

The Prevailing Arab Order

This article provides a synopsis of the economic and political characteristics of the Arab order that prevails today by virtue of the policies of the existing regimes, among which the reactionary ones have gained preeminence. As such, it does not cover the other major actor in the area - the progressive and nationalist parties and mass movements. Nor does it give much attention to the social aspects of the current situation. We hope to address these latter topics in future articles, in conjunction with the question of democracy in the Arab world.

Crisis characterizes the present-day Arab societies. This crisis includes all aspects of life - political, economic and social... For objective and subjective reasons, all strata of the bourgeoisie have failed to find a solution for this crisis. The existing revolutionary alternatives have failed as well...» - Karim Mroweh, member of the Lebanese Communist Party's Politbureau.

Generally speaking, politics is part of the superstructure erected over the economic base of the society. Politics expresses economy, while economy ultimately determines politics. The Arab world is no exception. However, the gap between the development of the superstructure and the economic base can create the impression that there is a separation between politics and economy.

The ruling class that has evolved in most of the Arab countries has relinquished the aspirations for independence. It submitted to the conditions of the world capitalist system, and led the process of incorporating the Arab world into this system. With the growth of private ownership of land and capital, the parasitic nature of the Arab economy has increased. The social strata that profited from the growth of private ownership, formed a capitalist class that took over power either alone or in alliance with the previous ruling class, the feudalists.

An example is Saudi Arabia. Up until the fifties, Saudi Arabia was a tribal, feudalist society. The oil boom began the process of transformation towards a feudalist-capitalist system. State intervention and the development of a public sector paved the way for the oil revenues to accumulate in the hands of the state which is synonymous with the ruling family. In the seventies, national industry developed, but the industrial strata of the bourgeoisie remained embryonic due to the many obstacles it confronted. Industry did not attract the royal family (tribe), or the merchants. Thus, capital was concentrated in domestic and foreign trade. During this decade also, the feudal aristocracy transformed into a financial group. The feudal elite, merchants and businessmen united into one class that stayed at the apex of the social hierarchy and worked hand in hand with international capitalism.

OIL AND DEPENDENCY

Although oil production in the Arab world goes back to the last century, the accumulation of revenues occurred only after the price of oil was raised twice, in 1973 and 1979. The period

between 1973 and 1981 was characterized by accumulating surplus in the budgets of the oil-producing states. Nine Arab countries achieved a gross surplus of \$323 billion. The surplus of the Arab members of OPEC constituted 93% of the gross surplus of OPEC, while four Gulf states alone accounted for 90% of the gross surplus of the Arab members in OPEC.

At the beginning of the accumulation, oil policy focused on maintaining these revenues and limiting the extraction of oil. This policy did not, however, withstand the challenges of the next stage, the period between 1982 and 1987. This stage was characterized by budget deficits, due to the fall in oil prices, as a result of the policy followed by US imperialism and the oil monopolies in conjunction with reactionary Arab regimes, such as Saudi Arabia. This policy aimed to further subordinate the Arab countries to the imperialist system, and to prevent them from utilizing the oil revenues to consolidate their independence via the development process. The problem was further aggravated by the competition among the OPEC states over their respective shares in production, in order to receive the highest income for dealing with the economic and social consequences of the oil boom.

Most critical, however, was the way in which oil revenues were used. The bulk of them were recycled into the capitalist center - invested on stock exchanges or deposited in banks. This diverted funds that could have been used for developing a local productive capacity. It moreover made the Arab economies vulnerable to the economic ups and downs in the capitalist countries; it also increased the Arab states' vulnerability to punitive political measures (as happened to Iran when the US administration froze Iranian assets in the US after the Shah's overthrow). The policy of exporting the oil revenues continues: During the first quarter of 1987, \$2.43 billion were sent abroad from the Arab countries.

The oil boom has had far-reaching results on the economic and social levels. Economically, the oil states depended solely on producing and exporting oil. The increased oil revenues led to a construction boom and the rapid expansion of infrastructure (transport and communication). There was also a beginning development of social facilities (education and health). Relatively speaking, the oil boom also affected the non-oil-producing states. To varying degrees, they benefited from incomes in the form of aid and remittances from citizens working in the oil states, although the prosperity was not so clearly seen in all of them.

In the same period, the Arab states' dependence on imported ►