

# Political Economy of the Uprising

This study was presented by Dr. Hussein Abu Nimal at the intellectual debate held by the Arab Cultural Club at the Carlton Hotel in Beirut, in June 1988.

The subject matter of this research falls basically in the field of political economy, with special priority given to the political - strategic factor which has always been a determinant in Israeli affairs, including the economy. I believe that it is necessary to deal with this subject on two interrelated levels: The first is the direct costs (of the uprising) to Israel, due to increased security expenditures and the interruption of production... The second is the indirect losses which have occurred in the realm of morale, and their overall and long-term implications. While the direct losses have been more prominent and measurable, the indirect ones are deeper, more long-term and more closely linked to the present conflict in the area. Based on this, a writer would adopt the opinion that one side achieves its aim by breaking the will of the enemy; this is both a material and psychological state; in this way, one of the two conflicting parties will be forced to submit to the aims of the other.

This concept applies to the Arab-Israeli conflict and provides us with a proper interpretation of the state of ambiguity which has continued for many decades. Although Israel has militarily won all the wars it waged, it could not achieve the aims of these wars. Thus, losing the war did not lead to the loss of our aim. Therefore, the concept of winning or losing has a relative and changing meaning which can be defined by understanding all elements which interact at a given historical moment.

Dealing with this subject on the two levels mentioned above will give us a picture of the reality of the uprising's present and future cost to Israel, taking into consideration the qualitative difference between the direct material costs, which can easily be compensated for via foreign economic aid, and the Israeli losses on the second level, which are not so easily compensated for; nor is it so easy for Israel to adjust to the new balance in the historical battle of wills...

Whatever way of evaluating the costs and effects of the uprising on Israel is chosen, it is important to describe the present relationship between the Palestinian Arab and Jewish economies in Palestine, in an attempt to clarify the limits and nature of this relationship, which in turn defines the extent of the mutual effects between them. However, this requires prior knowledge of the two economies, simply because any relationship is but the outcome of the structures of the two parties. I would not start from this point if not for the mistaken concept that has prevailed about the two economies and the relation between them. The Arab point-of-view on this matter has mainly depended on what Israel has said about its problems or its relationship with the 1967 occupied territories. Those who follow this subject notice that Israel concentrates on its secondary problems, avoiding as far as possible any serious or ex-

tensive talk about the problems which have a distinctively structural nature.

## ISRAEL'S «CAPTIVE ECONOMY»

The Israeli economic experience has passed through different stages. For various reasons which cannot be included here, many factors contributed to the formation of the Israeli economy. This experience was based on three integrated elements: highly qualified human resources, great capital input and political administration. If we put aside the human and financial resources which were provided internally, and talk only about the external contributions, then we are speaking about an influx of 25,000 engineers and 62 billion dollars in the period between 1950 and 1985. These resources and others were channelled through the state and its different institutions. This process enabled them to function in accordance with a long-term, overall development strategy for achieving aims which originally seemed very difficult to attain. As a result of the abundance of resources, the political administration redefined priorities at every stage on the basis of two in-variables: integrating the immediate and short-term plans with the long-term, overall strategy; and constantly strengthening the connection between development and security considerations, reaching a stage in which development expenditures became security ones, and *vice versa*.

Perhaps the most dangerous consequence of this was the mutual reinforcement between the material achievements and the political aims; each was expanded ambitiously with every success of the other. All this happened in a continued mutual movement, leading to a meaningful change in Israeli strategic thought. Accordingly, the demand increased for Israel to move to a new stage in which it would apply the strategy of a great power and seek to be a great regional power... Military victories combined with economic achievements and Biblical heritage. The demand for supremacy in all fields grew greater and greater. Therefore, it has become difficult to distinguish between the archaic ideas of rabbis who rely on the saying of «God's chosen people,» and the concepts used by secular scientific Zionists to predict the twenty-first century. Accordingly, it is imperative to distinguish between knowledge and civilization; we see that the most brutal form of barbarism occurs when science and reactionary ideology are combined.

The problem lies not only in this, but in the pattern of subordination exhibited by the Israeli experience. In spite of its claims of having become more independent, Israeli dependence has increased with every advance it has made. We will not argue about abstract political or economic concepts, simply because it is agreed that the standard for economic dependence