, leaving behind the debris of a host of failed small companies. Comverse, Amdocs and Check Point Software were all firms born in Israel but now mainly in foreign ownership and doing most of their business in the United States and elsewhere outside the Middle East. The new start-ups, often seen as challengers to staid old giants that failed to foster creativity, ended up inadvertently saving them substantial costs and risks in research and development, with the help of government subsidies.

There are plenty of illuminating observations in Nitzan and Bidder's telling. It is indeed remarkable, as they say, how tight is the fit between changes in oil prices and arms sales to the Middle East: from one of their charts, it seems that one need hardly know

anything more than the oil revenues of the region at a given time to be able to predict the level of arms sales three years later.

Particularly fascinating are those passages where they put flesh on the bones of their description of the operations of Israel's business elite, and of foreign capitalists who hooked up with it — men like Shaul Eisenberg, for whose benefit the Labour-led coalition passed a law in 1969 to exempt him, alone, from paying any taxes for the next 30 years. He became Israel's leading arms dealer and a generous donor to the Labour Party, though he expanded his generosity to Likud and religious parties after 1977.

When it comes to Israel, it sometimes seems that so much has been written that new authors will be fated either to reshuffle existing prose or to examine past and present through ever more powerful microscopes. Then, once in a while, someone comes along with original ideas. This book is a persuasive and hard-hitting consideration of Israel's development in a global political-economic context. Those who feel poorly acquainted with economics should not be deterred from reading it: they will be rewarded not only by deeper insights into the processes shaping current events, but by moments of revelation.

**John Gee**