Class Structure and Social Change in the Arab World

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The study of the class structure and dynamics of the Arab world is very difficult, given the diversity of the region, and given the spotty and uneven character of relevant data. Difficult as it is to draw a picture of the contemporary class structure and dynamics of the Arab world, it seems an almost impossible task to attempt a projection a decade into the future. Perhaps the best approach is to sketch out a synoptic view of major developments of social structure and state, then attempt to draw out in terms of these changes the derivative class formations and class dynamics. This in turn will enable us to make some commentary on the potential political directions internal to major Arab countries and in the region as a whole.¹

Political Economy of the Arab World

The Arab world—divided into relatively distinct regions, the Mashriq and the Maghrib—has experienced three broad phases in its modern political economy. In the Mashriq, the first phase was characterized by an integrated precapitalist economy under the Ottomans.² The second was a period of European colonization which resulted in political, economic, and social fragmentation of the area. The third has been the post-World War II period of politically independent and Balkanized nation-states. Despite a period of radical political and economic nationalism during the 1960s, the Arab world in the 1970s and 1980s experienced accelerating integration into a new Western division of labor. This new division of labor is characterized by an international circulation of capital and labor. The oil-rich Mashriq countries export money capital along with oil and import labor power and vast varieties of commodities and consumer goods.³ While exporting money capital to the West, the oil-rich nations import labor power from the oil-poor Arab countries, thus integrating the Mashriq as a region into the new international division of labor.

On the other hand, the Maghrib exports labor power to Europe and imports tourists/consumers from the north. The oil-poor Arab countries have become the

locus for the reproduction of major supplies of labor power for European and oil-rich Arab states. In this sense these Arab countries have emerged as labor reserves for the labor-hungry nations of Europe and the oil-rich states. Labor-exporting Arab countries import monetary remittances from expatriate labor. The size of worker remittances as a percentage of total exports reached 28 percent for Egypt, 43 percent for Morocco, 198 percent for Jordan, and 5,897 percent for Yemen.

The process of accelerated integration into the new international division of labor has had its consequences for both the individual Arab countries and the region as a whole. The Arab Mashriq is undergoing its own division of labor in response to regional dynamics and the more powerful dynamics of its linkage to Western capital. Elements of Arab Mashriq regional integration are the already-noted movement of labor and commodities accompanied by the equally massive counterflow of monetary capital. In addition to remittances from individuals, the capital counterflow includes bilateral state-to-state aid, joint Arab institutional aid, joint Arab investment capital, and direct private investment. The flow of such massive amounts of capital has energized the economic expansion of oil-poor Arab countries. The whole Mashriq has become one "oil economy," as Roger Owen argues, while the Maghrib remains divided and unintegrated economically.

Paradoxically, increasing Mashriq regional integration has been taking place simultaneously with the process of greater consolidation of individual Arab countries' national economies, yet this seemingly contradictory development is in large part due to the fact that the processes working for the greater integration of the Arab Mashriq are weak by comparison to those integrating each of the Arab countries, individually, into the international division of labor.

Accompanying the region's accelerated integration into the world economy, a decline in subsistence production and other transformations have taken place. Accordingly, massive occupational shifts from agricultural to industrial and service activities have occurred. The agricultural sector in the various Arab nations has been undergoing increasing transformation, which is leading to class changes in the rural areas. This is not only forcing people off the land, but is also creating new rural social relations. There is, thus, a massive exodus of surplus agricultural labor, in particular poor, unskilled, and young farmers or peasants, to the urban conglomerations and to the oil-rich states. Two specific aspects of these developments are noteworthy: one is the marginalization of Arab women from production in those areas where commercial agriculture has taken root, and the second is the proletarianization of the young male migrant. One other derivative feature is of long-term consequence. Infitah (economic liberalization) policies of oil-poor nations have led to a process of economic denationalization and the increasing reprivatization of the economy, which allows the growth of new entrepreneurs and a new bourgeoisie in both rural and urban areas.
However, the significance of the policies of infitah and reprivatization have differed in different Arab states. For example, these two policies were instituted earliest (in the early 1970s) and most extensively by Anwar al-Sadat in Egypt. In Sudan, North Yemen, Syria, and Iran, they were introduced later, in lesser scope and differently. Algeria, since Boumedienne, has become the latest of the radical nationalist states to quietly undertake a version of such policies. While Sadat announced the introduction of these policies with much political fanfare coupled with an exaggerated promise of well-being for all Egyptians, the leaders of the latter states introduced “liberalization” quietly, usually under an ideological rubric of reform. Of course, in the oil-rich countries, accelerated integration into the world economy produced a quantum leap of commercialization and the final destruction of the subsistence economy.

In the oil-poor Arab countries, and also Iraq, the previously radical nationalist regimes of the 1960s instituted extensive land reform which broke up the vast holdings of the feudal landlords and distributed some of the confiscated land to peasants and other small farmers. Their agrarian policy over the years created a new kulak class of landowners. This class, with the help of the state, increasingly rationalized its agricultural production and introduced scientific farming and rural wage labor in place of tenancy, sharecropping, and other pre-capitalist forms of relations of production. These developments stimulated further the rural-to-urban exodus. In oil-rich countries (but to a lesser extent in Libya than in the rest), settlement of nomads with the help of enormous state subsidies is also creating a rural landowning bourgeoisie which in Saudi Arabia is using expatriate wage labor.

Commercialization of agriculture in the Arab world has come to mean increasing dependency on state economic policy regarding infrastructure, financing, pricing, price supports, subsidies, and import policies concerning farm equipment, fertilizers, pesticides, warehousing, transport, and marketing. Thus, through the infitah policies of the 1970s, well-connected agrarian capitalists have increasingly gained the advantage over others in a process which has begun a more intensive concentration and capitalization of the countryside and a deeper structural change there. While this analytical description is general, research is needed to delineate and analyze country-specific transformations.

Arab industrial growth is very uneven and generally has a weak financial base, except of course in oil-related industries in oil-rich states. Arab state industrialization is highly differentiated in both the depth and the level of industrial and technical development. There seems to be a dual tendency of industrial centralization and concentration in oil-producing states and some decentralization and deconcentration in the labor-exporting oil-poor nations. Of course, Iraq and Algeria share aspects of both oil-poor and oil-rich states. Import substitution, textiles, and some high-technology and heavy industries are characteristic of the oil-poor states. The older industries, such as textile and steel (in
Egypt, for example), are stagnating. The new high-tech industries have not taken solid root, and the transition from old, declining industries to new ones is not taking place rapidly or smoothly. It is problematic socially, politically, and economically.

In general, Arab industry has a weak competitive position both in the region and internationally (except, of course, for the extractive oil industry—but not for petrochemicals). This weakness, as well as the particular structure of the regional and individual state industries, is directly related to Arab state policy in regard to finance, subsidy, import regulation, and marketing. The status of the public, mixed, and private industrial sectors in individual Arab states needs detailed study. The Arab industrial bourgeoisies are weak, much too small and insecure to make a significant impact in the present Arab political economy. The local bourgeoisies cannot compete with Western capital and must either complement Western or state capital or enter into weak areas of business. While studies on and plans for pan-Arab economic—including industrial—development abound, few concrete results have materialized.

Industrial development, largely capital-intensive, has not absorbed very large numbers of the workers who have been displaced from the rural areas. Migrant Arab labor is employed mostly in services and construction. Hardly any Arab country has more than 15 percent of its labor force in industry. Displaced villagers swell the urban mass of the unemployed and the underemployed in the oil-poor Arab states. The older and declining industries of the oil-poor countries, with their more skilled and unionized workers, are likely to suffer attrition in employment and worsening working conditions. The new high-tech industries will have such a diversified and unorganized group of workers that they will add to the variation and fragmentation of the various Arab countries' working classes. This, in addition to a growing internal differentiation of the working class, will have important future social and political implications. That is, an increasingly differentiated and fragmented working class will produce new and diverse and fragmented styles of political action in the future.

In the Arab world, real estate capital has assumed major significance by absorbing large amounts of private savings, bank capital, and in some states (principally the oil-producing ones) government subsidy. This investment pattern has reflected itself in the investments that Arab entrepreneurs have been making in Western industrial countries. In the Arab world, however, real estate investment is not restricted to the new rich or the wealthy. The small savings of many a returning labor migrant also have been invested in real estate. The popularization of real estate investment is caused not only by housing shortages, but in part also by the security of such investments. Furthermore, real estate holdings do not interfere with other occupations and have become an important source of income to an increasing number of families.
Rent income, small business investment income, and possibly income from wages or other labor have emerged as key sources for an increasing number of multiple-income households. This pattern, which has been accelerating since the beginning of the oil decade, clearly blurs class lines, decreases the likelihood of class consciousness and class-based politics, and increases the chances for new styles of social and political action. What form this action will take in rich oil-producing states and in oil-poor, labor-exporting countries is difficult to predict. It will derive from the increasingly fragmented nature of Arab societies.

Perhaps of greatest significance in this structural fragmentation is the reproduction in Arab Mashriq societies of petty commodity producers and distributors (including services). This is the great mass of very small-scale family enterprises and of self-employed merchants, manufacturers and artisans, repairmen, service and transport workers, and others in the rural areas. Petty commodity producers and distributors form an especially large part of the “informal sector” (which includes women) or of the so-called “underground economy.” Most of these petty economic activities are traditional in style of organization and social relations of work (patronage), that is, in the labor process. Such “old” petty commodity producers and distributors have been accompanied by “new” similar strata. These are modern, efficient, and competitive small- and medium-sized enterprises of entrepreneurs, designers, professionals, and subcontractors, specialized and technically very advanced or highly skilled. They operate domestically and regionally, sometimes even internationally, and may have a network of their own smaller subcontractors to whom they farm out work. The reproduction of the “old” and the emergence of the “new” petty commodity producers and services distributors have increased the internal differentiation and heterogeneity of this class as well as increased its size, contrary to conventional wisdom. The traditional sector is not declining in favor of the modern. Further, members of this latter sector often own stocks and bonds in Western stock markets, local land, or other real estate, and therefore have diversified investments and multiple incomes. Thus they increase internal differentiation and stratification, reinforcing the blurring of class lines and the social fragmentation and heterogeneity of these societies.

The reproduction and expansion, not diminution, of petty commodity producers and distributors have accompanied the development of typically state-promoted, large-scale, capital-intensive, and technologically advanced industry. This seemingly contradictory dual development is directly linked to the role of the Arab world in the international division of labor, that is, to the nature of integration of the region into the European and American economies. In short, the reproduction and expansion of precapitalist forms and relations of production and distribution simultaneously accompany distorted capitalist growth and development in the region.

These transformations of interlocked and mutually reinforcing capitalist and precapitalist forms of production and labor processes have not caused an
irrevocable rupture with the social relations, ideology, and culture associated with the previous "traditional" social formation. On the contrary, they helped reproduce those traditional social relations associated with the precapitalist social structure of economic activity, social values, kinship relations, and political behavior.

Patriarchy, patronage, and the mercantile spirit became intertwined with new capitalist social relations to produce a unique amalgam which manifests itself in the behavior and values of contemporary Arab society. The resultant heterogeneous and fragmented class structure and heterogeneous and fragmented social forms produce fragmented and heterogeneous social views and social action. Less energized by nationalist issues than the previous generation, this fragmented urban mass is also less likely to engage in class organization. It is more likely to engage in social and political action based on kinship or on neighborhood, street, ethnic, sectarian, or religious organizing. This will be more so in the absence of socially conscious and relatively autonomous (from the government) political parties.

Class and Social Change

Accelerated integration of the Arab world into the capitalist world system, the collection of vast and unprecedented oil revenues, and the rapid economic growth of constituent states of the region have led to significant class transformation and social change.

To begin with, we noted that the massive labor migration of waves of people over the last decade has meant, among many other things, the externalized proletarianization (transformation into wage labor) of increasing numbers of former peasants and the subsequent repatriation of a fraction of these as members of the petite bourgeoisie. An agricultural villager exits a peasant, becomes employed as a wage worker, returns home with some small savings, and often establishes himself as a petty commodity producer and/or distributor. While externally-induced proletarianization and bourgeoisification are taking place, simultaneous large-scale internal subproletarianization also is proceeding. The rural/urban population ratio has been falling rapidly, and urbanization has been progressing explosively. This double process of externalized proletarianization/bourgeoisification and internal subproletarianization in association with some industrialization is producing growing differentiation and fragmentation in the working class of the varied oil-poor Arab countries and in mixed Arab communities of the oil-rich city-states.

While some of the repatriated workers often become petty bourgeois, a smaller number make large fortunes and return to join a rapidly expanding new bourgeoisie in their respective countries. This, along with the infitah in the oil-poor nations of the Arab world, has allowed the rapid accumulation of private
capital and created in the process a powerful new grande bourgeoisie. In the oil-rich peninsula, the new bourgeoisie is largely a group of middlemen, merchants, brokers, and agents of and for Western economic interests, allowed—indeed encouraged—by the state to enrich themselves practically overnight. The activities of this new class quickly spilled into investments and ventures overseas in the Western world, primarily in real estate (hotels, office buildings, shopping malls, etc.), government securities, stock and bond trading, and mercantile activity. This class has helped integrate the Arab world into Western capital. While in the oil-rich countries this class is composed of members of the ruling dynasties and their relatives, close associates, and advisors, in the oil-poor nations it is constituted from among those repatriated from the oil areas and those who capitalized on their position in or access to the state to enrich themselves quickly. Corruption and patronage have been rampant. The officer corps of the military establishments of most of the Arab states have not been immune to this. Many an officer or ex-officer or a close relative has joined the ranks of the nouveaux riches by capitalizing on their position or connections in the state.

The state policies which helped produce the new bourgeoisie and expand the petite bourgeoisie also vastly expanded the white-collar strata employed in the state bureaucracy, its ministries, its coercive apparatuses, and its social and economic agencies. In many countries of the Arab world, the state is by far the largest single employer. In addition to those in the above state bureaucracies, the public sector employees also are subject directly to the state. In Jordan, for example, just over 50 percent of the labor force is employed by the state. In Syria, the figure may be higher. For many of these state bureaucrats, after-hours employment or business or real estate investment provides one or more additional sources of income. Here again, among the middle strata, multiple-income households are proliferating. As among many workers, increasing numbers of the middle strata occupy more than one class position, reinforcing further the process of the blurring of class lines and of increasing social heterogeneity and fragmentation.

The regional factors that generated the social class transformations are the very same ones responsible for a group of other social phenomena. The first is the steady rise in income and the rapid rise in the standard of living for vast sectors of the population of the Arab world. This embourgeoisement is reflected visibly not only in gross economic growth rates, but also in the rapid spread of consumerism, especially of imported Western goods. In turn, this has helped to homogenize the Arab consumer lifestyle, many of whose aspects are mimetic of Western styles, first in consumer goods, but increasingly in behavior. This homogenization of consumer lifestyles among Arabs is paradoxically associated with social fragmentation and the resurgence of parochial identities including ethnic, sectarian, religious, regional, tribal, and clan consciousness. It is the processes of social fragmentation and corresponding fragmentation of social
forms and views which allow the reproduction and reinforcement of patriarchal and parochial consciousness despite homogenized consumerism.

The second of these new social phenomena is the reproduction and expansion of inequalities in the Arab world despite the clear overall bourgeoisification and visible rise in the standard of living. R. Paul Shaw analyzes three types of inequalities in the Arab Mashriq which have grown so rapidly that the phenomenon is quite unique in history. Shaw writes:

Previous to . . . [1973/74], the absolute differential in GDP per capita between the two groups of countries [oil-producing and labor-exporting] was only $460 . . . By 1980, it had swollen to over $5,000 per capita and the ratio of per capita incomes in oil-rich versus oil-poor countries had more than doubled to 7.3.20

Between 1976 and 1981, the oil-rich countries allocated an average of $36 billion per year for the implementation of their national development plans . . . This compares with an average of $14.5 billion per year for the oil-poor countries. On a per capita basis, the oil-rich countries invested an average of $1,360 per year versus only $115 for their oil-poor counterparts.21

The poorer Arab countries have significant trade balance deficits, staggering foreign debts, and huge debt service, in contrast to the oil-rich countries, which have substantial surpluses deployed overseas. These inter-regional inequalities are accompanied by inter-sectoral inequalities as well. Restricting the analysis to the contrast between agriculture and industry, Shaw writes: "Agriculture . . . employs no less than 50 percent of the total Arab labor force. Yet between 1976 and 1981, it received only 8.8 percent of total development funds. In contrast, urban-based manufacturing, with only 9 percent of the total Arab labor force, was slated for approximately 20.3 percent of the total development budget."

Like development expenditures, per capita income of the agricultural labor force is a small fraction of that of the personnel in urban industrial and services establishments. Differences in per capita and/or household incomes are especially severe among the oil-poor countries. For example, in Egypt and Morocco 44 percent of rural families are below official poverty lines.23 Within rural areas, continuing severe income discrepancies still exist despite ambitious land reform programs.

In Egypt, an initial reduction in the concentration of landholders between 1958 and 1965 gave way to a subsequent rise in concentration because (1) land distribution was limited to previous tenants and small farmers, and (2) later reforms did not distribute land rights to the growing number of landless peasants.24

Increasing commercialization and capitalization of agriculture may have
caused an arrest of land redistribution and/or caused reconcentration in land ownership.

According to the latest round of agricultural censuses, large farms still hold disproportionate shares of arable land. For example, in Syria, 2.5 percent of the relatively large farms (say, in excess of 50 hectares) hold 29 percent of the arable land; in Algeria, 2.2 percent hold 47 percent; in Tunisia, 4.6 percent hold 46 percent; in Morocco, 2.5 percent hold 27 percent; in Kuwait, 3.1 percent hold 37 percent; and in Lebanon, 0.2 percent hold 15 percent. In Egypt, 12 percent of the land is still held by only 0.2 percent of the farms and, with 46 percent of the total land being rented, the reign of the absentee landlord may again be visible.

While income distribution data for the region and the aggregate data cited above include important exceptions, there is no doubt of the extremely wide inequalities between and within oil-rich and oil-poor countries of the Arab world. These wide inequalities, along with those among the various economic sectors, have also increased substantially over the "oil decade."

Inequalities in the region and within each country also contribute to the fragmentation and heterogeneity of the Arab social formation. The ability to make new wealth has been determined principally by the degree to which the middleman entrepreneur or merchant has a connection or access to the power centers of the state and not by innovative industrial or other productive development. Such patterns reinforce the patriarchal and patronage system of social relations, thus reinforcing fragmented social relations, views, and consciousness in Arab societies—that is, parochialism.

Arab intellectuals have not really addressed the above processes or derivative social/political issues. The majority of the intellectuals/activists of the 1950s and 1960s have been professionalized and absorbed into a bureaucratized apparatus, that is, institutionalized. Indeed, some of them have abandoned their socialist principles (even principles of Islamic social justice) and emerged as ideologues of the new bourgeoisified social order. These new ideologues propagate neo-liberal doctrines and a "born-again democracy" which objectively justify state postures that during the past oil decade brought about infitah policies characterized by a frantic rush for get-rich-quick schemes, by a predatory class of comprador bourgeoisie that has strongly influenced the development model of the region, and by further social fragmentation. These policies discouraged, at least in the oil-poor states, authentic attempts at socioeconomic development of the productive sectors. Instead, they reinforced service-based capitalist transformation of the region. They also linked organically the economic destiny of the region to the fate of Western economies. Thus, the status of Arab economic wellbeing is externally determined rather than domestically controlled by its own people.
Arab countries have syncretic states characterized by what James Petras calls "multiple states"—that is, three "states" in one. The first is the "historic state," the traditional bureaucracy which functions as an instrument for political patronage and—as in Nasser's Egypt—the "employment agency of last resort." This "state" dispenses economic favors, positions of power, and employment. The ruling elite uses the system of patronage to consolidate its position and to gain solidarity and support from varied sectors of the population.

In the oil-rich countries, the system of patronage is a vehicle of cooptation which functions principally along kinship, clan, and tribal lines, but incorporates adjuncts, agents, friends, colleagues, handlers, and others. This historic state is subject and responsive to the political elites and their constituencies in the population. In the oil-poor countries, the "historic states" function in a similar manner, but are subject as well to claims from the leadership of the dominant political party or coalition of parties. It is this process of patronage which recruits into the top leadership kinsmen, relatives, and close members of the same clan or tribe or the same ethnic, sectarian, or class fragment, and gives the different Arab regimes the character of a narrow social base, as Hanna Batatu typically argues.

This patronage system is associated with the second "state"—the "modern state"—a conglomerate of autonomous and semi-autonomous agencies and bureaucracies. This is the state of technocrats, often educated in the United States, and of the development-oriented sectors of the local bourgeoisie. It performs in the Arab nations two principal functions, the first of which is the planning, financing, and establishing of new economic enterprises and infrastructure.

The second function is the establishment, financing, and managing of the bureaucracies of the welfare state. In the oil-rich nations, the welfare state agencies serve to integrate the native into the nation-state and to legitimize the regime, especially the ruling elite. Above all, they serve to mobilize solidarity of the natives of the oil-rich states with one another and with the ruling elites against the ultimate threat of the more numerous resident migrant workers.

On the other hand, in the oil-poor countries, the welfare state programs, which include basic food subsidy, also function to defuse discontent and mobilize solidarity with the ruling elite. In Egypt, for example, the Sadat-instituted welfare program came to be known popularly as "ma’ash al-Sadat" (the Sadat pension).

The point of overlap between the "historic state" and the "modern state" is the patronage-based positions of power in the varied agencies of development and welfare. This linkage meshes effectively to legitimize the regime and mobilize support for it. In short, both modern and traditional leaderships have a vest-
ed interest in the survival and stability of the regimes of their respective states of the Arab world.

The third major "state" is the "repressive state." This is the self-contained caste that operates the repressive organs of the state which protect the ruling class, the elite, and the propertied classes. It often stands above society and above the law, and as often makes its own law. It is the proverbial stick to the welfare carrot of the Arab states. It can be as harsh as it pleases, and can violate the human and civil rights of the citizens without having to answer to anyone except its own caste leaders. Like the other bureaucracies, the "repressive state" is also an important employer of last resort and functions in its own right as a mobilizer of support and enforcer for the regime.

This syncretic "state-in-three" constitutes the contemporary state structure in the Arab world. However, the inter-penetration of the three states may lead to contradictory and conflicting processes within the state and within the society as a whole. In the short term, such contradictory processes may lead to some political instability, while for the long term they set the stage for a more profound transformation. One such example of the latter should suffice here.

The welfare programs and basic food subsidies that have been instituted by ruling elites to defuse popular discontent and to mobilize support for the regime will change over the years from being a grant of favor by the rulers to a political right of the citizen. Thus, any dismantling or severe constraint of the programs in the future will likely trigger movements of opposition against the regime. In short, unwittingly, all states of the Arab Mashriq are planting the seeds of an important political principle: that is, the citizen's political (not merely humanitarian) right to economic security.

This right may then emerge in the early twenty-first century as the central issue of domestic Arab politics. The issue may or may not be directly linked to the foreign policy of the respective states, as it already has been in Egypt. What will determine the nature of the linkage is the actual dynamics of domestic and regional politics in the final years of the twentieth century.

Two aspects of the contemporary fragmented and heterogeneous social structure of the Arab Mashriq will have a direct bearing on the future of Arab politics. The first is ideological, and the second is organizational. Leaders of the Arab regimes of both the oil-rich and the oil-poor states have come to be seen by their own compatriots as corrupt and with little legitimacy or popularity. However, with rapid embourgeoisement or, more correctly, the Arab individual's frantic rush to enrichment, especially in the Mashriq, cynicism has replaced much of the progressive (nationalist or leftist) and conservative (traditionally Islamic) ideology of the previously activist masses, groups, intellectuals, and individuals. This development may be one factor behind the rise of militant Islamic fundamentalism. The post-World War II great liberating Arab ideologies of freedom, independence, social justice, development, and citizen involvement have been
replaced among the middle strata by a political culture of rampant consumerism, possessive individualism, and disenchanted political withdrawal; and among the working and poor strata, by religious revival and utopian idealism. A new security-conscious statism which imports the tools and social organization of repression has replaced the liberationist Arab nationalism with the pan-Arabism (or sub-regionalism) of repression. Social and political repression have become generalized and more intensive in most Arab societies. It is as if the patriarchal tyranny of the traditional Arab family has been generalized into a modern state-security apparatus and ideology which pervades everyday life.

Arab institutions of civil society have retained little legitimacy and efficacy. The formal mediating institutions, such as unions and parties, which previously linked the individual with the state have progressively lost their autonomy, their substance, and their legitimacy. They have become shells of their former selves and have been turned into ready tools with which the Arab states control their citizens. That is, instead of being the mechanism for mobilizing the people and acting as centers for checking the authority of the state, these mediating institutions have become a means of control of the people by the state. The fragmented social formation of Arab societies is at once a contributor to the destruction of these formal institutions of civil society and a product of their demise. Without civil society, the Arab individual is a subject, not a citizen of the state. Democracy in the sense of participation in the decisions affecting one’s life and destiny is not possible without civil society.

Many an analyst has noted the impact of the new wealth in the oil decade on the demise or corruption of an indigenous Arab social revolution. The impact of al-tharwa (wealth) on al-thawra (revolution) is not merely a cliché. It is a capsule characterization of the rise of the new parasitical clans or classes that have enriched themselves on the staggering surpluses of oil revenues. As merchants, contractors, agents, technocrats, and others, they allied themselves with ruling oil dynasties or minority rulers to create a new political order and a new political culture.

This political culture articulates well with a new set of cultural mores which include the demise of the work ethic; work is now hardly related to high income or success. It is one’s connections or one’s status which determines the patronage—the key to quick and assured wealth. The new Arab mores are characterized by rampant consumerism and conspicuous consumption; status distinction and snobbism; reinforcement of the ideology of patriarchy, hierarchy, and subordination; loss of cultural authenticity; the rise of mimetic (of the West) culture; and finally, the loss of indigenous folk culture associated with the rise of the consumption of American (and European) mass culture. Such new cultural mores are both a reflection of and a factor reinforcing the fractured character of Arab social formations. The consequences for the political culture of the Arab world have been devastating. The Arab collective sense has been atomized, and the progressive thrust has been reversed.
In the post–World War II era, the Arab struggle for political, economic, and social independence gave rise to state capitalism in several core countries. Arab state capitalism has an inner dynamic logic with a natural history that propels it from progressive social, economic, and foreign policies into counter-revolutionary ones; witness the shifts from the 1960s to the 1970s and 1980s.

The structure and dynamics of Arab state capitalism are complex and demand serious detailed research. Suffice it here to say that Arab state capitalism produces not only parasitic, but also predatory, bourgeoisies and helps reproduce overdeveloped state structures and underdeveloped productive forces. The overbureaucratization, inefficiency, repression, corruption, patronage, and welfare of state capitalism in the context of general oil-related bourgeoisification have not produced wide-scale disaffection and organized opposition. Instead, this has produced “politics of resentment” laced in some states with ethnic/sectarian resentment over distribution of resources, over access to the state (which is lucrative), over discrimination, over the lack of civil and human rights, and, among some sectors, over social oppression.

Expression of resentment is fragmented, as are the social structure, social views, and social consciousness. The religious fundamentalist movement is itself fragmented and reflects its social base. Even anti-regime violence is fragmented and discontinuous.

On an individual level, the Arab states have experienced in the oil decade the rise of economic neo-liberalism, political repression, and social conservativism, whereas on a regional level, the Arab world suffered a loss of pan-Arab national identity, of independence, and of regional coordination in social, economic, or foreign policies.

Along with these changes, the terrain of struggle also has shifted away from the mobilized streets and relatively autonomous political institutions and movements into the courts and lobbies internal to the ruling dynasties or one-party regimes. Most of the Arab populace are more like political spectators than participants. This transformation is in part also responsible for the emergence of fragmented new styles of social and political action and of violence by small fragmented groups.

In conclusion, the heterogeneous and fragmented class structure makes possible a political order with higher levels of state repression. The commensurate destruction of civil society and democratic freedoms is in part a product of the greater integration of the Arab world into Western political economy. In short, dependency and repression go together in a natural union.

Conclusion

Major class transformations do not occur overnight. Ruling elites or regimes may come and go in the next decade, and class conflict within any given coun-
try, or even the Arab region, may escalate or subside, but broad class changes will move somewhat more slowly. Of course, this assumes that an overarching crisis resulting in a revolutionary takeover is not in the cards in the next decade. The structural processes of change which are in motion now will continue in the same direction, but perhaps at somewhat attenuated rates because of the decline in oil revenues and growth rates. The reasons for this, as should be clear by now, are to be found in the economic and social structure of each country separately and in the region as a whole.

Contemporary Arab economic and social structures have been set and the die has been cast, so to speak, over the last two decades, but especially since the oil boom started. Current economic policy and economic development plans of the major Arab states do not indicate the probability of any wrenching shifts from past policy. This is in part a consequence of the class character of the states in these Arab societies and of their sociopolitical role.

The states in almost every Arab country have expanded in scope, function, and power, particularly in the economic sphere, and therefore in shaping the class structure of their respective social formations. The states of the Mashriq countries have become so centralized, all-pervasive, and efficient that they have managed to neutralize all organized opposition and to mobilize the support of large sectors of their own population, who benefit, albeit differentially, from their policies. This is the case despite the fact that the regimes' social bases are narrow—in clan, ethnic group, or economic strata. This phenomenon may be encapsulated in the following conception: etatization of Arab societies and privatization of the state.

It is this seemingly self-contradictory feature—expansion of structure and function but narrowness of base—which is responsible for the pattern of coercion and co-optation so typical of contemporary Arab states. This double capability is behind the relative political stability of the regimes (and to a lesser degree the rulers) of the Arab states. My contention, then, is that even with changes in regime, the expanded role of the contemporary state in the Arab region will likely produce similar socioeconomic policies in the short and medium terms. Thus, resultant social processes, class formations, and dynamics also will be reproduced substantially unchanged in the next decade.

This projection into the future is all the more tenable because of the nature of the social structure in which this contemporary state is operating. As I have argued above, the development of capitalism in conjunction with the reproduction and expansion of petty commodity production and distribution since World War II has produced and continues to produce a heterogeneous and fractured social structure which reinforces fragmented and heterogeneous social consciousness and social-political action, and, therefore, dynamic, occasionally violent, immobilism.

These trends picked up momentum and a relentless drive in the years fol-
lowing the spectacular increase in oil revenues. The pace of change escalated dramatically during the “seven fat years” of the oil boom and has slowed down, but has neither reversed direction nor changed character in what currently appears to be a period of “seven lean years.”

The downturn so far is not riven with severe crises. It is, however, taking place at an important socioeconomic conjuncture: vast numbers of youth coming of age for employment (in most Arab countries 50 percent of the population is under 20 years of age). The plight of vast masses of unskilled and unemployed youth in social conditions lacking hope and future is a perfect social formula for frustration, bitterness, and violence—both criminal and political. If this is coupled with severe repression, as is the case for the Palestinians under Israeli occupation in the West Bank and Gaza and for their brethren in Lebanon who face Lebanese hostility and repression, then the likelihood of political violence—individual or organized—increases dramatically. While the conditions of the Palestinians are the most dramatic, other peoples, the Egyptians for example, are not far behind. But it should be clear that among other peoples, the bases of organizing this violence and political militancy in general are more traditional (through the kin, the clan, the neighborhood, the street, the sect, the ethnic group, and so on), fragmented, and discontinuous.

In short, the economic, cultural, social, and political structures of the contemporary Arab world are the foundations of the societal and class systems not merely in 1995, but also into the twenty-first century. The logic of dependent service-based capitalism formally in articulation with precapitalist social forms and social relations will reproduce the contemporary society in the short and medium terms, but may be developing into a real crisis in the long term when oil is depleted and/or when labor is repatriated.

Broadly, then, the class structure in the next decade will be composed of a tiny grande bourgeoisie intimately integrated into Western capital and acting increasingly as an international bourgeoisie with international and diversified holdings. It is a dynamic bourgeoisie, but its dynamism rests essentially on the (rapid) accumulation of capital through service activity rather than through the exploitation of land or labor. This comprador mercantile-financial bourgeoisie (with extensive interests as well in construction and real estate holdings) is dominant and sets the parameters of Arab development, particularly in the Mashriq. Its service base does not augur well for future investment in the productive sectors of the Arab world. These are left for the states themselves, but their performance in the past decade leaves much to be desired.

The industrial bourgeoisie is the weakest segment of the bourgeoisie. Despite state capitalism, the industrial working class is and will remain very small (averaging 9 to 12 percent of the workforce throughout the Arab world), weak, and protective of privileges won over the years, especially in the face of a vast reserve army of unemployed or underemployed labor. In between exists
and will continue to expand a broad and great mass of stratified petty bourgeoisie—old and new petty commodity producers and distributors (including the service professionals). Furthermore, an increasing number of these petty and middle commodity producers and distributors will continue to derive their income from varied sources, leading to the important phenomenon of multiple-income families whose class position will be unclear and whose cross-cutting interests will encourage heterogeneous and fragmented consciousness and politics. At best, one will expect populist politics of varied styles, as this broad and unproductive mass of people can hardly be organized and mobilized at the point of production. The bases of organizing such a mass will by necessity be as heterogeneous as the mass itself.

Such a fragmented and heterogeneous social structure will allow dramatic mass movements in periods of overarching crisis, not unlike that of Khomeini's Islamic revolution in Iran. In other periods, diverse, uncoordinated, fragmented, discontinuously violent opposition will emerge. Wide-scale spontaneous and potentially violent upheavals may also emerge when threats to “bread and butter” interests materialize, especially among the poorer classes of the urban centers. These will not be significantly different than the “food” or “bread” riots that took place in the past decade in Egypt, Morocco, Tunisia, Sudan, and elsewhere. Otherwise, the centralized and disciplined military of both the republics and the monarchies will in alliance with mercantile, real estate, and money capital continue to rule an Arab world characterized by structural dynamic immobilism. Political change or large-scale instability, if it is to occur, will likely be a product of factional (fragmented) conflict within the pivotal military establishment or dynasty, or else the military will intervene in the context of crisis of governance, as it did in Sudan.

In short, the Arab world, long known for volatility and political instability, will actually be increasingly transformed into a cluster of societies which will be structurally fractured but relatively stable, albeit occasionally punctuated by dramatic violence.

This relative political stability—characterized by a low level of violence—is a form of domestic balance of forces. It is, however, contingent in part upon the regional balance of power. If the latter is seriously upset, either through full-scale war (not merely a border conflict) or through a political realignment between pivotal powers in which one of the regimes is replaced and the regional balance altered significantly, then the relatively stable domestic sociopolitical structure in related (linked) states could become very volatile.

The regional balance of power, dependent as it is on both regional and domestic relations, is also directly linked to the policies and activities of the superpowers. In conclusion, it is ironic that the very same external linkages (integration) which helped generate fragmented but relatively stable social
structures in the states of the region may be, in the next decade, the cause of both regional and domestic political instability and change.

Notes

1 The approach of this paper is inspired by that of a paper given by James Petras at the International Conference on Social Classes, Social Change, and Economic Development in the Mediterranean, Foundation for Mediterranean Studies, May 36, 1984 (Athens, Greece).


3 Estimates of the number of migrant workers in the oil-rich states of Arabia range from three to six million in a given year. These do not include the families of a substantial fraction of these workers. See J. S. Birks and C. A. Sinclair, Arab Manpower (New York: St. Martin's Press, 1980); and idem., Migration and Development in the Arab World (Geneva: International Labor Organization, 1980).

4 The Palestinian Arabs of the West Bank and Gaza are the labor reserves of both Israel and the oil-rich Arab states. See E. A. Gharaibeh, The Economies of the West Bank and Gaza Strip (Boulder: Westview Press, 1985).

5 Estimates for Egypt are usually $3 billion. David Ottaway of The Washington Post reports a remittance income for Egypt of between $6 billion and $10 billion.


11 Ibid.
12 Lebanon has been an exception.
14 Statistics on this are very difficult to find. One indicator is the persistence and/or increase of artisanal and other small-scale productive and distributive establishments. For example, in Lebanon the number of establishments employing less than 10 workers increased from 7,149 in 1955 to 13,939 in 1971, while for Iraq the comparable figures are 21,733 in 1954 and 37,669 in 1976, and in East Jordan 2,140 in 1967 and 4,790 in 1977. See S. Nasr, "Les Travailleurs de L'Industrie Manufacturière au Machrek," in A. Bourgey et al., *Industrialisation et Changements Sociaux*, p. 158. Rose Musleh reports that in 1978, 92.7 percent of the industrial workforce of East Jordan was working in establishments of one to nine individuals. R. Musleh, "Al-Sina' a fi sharq al-Urdun, 1967-1979" (Industry in Transjordan, 1967-1979), *Shu' un filistiniyya* no. 99 (February 1980): 10.
17 Employment in state bureaucracies usually ends at 1 or 2 p.m.
21 Ibid.
22 Ibid.
23 Ibid.
24 Ibid.
25 Ibid.
28 J. Petras, paper delivered at the International Conference on Social Classes.
30 Y. A. Sayigh, "al-Taklifa al-'arabiyya."