

imperialist Britain with its strategy of direct interest and involvement in the area.

After the establishment of the Zionist state, imperialism continued to support this project. In 1953, a treaty was signed between West Germany and 'Israel' whereby the former would finance a program of total industrialization of 'Israel'. This program was completed in 1966, the year in which 'Israel' experienced its first surplus production problem. This indicates the intensity of the program. It is not an exaggeration when we say that this treaty had the same importance on the economic level, as the Balfour Declaration had politically.

In 1975, a treaty was signed between 'Israel' and the European Common Market, whereby 'Israel' was granted special status membership. Israeli products would not be subject to customs duties in Europe before 1989, without 'Israel' having to grant the same privilege to European products. This enabled 'Israel' to increase the value of its annual export to the Common Market by 700 million dollars. 'Israel' was thereby able to find a solution for its surplus production. The initial solution to this problem that began in 1966, was found in the markets of Gaza and the West Bank after the 1967 occupation. When the problem arose again in 1975, a solution was found in the Common Market. In March of this year, 'Israel' and the United States signed a free trade zone agreement between the two countries. This treaty exempts Israeli products from US customs duties.

In line with these economic facilities, world imperialism entered into deals to help 'Israel' build its own war industry. In the fifties, such deals were mainly with France and were limited to conventional weapons. Then, in 1957, France supported the Israeli decision to develop nuclear capacity, with help from the USA. Later, 'Israel' accomplished two important projects in the field of conventional weaponry: The first was producing a heavy tank with help from France; the second was manufacturing its own war planes with US help in technique and supplies. This imperialist help boosted the structure of 'Israel', as did other material and moral support. Economic support was fixed annually in the early stages of the state, added to unlimited political support on all levels; the US veto in the UN Security Council has been almost entirely devoted to serving 'Israel'. In the light of all this, it was no surprise when the US and 'Israel' signed a strategic alliance agreement in 1981.

Internal transformation

The aid and facilities granted to 'Israel', in addition to its policy for overall growth, enabled it to achieve a high degree of economic development, focusing on industrialization. Initially, industrialization was promoted in all fields. Later evaluations pinpointed which industries were most profitable and strategically valuable. Israeli industry was concentrated accordingly, on electronics and weapons. In the last decade, it has become evident that Israeli industry is geared to high technology, as seen in the following facts:

- Between 1952 and 1982, the electrical power supply increased 25 times for consumers and 27 times for industry.
- Of total Israeli exports in 1982, 87% were industrial products, including electrical and electronics equipment, chemicals and minerals. Raw materials and capital goods accounted for only 10% of all exports.
- Israeli industry underwent an extensive concentration process. Large corporations employing over 300 workers accounted for only 11.8% of the work force in 1955. This figure rose to 19.3% in 1965, and to 43.3% in 1982. These large corporations are only 1.4% of all companies and establishments.

What is the meaning of such a high degree of industrialization that the state suffers from production surplus? When industry has led to such massive concentration, doesn't it mean we are facing a country led by large monopolies? The private, military and civil sectors are highly interlinked and integrated with the government and public sector, thus creating state monopoly capitalism.

The previously mentioned economic changes directly and increasingly influenced large sectors of Israeli citizens in an imperialist direction. The number of people benefitting from the exploitation exercised by the state of 'Israel' has grown, especially with the increased use of Arab labor. This has led to the *de facto* formation of two working classes: an Arab one at the bottom of the production ladder with the lowest wages, and a Jewish one at the top.

The best evidence of this is the improvement in living conditions of Jewish families, which explains many phenomena. In 1982, 34% of Jewish families lived in a house with an average of less than one person per room. This percentage was 12.7% in 1966 and 6.1% in 1957. On the other hand, in 1957, approximately 25% of all families lived in a place with an average of over three per room. By 1966, this had declined to 13%; by 1982, it was only 1.3% of all families. As for car ownership, 4.1% of Jewish families owned a car in 1962; this number had increased to 15.4% by 1970, and to 50.5% in 1982, i.e., the percentage increased from 4.1% to 50.5% in twenty years.

What does it mean when the standard of living improves to such a degree in this small state? What is the implication of the transformation to heavily concentrated industry, the expanded use of energy and the growth of capitalism into state monopoly capitalism? It simply means broadening the social base of the right wing in 'Israel'. Since the sixties, the right has continuously increased its popularity to the point that it was able to head the government in 1977. The growth of the right does not apply to the Likud alone, but to the entire political life and image of 'Israel'.

In 1965, the Israeli communist party suffered division and a mostly Jewish wing split away, becoming Zionist and aligning with the Zionist labor parties where it fell into the hands of the most rightist trends. As for the traditional right, represented by the Likud, it now appears moderate in comparison with the trends that have emerged from it and are now independently represented in the Knesset. Rabbi Kahane is not an odd phenomenon; he has become a popular figure as shown in the latest Israeli polls.

On the ideological level, the economic transformation further consolidated the philosophy of force, dictating a relationship based on racial superiority and *fait accompli* vis-a-vis the Arabs. Racial superiority, as called for in the Torah, draws its material content from military victories, scientific advancement and better living conditions for Jews as compared to Arabs. On the political level, there has been a rapid retreat from slogans of peace, to demanding total, unconditional surrender on the part of the Arabs.

These internal transformations were accompanied by external ones, involving imperialism's supreme global strategy. Since the sixties, imperialism has become more and more convinced of giving its local allies the major role in achieving its own aims. The Israeli victory in 1967 was a successful translation of this philosophy known as the Nixon Doctrine or Vietnamization of the war. The spread of this philosophy, Nixon's and Kissinger's taking office, and the Israeli victory in 1967, paved the way for restructuring the US-Israeli relationship on a new platform. As Nixon said to Rabin: