

# **Roots of the Arab Revolts and Premature Celebrations**

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## **Introduction**

Most accounts of the Arab revolts from Egypt, Tunisia, Libya, Morocco, Yemen, Jordan, Bahrain, Iraq and elsewhere have focused on the most immediate causes: political dictatorships, unemployment, repression and the wounding and killing of protestors. They have given most attention to the “middle class”, young, educated activists, their communication via the internet, (Los Angeles Times, Feb. 16, 2011) and, in the case of Israel and its Zionists conspiracy theorists, “the hidden hand” of Islamic extremists (Daily Alert Feb. 25, 2011).

What is lacking is any attempt to provide a framework for the revolt which takes account of the large scale, long and medium term socio-economic structures as well as the immediate ‘detonators’ of political action. The scope and depth of the popular uprisings, as well as the diverse political and social forces which have entered into the conflicts, preclude any explanations which look at one dimension of the struggles.

The best approach involves a ‘funnel framework’ in which, at the wide end (the long-term, large-scale structures), stands the nature of the economic, class and political system; the middle-term is defined by the dynamic cumulative effects of these structures on changes in political, social and economic relations; the short-term causes, which precipitate the socio-political-psychological responses, or social consciousness leading to political action.

## **The Nature of the Arab Economies**

With the exception of Jordan, most of the Arab economies where the revolts are taking place are based on ‘rents’ from oil, gas, minerals and tourism, which provide most of the export earnings and state revenues (Financial Times, Feb. 22, 2011, p. 14). These economic sectors are, in effect, export enclaves employing a tiny fraction of the labor force and define a highly specialized economy (World Bank Annual Report 2009). These export sectors do not have links to a diversified productive domestic economy: oil is exported and finished manufactured goods as well as financial and high tech services are all imported and controlled by foreign multi-nationals and ex-pats linked to the ruling class (Economic and Political Weekly, Feb. 12, 2011, p. 11). Tourism reinforces ‘rental’ income, as the sector, which provides ‘foreign exchange’ and tax revenues to the class – clan state. The latter relies on state-subsidized foreign capital and local politically connected ‘real estate’ developers for investment and imported foreign construction laborers.

Rent-based income may generate great wealth, especially as energy prices soar, but the funds accrue to a class of “rentiers” who have no vocation or inclination for deepening and extending the process of economic development and innovation. The rentiers “specialize” in financial speculation, overseas investments via private equity firms, extravagant consumption of high-end luxury goods and billion-dollar and billion-euro secret private accounts in overseas banks.

The rentier economy provides few jobs in modern productive activity; the high end is controlled by extended family-clan members and foreign financial corporations via ex-pat experts; technical and low-end employment is taken up by contract foreign labor, at income levels and working conditions below what the skilled local labor force is willing to accept.

The enclave rentier economy results in a clan-based ruling class which ‘confounds’ public and private ownership: what’s ‘state’ is actually absolutist monarchs and their extended families at the top and their client tribal leader, political entourage and technocrats in the middle.

These are “closed ruling classes”. Entry is confined to select members of the clan or family dynasties and a small number of “entrepreneurial” individuals who might accumulate wealth servicing the ruling clan-class. The ‘inner circle’ lives off of rental income, secures payoffs from partnerships in real estate where they provide no skills, but only official permits, land grants, import licenses and tax holidays.

Beyond pillaging the public treasury, the ruling clan-class promotes ‘free trade’, i.e. importing cheap finished products, thus undermining any indigenous domestic start-ups in the ‘productive’ manufacturing, agricultural or technical sector.

As a result there is no entrepreneurial national capitalist or ‘middle class’. What passes for a middle class are largely public sector employees (teachers, health professionals, functionaries, firemen, police officials, military officers) who depend on their salaries, which, in turn, depend on their subservience to absolutist power. They have no chance of advancing to the higher echelons or of opening economic opportunities for their educated offspring.

The concentration of economic, social and political power in a closed clan-class controlled system leads to an enormous concentration of wealth. Given the social distance between rulers and ruled, the wealth generated by high commodity prices produces a highly distorted image of per-capita “wealth”; adding billionaires and millionaires on top of a mass of low-income and underemployed youth provides a deceptively high average income (Washington Blog, 2/24/11).

### **Rentier Rule: By Arms and Handouts**

To compensate for these great disparities in society and to protect the position of the parasitical rentier ruling class, the latter pursues alliances with, multi-billion dollar arms corporations, and military protection from the dominant (USA) imperial power. The rulers engage in “neo-colonization by invitation”, offering land for military bases and airfields, ports for naval operations, collusion in financing proxy mercenaries against anti-imperial adversaries and submission to Zionist hegemony in the region (despite occasional inconsequential criticisms).

In the middle term, rule by force is complemented by paternalistic handouts to the rural poor and tribal clans; food subsidies for the urban poor; and dead-end make-work employment for the educated unemployed (Financial Times, 2/25/11, p. 1). Both costly arms purchases and paternalistic subsidies reflect the lack of any capacity for productive investments. Billions are spent on arms rather than diversifying the economy. Hundreds of millions are spent on one-shot paternalistic handouts, rather than long-term investments generating productive employment.

The ‘glue’ holding this system together is the combination of modern pillage of public wealth and natural energy resources and the use of traditional clan and neo-colonial recruits and mercenary contractors to control and repress the population. US modern armaments are at the service of anachronistic absolutist monarchies and dictatorships, based on the principles of 18<sup>th</sup> century dynastic rule.

The introduction and extension of the most up-to-date communication systems and ultra-modern architecture shopping centers cater to an elite strata of luxury consumers and provides a stark contrast to the vast majority of unemployed educated youth, excluded from the top and pressured from below by low-paid overseas contract workers.

### **Neo-Liberal Destabilization**

The rentier class-clans are pressured by the international financial institutions and local bankers to ‘reform’ their economies: ‘open’ the domestic market and public enterprises to foreign investors and reduce deficits resulting from the global crises by introducing neo-liberal reforms (Economic and Political Weekly, 2/12/11, p. 11).

As a result of “economic reforms” food subsidies for the poor have been lowered or eliminated and state employment has been reduced, closing off one of the few opportunities for educated youth. Taxes on consumers and salaried/wage workers are increased while the real estate developers, financial speculators and importers receive tax exonerations. De-regulation has exacerbated massive corruption, not only among the rentier ruling class-clan, but also by their immediate business entourage.

The paternalistic ‘bonds’ tying the lower and middle class to the ruling class have been eroded by foreign-induced neo-liberal “reforms”, which combine ‘modern’ foreign exploitation with the existing “traditional” forms of domestic private pillage. The class-clan regimes no longer can rely on the clan, tribal, clerical and clientelistic loyalties to isolate urban trade unions, student, small business and low paid public sector movements.

### **The Street against the Palace**

The ‘immediate causes’ of the Arab revolts are centered in the huge demographic-class contradictions of the clan-class ruled rentier economy. The ruling oligarchy rules over a mass of unemployed and underemployed young workers; the latter involves between 50% to 65% of the population under 25 years of age (Washington Blog, 2/24/11). The dynamic “modern” rentier economy does not incorporate the newly educated young into modern employment; it relegates them into the low-paid unprotected “informal economy” of the street as vendors, transport and contract workers and in personal services. The ultra- modern oil, gas, real estate, tourism and shopping-mall sectors are dependent on the political and military support of backward traditional clerical, tribal and clan leaders, who are subsidized but never ‘incorporated’ into the sphere of modern production. The modern urban industrial working class with small, independent trade unions is banned. Middle class civic associations are either under state control or confined to petitioning the absolutist state.

The ‘underdevelopment’ of social organizations, linked to social classes engaged in modern productive activity, means that the pivot of social and political action is the street. Unemployed and underemployed part-time youth engaged in the informal sector are found in the

plazas, at kiosks, cafes, street corner society, and markets, moving around and about and outside the centers of absolutist administrative power. The urban mass does not occupy strategic positions in the economic system; but it is available for mass mobilizations capable of paralyzing the streets and plazas through which goods and services are transported out and profits are realized. Equally important, mass movements launched by the unemployed youth provide an opportunity for oppressed professionals, public sector employees, small business people and the self-employed to engage in protests without being subject to reprisals at their place of employment – dispelling the “fear factor” of losing one’s job.

The political and social confrontation revolves around the opposite poles: clientelistic oligarchies and de clasé masses (the *Arab Street*). The former depends directly on the state (military/police apparatus) and the latter on amorphous local, informal, face-to-face improvised organizations. The exception is the minority of university students who move via the internet. Organized industrial trade unions come into the struggle late and largely focus on sectoral economic demands, with some exceptions - especially in public enterprises, controlled by cronies of the oligarchs, where workers demand changes in management.

As a result of the social particularities of the rentier states, the uprisings do not take the form of class struggles between wage labor and industrial capitalists. They emerge as mass political revolts against the oligarchical state. Street-based social movements demonstrate their capacity to delegitimize state authority, paralyze the economy, and can lead up to the ousting of the ruling autocrats. But it is the nature of mass street movements to fill the squares with relative ease, but also to be dispersed when the symbols of oppression are ousted. Street-based movements lack the organization and leadership to project, let alone impose a new political or social order. Their power is found in their ability to pressure existing elites and institutions, not to replace the state and economy. Hence the surprising ease with which the US, Israeli and EU backed Egyptian military were able to seize power and protect the entire rentier state and economic structure while sustaining their ties with their imperial mentors.

### **Converging Conditions and the “Demonstration Effect”**

The spread of the Arab revolts across North Africa, the Middle East and Gulf States is, in the first instance, a product of similar historical and social conditions: rentier states ruled by family-clan oligarchs dependent on “rents” from capital intensive oil and energy exports, which confine the vast majority of youth to marginal informal ‘street-based’ economic activities.

The “power of example” or the “demonstration effect” can only be understood by recognizing the same socio-political conditions in each country. Street power – mass urban movements – presumes the street as the economic locus of the principal actors and the takeover of the plazas as the place to exert political power and project social demands. No doubt the partial successes in Egypt and Tunisia did detonate the movements elsewhere. But they did so only in countries with the same historical legacy, the same social polarities between rentier – clan rulers and marginal street labor and especially where the rulers were deeply integrated and subordinated to imperial economic and military networks.

### **Conclusion**

Rentier rulers govern via their ties to the US and EU military and financial institutions. They modernize their affluent enclaves and marginalize recently educated youth, who are

confined to low paid jobs, especially in the insecure informal sector, centered in the streets of the capital cities. Neo-liberal privatizations, reductions in public subsidies (for food, unemployment subsidies, cooking oil, gas, transport, health, and education) shattered the paternalistic ties through which the rulers contained the discontent of the young and poor, as well as clerical elites and tribal chiefs. The confluence of classes and masses, modern and traditional, was a direct result of a process of neo-liberalization from above and exclusion from below. The neo-liberal “reformers” promise that the ‘market’ would substitute well-paying jobs for the loss of state paternalistic subsidies was false. The neo-liberal policies reinforced the concentration of wealth while weakening state controls over the masses.

The world capitalist economic crises led Europe and the US to tighten their immigration controls, eliminating one of the escape valves of the regimes – the massive flight of unemployed educated youth seeking jobs abroad. Out-migration was no longer an option; the choices narrowed to struggle or suffer. Studies show that those who emigrate tend to be the most ambitious, better educated (within their class) and greatest risk takers. Now, confined to their home country, with few illusions of overseas opportunities, they are forced to struggle for individual mobility at home through collective social and political action.

Equally important among the political youth, is the fact that the US, as guarantor of the rentier regimes, is seen as a declining imperial power: challenged economically in the world market by China; facing defeat as an occupying colonial ruler in Iraq and Afghanistan; and humiliated as a subservient and mendacious servant of an increasingly discredited Israel via its Zionist agents in the Obama regime and Congress. All of these elements of US imperial decay and discredit, encourage the pro-democracy movements to move forward against the US clients and lessen their fears that the US military would intervene and face a third military front. The mass movements view their oligarchies as “third tier” regimes: rentier states under US hegemony, which, in turn, is under Israeli – Zionist tutelage. With 130 countries in the UN General Assembly and the entire Security Council, minus the US, condemning Israeli colonial expansion; with Lebanon, Egypt, Tunisia and the forthcoming new regimes in Yemen and Bahrain promising democratic foreign policies, the mass movements realize that all of Israel’s modern arms and 680,000 soldiers are of no avail in the face of its total diplomatic isolation, its loss of regional rentier clients, and the utter discredit of its bombastic militarist rulers and their Zionist agents in the US diplomatic corps (Financial Times 2/24/11, p. 7).

The very socio-economic structures and political conditions which detonated the pro-democracy mass movements, the unemployed and underemployed youth organized from “the street”, now present the greatest challenge: can the amorphous and diverse mass become an organized social and political force which can take state power, democratize the regime and, at the same time, create a new productive economy to provide stable well-paying employment, so far lacking in the rentier economy? The political outcome to date is indeterminate: democrats and socialists compete with clerical, monarchist, and neoliberal forces bankrolled by the U.S.

It is premature to celebrate a popular democratic revolution....