

Palestine in the Middle East: Opposing Neoliberalism and US Power - Part 2

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In the late 1960s, with the definitive collapse of British and French colonialism in the Middle East, the US rose to become the dominant imperial power within the region. Because of the presence of oil, the Middle East became critically important to the overall construction of US hegemony in the global order. Control of the region's resources functioned simultaneously to secure a vital commodity, provide a source of profits, and as a cudgel with which to influence rival powers within the global marketplace. In the last 30 years, the region – particularly the states of the Gulf Cooperation Council (GCC) – has taken on an increasingly important role as a source of flows of surplus capital – and hence overall power – within the global financial order.

US policy towards the region is driven by these factors. Because the Middle East is a vital nexus of overall US power in the global economy, it needs to develop a political framework that will sustain and maintain its influence in the region. This political framework (otherwise known as US 'foreign policy') is worked out through the daily debates, struggles and experiences of US capital and its representatives in governments, boardrooms and think-tanks. Despite the real and important differences that continually arise, a broad consensus has emerged throughout the last four decades over how to exert and maintain influence in the region. This consensus rests upon three key pillars.

First, like elsewhere around the world, the US relies upon corrupt governments and narrow elites that are dependent upon it for military and economic survival. We can see this most clearly in the case of Jordan and Egypt – two key US allies in the region. These governments cooperate closely with the US in matters of regional security and economic ties as well as the global 'war on terror'. They have extensive networks of secret police, and their prisons are filled with individuals who have been tortured in close cooperation with the CIA and other bodies. Their economies are wide open to foreign investment and neoliberalism has held sway for years.

Secondly, in addition to these client regimes, the US power rests upon the countries brought together through the regional integration project – the Gulf Cooperation Council. The GCC was established in 1981 between Saudi Arabia, Bahrain, Kuwait, Oman, Qatar and the United Arab Emirates. As a regional integration project, the GCC resembles the European Union, aiming to

create a single economic zone covering the six member states with uniform laws, economic policies, a common central bank, and single currency by 2010. The GCC countries are particularly dependable allies of the US. Their heavy reliance on migrant workers means that they differ from states such as Iraq, Iran, Egypt and elsewhere where strong indigenous working class movements present a potential threat. The GCC is also a key outpost for the US military in the region. In 2003, the U.S. military moved its Centcom forward headquarters, the unified commander center for operations in 27 countries, to Qatar. By 2005, according to a US congressional report, over 100,000 U.S military personnel were located in Gulf states (not including the approximately 150,000 in Iraq or security personnel operating under private firms).[1]

Finally, and most importantly, the third key prop to US power in the region is the Israeli state. Since the 1967 war, Israel has played a key role in defending US interests in the region. It is the weapon that the US uses when it wants to crush popular movements but is unable to invade directly. There are many examples of this – beginning in 1967 and continuing throughout the 1970s, Israeli military attacks and assassinations crippled leftwing and Arab nationalist movements throughout the region that were threatening client regimes. During the 1980s, Israel was used to crush Palestinian and progressive forces in Lebanon. Further afield, Israel has promoted US foreign policy objectives across the globe. It was a key political, military and economic supporter of Apartheid South Africa and in the peak years of boycott and sanctions was the conduit for South African goods into Europe (one of the reasons for Israel's central position in the world diamond trade). In Latin and Central America, Israeli weapons and training were used to arm and equip the military dictatorships of the region during the 1980s.

Since the early 1990s, within the context of a generally more favorable global geo-political environment, the US has attempted to reshape the relationship between these three pillars of support in order to better consolidate its power and influence. The underlying goal of this policy is to tie these three pillars together in a single neoliberal economic zone (dubbed the 'New Middle East' by Condoleeza Rice in 2006). It is very important to understand this strategy: it is key to the regional environment in which the politics of the region is unfolding today, as well as the specific forces driving economic plans such as the PRDP.

The New Middle East and MEFTA

The central thrust of the 'New Middle East' strategy is the deepening of neoliberal economic policies – such as privatization, free trade agreements, cutting-back of public sectors, opening to foreign investment, removal of state subsidies, and so on – throughout all states in the region. Over the last decade, cajoled by international financial institutions such as the World Bank and IMF and supported by regional bodies such as the Arab Monetary Fund and the Arab Business Council, virtually all governments in the region have embraced these policies.

The neoliberal turn is indicated by the rapid wave of privatization across the Middle East: factories, airlines, postal services, hospitals, banks, electricity and water plants, have been transferred into private hands. Most importantly, from the perspective of US and other foreign capital, the opening of the region's oil and gas fields (and the downstream sectors of petrochemical industry) promises a generational reversal in ownership structures. The most dramatic example of this is found of course in Iraq, where the government recently agreed to the return of the four largest Western oil companies (the same four companies which controlled Iraqi oil from the 1920s until nationalization in 1972). Despite the uniqueness of the Iraqi occupation this is not an isolated example, elsewhere in the Gulf foreign oil companies are also winning access to oil and gas resources that have been off-limits for decades. In 2003, for example, foreign oil companies were given access to explore for gas

in Saudi Arabia for the first time in three decades.

Neoliberal policies have also meant the removal of subsidies on basic items such as food, fuel, electricity and water, and rent. This is often mandated by the World Bank and IMF in return for loans and other aid. As early as 1991, a World Bank loan to Jordan was conditional on the doubling of the price of electricity and an increase in the price of water by 140%. And this year in Egypt, where 22% of the population lives below the poverty line of \$1 dollar a day, and with food prices having more than doubled over the past year, the government lifted subsidies on fuel prices leading to a more than 40% increase overnight.

The most far-reaching aspect of neoliberalism in the region, however, is the implementation of bilateral Free Trade Agreements (FTAs). The US has signed FTAs with individual countries including Bahrain, Oman, Egypt, Jordan, Israel, and Morocco. These FTAs commit the countries in question to open their markets to US companies and prevent them from controlling import policies (such as privileging local companies or hindering the flow of foreign capital into the region). In doing so, they inevitably mean the destruction of local industries and, most importantly, the inability of countries to extend state services and public spending designed to help the poor (as this would be considered 'discriminatory').

There is an additional development of FTAs in the region that is essential to understand: the Middle East Free Trade Area (MEFTA). Announced by the US in mid-2003, the goal of MEFTA is a single, free trade area across the Middle East by 2013. The logic behind MEFTA is explicitly neoliberal: maximum wealth, happiness and prosperity will be achieved by removing all barriers to exports and capital flows into and within the region, treating foreign capital on par with domestic capital, adopting widespread privatization programs, allowing foreign ownership, and reducing state expenditure on social services.

In June 2003, then-US Trade Representative Robert Zoellick gave a speech to the World Economic Forum in Jordan where he clearly outlined these principles as the basis of the MEFTA plan. Zoellick's speech blamed poverty, unemployment and terrorism on Arab 'autarky' and 'failed socialist' models. He argued that if economies liberalized and opened to foreign capital within a regional trading bloc then these problems would be solved. According to Zoellick, the goal of the US "is to assist nations that are ready to embrace economic liberty and the rule of law, integrate into the global trading system, and bring their economies into the modern era." [2]

The US strategy was to negotiate individually with 'friendly' countries in the region using a graduated 6-step process eventually leading to a full-fledged FTA between the US and the country in question. These individual FTAs would then be linked over time until the entire Middle East came under US trading influence. In essence, the logic driving MEFTA is an economic free trade zone across the whole region, anchored by Israeli capital in the west and Gulf capital in the east, and each tied in turn to the US economy in the advanced capitalist core. This is what Condoleezza Rice means by the 'New Middle East.'

Normalization with Israel

Paramount to achieving this vision is the economic and political integration of Israel into the region. It is very important to understand this point: 'normalization' (as it is called by the Palestinian and Arab left) is the sine qua non of MEFTA and the neoliberal vision for the region. A rejection of normalization has long formed a dividing line between progressive forces in the region and those governments and leaders willing to collaborate with Israel and US imperialism. The basic contention behind the rejection is that Israel should not be considered a 'normal' country in the region as long

as it refuses to recognize the explicitly colonial nature of Zionism and denies the right of Palestinians to return and self-determination.

The US insistence on economic and political normalization of Arab state relations with Israel is nothing new. The linkage of this objective with neoliberal policies, however, came to the surface during the 1990s with the Oslo Accords. As Oslo unfolded, the US and other world powers sponsored a series of four consecutive summits, known as the Middle East and North Africa (MENA) Economic Summits, first held in Morocco in 1994. The Jordanian government was not shy about promoting MENA's goal of normalization, with its Foreign Ministry openly noting that the summits are "intended to create economic interdependencies between Arab states and Israel, promote personal contacts between the two sides and foster trade, investment and development." [3]

Following the onset of the Palestinian uprising in late 2000 and the apparent breakdown of negotiations between Israel and the PA, discussion of a trend toward normalization of relations with Israel may appear mistaken. Yet away from the public spotlight, the economic and political ties between Israel and Arab governments continue to deepen. One example of the essential link between neoliberalism and normalization are the bilateral FTA agreements. Each of the agreements between the US and countries in the region contains a clause that commits the country in question to normalization with Israel, and forbidding any boycott of trade relations.

Perhaps the most revealing confirmation of the way in which normalization has become integrated into the neoliberal project is the establishment of the so-called Qualified Industrial Zones (QIZ) in Jordan and Egypt. These zones came about as a result of economic agreements between the US, Israel, Jordan and Egypt. Their establishment contained the extraordinary provision that goods produced in these industrial areas can gain duty-free status to the US provided that a certain proportion of inputs are Israeli.

Most of these QIZ contain textile factories that act as subcontractors for large US capital such as Walmart, GAP and other clothing chains. The factories themselves are owned by regional and international capital, predominantly from the United Arab Emirates, Israel, China, Taiwan, and Korea. Although it is difficult to accurately determine the size of the QIZ workforce, it is estimated that in Jordan they hold over 40,000 workers, most of whom are migrant labourers from Bangladesh, Sri Lanka and other South Asian countries. The conditions in which they work are horrific and rarely tackled by Arab leftists and trade unions. No labour laws apply and workers are prevented from joining unions. Pay is as low as 2 cents an hour, with 72-hour shifts reported. Workers are regularly beaten, sexually assaulted, and forced to live in extremely overcrowded and filthy conditions. They must pay their own way to reach the Middle East and their passports are confiscated from them on arrival. [4]

These QIZ have come to dominate bilateral trade between the US and Jordan (and to a lesser extent, Egypt). By 2007, the US government was reporting that exports from the thirteen QIZ established in Jordan accounted for an astonishing 70% of total Jordanian exports to the US. [5] Egypt launched its first QIZ in 2004 and now has a total of four of these areas. By 2006, the proportion of Egyptian exports to the US produced in QIZ had reached 26% of total exports.

These zones are constructed to weld Israeli and Arab capital together, integrating them with the US market and the American empire, in the joint exploitation of cheap labour. No clearer depiction can be found for how the US envisions the New Middle East.

Destroying Popular Unity

A corollary of this US-inspired vision of a single neoliberal economic zone linking Israeli and Middle East capital is the sustained attempts to fracture and break apart the forms of political unity and social resistance, both national and regional, that stand opposed to this outcome. US foreign policy in the Middle East, it needs to be stressed, is pre-occupied with isolating and then breaking any forces that stand opposed to its vision.

For this reason, US military intervention in the region must be understood as a necessary complement to neoliberal 'peace.' With the American occupation in Iraq, and the threats and attempts to destabilize and attack Iran, Syria, and Lebanon, the US supports and cultivates those social forces that it hopes will act as subserviently towards its interests in the region, and pursue normalization with Israel, as have the Jordanian and Egyptian governments. The most important factor in US policy is to limit capacities for countries in the region to exert independent control over economic or foreign policy. In this sense, regardless of the regimes in place (and we should not forget that countries like Iran and Syria have their own dungeons filled with political prisoners), the national interests of these countries inevitably clash with the forms of rule that the US attempts to impose on the region.

In the case of Palestine, this fracturing of national unity of the resistance is pivotal to the success of the neoliberal project in the region. Because of the intimate relationship between normalization with Israel, and the US vision for a single neoliberal economic zone stretching across the Middle East, the Palestinian struggle holds a central position within the broader regional anti-imperialist struggle. The fact that, sixty years on, Palestinians have refused to accept their expulsion in 1947-1948 and continue to demand the right to return and live on their land, is a potent threat not just to the racist character of the Israeli state but also to the nature of US power in the region. This is why it is impossible for any progressive movement to develop in the region that is not centrally concerned and linked with the Palestinian struggle. All popular struggles across the region are soon intertwined with the question of Palestine.

This also means that successful regional struggles against the imposition of neoliberalism act to strengthen the Palestinian struggle. Recent strikes and worker demonstrations in the Egyptian town of Mahalla are one example of this. Mahalla is home to the largest textile factory in the Middle East (with a labour force of 27,000 workers) and is also the location of one of Egypt's QIZ. For two years, these workers have been at the center of one of the largest strike waves in the Middle East, culminating most recently in an attempted strike on 6 April 2008 that was met with bloody repression by the Egyptian government. During these actions, demonstrating workers carried placards denouncing Egyptian President Hosni Mubarak's close links to the IMF, the US government, and the process of normalization with Israel. These strikes thus need to be understood not only in their narrow economic sense of improving wages and conditions in Egyptian factories, but also through the way that they inevitably confront the nature of the Egyptian regime and its role in the configuration of US power in the Middle East.

This is the same context in which the PRDP and the actions of the Palestinian Authority must be situated. Since the beginning of the Israeli occupation of the West Bank and Gaza Strip in 1967, Israel has aimed at truncating the Palestinian population in those areas into isolated population centers divided from one another by Israeli settlements, bypass roads, and military installations. These pockets of territory - aptly described as Bantustans by many analysts in reference to the black 'homelands' developed under Apartheid South Africa - would be given the trappings of autonomy. But in reality they would be nothing more than open-air prisons. In place of direct Israeli military rule over the Palestinian population in these areas, a quiescent Palestinian leadership would mediate

Israeli control. As with all prisons, real control would remain with those who hold the keys: i.e. the Israeli occupying forces that continue to regulate the entrance of all goods, people and services.

The Oslo process was designed to formalize the establishment of these Palestinian Bantustans and to confer the blessing of the 'international community' on a subservient PA. Although this intention was disrupted by the beginning of the popular Palestinian uprising in September 2000, it is painfully obvious to anyone who cares to look at a map of the West Bank and Gaza Strip that these Bantustans have taken on a very real existence with the final contours of the Apartheid Wall encircling villages and towns in the West Bank. An elaborate scheme of checkpoints, ID cards and permits completely regulates entrance in and out of these areas of people and goods.

We can see the reality of this system of control in the case of Gaza, which can perhaps best be understood as a test case for the West Bank. Because the Hamas-led government in the Gaza Strip has not accepted the vision of Bantustanization or normalization, Israel has chosen to simply lock 1.5 million people within an open-air prison and attempt to starve them into submission. The Palestinian Authority, despite some lip service to the unity of the West Bank and Gaza Strip, has generally acquiesced to this siege. Indeed, in a striking example of how the PA leadership has effortlessly come to adopt the language of Israel, a key PRDP document states that blame for the siege on Gaza should be laid at the feet of Hamas,[6] ignoring the fact that Israel's closure of the Strip and separation from the West Bank is not a new phenomenon, but has been evolving since 1989 as part of a clear strategy to fracture territory.

Palestinian and other regional capitals are fully integrated into this project through joint economic schemes such as the industrial zones outlined above. These forces directly benefit from the Bantustan arrangements and will be granted some controlled economic spaces in which to accumulate. As the Palestine Investment Conference attests, they will not be subject to the same restrictions on their movement as the average Palestinian. Blessed with the appellation 'peace' by the 'international community', this solution will be heralded as the 'Palestinian state.'

In reality, the truncated patchwork of territories and industrial zones has nothing to do with self-determination. Within this evolving map, the West Bank becomes the gateway for Israel into the broader Middle East hinterland. The massive highways running east-west across the West Bank, and that connect Israeli cities on the Mediterranean with settlements in the Jordan Valley, are clearly designed for much more than local traffic: they are intended to function as conduits for trade between Israel and the Gulf (through Jordan and the West Bank). The success of MEFTA, and the parallel normalization of Israel into a neoliberal Middle East, is predicated on the successful completion of this process.

Conclusion

Activists and supporters of the Palestinian struggle spend much time documenting and conveying to a broader audience the horrific conditions faced by the Palestinian population in the West Bank and Gaza Strip. The litany of abuses faced by the people of Gaza under the siege, the ongoing construction of settlements and the Apartheid Wall in the West Bank, the ways in which movement and daily-life are regulated by Israeli military orders, and the ever-growing levels of poverty are all meticulously catalogued.

These facts are essential to explaining the depth and scope of Israeli control over Palestine. For those who have not had the opportunity of living under or witnessing these conditions first-hand, the routinization of misery that is the reality of everyday life in Palestine needs to be conveyed.

Yet, it is necessary to understand that an appeal for solidarity based on these ever-present human rights abuses does not go far enough. Palestinians are not victims but a people in struggle. This struggle goes beyond the borders of the West Bank and Gaza Strip: it is a central component of a broader regional fight. It is impossible to understand events in any country of the Middle East today without situating the national context within the single, coherent and unified offensive that the US and other imperialist states are waging against the peoples of the region. It is not merely the depth of suffering or length of exile that makes the Palestinian struggle an imperative of international solidarity in the current period. It is also the central location of the struggle within the broader context of global resistance to imperialism and neoliberalism.

At the heart of this regional framework is the intrinsic relationship between the development of neoliberal capitalism in the Middle East and normalization of relations with Israel. All of the efforts of the US and their client regimes in the region are aimed at promoting these inter-related themes. It is not accidental that the key discussions at the regional meetings convened between Rice, representatives of the Quartet, and other international figures revolve around ways of encouraging joint projects between Israeli and regional capital, including Palestinian capitalists. This is why the bilateral US FTA agreements centrally insist upon normalization with Israel, and why such an enormous effort has been extended in schemes such as the Qualified Industrial Zones.

Solidarity activists can play a key role in rejecting and preventing this process of normalization. While this has long been a demand of the Palestinian and Arab left, the call has gained a renewed urgency following Bush's announcement of the MEFTA plan in 2003. In 2005, Palestinian grassroots organizations called for a global movement of boycott, divestment and sanctions (BDS) against the Israeli state in the manner of the campaign against South African apartheid.[7] Since that time, student groups, municipalities, artists, and labour unions around the world have passed BDS resolutions in support of the 2005 call.

This movement is critical to the overall struggle in the region. International solidarity is not a question of charity or helping out the 'misfortunate'. It is fundamentally a question of siding with and supporting people in struggle. The BDS call reinforces and strengthens those regional forces that refuse to normalize with occupation and apartheid in Palestine. It is aimed at severing the international support - ideological, economic and military - that enables the Israeli form of apartheid to continue.

The effort to de-legitimize and turn back normalization with the Israeli state is, moreover, not just an act of solidarity with the Palestinian struggle. It is also an indispensable element in supporting other peoples of the region, whether in the struggle against the US-led occupation of Iraq, attempts to prevent military action against Iran, or numerous other popular movements across the Middle East. But most fundamentally - because of the region's central role in underpinning global US hegemony - what happens in the Middle East has implications for all. Confronting the neoliberal policies of immiseration and 'race-to-the-bottom' competition that have brought such catastrophe to the vast majority of the world's people depends critically on our future success.

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Notes

1. Kenneth Katzman, "The Persian Gulf States: Issues for U.S. Policy", 2006, Washington D.C: Congressional Research Service The Library of Congress, p.10.
2. Robert B. Zoellick, "Global Trade and the Middle East: Reawakening a Vibrant Past", Remarks at the World Economic Forum Amman, Jordan June 23, 2003, at www.america.gov.

3. Hashemite Kingdom of Jordan, Foreign Ministry, Middle East and North African Summits, at www.mfa.gov.jo.
4. See the May 2006 report by the National Labor Committee, "U.S.-Jordan Free Trade Agreement Descends into Human Trafficking and Involuntary Servitude" for a detailed examination of these conditions in Jordan.
5. Office of the United States Trade Representative, 2007 Trade Policy Agenda, Section III, p.5.
6. "Building a Palestinian State", p. 4, www.imeu.net.
7. See stopthewall.org/worldwideactivism/968.shtml.

P.S.

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