*"There is a story of an argument during the Intifada. When someone tried to assert their authority by claiming to be one of the leaders of the Intifada, a 14-year old held up a stone and said '**this is the leader of the Intifada**'.... So called 'leaders' got attacked by Palestinians at demonstrations where they became too moderate. The PNA's current attempts to militarize the present Intifada have been a tactic to try to avoid this 'anarchy' occurring again... The stones were also a great leveller, as they are a weapon everyone has access to. The Palestinian proletariat were quite literally taking the struggle into their own hands"*

BEHIND THE 21ST CENTURY INTIFADA

aufheben

A Palestinian child throws a stone at an Israeli Defense Forces (IDF) tank. Stone throwing has become a commong form of rebellion in Palestine since the first Intifada.

Cover: image of a young Palestinian wearing a keffiyeh and using a sling to throw projectiles during the May 2021 uprising

Typset in Baskerville and **BEBAS NEUE**

Designed and typeset
by a ***communist study group***: linegoesdown@riseup.net

A police car torched in al-Ludd. In May 2021, Israel declared a state of emergency after unrest in cities such as al-Ludd, with large Palestinian populations, began to spread.

Rioting in al-Ludd. Many Palestinian communities *within* Israel's 1967 borders participated in the uprisings. When Netanyahu declared a state of emergency in May 2021, it was the first time since 1966.

A scene from the uprising of May 2021. A clandestine insurgent waves of Palestinian flag while fires burn in the streets behind them.

Editorial Note: *Aufheben* was a UK-based libertarian communist journal founded in 1992. From the former editors:

> *Aufheben*: (past tense: hob auf; past participle: aufgehoben; noun: Aufhebung)
>
> There is no adequate English equivalent to the German word *Aufheben*. In German it can mean "to pick up", "to raise", "to keep", "to preserve", but also "to end", "to abolish", "to annul". Hegel exploited this duality of meaning to describe the dialectical process whereby a higher form of thought or being supersedes a lower form, while at the same time "preserving" its "moments of truth". The proletariat's revolutionary negation of capitalism, communism, is an instance of this dialectical movement of supersession, as is the theoretical expression of this movement in the method of critique developed by Marx.
>
> The journal *Aufheben* was first produced in the UK in Autumn 1992. Those involved had participated in a number of struggles together - the anti-poll tax movement, the campaign against the Gulf War - and wanted to develop theory in order to participate more effectively: to understand capital and ourselves as part of the proletariat so we could attack capital more effectively. We began this task with a reading group dedicated to Marx's *Capital* and *Grundrisse*. Our influences included the Italian *autonomia* movement of 1969-77, the *situationists,* and others who took Marx's work as a basic starting point and used it to develop the communist project beyond the anti-proletarian dogmatisms of Leninism (in all its varieties) and to reflect the current state of the class struggle. We also recognized the moment of truth in versions of class struggle anarchism, the German and Italian lefts and other tendencies. In developing proletarian theory we needed to go beyond all these past movements at the same time as we developed them - just as they had done with previous revolutionary movements.

"Behind the 21st Century Intifada" was first published in 2002 in *Aufheben 10*. Though it is two decades old, the analysis and critique it presents are still prescient. The article offers a detailed historical materialist analysis of settler colonialism in Palestine and the changing dynamics of racialized class struggle in the region throughout the 20th century. It pays particular attention to regional and global political economy, the transition to industrial capitalism, and the effects of economic crisis since the late 1960s. As the authors demonstrate, these historical conditions continue to shape and have been shaped by colonization, race, and the nation-state. In turn, proletarian revolt has necessarily taken the form of anti-colonial and Palestinian national struggle, though over the last several decades the particular contours of these struggle have changed in response to economic crisis and stagnation, the collapse of the "peace process," and the governance and policing role of the Palestinian Authority. The emergence of the *intifada* marks a turn towards more generalized riot and insurrection.

Much has changed in the last twenty years, but much remains the same. Crisis has only deepened, especially since the beginning of the blockade of Gaza, the financial crisis of 2008, the 2008 Gaza War ("Operation Cast Lead"), the wider Arab Spring, the 2014 Gaza War ("Operation Protective Edge"), and the 2018 Great March of Return border protests. The Palestinian uprising of May 2021, in response to violent dispossessions and evictions in Sheikh Jarrah and the police raid of the al-Aqsa mosque, generated fears of a coming "third intifada." Whether or not the label is appropriate will be decided in the course of historical struggle. It is only appropriate to consider the origins of contemporary Palestinian struggle, which are to be found in the long 20th century of capitalist expansion and deflation.

tions of migrant workers and illegal sacking of Palestinian workers in the press.

[58] Graham Usher, 'Palestine: The Intifada this Time', *Race & Class*, Vol. 42, No. 4.

[59] The involvement of Arabs within Israel has not been limited to Palestinian Israeli Arabs There have also been mass resignations of Druze (Arabic sect, who are supposed to serve in the Israeli army) soldiers from the IDF. The village of one Druze soldier refused to bury him when he was killed in confrontations with Palestinians.

[60] These are the areas where the new Ethiopian Jewish immigrants generally get dumped.

[61] And in the summer of 2000, an Arab MK was greeted with a hail of stones when he came to speak at the Al Baqaa Refugee Camp (Jordan).

[62] And the majority of the peace movement have given up the ghost, because they are "without a partner for peace".

[63] 'Yugoslavia Unravelled: Class Decomposition in the "New World Order"', *Aufheben 2* (Summer 1993):

> Nationalism reflects the superficial identity of interests that exists between a particular national bourgeoisie and the proletariat of that country for so long as capitalist social relations persist. An identity of interests because the valorization and realization of capital provides both capitalists and workers with a source of revenue with which, as independent subjects in the market legally separated from means, commodities can be purchased to satisfy needs (albeit in an alienated form). Superficial because, whilst it does not immediately present itself as such, this process is one of class exploitation and hence antagonism. To the extent that the bourgeoisie organizes itself on a national level, and it remains meaningful to talk of national economies, the proletariat finds itself a universal class divided upon national lines. For so long as we remain defeated, i.e., so long as the value form exists, then nationalism may feed upon this division. Capital may be a unity, but it is a differentiated one whose unity is constituted through competition on an international level. With competition on the world market based on cheapening commodities, acceptance of a 'national interest' and making sacrifices to the national bourgeoisie may mean increased exploitation for the working class, resignation to a living death or a real one as cannon fodder, but it also increases the competitiveness of the national capital on the world market, making its realisation more possible, and thus helps to secure future revenue for both classes.

[46] See Andrew Rigby, op. cit. Islamism is a modernist political movement, which however harks back to pre-capitalist forms. Thus, like fascism, it is able to position itself against both communism and capitalism (its political opposition to capitalism is in reality a moral opposition to 'usury' - interest). Like forms of anti-semitism and anti-Americanism, it is a pseudo anti-capitalism.

[47] From Graham Usher, *Palestine in Crisis: the Struggle for Peace and Political Independence after Oslo* (Pluto Press, 1995).

[48] Documented by Kav la Oved (Workers' Hotline).

[49] There are roughly 100,000 foreign workers in Israel. More than 66,000 work in construction (out of a total construction workforce of 160,000). In construction, about 51,000 of the foreign workers are registered and another 15,000 illegal.

[50] Graham Usher, op. cit.

[51] There have been many riots, particularly at the Erez crossing, by the thousands of Palestinians unable to get to their jobs in the Erez Industrial Park on the other side of the crossing. In one of these riots, a petrol station was set on fire, buses on a parking lot were torched, 65 Palestinian labourers were injured and two were killed. The new Palestinian police exchanged fire with the Israeli army and 25 of them were injured. The same month, Gazan workers clashed with the IDF in bread riots.

[52] One of the reasons for the emphasis on security has been to accommodate Fatah's cadre, by giving them a job to do.

[53] Teachers in the PNA areas are more proletarianized than in most of the West, since their teacher's wage is not sufficient to sustain their existence, and they have to work as agricultural labourers, etc. when schools are on holiday.

[54] In the first few days of PNA rule, unemployment rate in Gaza had reached 60 per cent and only 21,000 of the 60,000 Palestinians working in Israel were allowed to enter Israel. After riots Israel closed the Gaza Strip indefinitely. The unemployment rates have been aggravated by Quadaffi expelling all Palestinians from Libya as a gesture of solidarity with the PLO!

[55] Quoted in Graham Usher, op. cit. These measures are particularly useful as they allow Israeli businesses to sell products through Arab sub-contractors to the Arab states who don't want to admit to trading with Israel.

[56] Even since the start of this Intifada the Jordanian Government has unofficially requested that the Israeli Ministry of Trade and Industry establish two more industrial zones in Jordan.

[57] This is to do with Kav La Oved (Workers' Hotline), one of the many groups to come out of the splintering of Matzpen, they support vulnerable workers in court, they basically do politico industrial tribunals. They also publicize things like deporta-

Behind the 21st Century Intifada

by Aufheben

Introduction

As we go to press, the USA is making a serious effort to salvage the Oslo 'peace process', as a central part of their strategy to mobilize and impose a unity on the world bourgeoisie behind 'the war on terrorism'. This follows a year in which it allowed Israel and the Palestinians to sink into a one-sided, depressing and bloody conflict. The perception of America's sponsorship of Israeli state terrorism against Palestinians is an important factor in the ambivalent or even supportive response by many in the Middle East and elsewhere to the terrorism directed at the heart of American military and financial power. This has thrown the Israeli-Palestinian conflict into sharp relief, making an analysis of the forces which drive the new Intifada more urgent than ever.

When the World Trade Centre and Pentagon were attacked, the so-called 'Al Aqsa Intifada' had been raging for about a year and appeared to have effectively sabotaged the attempt at bourgeois peace represented by the Oslo accords. This has come about at a massive cost to the Palestinian proletariat, which has suffered many more deaths and injuries than in the 1987-93 Intifada. In particular the large number of fatalities among the Palestinian population inside 'Israel proper' has brought the Intifada home in a way not seen before, with places like Jaffa and Nazareth erupting in general strikes and riots, and the main road through the northern Galilee strewn with burning tyres in the first days of the uprising. On the other side of the Green Line, the Israeli policy of assassination has steadily increased the death toll, with each day providing ever more desensitizing details of the horrors of nationalism and repression.

What has really distinguished the recent Intifada from the previous one however, is the existence of a Palestinian statelet, whose policing role and client status have been thrown into relief by the uprising. The Israeli state began reoccupying the Palestinian National Authority (PNA) controlled areas, apparently temporarily. Whatever the ultimate intentions of the Israeli state, these incursions served as a brutal reminder to the PNA that it is Israel's creation, and what they create they can also destroy.

The purpose of this article is not to predict future developments in the Palestinian-Israeli conflict, but to put the recent Intifada in historical context, and to understand it from the perspective of class struggle. The response of many to the Palestinian problem tends to take the form of an abstract call for solidarity between Arab and Jewish workers. At the same time, the Leninist left legitimizes the nationalist ideology that divides the working class, by affirming the 'right of national self determination' and offering 'critical support' for the Palestine Liberation Organisation (PLO).[1] At the time of writing, the Intifada shows little sign of superseding this nationalist ideology. The Arab and Jewish workers are 'uniting and fighting' - apparently with their bourgeoisies and against each other.

This article will outline some of the material reasons why concrete examples of Jewish-Arab proletarian solidarity are few and far between. Working class Jews have benefited materially from the occupation, and from the inferior labour market position of Palestinians, both in Israel and in the occupied territories. Since the mid 1970s this sectors.

[29] See 'The Palestine Proletariat is Spilling its Blood for a Bourgeois State', *Revolutionary Perspectives*, 20, Winter 2001 (magazine of the Communist Workers' Organization).

[30] Op. cit.

[31] 'In Memory of the Proletarian Uprising in Tel-Al-Zatar', *Worldwide Intifada #1*, Summer 1992.

[32] Op. cit.

[33] Phalangists were Christian militias, backed by Israel.

[34] 'In Memory of the Proletarian Uprising in Tel-Al-Zatar', op. cit.

[35] Around this time the different nationalist factions had become unified, with the help of USSR mediators, and the PCP (Palestinian Communist Party) given full membership of the PLO. It should be noted at this point that this reconciliation came about under pressure from the Palestinians in the territories, who were increasingly under siege from the new settlements.

[36] See 'Palestinian Autonomy? Or the Autonomy of our Class Struggle?', *Worldwide Intifada #1*, Summer 1992.

[37] See 'Intifada: Uprising for Nation or Class?', op. cit.

[38] IDF report quoted in op. cit.

[39] Op. cit.

[40] From 'Call no.2 - The United National Leadership for Escalating the Uprising in the Occupied Territories, January 10, 1988' (*No Voice is Louder than the Voice of the Uprising*, Ibal Publishing Ltd., 1989).

[41] From 'Call No.32 - the Call of Revolution and Continuation, January 8, 1989', op. cit.

[42] Quoted in Andrew Rigby, *Living the Intifada* (1991, Zed Books).

[43] For instance, sharing a platform with Meretz (a centre left Israeli Party).

[44] See 'Future of a Rebellion' (Le Brise-Glace, 1988).

[45] The importance or size of this movement can be, and often is, over rated. It has always been fairly small.

ism, the Histadrut fulfilled many of the functions of all three.

[20] Where this didn't happen the Israeli state helped in various ways, including arranging for a synagogue to be bombed in Iraq, and paying the Iraqi government for each Jew who went to Israel.

[21] See 'Two Local Wars', *Situationist International Anthology* (Bureau of Public Secrets, 1981).

[22] Most wages were up rated every six months. An increase in the rate of inflation meant a loss in real wages until wages were uprated to account for higher. This lag in the uprating of wages therefore tended to transfer income from wages into profits.

[23] In 1978 settlement building became a focus for opposition by the labour Zionist middle classes against Likud. The 'officers' letter' opposed this expansion on the grounds that they threatened the 'Jewish democratic character of the state'. This 'growing gap between western democratic practices and Israeli ones' was the ideological basis of the Peace Movement. They conveniently forgot that the settlements had been initiated when Labour was in power. The disparity, which had been easy for them to ignore prior to 1967, had become increasingly visible with the occupation. The more radical elements in the Peace Movement contemplated something that was almost unthinkable in Israeli society: the open refusal of military service. Because of the centrality of compulsory military service to the reproduction of Israeli society, this created major divisions in the movement. Its mainstream body Peace Now denounced a letter from reserve soldiers to the Minister of Defence, in which they threatened to refuse to defend the settlements. 'Conscientious objection' gained more legitimacy in 1982, because the invasion of Lebanon threatened what many Labour Zionists saw as the exclusively defensive role of the IDF. 160 soldiers were tried and sentenced for refusing to take part in the invasion. However smoking pot in the army and the economic crisis represented a greater threat to the Israeli war effort in Lebanon, than 'conscientious objection'. The latter could be accommodated to a certain extent, by allowing the relatively small number of refuseniks to plead insanity and transferring them away from the frontline. The 400,000 strong demonstration against the massacres at Sabra and Shatila in 1982 has widely been seen as the high watermark of the Israeli anti-war movement. The war in Lebanon had not been the quick victory that had been expected, and many parents faced the prospect of their children returning home in body bags.

[24] Israeli defence minister, Yitzhak Rabin, in 1985.

[25] 'The Agonising Transformation of the Palestinian Peasants into Proletarians', p.1 (*International Library of the Communist Left*)

[26] Op. cit., p.3. 'fellah' means peasant.

[27] Op. cit., p.3.

[28] In 1973, 52% worked in construction and 19% in agriculture, the lowest paid

settlement (which we will call Labour Zionism) has been in retreat and, increasingly, Jewish workers have faced economic insecurity. The occupation of the West Bank and Gaza Strip was necessary in order to accommodate the Jewish working class in Israel. The settlements in the occupied territories have played the role of social housing to compensate for the increasing economic insecurity of Jewish workers, and this has become an intractable problem facing the architects of bourgeois peace.

A typical leftist position is to call for a "democratic, socialist state in Palestine in which Arabs and Jews can live in peace".[2] This might appear relatively reformist to us, but a similar call for a "secular, democratic, bi-national state" is regarded as a wildly revolutionary demand in Israel - even by relatively radical activists. Since the start of the century the struggles of both groups of workers have more and more come to be refracted through the prism of nationalism. Nevertheless the dismal spectacle of proletarian killing proletarian is not predestined; nationalism in the Middle East emerged and is maintained in response to the militancy of the working class. For us, the ideology of nationalism, as it has manifested itself in the Middle East, can only be understood in relation to the emergence of the oil proletariat, and the US ascendancy in the region. For example, the forms taken by Palestinian nationalism - notably the PLO - were a practical response by the exiled Palestinian bourgeoisie to an openly rebellious Palestinian proletariat. The US-brokered 'peace process' developed in recognition of the PLO's recuperative role in the Intifada, while the collapse of Oslo, and the apparent dramatic resurgence of Islamist antagonism towards the USA, is linked to the PLO's failure to deliver even the basic demands of Palestinian nationalism.

Therefore, first, we need to understand something of the international context in the Middle East, in particular the hegemonic role of the USA in the region.

The American ascendancy

The 1914-18 World War first showed the military value of oil. In its aftermath, Germany's influence in the Middle East was drastically reduced, and it became apparent to all the major powers that the Ottoman Empire could no longer sustain itself (due in part to an Arab revolt which had been aided by the British in 1917). Britain and France agreed to divide the Middle East into spheres of influence, with Britain controlling Palestine. While this was ostensibly to prevent Russia entering the region, Britain also meant to keep French ambitions in Syria and Lebanon contained, guarantee access to the Suez Canal and the keep the flow of oil from Iraq unchallenged.

By 1947 the British position in Palestine was no longer tenable, given its decline as an imperial power. Exhausted by the Second World War, attacked by militant Jewish settlers and, more and more, undermined in the foreign policy by the United States, the UK staggered on until its engineered 'withdrawal' in 1948, when the Israeli state was created.

That year saw the expansion and consolidation of the Israeli state through war on its Arab neighbours, and the ascendancy of the US as the dominant foreign power

in the region. The USA's strategic interests were threefold: to halt the spread of the USSR into the Mediterranean, to protect the now-identified oilfields of the Arabian peninsula, and lastly to stymie any continuation of British or French influence in the Middle East.

In the immediate post-war years, the US saw the old European powers as its main rivals in the Middle East, rather than the USSR. The 1953 CIA-backed Palavi coup in Iran - a response to Iran's nationalisation of British-owned oilfields - had the effect of transferring 40% of Britain's oil to the USA. The coup turned Iran into a US client state in the 'soft underbelly' of the USSR's southern border, a bastion of 'western culture' in the Middle East. Similarly, in the 1956 Suez crisis, the USA prevented Britain and France from reasserting their national interests in Egypt, leaving these old imperial powers to play second fiddle to America in the Middle East.

However, with Egypt brought into the Soviet orbit, following the Free Officers' coup in 1952, and the signing of an arms deal with Czechoslovakia in 1955, the US realized the Soviet Union was attempting to flex its muscles in the region. Containment of the USSR now became the official watchword of US foreign policy, which meant creating obstacles to Soviet influence in the Middle East. The underlying policy was protection at all costs of US economic interests.

America's economic interests in the Middle East

America's primary interest in the region is of course oil. As well as placing the USA at the top of the imperialist pecking order, the Second World War confirmed the Middle East's strategic centrality as a key source of oil. A 1945 State Department report called Saudi Arabia "a stupendous source of strategic power, and one of the greatest material prizes in world history." Little has changed since, except that, as America underwent its dynamic Fordist expansion in the two decades after World War Two, the oil acquired even greater value.

As car production and the petrochemical industry replaced railway construction as a key locus of expansion, capital shifted from coal to oil, as the key raw material. Sources of oil, especially the Middle East with its vast reserves, became crucial. Its value thrown into relief by the energy crisis in the 1970s, the US has stopped at nothing to secure the region's oil before and above anybody else. A secondary, but not unimportant, source of profit for the US is realized through the flow of Arab petrodollars to North America in the form of military purchases, construction projects, bank deposits and other investments, a phenomena which dates from the early 1970s.

Pan-Arab nationalism and the oil producing proletariat

At first, the newborn state of Israel played little part in the USA's considerations. Indeed, during the Suez crisis, America had sided with Egypt against Israel's expansionism. It was not until the rise of a more assertive Arab nationalism in the 1950s that the US began to see the potential of a developed strategic partnership with 'the Zionist entity.'

stock, *Zionism: False Messiah* (Paris, 1969). Although it was fiercely opposed to organized Zionism, there was always an argument within the BUND about to what extent it should support or promote Jewish nationalism. Debates centred around whether demands for a Jewish state would break up working class solidarity and divert attention away from the class struggle, and whether Jewish workers should organize separately from other workers. As well as traditional workers' struggles, the BUND managed to organize self defence against pogroms in co-operation with non Jewish socialists. But after the membership of the BUND plummeted from 40,000 to 500, it became increasingly nationalist.

[12] There is even a story that David Ben Gurion (the first Prime Minister of Israel) kept a bust of Lenin on his desk, pointing to the influence of Bolshevism on the European Jewish working class.

[13] Baron Rothschild, who felt that Jewish settlement was a good way to serve French interests, sponsored the first Zionist immigration to Palestine at the end of 19th century. He had his own administration which could "subdue insubordination by force", all settlers had to sign a contract promising not to "belong to any organisation which is not authorized" and recognize that they were only 'day labourers' on the Baron's lands - mainly producing wine. It was a very expensive project, costing several thousand pounds to install each settler family. Nathan Weinstock, *Zionism: False Messiah* (Paris, 1969).

[14] "Hundreds of Arabs are gathering in the market square, near the workers hostel, they have been waiting here since dawn. They are the seasonal workers...there are about 1500 of them altogether every day, and we, a few dozen Jewish workers, often remain jobless. We too come to the market to look out for the offer of a days work." Op. cit., p. 68.

[15] See Moshe Postone, *Anti-Semitism and National Socialism*.

[16] "This issue was the main conflict within the settlers' community during the first three decades of the century." Op. cit., p. 71.

[17] This type of picketing was common amongst leftist Zionists, e.g. those working at the British-owned railway companies in mandatory Palestine (one of the largest industries in Palestine at the time). There was some talk among these Jewish leftists of working class solidarity and trying to set up joint Jewish and Arab trade unions. However at the same time they were taking part in pickets and lobbying British employers to use exclusively Jewish labour.

[18] The Irgun Zvai Leumi was created in 1931 to be the militia of the right as the left increasingly controlled the Haganah (the main militia).

[19] Our use of the word 'corporatist' here is not the sense in which it used by the anti-'globalization' of 'corporate rule', etc. (see '"Anti-capitalism" as Ideology… and as Movement?' in this issue) We refer to such social democratic practices as tripartite agreements between the state, unions and employers. Of course, with Labour Zion-

Notes

[1] It tends also to deny Zionism the status of a 'proper' nationalism, focusing on its exclusionary racism. While this is true of Zionism, it forgets that nationalism is always based on exclusion, and so has nothing to do with communism.

[2] *The New Intifada: Israel, Imperialism and Palestinian Resistance* (Socialist Worker pamphlet, January 2001).

[3] 'Somalia and the "Islamic Threat" to Global Capital', *Aufheben 2* (Summer 1993).

[4] By contrast the USSR in this period had very little to offer potential clients. The immense financial incentives of the Americans were impossible to deliver, and in place of the thousand-and-one ways in which capital could help an Arab state, the Soviet union could offer only military and limited technical aid. By contrast with the US, Russian policy in the Middle East was crude - capable of providing only the most limited of protection even to its closest ally, Syria.

[5] See 'Somalia and the "Islamic Threat" to Global Capital', *Aufheben 2* (Summer 1993). See also Midnight Notes, 'When Crusaders and Assassins Unite, Let the People Beware' (Midnight Notes, 1990).

[6] The 1979 Israeli-Egyptian peace treaty only showed just how completely Egypt had fallen into the American orbit since the death of Nasser.

[7] See 'Capitalist Carnage in the Middle East', *Wildcat*, 6, 1983.

[8] So much so that the Pan-Arabist, but anti-Shiite Ba'athist regime in Iraq, had to be used as a counterweight to Iran in the 1980s.

[9] Of course, this is a reciprocal arrangement: Israeli nationalism is reinforced by the perception that 'the Arabs want to throw us into the sea'.

[10] "Zionism's fundamental contradiction was trying to save the Jew as Jew, namely the communal links which long predate modern capitalism, by integrating him into the most modern world of capital." 'The Future of a Rebellion', *Le Brise-Glace* (The Ice-Breaker, 1988), translated in *Fifth Estate*, Winter 1988/9. As we shall see, the contradictory logic of this ideology in practice takes the form of tendencies which undermine this very identity - that is, if Israel becomes more integrated with the Middle East.

[11] One of the biggest and best-known Jewish organisations was the BUND (general union of Jewish workers of Lithuania, Poland and Russia) which was set up in 1898 to connect various groups of Jewish workers in the Tsarist empire. It was briefly part of the SDLP, the Russian social democratic party, which later split into the Mensheviks and the Bolsheviks. In 1903 the BUND's membership was 40,000 and it had a "pioneering role in the Russian workers' movement" and more "genuine working class support" than any other workers' group in Eastern Europe. See Nathan Wein-

The growth of oil production in the Middle East had led to a rapid modernization of previously traditional societies. A surrogate bourgeoisie emerged from the military and the bureaucracy, committed to national accumulation and oriented towards the USSR's model of capitalist development and opposed to 'imperialism'.

The most coherent form of anti-imperialism was 'Pan-Arab' nationalism. Pan-Arabism's origins lay in the Ottoman Empire, which had united Arabs under Turkish rule, but which collapsed in the aftermath of the First World War. The Middle East was then carved up by imperialist powers intent on the conquest and control of new markets and strategically important raw materials. However the new borders went against the grain of the 'common language, customs and traditions' maintained by the inhabitants of the former Ottoman Empire. In the Pan-Arabist ideology, a 'natural community', based on the idealization of pre-capitalist social relations, serves to neutralize class antagonisms. Though a modernist political movement, Pan-Arabism was able to use this imagined 'natural community' to further its modernising project, and to recuperate class struggle.

As a nationalist movement Pan-Arabism served to divide and to co-opt the region's working class, thus helping to promote capitalist development. Despite this, its orientation towards the USSR and its state capitalist tendencies threatened the particular interests of Western capital.[3] Although these interests were by no means one and the same for different Western capitals, in the long run Arab nationalism's state capitalist tendencies threatened to deny western capital unhindered access to the Middle Eastern oil fields.

But Arab nationalism, in the moments where it has coalesced into a combative Pan-Arabism has been beaten into the dust by Israel. And economically, the bourgeoisies of the various Arab states have, sooner or later, found it difficult to resist the huge economic support a realignment with America would mean.[4] The difficulty for the Arab bourgeoisie (and the PLO is no exception), overtly Pan-Arabist or not, if they wish to avoid domestic challenges has been how to credibly align itself with America while appearing to keep alive the dream of Arab independence and the destruction of Israel.

An expression of this tension was the OPEC oil price hike in 1973, which was seen as a response to the October War between Israel and the Arab states. However the demands of the oil-producing proletariat meant that in some countries, a disproportionate amount of the higher oil prices imposed by OPEC were being spent on working class needs, rather than on the high levels of technology needed for industrial development.[5]

America's strategic imperatives hardened around two perspectives: first, containing the perceived threat of the Soviet Union, and second, crushing or, where possible, co-opting the various expressions of Arab nationalism which swept the region.

In addition to its customary method of foreign intervention - support enthusiastically the most credible pro-western faction of the bourgeoisie, co-opt as much of any popular movement as it was possible to do, and have the unrepentant troublemakers

eliminated - the US devised a sophisticated way of portraying the Middle East as a part of the world that was in permanent crisis and which, in any case, was impossible to understand. US policy then became one of 'crisis management' and 'bringing peace to the world's number one trouble spot.' Whatever the specific crisis, the oil and the petrodollars kept flowing from east to west, and the United States has not been compelled to strive for lasting bourgeois peace in the region.[6]

Palestinian Nationalism as the bastard offspring of Labour Zionism

Although, Israel is near the Middle Eastern oil fields, it has no oil fields of its own, which has added to its strategic vulnerability in relation to its neighbours. However, its image, as 'a bastion of Western culture in a sea of backwardness ruled by petty despots',[7] has been used by the USA to maintain control over the oil fields.

From the late 1950s onwards, dramatically rising amounts of financial and military aid made it plain that the US saw Israel as a strategic asset which counterbalanced, and indeed was capable of overwhelming the Soviet client states of Egypt and Syria. The wars of 1967 and 1973 demonstrated to the Arab world exactly how powerful Israel had become. It was now the region's superpower. The Israeli airforce, especially, could completely subjugate the eastern Mediterranean area.

Israel also had a second use for US policymakers. Stung by its Vietnam experience, and often prevented from intervening in the political hotspots of the world as it would like by domestic opinion or concerns over its international standing, the US frequently used Israel, particularly in the 1970s and 1980s as a conduit through which it could supply, or could entice Israel to supply, money and arms to various counterinsurgency movements. The ruling classes of Zaire, South Africa, Angola, El Salvador, Guatemala, and Indonesia were some of those who benefited from timely Israeli aid in their attempts to remain safe from challenge.

While the US bourgeoisie has tended to be pro-Zionist, Israel has 'never been enough' to guarantee the security of their interests. They have had to engage directly with the Arab states, and this has sometimes proved to be a high risk strategy, which has not always gone the United States' way. While the Gulf states and Turkey have been consistently unquestioning about their role as clients, Arab nationalism, 'socialism', and Islamism have each caused various Arab nations to take an intransigent position in their relations with the US. Egypt under Nasser, Syria under Hafez al-Asad, and Iran under the mullahs are some of the examples.

Currently two areas are still giving US policymakers sleepless nights. The first is the rise of Islamism, which was initially promoted by the USA as a counterweight to the USSR, but has become almost impossible - or at least very difficult - for the US and its client states to recuperate. From Syria to Jordan to Egypt, the jails of the Middle East are stuffed with radical, anti-American Islamists.

The second problem is the recurring question of the Palestinians. Israel's creation of a large Palestinian diaspora throughout the Middle Eastern oil-producing proletariat led sections of the Arab bourgeoisie to take a radical anti-US stance. As the 'guard-

which could invest in industries to employ them, thus providing revenue for both classes.

In conclusion, the ritual calls for abstract solidarity between Jewish and Palestinian workers ignore the very real divisions both experience in their day to day life. The 'peace process' looked set to partially erode these divisions, by integrating the Israeli state into the rest of the Middle East. Implicit in this process was an attack on the entrenchment of Jewish workers, which would compel them to join the rest of the region's working class, albeit in a relatively privileged position. This has encountered working class resistance, such as a strike at Tempo Beers by Israeli Jews and Arabs, which has been hailed by the Israeli Left as a rare example of Jewish and Palestinian class solidarity.

As we pointed out in *Aufheben 2*, mass support for nationalism expresses a 'superficial identity' of contradictory class interests.[63] In the case of Jewish workers in Israel, the privileged position they occupy in relation to Palestinians has come about because of the combativity of these workers. The accommodation of Jewish workers requires the supremacy of Israeli capital in relation to the occupied territories. The subordination of the Palestinian bourgeoisie sharpened class antagonisms in the territories, which require that the bourgeoisie turns proletarian anger exclusively against Israel. Given cross-class experiences shared by Palestinians of repression by the Israeli authorities, it seems that the nationalist alliance between proletarians and the petit bourgeoisie is stronger than bonds of class solidarity between Palestinian and Jewish workers. Palestinian nationalist attacks increasingly target all manifestations of Israeli domination, notably the settlers themselves, and even civilians in Israel. The physical danger this creates for Jewish workers pushes them to support the Israeli state's security imperatives.

There have been tendencies among both Palestinians and Israelis to resist their incorporation in the opposing state machines and their war logic. But ultimately the development of such tendencies into a social movement that is capable of breaking out of the deadlock of mutually reinforcing nationalisms cannot be found within the bounds of this conflict in isolation. Rather, such a development is bound up with the generalization of proletarian struggles in the Middle East, and crucially, in the West. Depending on the extent of the class resistance it generates, particularly at a time of world recession, 'the war on terrorism' opens up at least the possibility of such a generalization.

workers are residents of the settlements, which have come to be regarded as legitimate targets for Palestinian guerrilla attacks. In addition to the unleashing of all of the Israeli military's firepower against the proletarians of the occupied territories, the arming of the settlers has further set proletarian against proletarian.

Conclusion: from rebellion to war?

The 'peace process' signalled the Israeli bourgeoisie's acknowledgement that they needed the PLO to police the Palestinian proletariat. The PLO were then caught between the rewards for doing the dirty work, and the need not to lose their ideological capacity to recuperate proletarian struggles. The outbreak of the new Intifada indicated their failure on both counts.

In Israel manifestations of working class resistance to economic rationalization in the 1990s were more muted than in other places, such as Egypt and Tunisia. However compensating Jewish workers for their increased insecurity required the acceleration of settlement construction, and therefore an intransigent negotiating stance for the Israeli state in relation to the Palestinians. The settlement construction on the West Bank was paralleled by the 'judaization' of the Galilee in Israel proper. This meant intensification of dole harassment and house demolitions against the Israeli Palestinians in the period leading up the fresh outbreak of the Intifada in 2000.

The signs of an escalation of the Intifada into a full-scale military conflict have not led to the total suppression of the civilian uprising. Certain sections of the Palestinian bourgeoisie have wanted to reassert the mass civilian forms of struggle to attempt to de-escalate the Intifada. However, so far they have not been capable of de-escalating it. The Intifada led to the abandonment of the 'peace process' by the Israeli bourgeoisie; but their dependence on the USA, which has other considerations in the Middle East, limited the pace at which they can they could intensify the repression of the uprising.

So how much is the Intifada a mediated expression of class war, and how much a national liberation struggle? And if the workers have no country, why do workers continue to support nationalism? It is only part of the answer to point to the recent attack by Palestinians on established forms of political representation, because this has often been expressed in terms of the representatives not being nationalist enough. In this scenario, the PLO's crisis of legitimacy does not imply the rejection of all forms of representation, but rather leads to mass support for a more militant nationalist form of representation, e.g. Hamas.

Given the subordination of the Palestinian bourgeoisie, many Palestinians were compelled to work for Israeli capital, whether inside the Green Line, or in settlement construction. For them, the Israeli military government is the face of the boss. It would therefore be possible for them to identify as Palestinians rather than as proletarians, with petit bourgeois shop keepers, who experienced many similar day to day humiliations and privations of Israeli rule. In the absence of revolution, their everyday lives as workers might improve if there was a properly functioning Palestinian bourgeoisie, dog' of US imperialism, Israel provided the external threat, which unified the emergent Arab bourgeoisies and mobilized Arab workers. Whenever the Arab bourgeoisie has faced the threat of proletarian antagonism, it has been able to deflect the anger of the proletariat against 'the real enemy', Israel. After 1967, the PLO became the main political expression of Pan-Arabism.

In the face of Pan-Arab hostility, the Israeli bourgeoisie has sought military alliances with non-Arab Islamic countries. However, Israel's association with Iran was cut short by the overthrow of the Palavi dynasty in 1979. The new Shi'ite regime was, if anything, more vehemently anti-western than the Arab nationalists.[8] More recently Israel has found in Turkey a new non-Arab ally in the region.

So the form of Pan-Arab nationalism, which was the ideological basis for Palestinian nationalism, has been bound up with and maintained by Zionism.[9] Like its nemesis, Zionism was also a nationalist political movement based on the idealized 'natural community', in this case of Jews.[10] It is impossible to understand the present uprising, and the nationalist ideology which pervades it, without understanding the nationalism it sought to has oppose: Zionism. Until relatively recently its dominant form could be called Labour Zionism, to which we now turn.

A tale of two national liberation movements: Labour Zionism and the Palestinian National Movement

Labour Zionism and the militancy of the European Jewish working class

Labour Zionism has traditionally been based around various big institutional structures, mainly the Histadrut and the Jewish National Fund (JNF). The Histadrut is a state run 'trade union', which has always also been a major employer. Even before the creation of Israel it was an embryonic department of labour that also fulfilled the functions of a trade union for some sectors of Jewish workers. The Jewish National Fund (JNF) was established in 1903 as a fund for collecting donations from Zionists. Its main function has been as the national land administrating body. It bought large amounts of land in the name of 'all Jews' and controlled much of the land gained in the '48 land grab. JNF land could only be let to Jews and worked on by Jews and became state owned in '48. Eighty per cent of Israelis live on land that was initially JNF owned, much of which is still controlled by the JNF.

The early Zionists were a bourgeois pressure group, who spent their time lobbying various European leaders (including Mussolini). Unlike most European Jews, these Zionists identified themselves as anti communists. They saw their allies in 'honest anti semites' who would give them land to rid themselves of the Jewish 'revolutionary menace'. They also courted western European Jewish capitalists who wanted to avoid the continued immigration of militant Eastern European Jews into their countries (which they saw as compromising assimilation and encouraging anti semitism) and colonial states who could give or sell them land (which didn't necessarily have to be Palestine at this point). However, Zionism always needed to be a mass movement and

the early Zionists were happy to be flexible with their political allegiances to facilitate this.

In its early days, Zionism was irrelevant to most working class European Jews, whose allegiance tended to be to the revolutionary workers' movement sweeping the continent.[11] As well as the militant Jewish proletariat many middle class Eastern European Jews found that, when faced with right wing anti-semitism, the only place for them was the left.

In order to appeal to this constituency, Zionists groups were forced to emphasize their more 'socialist' aspects.[12] These aspects converged with the desire, expressed in Zionism, to return to the pre-capitalist communal ties, which formed the very basis of 'Jewish identity'. The more 'social democratic' elements of Zionist thought became prominent and prevailed as the dominant form of Zionism, and this is what allowed Zionist groups to gain a foothold in the Jewish workers' movement.

Advent of Labour Zionism in Palestine

The early Jewish settlements were more or less commercial ventures, which tended to end up employing Arab workers (often newly proletarianized due to Zionist land purchases).[13] New Jewish immigrants looking for work sometimes even found themselves looking for casual work on the same basis as the Arabs.[14]

The institutions of Labour Zionism began to become ascendant in the Palestinian Jewish community around the 1920's. There had been an ongoing struggle since around 1905 when, after the failure of the 1905 revolution, many leftist Russian Jews turned to Zionism. The second wave of Zionist immigration consisted mainly of young, educated, middle class, leftist Jews who wanted to return to the land and work as pioneers. They became disillusioned with Zionist colonization, which they saw as too capitalist to live up to their hopes. In opposition to the Jewish capitalists, who were happy to employ Arab labour power in so far as it was cheaper, they introduced the idea that Jewish land and business should be worked exclusively by Jewish labour. If a part of modern anti-semitism is a pseudo-anti-capitalism, in which the Jew is equated with the abstract side of the commodity form - abstract labour not concrete labour, 'rootless and cosmopolitan' finance and circulation, rather than grounded, nationally based production[15] - at one level Zionism, with emphasis on productive labour and going back to the land, is a response. It was thought that, in an exclusively Jewish state, Jews would not be concentrated in certain trades and professions, but play a full part in the capitalist division of labour. Hence their slogans were: 'the conquest of land' and 'the conquest of labour'.

This led to a conflict between the older settlers and the new immigrants.[16] Jewish bosses who carried on employing Arab labour were picketed by the Zionist trade unions.[17] The conflict was muted by the Zionist organisation, which used the large part of its funds to subsidize Jewish wages so that employers could use Jews as cheaply as Arabs. However there were still strikes. In response to this, the right wing opposition organised scab labour into a 'national trade union' with the help of Polish petit bourgeois immigrants, rich farmers and factory owners. They also carried out

The new uprising has also led to major shifts in foreign policy among the Arab states. Gone is the conciliatory tone towards Israel; more importantly, gone too is the consensus over Iraq that America and Britain had kept in place since 1991. As one of the few perceived leaders of pan-Arabism and an enthusiastic supporter of the Palestinians, Saddam Hussein has been undergoing rehabilitation in the Middle East, and the sanctions regime is near to collapse. At least until recently, Bush's partial disengagement from the peace process - in reality, unequivocal support for Israeli policy in the West Bank and Gaza Strip - meant that it was hard to see how the current Intifada could be ended quickly. Popular Arab opinion was hardening against the United States.

With the Intifada, increasing unrest within the Arab states, such as Egypt and Jordan, the Arab bourgeoisie were forced to convene the first Arab summit for four years, and to allow Iraq to the table. Egypt recalled its ambassador from Tel Aviv for the first time in 18 years, and four Arab states terminated diplomatic relations. However, it is important not to overemphasize this shift - Lebanon and Jordan are still keen to build the jointly funded industrial parks to get the most out of the peace dividend - if it comes. Jordan and Egypt have also banned anti-Israeli demonstrations.

As for the Western bourgeoisie, it is divided over its relationship to the Middle East generally. This was demonstrated by the isolation of the USA and Britain when they resumed bombing Iraq shortly after George W. Bush became president. Palestinian diplomats are looking for European allies - most likely France.

For the time being, the Israeli bourgeoisie has had to subordinate its long-term ambition to 'normalize' its trade relations with the rest of the Middle East. With the election of Sharon, this has been struck of the agenda. However, now that the Israeli bourgeoisie has abandoned the 'peace process',[62] it is more dependent than ever on the goodwill of the West, in particular the financial support of the USA, which has to balance its support for Israel, with consideration of its other interests in the region. This makes Israeli policy very confusing: sending the tanks into Gaza one minute, withdrawing them the next after a ticking off by the USA. A main tactic of the Israeli state has been the assassination of Palestinian, often Hamas, leaders. The mass public anger among Palestinians whenever this occurs only shows the extent of the popular appeal of Hamas. However it is easier for the Israeli bourgeoisie to present this kind of state violence as legitimate than the indiscriminate killing of children (although they seem to be unable to 'take out the terrorists' without killing other people in the process).

Despite the limitations imposed on its actions by the USA, the Israeli state has been able to get away with a great deal of slaughter, thanks to the lack of any real working class response. While the Intifada has triggered rebellions by Arabs, both inside the Green Line and in other parts of the Middle East, Jewish workers appear to be identifying with the imperatives of security, although there is also evidence of disaffected conscripts smuggling weapons 'to the other side' - which has been blamed on drug abuse in the army. Obviously, suicide bombings of buses, discos, shops and other busy areas reinforce divisions between Jewish and Palestinian workers. Other Jewish

luctant to fire when Palestinians attack the Israeli state. Besides, they would rather the anger of the Palestinian proletariat was turned against the Israeli cops and soldiers than against them. As discussed above the summer of 2000 was characterized by violent battles between PNA police and the 'street', after the lack of progress in the Camp David agreements between Arafat and Barak. The struggles took off when the state armed police force took the side of demonstrations and fired on the IDF. This, in turn provided a pretext for the IDF to shoot to kill and for the full weight of Israeli military power, including helicopter gunships, to be brought down on the heads of the Palestinian population.

Due to the role of the PNA, this Intifada, especially when compared to 1987s 'rebellion of stones' is a highly militarized affair. While the stone throwers of 1987 might have discarded 'the warfare logic of the state', the same cannot be said of the paramilitary Palestinian police force. One consequence of this is the involvement of a far narrower cross section of the Palestinian population - with the protagonists being mainly male and between 17 and 25 years old. Another is a far higher level of Palestinian fatalities than in the last Intifada, allowing the PLO to scrape back some credibility and to get rid of some unruly poor people into the bargain. To a limited extent, the transformation of a spontaneous popular uprising into a quasi-military conflict bolsters the PNA's 'state in embryo'. After all, a state presupposes the ability to defend your borders. On the other hand, Israel's crushing military superiority has led elements within the PLO to attempt to try to de-escalate the conflict. These elements have sought to reassert the mass civilian character of the uprising.

The impact of the new Intifada

Despite the Israeli state's attempts at the substitution of guest workers for Palestinians, one of the main effects of the new Intifada has again been a slump in the construction industry, due to the cutting-off of cheap Palestinian labour power. Israel's economic growth was expected to drop to 2% in 2001, from 6% in 2000. House prices in Jerusalem have already fallen 20%, since last year. While many of these figures have been put down to the world pressures of economic slowdown, it is clear that the Intifada is aggravating global pressures, when you consider the halving of Israel's $2 billion-per-year trade with the territories. Although world market conditions are given as the official reason for this year's 50% decline in foreign investment, the Intifada is hardly going to attract foreign investment to Israel. On the other hand, the Tel Aviv start-up industry is still booming, indicating the relative strength of capital accumulation in Israel, cushioned from many of capital's normal economic imperatives by US aid of over $4 billion per year. However, this aid is a double-edged sword, because its dependence on US goodwill thus limits the freedom of action Israel has in its efforts to crush the revolt.

Even before their crushing election defeat, the Intifada had thrown the Labour Party into crisis, partly because of the intractable problems with settlements discussed above. Despite Sharon's role in fuelling it, the bourgeoisie politically rehabilitated him. While his reputation as a 'hard man' made him the natural choice for the right, more liberal voters were not put off by his bogeyman status in the prevailing climate of national emergency.

attacks on working class organisations.[18] However, the left wing 'conquest of labour' Zionists got a big boost from the Palestinian general strikes of 1936, when Jewish workers scabbed on striking Palestinians.

By the 1920s the Histadrut organised more than three quarters of Jewish workers and was the main employer after the British government. It also ran the labour exchanges, and was very closely linked to the sales and production co-operatives. With all this structure the Histadrut was a vital basis of the Zionist organisations 'quasi government' which organised education, immigration, economic and cultural affairs. So, even before 1948, the Zionist state was becoming rooted in corporatist social democratic forms.[19]

Zionist ethnic stratification

After the massive land grab in 1948, the perennial problem of a Jewish labour shortage emerged for the first time. European bourgeois Jews presented Zionism to their funders and supporters as the solution to the militancy of Jewish workers. However, most Jews, it turned out, didn't want to go to Israel, and were more tempted by America or Western Europe. European Jews were put off by the tiny state's territorial disadvantage in relation to its hostile Arab neighbours, which in turn fed the imperative to expand: unlike Egypt to the West and Syria to the North East, Israel could not afford to lose a single acre of land. The consequent militarization of Israeli society was a further disincentive to potential immigrants.

This problem was partially solved by the immigration of Middle Eastern and North African Jews. However, many oriental Jews had no desire to move to Israel, and were even opposed to Zionism, because it made their situation more precarious, especially in Arab countries. Much of the Arab bourgeoisie was attempting to promote pan Arabism as an opposition to Zionism, although the oriental Jews were not subjected to anything like systematic genocide on the level of the holocaust, there were pogroms in some Middle Eastern countries. The establishment of Israel, the 1948 war and the subsequent increase in Arab nationalism further destabilized the position of the oriental Jews, and many of them emigrated to Israel.[20]

The oriental Jews were often proletarianized in the process of their dislocation. Those who had professional qualifications found that these were not recognized in Israel and assets were often taken on arrival. In stark contrast, the occidental Jews received preferential treatment in housing and employment, and some were able to use individual war reparations from Germany as money capital. Frequently oriental Jews were also placed in the transit camps and development towns which were closest to the borders, and which were overcrowded as well as dangerous. In the case of the mainly North African Jews dumped in border towns like Musrara, the state turned a blind eye when they squatted in the houses of Arabs displaced by the expropriatory war of 1948. So in practice the oriental Jews ended up guarding the borders against the Arabs. So the application of labour Zionism in Israel was based on ethnic stratification of the working class, not just between Jews and Arabs, but also between occidental and oriental Jews. It was the labour of the oriental Jews, as well as the few Palestinians who remained, that became the driving force to 'make the desert bloom'

into a modern capitalist state.

However Israel has never had a 'normal' capitalist economy, due to the disproportionate role played by overseas financial support. From the 1950s, about a billion marks was contributed annually by West Germany as collective reparations for the Nazi holocaust. More significant has been the contribution from the USA. 'In 1983, Israel with only 3 million inhabitants received 20% of all-American aid. In other words, each Israeli family received the equivalent of 2,400 dollars from the US government. However as the most developed capitalist state in the region, the Israeli bourgeoisie had accumulated its own potential gravediggers, in the form of a combative working class.

Jewish working class resistance and the imperative to expand

Unlike many other countries in the Middle East, Israel has always had a relatively large working class concentrated in a small area. Ethnic stratification has safeguarded against the emergence of a homogenous proletariat confronting Israeli capital. However, in spite of this, the Israeli working class showed itself to be combative. The major feature of class struggle in this period was oriental Jews contesting their subordinate position in Israeli society. Throughout the 1950s there were riots in the overwhelmingly oriental transit camps about 'bread and work', which frequently turned against the police. In 1959 the 'Wadi Salib Riots' started in a slum of Haifa and immediately spread to other places with a large Moroccan Jewish population.

As in Western European states, class conflicts in Israel were mediated through social democratic institutions. However many of the militant oriental Jews saw the Histadrut and the Labour Party as the enemy, and so these institutions were often under attack. On one occasion, in 1953 the Histadrut office in Haifa was subject to an arson attack by oriental Jewish demonstrators, who saw its naked corporatism as one of the embodiments of their subordination to the occidental Jews.

In the early 1960s, the Israeli economy was in a slump, partly due to the drying up of the German war reparations, which had provided Israeli capital with its initial kick-start. Many of the immigrants, who had moved to Israel expecting a better life, now faced growing unemployment. Jewish workers continued to make life difficult for the Israeli bourgeoisie, with 277 strikes in 1966 alone.[21] With the burning of the red flag (which symbolized the hegemony of the Labour Party) becoming a routine feature at dockers' demonstrations, it was clear that the social democratic forms of Labour Zionism were failing to recuperate the struggles of Jewish workers.

The post-1967 boom

After the 1967 war the Israeli State not only still found itself surrounded by hostile Arab states, but also ruling over the Palestinian population of the occupied territories. A third of the population ruled by Israeli State was now Palestinian. In the face of these internal and external threats the continued survival of the Zionist State demanded unity of all Israeli Jews - both occidental and oriental. But to unite all Jews behind the Israeli State required that the previously excluded oriental Jews were

Israeli Arabs[59]

Furthermore there has been a blurring of the green line with the greater involvement of the Israeli Arabs being a distinctive element of this Intifada. Israeli Arabs were involved in the 1987 Intifada, but they played mainly a supporting role to the Palestinians in the territories. Despite their supposed 'democratic' privileges, they have never been fully integrated into the Israeli state. This was emphasized in 1976, when several Israeli Palestinian farmers were shot dead while protesting against land confiscation. This massacre came to be commemorated in annual general strikes on this day, 'Land Day'. On Land Day in 1989, young Israeli Palestinians blocked roads, threw petrol bombs at police cars and cut water pipes to Jewish settlements. Because of such incidents during the 1987 Intifada, elements in the Israeli bourgeoisie began to see them as a Fifth Column within the Green Line, and to demand that compulsory military service be extended to them, so as to guarantee their loyalty to the state. In the 1987 Intifada, Israeli Palestinians only faced plastic bullets. This time the stakes have been upped for them because of the killing of 12 Israeli Arabs by the security forces in the first few days of the Intifada.

In fact one of the main build ups to this Intifada has been the struggle of Israeli Arabs being evicted as a result of the government's policy of 'judaizing' the Galilee.[60] Almost every week over summer 2000 there was at least one house demolition in the villages in the Galilee and whole villages were coming out in support, bringing them into more or less constant conflict with the police. This policy of 'judaizing' the Galilee has included the harassment of Israeli Arabs who are on the dole. In Nazareth the office was moved further away, people's paperwork was constantly lost or manipulated - in one case a whole village was cut off for refusing work that they hadn't been offered! This has led to big demos and fighting with cops. In one case, a crowd of Nazarene women smashed their way into a benefit office.

In the first days of the uprising, whole villages in the Galilee were on strike and the main road through that area was strewn with burning tyres. Israeli Arabs have also shown themselves to be increasingly disillusioned with the electoral process. Ninety per cent of Israeli Arabs voted for Barak at the previous general election, which is generally thought to be why he won. At the 2001 election there was a concerted campaign by Arab 'community leaders' to persuade Israeli Arabs to vote for Barak - anything to avoid Sharon - the response was an almost total election boycott. Indeed some Israeli Palestinian workers' response to 'their' Arab MKs (Members of the Knesset - the Israeli parliament) was to chase them out of villages when they came to canvass.[61]

Further discrediting of the PA and militarization of the struggle

The PNA's role in the present struggle must be seen as an attempt by the PNA to control and profit from the mass resistance. There is still a strong mass element to this Intifada and the PNA is trying to use it to consolidate - or gain - their control over the 'Palestinian 'street'. The PNA also need to make sure that they retain the loyalty of their own police force. Many of the Palestinian police are Fatah militants. While they do not have any compunction about attacking demos against the PA, they can be re-

any job, an experience familiar to us. The Histadrut is covering less workers all the time, naming itself the 'new Histadrut' and carrying out surveys on why people don't trust it. Recently there was a big strike by an independent railway union demanding that the Histadrut recognize it. There has also been an attempt to set up a union for temporary workers.[57]

In an attempt to keep the Jewish working class quiet, these measures have been accompanied by an increase in the pace of settlement building in the occupied territories.

Although each new agreement brokered by America includes an Israeli promise to stop building settlements, the Israeli bourgeoisie has no choice but to ignore these promises in order to accommodate the needs of Jewish workers. Currently Israel has been trying to avoid this problem by 'judaizing' Arab areas within the green line, a policy which led directly to Israeli Arab involvement in this Intifada.

The twenty-first century Intifada

Known as the Al Aqsa Intifada because of its connection to Sharon's provocative visit to the Al Asqa mosque in September 2000, it was, at least at first, like the 1987 Intifada, spontaneous, "driven more by the enormous frustration of the Palestinians than by any strategic decision by the Palestinian leadership".[58] The spark for the explosion of proletarian anger was the killing of seven Palestinians by Israeli by 'riot control' police at the Al Asqa mosque the day after Sharon's visit - and the much publicized killing of a 12-year old at Gaza's Netzarim junction. As discussed above there have been almost continuous struggles in the Gaza strip and the West Bank. However, as the most sustained revolt since the last Intifada, this has earned the monika of 'Intifada'.

As already discussed, this struggle follows a period of conflict between the Palestinian proletariat and bourgeoisie. There were clashes between demonstrators and Palestinian police in Ramallah in September 2000, the month before the beginning of the Intifada. It is then timely for the Palestinian bourgeoisie to have mass proletarian anger turned away from them and towards 'the real enemy', as they would put it. Furthermore, in the recent uprising, Hamas have helped to restore the PLO-PNA's legitimacy with its constituency, by joining the NIF, the new umbrella body of all the nationalist bodies to control the uprising. The Fatah-based Palestinian police also help ensure that the uprising follows 'the war logic of the state', by militarising the struggle.

Nevertheless, like the previous Intifada, the fresh uprising is not entirely chained by the logic of nationalism, or support for the Arab bourgeoisies. There have been mass protests throughout the Arab world, and not just among the Palestinian diaspora. In Jordan, there were clashes with the Jordanian army by 25,000 Palestinians, leading to a ban on anti-Israeli demos in Jordan, and Egypt has seen the largest and fiercest student protests since the 1970s.

integrated within an extended labour Zionist settlement. Conveniently, the very same circumstances that demanded the expansion of the labour Zionist settlement also provided the conditions necessary to carry out such a major social restructuring.

Firstly, the 1967 war had forced the USA to commit itself to Israel as a counterweight to the growing pan-Arab nationalism that was aligning itself to the USSR. Secondly, the occupation of the West Bank provided Israel with a large pool of highly exploitable Palestinian labour-power. It was this cheap Palestinian labour-power, combined with growing infusion of US aid that provided the vital preconditions for the rapid expansion of the Israeli economy over the next ten years.

After 1967 the Israeli state was able to follow a policy of military Keynesianism that was to see military expenditure rise to 30% of GDP by the 1970s. Rising levels of public expenditure financed by a growing Government budget deficits fuelled the economic boom. In doing so the government was able to create a plentiful supply of job opportunities not only directly through the expansion of public sector employment, but also indirectly as the private sector expanded to meet the growing demands of the army. The growing demands of the Israeli military for high tech weaponry provided reliable profits for the five major conglomerates that had dominated Israel's economy since the 1950s, and which were dominated by the occidental Jewish bourgeoisie. However, the Israeli military also demanded the construction of military bases, barracks and installations that provided business opportunities for an emerging oriental Jewish petty-bourgeoisie that could make large profits by employing cheap Palestinian labour-power.

In addition to meeting the needs of the domestic market, armaments became Israel's most important export. With much of the public sector now turned over to military accumulation, only those eligible for military service could work in these industries. Even Israeli Arab 'citizens' were excluded from this dubious privilege, let alone the Palestinians in the territories, and so the 'strategic' (better paid) industries were by definition available only to Jews (often oriental).

While the militarization of the economy helped to integrate the oriental Jews, it reinforced the subordination of non-Jewish workers. In practice Israel now had a two-tier labour market: Jewish and Palestinian. It is notable that Israel's occupation of these territories had stopped short of outright de jure annexation. This would have implied granting the same limited citizenship rights to the Palestinians in the West Bank and Gaza Strip, as had been granted to the Palestinians who had managed to stay within the 1948 borders until 1966. The occupation allowed Israeli capital, particularly in agriculture and construction, to pump surplus labour from Palestinian workers without compromising the Jewishness of the state. The Palestinians were not integrated into Israeli society: they worked in Israel by day, then were supposed to return to their dormitories in the West Bank and Gaza Strip by night. While the cheap labour power of the Palestinians fuelled a construction boom on both sides of the Green Line, the Israeli economy was further boosted by the territories' subordination as a captive market for Israeli consumer commodities.

Furthermore, through the control of government contracts, and through the impera-

tives of national security, as well as military and construction development, the Israeli State was able to pursue a policy of rapid industrialisation and import substitution. Sheltered from foreign competition by high import tariffs and generous export subsidies, investment was channelled into the development of modern manufacturing industry. This allowed Israel to replace imports of foreign manufactures by domestically produced manufactures - a policy that was to establish Israel as a relatively advanced industrialized economy by the late 1970s.

The policies of military Keynesianism and rapid industrialisation led to a huge balance of payments deficit as the demand of both the consumers and industry ran ahead of supply. The balance of payments deficit was to rise to a 15% of GDP. This deficit could only be financed with the help of the generous stream of American aid.

So the rapid economic expansion and development of Israel in the ten years after the Six Days War provided the material conditions necessary for the expansion of the labour Zionist settlement. Whereas in 1966 unemployment in Israel had stood at 11%, the economy could now be run at more or less full employment. The Zionist state could now offer a job and rising living standards in a modern westernized economy for all Jews who chose to live there.

Settlements and the Labour Zionist settlement

Ever since the end of the Six Days War the policy of establishing Jewish settlements in the occupied territories has been an important part of the expansion of the Labour Zionist settlement to include the previously excluded oriental Jews. Of course, the immediate aim of establishing settlements was to consolidate Israel's control over the occupied territories. However, the settlement policy also offered the poor sections of the Jewish working class housing and job opportunities that allowed them to escape their subordinate position in Israel itself. This was especially important in the 1970s, when the lack of decent accommodation was leading to some homeless oriental Jews to squatting empty buildings in rich occidental Jewish suburbs.

The settlements offered an alternative to this antagonistic direct appropriation, by directing the antagonism elsewhere. They placed the Jewish working class in the front line - in a direct and antagonistic relation to the potentially insurrectional Palestinian proletariat. As such it bound them to the Zionist State, which protected their newly gained privileges against the claims of the Palestinians. By 1971, there were already 52 settlements.

The Israeli Black Panthers

However, not everyone was integrated into the Labour Zionist settlement, and class struggles continued. Many young oriental Jews were excluded from the 'benefits' of the occupation, because they had criminal records and so were unable to get the good jobs and housing, which were supposed to be the birthright if Jews in Israel. The post-1967 boom led to gentrification in what had been border towns like Musrara, which squeezed out the poor North African Jews. This was the basis of a new movement, the Israeli Black Panthers.

conditions that will bring the jobs to the workers."[55]

This is being done in two main ways. Some Palestinians work in the new industrial parks, more of which are planned for just inside the Jordanian and Lebanese borders.[56] Many other Palestinians work for Palestinian sub-contractors. The sub-contractors import Israeli raw materials and pay very low wages. The resulting commodities are retailed by Israeli companies, enabling the Israeli bosses to increase their profits because of the Palestinian wage levels. This new co-operation between the Israeli and Arab bourgeoisies has not only worsened the labour conditions for the Palestinian proletariat, it has also has extended the proletarianization of the Palestinian petit bourgeoisie. For example Israeli and Palestinian Investors are currently setting up a large industrial park to produce dairy products just on the PNA side of the border, with Tnuva, one of the largest Israeli food companies. This will undermine and probably bankrupt most of the Palestinian milk farmers who currently employ 13% of the Palestinian workers in the territories.

The Palestinian bourgeoisie have accepted their subordination to Israeli capital, firstly because it profited them, and secondly because a complete disengagement from the Israeli economy might expose them to the competition from neighbouring capitals with access to cheaper labour power. This would involve further confrontation with the working class. However, the Israeli and Palestinian bourgeoisie (as well as the Jordanian) all share a common interest in preserving the territories vast pool of cheap labour, to attract Israeli, Palestinian and international investment.

Jewish working class

Although Palestinians are being progressively squeezed out of the Israeli labour market, the guest workers are not the ideal solution. Ideally, Israeli capital needs to impose worse conditions on the Jewish working class. However, when Likud tried to introduce more privatization in 1996, there was an upsurge in Jewish working class unrest.

Oslo represents a further attempt to continue splitting the Israeli economy into high wage jobs and casual badly paid jobs, and to renegotiate the post 1967 class compromise. Oslo's attempt to 'normalize' trade relations with the Arab world can only mean that the working class in Israel will be exposed to the competition of the lower paid workers in neighbouring states. This is very profitable as their wages are even lower than those of the Israeli Palestinians. The peace deal with Jordan included arrangements providing for the free movement of capital so Israeli businesses immediately moved to Jordan to use the cheaper labour force. This increased unemployment of working class Jews in areas like Dimona, and female Arab textile workers in the north, leading to an unemployment rate of 8% and rising.

As well as leading to lay-offs in the private sector, the Oslo settlement involves increasing the economic insecurity for public sector workers. Loads of public sector Jewish workers are now on temporary contracts, especially women, young people and new immigrants, and there is also the use of subcontracting in the public sector so the working conditions are worse. Jews on the dole are now being forced to take

opponents.

Despite all this repression within the PNA areas there have been protests and general strikes against the PNA treatment of Hamas militants. In the refugee camps in Gaza, which Arafat has always been notoriously reluctant to visit, there were gun battles between PNA security and camp residents several times during the summer of 2000; with opponents being arrested and held without trial. 200 teachers ditched their union for being too close to the PNA, set up an independent union and closed the schools and began a long running strike.[53] Many of them have been imprisoned. Also recently, 20 academics and professionals living in the PNA areas published and distributed a manifesto criticising the PNA.

The peace process and Israeli capital restructuring

For the section of the Israeli bourgeoisie, who sought accommodation with the Palestinians, Oslo represented a third way, between the intensive accumulation of the 1970s, and the expansionist dreams of a greater Israel. If not by conquest, then by greater integration into the economy of the region, would Israeli capital seek out new areas of investment. Import controls were to be abandoned, to increase competition, and the big state- owned conglomerates were to be privatized, with an expansion of the role of private sub-contractors and employment agencies. For the Israeli state, this meant disciplining the Israeli working class, at the same time as shifting the political burden for social control of the Palestinian working class onto the shoulders of the new Palestinian statelet.

However the panacea of Oslo faced opposition from proletarians, both Israeli and Palestinian. In 1996, three years after Yassir Arafat and Yitzhak Rabin had shaken hands on the White House lawn, the Likud government's attempts to introduce privatisation led to a wave of industrial unrest, while the construction of a tunnel in Jerusalem sparked riots, which caused the highest number of Palestinian fatalities in twenty years of occupation. Nevertheless, these struggles had no connection, and the attempts at economic rationalization represented by Oslo continued largely unhindered.

The Palestinian working class

Oslo has bought the Israeli bourgeoisie time to replace the cheap but disruptive Palestinians with cheaper and less volatile labour. Thousands of Palestinians were sacked during the Gulf War. This was possible because they could be replaced by guest workers, as discussed above. The use of migrant labour has allowed Israel to put a far more effective blockade on the territories than they ever could in the last Intifada. The blockades, which were imposed when the PNA came to power, made it difficult or impossible for Palestinians to get to work in Israel. This helped to create the conditions for massive unemployment in Gaza, with workers having to get through the blockade somehow to assemble at road junction 'slave markets' in Jaffa, instead of employers going to pick workers up from the 'slave markets' in the territories.[4] However, as Peres put it in November 1994, three months after riots at the Erez checkpoint, "if Palestinians can no longer work in Israel, we must create the

Their social base was arguably more marginal than the movements of the 1960s. However, their 1971 demonstration against police repression attracted tens of thousands of people, and led to 171 arrests and 35 people hospitalized during clashes with the police. They also flirted with left wing anti-Zionists, and some even considered conducting talks with the PLO. Some leaflets were written by members or sympathizers of Matzpen (small but well known anti-Zionist group) and there were alliances at some points. Comments by Black Panthers show a class position beginning to emerge: 'they need us whenever they have a war', 'I don't want to think what will happen when there will be peace', 'If the Arabs had any sense they'd leave the Jews alone to finish with each other'.

However their critique of Israeli society was undermined by elements who sought accommodation within Labour Zionism, and therefore argued against making links with the anti Zionist left or, worse still, with those social pariahs, the Palestinians. Various prominent members of the Black Panthers were given better housing and jobs and left the group, which became increasingly preoccupied with internal splits.

However, oriental Jewish dissatisfaction with the Labour Zionist establishment remained strong, and co-opting Jewish radicals like the leading figures of the Black Panthers were part of a climate where Jewish workers in general expected a better standard of living than their parents. The need to guarantee full employment for all Jews strengthened the negotiating position of Jewish workers in wage bargaining, which was leading to problems of inflation for the Israeli economy.

These problems were not unique to Israel - Western Europe and America also faced a proletariat, which, rather than being content with the 'gains' of the post-war settlement, were using it to impose more restrictions on capital accumulation. In Israel, these problems were compounded by the restrictions of intensive accumulation and by the imperatives of security.

Given this entrenchment of the Jewish working class, the policy of intensive economic expansion based on import substitution had begun to reach the limits of the narrow confines of the Israeli economy, by the late 1970s. Economic growth of more than 10% a year achieved in the early 1970s subsided to a modest a modest 3%. This slow down was to prompt an inflationary crisis that was to see prices rise by 100,000% in just seven years. This crisis could only be resolved by seriously undermining the labour Zionist settlement, with its relatively generous social wage.

The inflationary crisis of 1978-1985

Full employment in an economy dominated by a few large conglomerates, sheltered from foreign competition by high tariff barriers, is a classical recipe for inflation. The indexation of 85% of wage contracts to price inflation, along with other welfare payments and other forms of income, meant that any rises in prices were soon translated into rising wages, which in turn led to rising prices, as higher wage costs were passed on to the consumer. As a result the Israeli economy was highly prone to a vicious wage-price spiral.

Military Keynesianism had led to an inflation rate of between 30%-40% through most of the 1970s. However, by maintaining the fixed exchange rate of the Israeli pound with the US dollar (despite the collapse of the Bretton Woods fixed exchange rate system in 1973), the Israeli government was able to hold inflation in check. Rising domestic prices were offset by the fact that at a fixed exchange rate imports remained cheaper than they would have been, which served to hold down the price index on which wage rises were based. Of course, rising domestic prices under a fixed exchange rate regime made Israeli industry uncompetitive, but this could be offset by raising tariffs, increasing export subsidies and by the occasional controlled devaluation of the Israeli pound.

However, the slow down of the economy combined with the changing political situation in the Middle East brought about a decisive shift in economic policy that was to unleash an economic crisis in the 1980s. This shift in policy was brought about through the election of the Likud Government in 1978, which brought to an end thirty years of Labour Party rule. The realignment of the Right, together with splits in the Labour Party, enabled Likud to benefit electorally from the continuing disenchantment of oriental Jews with Labour. However, Likud's deflationary policies could only be implemented by confronting the Jewish working class, whose entrenchment had contributed to the inflationary crisis and the decline in profits for sections of the Israeli bourgeoisie. Likud also faced a rearguard action against some of its policies, from the 'Labour Establishment' of the Occidental bourgeoisie, as the Histadrut endeavoured to keep the lid on the struggles of the Israeli working class, such as the road-menders' violent pickets.

Arab states, expansion and the USA

Israel's decisive victory in the 1973 war had finally shattered the unity of the Arab states. Israel's position in the Middle East was now secured from the external threat of a hostile Arab alliance. However, the subsequent realignment of Egypt with the USA cast some doubt on the long-term commitment of the USA to financing Israel. If Arab states aligned with the USA, why should the USA continue to pump billions of dollars into Israel?

Furthermore, with Egypt neutralized in the south the way was open for Israeli expansion in the North and East. The annexation of the occupied territories of the West Bank and the economic subordination of Jordan and Lebanon offered a way out of the increasing restrictions of intensive accumulation.

But these policies ran against the interests of the USA. While the USA wanted Israel as its imperialist guard dog in the Middle East, it did not want this guard dog destabilising the region and upsetting America's oil rich allies - such as Saudi Arabia. Likud's policy of creating a greater Israel therefore required a loosening of the golden chains of US aid.

The flight of capital from the western economies in the late 1970s, and the consequent growth of global finance capital, created the prospect of reducing Israel's controls the borders, foreign policy, etc. However, the deal was so humiliating for the PLO that even Israel was concerned that they'd stuck the boot in too much.

> In Cairo, Israel's environment minister warned that a 'defeated' PLO was no more in Israel's interests than a victorious one. 'When you twist Arafat's arm in the name of security, you have to be careful not to break it. With a broken arm, Arafat won't be able to maintain control in Gaza and Jericho.'[50]

The agreement has often been compared to the system of 'bantustans' which existed in South Africa. The continuation of the settlements and the construction of settler-only roads have reinforced this similarity.

Most Palestinian nationalist groups opposed the Oslo Accords from the outset but decided to stick to their role of 'loyal opposition'. Hamas has continued its attacks on Israelis but not on the Palestinian National Authority (PNA). At the beginning of PNA rule Hamas said "We welcome the Palestinian Security forces as brothers", and pledged "the cutting back of separately called strike days to lighten the economic burden of our people". Leninist groups, mainly the DFLP (Democratic Front for the Liberation of Palestine) and the PFLP (People's Front for the Liberation of Palestine) have less support than Hamas and appear to be ineffectual, they oppose Oslo but didn't advocate active struggle against the PNA or even against Israel, at least until the commencement of the Intifada.

The policing role of the PLO

In spite of the role of the 'loyal opposition', the resistance in the West Bank and Gaza didn't just fade away when the PNA came into force. Arafat's arrival in Gaza on July 1st 1994 was not the triumphant hero's welcome he had hoped for, and the PNA ran about desperately trying to whip up mass popular excitement about his return from exile.

The proletarians of Gaza were more interested in the prices of basic commodities. The price of vegetables were pushed up 250%, by the relatively free export conditions given to the Palestinian agricultural produce in the Israeli market under the 1994 Paris Protocol. Israel helped to wind up the situation by immediately putting a closure on the Gaza Strip and killing Palestinians in the resulting riots.[51] Hamas killed Israelis in retaliation and the new PNA denounced attacks on Israel and pledged to co-operate with Israel against any future attacks. This led almost immediately to big rallies protesting against the PNA's stance.

For Israel, Palestinian autonomy in the most populated areas meant shifting the political burden of public order onto the shoulders of a Palestinian bourgeoisie, unfettered by the checks and balances of Israel's Western European-style democratic forms. The PNA spend the majority of their budget on security (most of the money earmarked for economic change has been 'lost' by the infamously corrupt PNA), with one policeman for every thirty Palestinians.[52] They have brought back the death penalty, which has been used to stage public executions of 'collaborators' during the new Intifada, and imprisoned countless people without trial - generally their political

Furthermore, Israel needed US aid to absorb the new immigrants, and because of the frustration of the US bourgeoisie over Israel's stalling over settlements, Bush Snr had threatened to refuse loans in 1991, and made it clear that Israel could not absorb the new immigrants without some substantial progress on resolving the Intifada.

The Russian immigrants have become a bone of contention in Israeli society, because of the widespread perception that they have been accommodated at other Jewish workers' expense. The need to accommodate the influx of Russian immigrants is linked to rent increases in 'desirable areas' - pushing out poorer Jews and increasing the demand for settlement expansion. This resentment, combined with a generalized anxiety about the erosion of the exclusively Jewish character of the state, has fuelled rumours about the lack of authenticity of the new immigrants' 'Jewish identity'.

These anxieties have been further fuelled by the increasingly widespread use of non-Jewish guest workers from Eastern Europe and the Pacific. Mainly from Romania and the Philippines, although some of them are from Jordan and Egypt, the guest workers are generally employed through agencies like Manpower. They endure very bad working conditions, very poor housing, and there are frequent cases of physical assault by employers.[48] Workers' passports are kept by the agency as a matter of course and so they are tied to their job if they want to stay in the country. Many employers withhold pay, and have their staff deported if they try to demand their wages. Recently workers have been made to pay agencies a deposit that they only get back if they complete their contract. With these conditions it's not surprising that many migrant workers decide they'd rather work illegally.[49] Most male migrant workers work in construction and agriculture, but particularly construction. The construction industry is constantly wanting to employ more migrant workers and the government is always putting limits on the number of visas they'll issue, creating a market for the illegal workers. Migrant workers work for less than Palestinians in Israel and from the territories, and in one case this has led to a pogrom in a Palestinian town in the Galilee against Jordanian and Egyptian squatter workers.

Massive Palestinian unemployment, a leadership challenge from Hamas and Arafat's isolation over his support for Iraq in the Gulf War all contributed to the weakening of the PLO's negotiating position. While the rise of Hamas represented the more rejectionist politics of the local petit bourgeoisie, the mercantile and financial capitalists of the diaspora were more willing to accept the impoverished Palestinian statelet on offer. After all, they did not need land in order to realize their profits, and unlike the local petit bourgeoisie, were not confronted by the daily realities of Israeli rule. On the other hand, the relative security of their position might be put at risk of they stuck their necks out too much against the 'New World Order'.

The Oslo 'peace process' (1993-2000)

Known early on as the Gaza Jericho accords, the Oslo accords were a rehash of deals that the PLO had been rejecting for years. The PLO were offered Gaza and Jericho to administer, as a first step. Even though more land was grudgingly given, Israel still reliance on US aid. By following a policy of economic liberalization and deregulation it was hoped that Israel could tap into the flows of international capital and thereby reduce its dependence on the USA. This policy of liberalisation advocated by the Likud Party also accorded with many amongst the Israeli bourgeoisie who, facing declining profits, wanted greater freedoms to find profitable areas of investment.

As a consequence, within weeks of coming to office, Milton Friedman - one of the pioneers of what has now become known as 'neo-liberalism' - was summoned to advise on a programme of liberalisation. As a result of Friedman's advice the new Israeli government cut import tariffs and export subsidies, relaxed controls on the transfer of currency in and out of the country, and abandoned the fixed exchange rate of the Israeli pound with the US dollar.

Within weeks of its link with the US dollar being severed the Israeli pound had lost 1/3 of its value. The price of imported goods rocketed raising the price index. Within a few months the indexation of wages had led to the inflation rate rising to over 100%. Following this acceleration in inflation the Israeli pound was replaced by the Shekel as Israel's currency, at a rate of ten pounds to the Shekel.

However, the liberalisation policy combined with the sharp cut in real wages, caused by wage indexation lagging behind the acceleration in price inflation, boosted profits and led to a renewed spurt of growth.[22] As a result, 1981 saw the Israeli economy regain the growth rates of the early 1970s. Indeed at the time, with the world crisis still not over, it was argued that Israel's high inflation rates did not matter. With the external value of the shekel measured in dollars falling at the same rate as inflation was eroding its internal value, it was argued that in dollar terms inflation was more or less zero. Indeed, a zero rate of inflation rate in dollar terms, compared with the much higher inflation rates in the USA and elsewhere, implied a growing international competitiveness of Israeli industry.

Such optimism did not last long. As economic growth began to falter and the public deficit began to grow as a result of invasion of Lebanon, fears grew that the high inflation rates could easily tip over in to an uncontrollable hyperinflation. As a consequence, the Begin government introduced a new set of economic policies aimed at gradually reducing the rate of inflation. Cuts in public spending were combined with a policy of limiting the decline in the exchange rate of the Shekel to the US dollar to 5% a month. Meanwhile attempts were made to limit indexation of incomes.

The policy of limiting the decline of the Shekel had the immediate bonus for the government's popularity by cheapening the imports of consumer goods. But at the same time it also made Israeli exports uncompetitive. Increasingly unable to compete Israeli firms began to go bankrupt and unemployment began to rise. At the same time attempts to hold wages down led to growing industrial unrest.

Following Begin's resignation in the Autumn of 1983, fears that the government would be unable to prevent a sharp fall in the value of the shekel led to a run on the banks as savers sought to change their shekels into dollars. The Government was forced to nationalize the leading banks and allow the shekel to fall against the dollar.

In order to reassure the financial markets the Israeli government was obliged to announce major cuts in public spending and tight monetary policies.

These new policies were met with resolute opposition from both the Histadrut and leading capitalists within the 'Labour Establishment'. The Histadrut called a series of strikes that paralysed the country. Unable to hold wages down, the twist to the wage-price spiral caused by the sharp fall in the shekel led to an acceleration in the inflation of prices. On the eve of the election in July 1983 the rate of inflation was approaching 400%. With wages rises lagging behind prices rises, this acceleration in inflation had brought about a 30% cut in real wages.

Both Labour and Likud lost support at the election and were obliged to join together to form a government of 'national unity', with Peres, the Labour leader, as Prime Minister. Using his influence with the Labour establishment Peres proposed a programme of emergency measures. A 10%s levy was imposed on wages, indexation was to be suspended and a three-month wage-price freeze was to be imposed. This was to be backed up by an unprecedented programme of cuts to the budget deficit aimed at halving the budget deficit from 20% of GDP. By the time this programme was introduced in the autumn of 1983, after lengthy negotiations over the summer, the inflation rate had reached 1000%.

Peres' programme proved to be a partial success. In the face of strong opposition of the Histadrut, the Likud government had backed off tampering with the indexation of wages and other incomes. However, interfering with wage indexation seemed more legitimate in the eyes of the 'Labour Establishment', when proposed by a leading Labour figurehead. By May 1985 the rate of inflation had been brought back to 400% while, despite increasing opposition, the budget deficit had been cut to 15% of GDP. Peres now announced another round of measures. A further three month wage and price freeze was to be accompanied by another round of public spending cuts designed yet again to halve the government's budget deficit. At the same time the Shekel was devalued by 19% and then a fixed exchange rate was to be maintained with the US Dollar.

However, while it might have been possible to get the 'Labour Establishment' behind these austerity measures, the antagonism of Jewish workers to another round of belt-tightening threatened to break out of the constraints of Histadrut recuperation. In the face of mounting wildcat strikes, the Histadrut called a general strike that forced the government to allow a limited wage 'catch up' before the wage-price freeze, but this did little to mitigate the 20% cut in real wages and the sharp rise in unemployment that had resulted from Peres' first round of austerity measures.

The draconian policies of the Likud-Labour government eventually saved Israel from hyperinflation. By 1986 the inflation rate had fallen to a respectable 20%. However, in resolving the inflationary crisis Peres had seriously undermined the Labour Zionist settlement. While real wages slowly began to recover after 1986, unemployment had soared to levels that had not been seen since the slump of the early 1960s and remained high throughout the 1980s and early 1990s. Continued austerity measures through the 1980s saw further cuts in the welfare budget and the erosion of social

escent, and Israel's failure to resolve the Palestinian problem was threatening this much-trumpeted new era of bourgeois peace.

For the Israeli state, making concessions to the Palestinians meant the possibility of having to confront their own working class. However, with the Israeli economy still reeling from the crisis and the Intifada, they still needed US aid, which could be used to pressure the Israeli state into a settlement with the Palestinians.

By 1989, the US had become increasingly frustrated with the lack of progress in resolving the Intifada. Israel was supposed to be one of its regional policemen. Instead, it had a domestic uprising on its hands, which was threatening to destabilize the region, because of the Palestinian diaspora. Shamir was in no position to resolve the situation - especially now that the unity government had collapsed and he was under pressure from right-wing coalition partners.

With the election of a Labour government committed to accelerating the 'peace process', Hamas wanted to consolidate their base as the main 'rejectionist' alternative to the PLO. The killing of six Israeli soldiers in December 1992 by Hamas guerrillas was proof that Israel's cultivation of political Islam as a counterweight to the PLO had paid off, though not in the way that they had hoped. If the rise of Hamas had lethal side effects, it also provided a pretext for the IDF to go in hard in Spring 1993. Gaza bore the brunt of this, because of its perceived role as 'base for Hamas'.

As part of this general wave of repression, Israel also imposed 'indefinite' closure on the territories, using the pretext of 'anti-terrorism'. This meant that 189,000 Palestinians were unable to get to work in Israel. The policy of closure has been used on and off throughout the 1990s, as 'collective punishment' for suicide bombings and other attacks. After the closure of the Occupied Territories in March 1993, which created labour shortages in construction and agriculture, the government gave the green light to the employment of guest workers.

The Intifada thus forced the Israeli bourgeoisie to end the Palestinians' exclusive monopoly of the bottom end of the labour market, and find a less volatile source of cheap labour power. Given their entrenched position, it would be problematic to force Jewish workers into this role. At the beginning of the Intifada, construction sites in Jerusalem had unsuccessfully tried to recruit Jewish labour for the double the normal Palestinian wage. Obviously Jewish workers tend to be more loyal to the state, and would tend to identify with its security imperatives. However, pushing them to the bottom end of the labour market would involve a renegotiation of the post-1967 class compromise, and there was a shortage of Jewish labour as it was. In the 1980s, more Jews were leaving Israel than were coming in.

The collapse of the USSR seemed to provide the solution, in the form of a new wave of potential immigrants. This was not without its problems, because the new immigrants had wanted to go to America and to make up for being stuck in Israel demanded their share of the Zionist cake. The bottom end of the labour market was a far cry from the professional careers many of them had previously occupied in the USSR.

USA, Arafat could not afford to do this because of Iraq's pro-Palestinian stance and mass Palestinian support for its confrontation with the USA. The Gulf War finally undermined illusions in a 'progressive nationalism', backed by the now-defunct USSR. At the same time, the Scud attacks on Israel bolstered its public image in the west as a bastion of democracy in the midst of aggressive 'rogue states'.

Despite the new global reality following the collapse of the USSR, Israel has continued to remain a vital strategic asset for US capital. Those few Arab states which had oriented themselves towards Moscow meanwhile had to begin the tentative realignment towards the west for a new sponsor. Almost immediately the recalcitrant Arab bourgeoisies were presented with an opportunity to demonstrate their grasp of the 'New World Order' by siding with the coalition against Iraq. Almost all the significant Arab capitals took this step. More and more the Gulf War appears as a case of America, cut suddenly loose from the constraints of the Cold War, simply demonstrating in the most brutal and arbitrary terms how complete was its domination of the oilfields of the Middle East. And the moment the 'rogue client state' was truly threatened by a Kurdish uprising in the north and a Shi'ite rebellion in the south, the US let it off the hook, preferring an Arab regime it could demonize and punish periodically to the possibility of having itself to crush a social revolution which would have risked the further intensification of anti-American sentiment in the Middle East.

The Gulf War was part of a general recomposition of the region's working class. The mass expulsion of Palestinian workers in Kuwait contributed to the general impoverishment of the Palestinian proletariat, some of whom had enjoyed living standards even exceeding those of their Jewish neighbours from the wages being sent by relatives in Kuwait.

The blanket curfew imposed by Israel during the war increased economic hardship in the territories. It gave Israeli bosses the chance to sack many Palestinian workers on the basis that they had obeyed the curfew, or that they hadn't obeyed the curfew, or they should obey the curfew in the future. This in turn sharpened class antagonisms in the territories, leading to theft and general lawlessness. During the curfew, shops that were seen as overcharging were attacked and forced to lower their prices.

The road to Oslo

With the US in a position of unrivalled hegemony over the Middle East in the aftermath of the Gulf War, and the threat of Islamist militancy largely contained for the time being by the indigenous bourgeoisies, notably in Egypt and Syria, the only problem which remained for the US was that of the Palestinians. Popular support for the first Intifada was undoubtedly a threat to US interests, and the Oslo 'peace process', on a rhetorical level, was nothing less than an end to the years of conflict and the crisis management that successive US administrations had been compelled to undertake.

Given that America's Arab allies had passed the crucial loyalty test of the Gulf War, the 'New World Order' opened the possibility of Israel's redundancy as the USA's main strategic asset in the region, when much of the Arab bourgeoisie was acquiguarantees. These were imposed on the Jewish working class, with the help of the Histadrut.

Politicians from both main parties now began to embrace 'neo-liberal' policies, although actual progress towards deregulation and the privatization of national industries was slow at first, due in part to the resistance of the Histadrut, which owned many of the main state conglomerates. However, unemployment, casualization, and flexible working practices were to become a reality for increasing sections of the Israeli working class.

With the dismantling of the more social aspects of Labour Zionism following the inflationary crisis of early 1980s, the policy of establishing settlements in the occupied territories has become an increasingly important element in binding the Jewish working class to the Zionist state. Indeed, as Likud has recognized, the settlers have provided popular support for the long term strategy of establishing a greater Israel which sections of the Israeli bourgeoisie see as the means of breaking out of the chronic stagnation of the Israeli economy since the late 1970s. To a certain extent the settlements have shifted the political burden of the occupation away from the government, particularly if it is Labour. Israel's reluctance to make concessions to the Palestinians could be blamed on the intransigence and 'extremism' of the settlers, who were compelled to identify with the imperatives of security far more than the most 'hawkish' government.

On the other hand, the acceleration of settlement building represents a minor compromise with the sections of the Israeli bourgeoisie, who advocated de jure annexation of the occupied territories. Because the crisis could only be resolved by dismantling the social wage aspects of the Labour Zionist settlement, the settlements became both a form of social compensation for poor Jews, and a form of de facto annexation, to realize the dream of a greater Israel by other means. However, Israel is still not free of its dependence on US aid, and so must curb its expansionist excesses.

Settlements and contradictions

The opposition to settlement building by many of the Israeli middle classes who supported Peace Now compounded the problems of the Israeli bourgeoisie.[23] The occupation of Gaza and the West Bank has had a vital role in the class compromise in Israel since 1967. Through the subordination of Palestinian workers, combined with the benefits of US aid, working class Jews were able to command higher wages than their Palestinian neighbours, and to avoid the most menial jobs. Because of the occupation of the land, working class Jews, who could not afford to live in urban areas, were able to get subsidized housing (built by cheap Palestinian labour). So working class Jews were dumped in what was in effect a security buffer zone in the occupied territories.

These measures were vital in reducing Jewish proletarian militancy, but they led directly to resistance by the liberal middle classes and, more significantly, by the Palestinians. The ongoing problem for the Israeli bourgeoisie was how to maintain their compromise with the Jewish working class without provoking the Palestinians

too far. With the dense Palestinian population crammed into an ever more cramped space by the encroachment of settlements on which many of them were compelled to work, the early 1970s had seen rebellions in the refugee camps of Gaza, which had been crushed (literally) by Sharon's tanks. Since then, Gaza had been relatively quiet. But for how long? The Israeli bourgeoisie was able to grant concessions to Jewish workers, but it only had recourse to repression as a means of pacifying the Palestinians. Any concessions to the Palestinians were likely to undermine the Labour Zionist settlement.

In 1985 the occupied territories bore the brunt of the crisis. Rescuing Israeli capital involved reinforcing the subordination of the Palestinian bourgeoisie, by denying permits 'for expanding agriculture or industry that may compete with the state of Israel'.[24] With increasing unemployment in the territories, Palestinian workers were further compelled to find work inside the Green Line or in the construction of Jewish settlements, which were expanding to compensate Jewish workers for the lack of affordable housing in the urban areas of 'Israel proper'. While the settlement construction provided Palestinian workers with revenue, it was also a source of resentment, and the resistance this provoked provided the rationale for intensified repression by the military government.

1985's 'Iron Fist', to contain resistance in the Occupied Territories, went hand in hand with austerity measures, to contain the crisis at home. The 'Iron Fist' intensified repressive measures, such as 'administrative detentions' of Palestinian militants and collective punishments of the population as a whole. This provides the background to the 1987-93 Intifada. Before we move on to this, we need to look at the class composition of the Palestinians ...

The making of the Palestinian working class

A land without a people?

The myth of Zionist pioneers landing up in unpopulated desert and transforming it into lush vineyards conceals a more commonplace transformation - of Palestinians from peasants into proletarians:

> The 'paradise' in the Negev desert, the flourishing cultivation of citrus fruits and avocados on the coastal plain as well as the industrial boom (even on the scale of a very small country) presuppose the complete despoliation of the Palestinian peasants.[25]

This process was already underway when the first Jewish colonists arrived, and is still not complete. Capitalist development penetrated the Middle East for the first time in the years following the end of the Napoleonic Wars. The Ottoman Empire which dominated the region had already been in decline for a century, though it would last a century more, and the readjustment of the balance of power following France and Napoleon's defeat, formalized in the years after the Congress of Vienna, opened the way for a new exploitation of the region, just as the Industrial Revolution was gaining momentum in Britain.

aid, could absorb the initial shock of the economic disruption; but the longer it went on, the more the Intifada was exhausting itself. As time went on what little Palestinian economy existed was being destroyed. Meanwhile Israeli capital could cast about for alternative sources of cheap labour power, to outflank the Palestinians and squeeze them out of the Israeli labour market.

The Islamists

There also began to be a bitter turf war over who was to become the top guard dog on the Palestinian streets. The nationalist gangs were already in rehearsal for their future role as guardians of bourgeois law and order and private property relations. With the uprising exhausting itself, the proletariat in the occupied territories was being decimated by faction fighting and 'collaborator killings', with more Palestinians being killed by other Palestinians than by Israeli forces in Spring 1990. Many of these 'collaborators' were looters or class struggle militants.

Others involved were part of fairly new groups, Hamas and Islamic Jihad. In its attempt to create an authentically Palestinian counterweight to the PLO, Israel had encouraged the growth of the Muslim brotherhood in the early 1980s. After the Brotherhood had proved its anti-working class credentials by burning down a library for being a 'hotbed of communism', Israel started supplying them with arms.[46] Because they believed Israeli domination could only be overcome once the Palestinians were all true-believing Muslims, it seemed that their growth might dampen resistance to the occupation. However, the Intifada saw the politicisation of the Islamists, as Islamic Jihad and Hamas. In their attempts make an impact and challenge the PLO, the Islamists organized strike days contrary to the UNLU calendar. These "strikes against the peace process" confirmed them to be "an authentic, indigenous and mass opposition" to the PLO.[47]

However, although Hamas wished to undermine the PLO, they didn't want to replace them. Their more-militant-than-thou competition with Fatah (the military wing of the PLO) was rather aimed at guaranteeing themselves a role in the character of the future Palestinian state. Not only did they reject the 'peace process' and its accommodation with Israel, they also rejected the very idea of a secular bourgeois state. Despite its 'rejectionist' stance, Hamas ultimately sought accommodation with the PLO, because it wanted to influence the form of the Palestinian state.

The initial stages of the Intifada had included an element of revolt against the institution of the patriarchal family. Palestinian women had refused social invisibility, and had confronted the military. In Ramallah, a group of girls stoned their parents, when they tried to stop them from rioting! For Hamas, a Palestinian state by definition had to be a Muslim state, implying the imposition of Sharia law to restore the very forms of 'low intensity social control' which the Intifada had called into question.

The Gulf War

The 'peace process' was further dragged out by the Gulf crisis, which called Arafat's divided loyalties into question. While much of the Arab bourgeoisie sided with the

The Palestinian proletariat were quite literally taking the struggle into their own hands, after years of unsuccessfully appealing to the Arab bourgeoisie. At the forefront of the struggle was a new generation of young proletarians, who had grown up under occupation. However, as it developed from a spontaneous proletarian uprising into a national movement under the auspices of the UNLU, the Intifada came to express an uneasy alliance between the proletariat and the petit bourgeoisie.

The response of the Israeli bourgeoisie

In the 1970s/1980s, the Israeli government was adamant that it would have nothing to do with the PLO. This political consensus included the 'left' of Peace Now. However, the blatantly puppet 'village leagues' represented a total failure to set up an alternative Palestinian leadership that they could do business with.

The Intifada pushed Peace Now in a more radical direction, because smaller peace groups were already making links with the Palestinians, which generally took the form of 'humanitarian' support. The peace camp's long-term strategy required a 'partner for peace', and the failure of the 'village leagues' made the PLO the only show in town.

Furthermore, the Israeli bourgeoisie was running out of options, due to the unfeasibility of the idea toyed with since the mid 1980s of transferring Palestinians en masse to Jordan. Jordan already had its own Palestinian problem, and by the late 1980s the last thing King Hussein wanted was more of them to deal with. Palestinian bureaucrats in the occupied territories, whether appointed by Jordan or Israel, had been forced to resign, or face revolutionary justice. If this was an example of how much the Jordanian regime was preferred to Israel by his future subjects, King Hussein was only too happy to ditch his claim to the West Bank.

In spite of these factors the Likud wing of the unity government was intransigent, but the USA was under increasing international pressure to end its diplomatic boycott of the PLO. While Likud's instincts tended towards outright repression, there was a limit to what could be achieved by brute force and terror, given the growing pressure from the USA and the Israeli conscripts' lack of stomach for an orgy of killing. Besides, it had been the 'Iron Fist' which had helped to create the conditions for the revolt in the first place.

When the USA agreed to recognize the PLO if there was a de-escalation of the conflict, which entailed the PLO recognizing Israel, Israeli PM Shamir was forced into granting concessions. His offer of 'free and democratic elections' for Palestinian delegates who would 'negotiate an interim period of self governing administration' was also made conditional on the de-escalation of unrest.

Although the PLO had formally recognized Israel's 'right to exist' as early as December 1988, the process of Israel recognizing the PLO was far from complete. The process of getting PLO and Israel to the table became a stalemate, never getting beyond talks about talks, and the Israeli tactic of political stalling (while steadily murdering Palestinians) seemed to be paying off. The Israeli economy, cushioned by US

Britain and Austria, though rivals in other areas, agreed upon the need to prop up the Ottoman Empire as a barrier to Russian expansionism into the east of Europe. Later Germany became the Ottoman Empire's main backer. In this period, parts of the Middle East found themselves invaded by the new capitalist mode of production. The indigenous textile industry of the area, particularly in Egypt was destroyed by cheap English textiles in the 1830s, and by the 1860s British manufacturers had begun to grow cotton along the Nile. In 1869 the Suez Canal was opened, its purpose to facilitate British and French trade. In line with this modernization, the origins of primitive accumulation in Palestine can be dated back to the Ottoman Empire's 1858 law on landed property, replacing collective ownership with individual land ownership. Village tribal chiefs were transformed into a class of landlords, who sold their titles to Lebanese, Syrian, Egyptian and Iranian merchants. The pattern throughout the whole period was very much one of uneven development, with a foreign bourgeoisie taking the initiative and the indigenous bourgeoisie, such as it was, remaining weak and politically ineffective. At the same time, vast areas of the Middle East where there was no perceived economic benefit were left alone, and there the traditions of subsistence farming and nomadism continued.

Under the British Mandate, many absentee landlords were bought out by the Jewish Colonisation Association, leading to the eviction of Palestinian sharecroppers and farmers. Given that the "dispossessed fellah had to become an agricultural labourer on his own land", a decisive transformation of the relations of production had begun to take place, leading to the first signs of a Palestinian proletariat.[26]

This process took place in the teeth of violent opposition by Palestinians. The watershed in the succession of revolts was the 1936-9 uprising. Its importance lay in the fact that "the motive force of this uprising was no longer the peasantry or the bourgeoisie, but for the first time an agricultural proletariat deprived of means of labour and subsistence, along with an embryo of a working class concentrated essentially in the ports and in the oil refinery at Haifa."[27] It involved attacks on Palestinian landowners as well as the English and Zionist colonists, and forced Britain to limit Jewish migration to Palestine for some years. Although it was the British army who did the shooting, with a little help from the Haganah, the left-wing Zionist militia, the local tribal chiefs also played a key role in breaking the rebellion.

The 'nakba' (catastrophe) of 1948 - the creation of Israel - can be seen as the legacy of this defeat. Although the 1936-39 uprising showed that a proletariat was beginning to emerge in Palestine, the Palestinian population in Israel was still largely peasant at that time. The new state used the legal apparatus of the British mandate to continue the dispossession of the Palestinians. Under this law, peasants who fled only a few hundred metres to escape a massacre were considered 'absentees' and had their land confiscated. However the few who managed to remain inside the 1948 borders were compensated with citizenship rights for their forcible separation from the means of production.

The proletarianization of the Palestinian peasantry was extended in the occupation of the West Bank and Gaza Strip in 1967. This fresh wave of primitive accumulation not only took the form of land grabbing. It also involved Israeli capital asserting

control of the West Bank's water supply, by digging deeper wells than those of the Palestinians. As a result, the Palestinian refugee population outside Israeli jurisdiction was severed from its ties to the land, while only a minority of those inside Israeli jurisdiction still possessed land. In both areas, the Palestinian population has largely become proletarianized.

The suppression of the local Palestinian bourgeoisie

While the expropriation of the Palestinian peasantry brought about the formation of a proletariat, the emergence of an indigenous industrial bourgeoisie was suppressed. Where one existed, it was hopelessly weak and unable to compete with Israeli capital, despite the fact that "The wages paid by the Arab bosses are even more miserable than those paid by their Zionist masters". Palestinians from the territories occupied the lowest position in the Israeli labour market, lower down than even Palestinians with Israeli citizenship. In the aftermath of the 1967 war, Palestinians who worked in Israel were considered collaborators by Palestinian nationalists.[28] However Israel's laws forbade Palestinian businesses which might compete with Israeli ones, so it was eventually recognized by even the most hardened nationalists that working in Israel was the only source of revenue for many Palestinians.

The Palestinian bourgeoisie decomposed into three fractions.[29] Some of the richer refugees formed a mercantile and financial bourgeoisie in Lebanon, Syria, Egypt and other Arab countries. The local bourgeoisie, such as it was, consisted of small entrepreneurs, craft workshop owners and farmers. The suppression of productive capital by Israel made it impossible for the local bourgeoisie to develop the productive forces. Those who tried formed a miserable petit bourgeoisie, sharing many of the same day-to-day privations and humiliations as their proletarian neighbours in the occupied territories, although not the basic one: separation from the means of production.[30] Others have become a 'lumpen-bourgeoisie', who became rich from the PLO pumping half a billion dollars of aid money into the territories between 1977 and 1985. Their money was spent exclusively on their own individual consumption, and they have therefore attracted the resentment of the Palestinian proletariat and petit bourgeoisie.

It was the displaced bourgeoisie in the diaspora, which formed the class basis for the PLO and the Palestinian 'state in exile'.

'The sole legitimate representative of the Palestinian people'

Even as Pan-Arabism lay defeated in the aftermath of the 1967 war, the seeds of its renewal (in admittedly a less virulent strain) germinated in the new coherence and organisation of Palestinian nationalism and the PLO specifically. This situation, and the first Intifada (1987 - 1993) have kept alive the flames of anti-Americanism in the middle East and challenged the legitimacy of the pro-western bourgeoisie's across the region. However, the actions of the PLO, representing the exiled Palestinian bourgeoisie, were unsurprisingly often at odds with the needs of the proletarians whose struggles were shaking the oil-producing countries.

cial strike' in protest at these measures. In order to develop as a proper bourgeoisie, they needed their own state, with a decent amount of land. In practice, instead of assisting their development into a fully-fledged bourgeoisie, the property confiscations for tax refusal accelerated their proletarianization. 'Commercial strikes' often had the effect of simply driving Palestinian merchants to bankruptcy.

Although to a certain extent, all classes could play their part in the disruption of the Israeli economy, by denying the military government its tax revenue or by boycotting its commodities, the most visible disruption of the Israeli economy came from the working class. In the wildcat general strike of December 1987, 120,000 workers failed to turn up to their jobs in Israel. This coincided with the citrus harvest, for which Palestinians constitute one third of the workforce. This cost the Israeli agricultural marketing board $500,000 in the first two months of the uprising, due to lost orders for the British market. Many Palestinians also worked as day labourers in another key sector, the construction industry on both sides of the green line. They were capable of achieving what both the PLO and the peace movement could only dream of: bringing settlement construction to a grinding halt.

The 'rebellion of stones'

There is a story of an argument during the Intifada. When someone tried to assert their authority by claiming to be one of the leaders of the Intifada, a 14-year old held up a stone and said 'this is the leader of the Intifada'. So much for the UNLU! So called 'leaders' got attacked by Palestinians at demonstrations where they became too moderate.[43] The PNA's current attempts to militarize the present Intifada have been a tactic to try to avoid this 'anarchy' occurring again.

The widespread use of stones as a weapon against the Israeli military amounted to recognition of the failure of the Arab states to overcome Israel by conventional warfare, let alone by the PLO's 'armed struggle'. 'Unarmed' civil disorder necessarily discarded 'the warfare logic of the state'[44] (although it should also be seen as a response to a situation of desperation, where death as a 'martyr' could seem preferable to the living hell of their current situation). To some extent, the stone-throwing outflanked the armed might of the Israeli state. In order to maintain the funding and support of the US, Israel had to keep up appearances as an embattled democracy besieged by barbarian hordes, and killing too many unarmed civilians could damage this, at a time when Egypt's pro-US position was threatening to undermine Israel's role as a strategic asset.

This is not to say they refrained altogether: by mid-June 1988, 300 Palestinians had already been killed by the IDF. However the personal dilemmas of the experience of confronting unarmed civilians with lethal force added to the pressures on the morale of Israeli soldiers. They were supposed to be part of this mighty army, which had defeated Egypt and Syria, and here they were being ordered to fire live ammunition at kids armed with stones! This contributed to a revival in the 'conscientious objection' movement.[45]

The stones were also a great leveller, as they are a weapon everyone has access to.

struggle - the right to self determination - was completely alien to them".[38] What a scandal!

The Intifada as class struggle, and class struggles within the Intifada

The subordination of the Palestinian bourgeoisie took the form of the suppression of Palestinian capital accumulation by the Israeli state, so that the Palestinian bourgeoisie were unable to develop the productive forces adequately. Although some Palestinians were employed in Palestinian workshops, farms and small factories, these were confined to sectors that did not compete with Israeli capital. Therefore an excessive portion of the Palestinian bourgeoisie's money was spent as revenue on personal consumption, rather than as money capital on productive consumption. The fact of mass unemployment and poverty for proletarians, existing alongside the conspicuous wealth of the 'lumpen-bourgeoisie', sharpened class antagonisms, which came to the fore in the first days of the 1987 uprising.

The first few days of the uprising in Gaza saw thousands of proletarians looting the crops of neighbouring landlords. Many landlords were forced to publish drastic rent reductions. Rich locals appealed to the IDF to protect their property. The battle cry of the rioters was, "first the army, then Rimal!"[39] Rimal was a rich Palestinian suburb of Gaza City. When the Israeli authorities issued new identity cards, in order to clamp down on the uprising, this was the area they chose as a soft touch to pilot the scheme. Fortunately for the PLO, it was sufficiently unified to gain a toehold in the uprising, via the emergence of the United National Leadership of the Uprising (UNLU). This was based in the Territories and so had more credibility as a means of recuperating local militants, than the Tunisian based 'five star PLO'. Therefore it was best placed to try to turn the uprising from an attack on all forms of bourgeois authority, into a concerted 'national' effort to set up a Palestinian state in embryo. However, given the intransigence of the Israeli state, this presupposed making the territories ungovernable, a situation that could easily get out of hand.

A month after the first day of the uprising, the UNLU issued its first communiqué, addressing first "the brave Palestinian working class", then the "brave, militant shopkeepers", and hailing the PLO as the "sole legitimate representative of the Palestinian people".[40] A year later, the proletariat and the petit bourgeoisie were all lumped together as the "heroic masses of our people", but throughout the communiqués, the PLO remain the "sole legitimate representative".[41]

Despite the supposed cross-class unity promoted by the UNLU, the petit bourgeoisie often had to be intimidated into closing their shops on strike days. Sometimes, a child standing outside a shop holding a lit match could be enough to remind them that their shops could be targeted for reprisals. There was also pressure from the militant proletarians in the front-line, who argued, "we are prepared to give up our lives for the struggle, is it too much to ask you to give up some of your profits?"[42] However, it would be a mistake to assume that the petit bourgeoisie were simply dragged kicking and screaming into the Intifada, although there was an element of this. Shop and workshop owners had their property confiscated for refusing to pay taxes to the military government, and shopkeepers in Beit Sahour launched a three month 'commer-

The PLO vs. the self-activity of the proletariat

Sixty per cent of the Palestinian population ended up in refugee camps outside Israel and the occupied territories. The process that had transformed most of them into proletarians also dispersed them throughout Lebanon, Jordan, Kuwait and Syria. Those who migrated to wealthy Gulf States like Kuwait were able to command high wages, even relative to those of Israeli Jewish workers. Most were less fortunate, and became a catalyst for class conflicts throughout the region.

It was the Arab leaders (together with the mercantile and financial Palestinian bourgeoisie) who helped to set up the PLO in 1964, as a means of controlling this diaspora. Due to their failure to prevent the nakba of 1948 and their impotence in the face of Israeli military might in 1967, the Arab bourgeoisie faced revolts in their own countries.

Jordan

In Jordan, the Palestinian refugees were now armed due to the war, and outnumbered the sparse Jordanian population. Although the PLO was seen to constitute, a state within a state, the Palestinian refugee population was ungovernable even by them. In the late '60s and early '70s the refugee camps were armed and autonomous from the PLO, and they didn't allow the police in. In addition to this the PLO was using Jordan as a base for attacks on Israel and so the Jordanian state was exposed to reprisals from Israel.

The Palestinian proletariat's struggles in Jordan were extinguished by the 'Black September' massacre of 30,000 Palestinians by the Jordanian army in Amman, 1970. This was facilitated by the PLO's agreement with the Hashemite regime: in accordance with the conditions negotiated with the Jordanian state, the PLO withdrew from Amman, thus allowing the massacre of the proletarians who remained in the city.

Lebanon

Many of those who survived fled to Lebanon and the Arab bourgeoisie was now faced with a combative proletariat concentrated in over-crowded refugee camps. 14,000 ended up in Tel-Al-Zatar in the Lebanon by 1972, an industrial area containing 29% of Lebanese industry. In 1969 the refugees and other proletarians seized weapons, occupied the factories and tried to transform Tel-Al-Zatar into 'a no-go zone safe from the Lebanese army and the state'.[31] As the Lebanese state, such as it was, tried throughout the 1970s to break the power of the working class, the Palestinian, Syrian and Lebanese proletarians participated in kalashnikov battles with the Lebanese police.

> The presence of arms allowed for strikes which brought about the destruction of Lebanese industrial life.[32]

There was also a limited workers' council movement. Given the weakness and divi-

sion of the Lebanese bourgeoisie, a major strike of workers in the fishing industry culminated in a drawn-out civil war, which became the battleground for the competing strategic ambitions of the USA and the USSR, via their respective intermediaries, Israel and Syria.

Flushed out of Jordan, the PLO were now seeking to create another 'state within a state' in the Lebanon. However, they had little interest in the autonomous struggles of the Palestinian refugees to emancipate themselves from the hell of their proletarian existence. Instead, they wanted to keep in with the Lebanese and Syrian bourgeoisie. The general instability and weakness of the Lebanese state meant that the strength of the proletariat had to be crushed by Syrian and Phalangist troops, with the help of the Israeli navy.[33] Still hanging on to desperate illusions in nationalism, the Palestinians called on the PLO for help.

Unsurprisingly, the PLO had no interest in helping this struggle, deeming it a diversion from 'fighting the real enemy, Israel'.

> When the strugglers asked for military aid for the struggle in Tel-Al-Zatar the leadership of Fatah answered - "Al Naba'a and Salaf and Harash are not similar to Aga, Haifa, and Jerusalem which are occupied."[34]

In exercising its 'right to non-interference', the PLO helped to ensure that the revolt was crushed and the 'no-go zone' turned into a graveyard for proletarians. Despite their role in the counter-insurgency at Tel-Al-Zatar, the last thing Israel wanted was a stronger Lebanese state. On the contrary, both Israel and Syria sought to encourage the 'balkanisation' of the country so as to better their strategic position. The fragmentation of the Lebanese bourgeoisie into warring factions provided the pretext for the intervention of these neighbouring powers in the civil war. In Israel's case, there was an added motive for engagement in Lebanon: the presence of the PLO.

The PLO's pursuit of a 'state within a state' could not co-exist with Israel's imperatives in Lebanon. The mass presence of Palestinians got in the way of their strategic interests, and Israel's wish to drive out the PLO, led to the 1982 invasion of Beirut. The basis of the PLO's nationalist appeal had been their willingness to engage in armed struggle against the Israeli state. However their expulsion from both Jordan and Lebanon showed their weakness in the face of Israeli military might. Their humiliating evacuation from Beirut confirmed that they had failed to deliver on their strategy of armed struggle. A similar pattern to Jordan then ensued, with the expulsion of the PLO clearing the way for Phalangist massacre of Palestinians in the refugee camps of Sabra and Shatila, with the help of the Israeli army.

The Israeli invasion of Beirut was also humiliating for the 'anti-imperialist camp'. With Egypt now in the US orbit, Syria was the main pro-USSR power in the region. However, not only was the PLO brought to heel by the Israeli invasion, but the Syrian army was forced to withdraw.

It was increasingly clear with every confrontation that the Palestinians could expect little help from the Arab states. The 1967 and 1973 wars had effectively undermined Pan Arabism, and confirmed Israel as a military superpower in the region. The Arab states had little political will to attack Israel. Despite its rapprochement with Israel, Egypt was made more welcome than the PLO at the 1987 Amman summit, indicating the increasing orientation of the Arab states towards the USA. Arafat was snubbed by King Hussein, and it was clear that the Iran-Iraq war was more of a priority for the delegates than the Palestinians. This confirmed the widespread perception among residents of the occupied territories that no one but themselves could overcome Israeli domination.

The Intifada (1987-93)

The initiative for the Intifada came from the inhabitants of the Jabalya refugee camp, in Gaza, not the PLO, who were based in Tunisia and were completely caught by surprise. It was a spontaneous mass reaction by the Jabalya residents, to the killing of Palestinian workers by an Israeli vehicle, which quickly spread to the West Bank and the rest of the Gaza Strip.

In the long term, the Intifada helped to bring about the diplomatic rehabilitation of the PLO.[35] After all, the PLO might prove to be a lesser evil than the self-activity of the proletariat. However, the strength of the PLO's negotiating hand depended on its ability, as the 'sole legitimate representative of the Palestinian people', to control its constituency, something which could never be taken for granted, especially now that its strategy of armed struggle had proved fruitless. This made it difficult for them to recuperate an uprising initiated by proletarians, who had little interest in nationalism, and who hated the Palestinian 'lumpen-bourgeoisie' almost as much as the Israeli state.

A 'national liberation' struggle?

The 1992 bulletin *Worldwide Intifada #1* attempts to counter the conventional leftist perspective on the Intifada, by emphasising the contradictions between different classes of Palestinians.[36] While the perspective of *Worldwide Intifada #1* is obviously superior to support for 'national liberation', their argument has certain weaknesses. Although *Worldwide Intifada #1* correctly identifies nationalism as containing the 'seeds of defeat' for the 1987 Intifada, they discuss nationalism in the abstract, as if it is some kind of psychological trick played on the Palestinian working class by the Palestinian bourgeoisie.[37] True, nationalism is an ideology. However this ideology is more than a mere deception: it has power because it has a material basis in everyday life.

However it is clear that many elements of this Intifada went way beyond nationalism. While many commentators take it for granted that, right from the start, the Intifada was a campaign to set up a Palestinian state, the early days of the uprising suggest otherwise. When the IDF interrogated the first hundred rioters they arrested, they found that these proletarians were "unable to repeat the most common slogans used in the PLO's routine propaganda, and even the central concept of the Palestinian