

Contents

<i>List of Figures</i>	xi
<i>List of Tables</i>	xiii
<i>Acknowledgements</i>	xiv
1 Introduction	1
The Conventional Wisdom	3
<i>Statism</i>	4
<i>The 'Unique Case' of Israel</i>	6
<i>'Classless' Capitalism</i>	7
Toward a Global Political Economy of Israel	8
Capital and Differential Accumulation	10
Regimes of Differential Accumulation	14
The Rise and Consolidation of Israel's Ruling Class	16
Accumulation Through Crisis	20
The Middle East and the Weapondollar–Petrodollar Coalition	24
From Foreign Investment to Global Accumulation	27
2 Capital and Power: Breaking the Dualism of 'Economics' and 'Politics'	31
Capital Accumulation: Production or Power?	31
Accumulation of What?	36
Differential Accumulation	37
Accumulation Crisis or Differential Accumulation Boom?	41
Regimes of Differential Accumulation	47
Breadth and Depth	49
Green-Field	52
Mergers and Acquisitions	53
Breaking the Envelope	57
Amalgamation and Globalisation	60
Cost Cutting	65
Stagflation	66
Differential Accumulation: An Historical Outline	72
<i>The Global View</i>	74
<i>The Middle East</i>	76
<i>Israel</i>	78
<i>Back to Depth?</i>	81
Data Appendix	82

3 The History of Israel's Power Structure	84
Transnational Dominant Capital	84
<i>Centralisation</i>	85
<i>Transnationalisation</i>	88
<i>Restructuring</i>	90
The Pre-Independence Sectors	91
The State Cocoon	96
<i>Land</i>	96
<i>Capital</i>	97
<i>Labour</i>	101
<i>State Capitalism and Corporate Centralisation</i>	102
The Socio-Ideological Basis	105
<i>The 'Class Struggle'</i>	105
<i>The Dynasties</i>	108
The Dual Political Economy	117
<i>The Business Sector</i>	117
<i>The Bifurcation of Labour</i>	120
From Breadth to Depth: War Profits and Inflationary Finance	122
<i>Finance</i>	125
<i>Armament</i>	128
<i>Accumulating Through Crisis</i>	132
From Dominant Party to Dominant Capital	133
4 The Making of Stagflation	137
Demand Side: Money	139
<i>Theory</i>	139
<i>Evidence?</i>	141
Demand Side: Government Policy	143
<i>The Ghost in the Deficit</i>	144
<i>Do Deficits Cause Inflation?</i>	147
<i>'Policy Errors'?</i>	149
Demand Side: Wages	153
<i>Demonising Workers</i>	153
<i>The Histadrut Contra Workers</i>	154
<i>Do Wages Cause Inflation?</i>	156
<i>A Disaggregate Perspective</i>	158
Supply Shocks: The Emperor's New Clothes	160
<i>Sorting Out the Blame</i>	161
<i>Shocks? What Shocks?</i>	162
<i>Greek Symbols and the Naked Truth</i>	165
Inflation and Accumulation	170
<i>The Analytical Framework</i>	171
<i>The Israeli Case: A Bird's-Eye View</i>	174
Armament and Finance	177

Wage Income and Capital Gains	182
<i>Redistribution</i>	183
<i>Hype</i>	184
From Capital Accumulation to Inflation	186
From Conflict Inflation to Accumulation	187
The End of Inflation	192
<i>Crescendo</i>	192
<i>Collapse</i>	193
<i>From Price Inflation to Wage Compression</i>	195
5 The Weapondollar–Petrodollar Coalition	198
Enigmas	198
The Military Bias	202
<i>Imperialism</i>	203
<i>Military Spending</i>	206
The U.S. Arma-Core	208
<i>The ‘Angry Elements’</i>	208
<i>Corporate Restructuring and ‘Military Keynesianism’</i>	210
Arms Exports	213
<i>Arms Exports and Corporate Profit</i>	214
<i>Commercialising Arms Exports: From Aid to Sales</i>	216
<i>Global Redistribution and the Rise of the Middle East</i>	217
Middle East Oil and the Petro-Core	219
<i>The ‘Demise Thesis’</i>	219
<i>Whither the Oil Companies?</i>	220
<i>Politicising Oil: From ‘Free Flow’ to ‘Limited Flow’</i>	224
The Weapondollar–Petrodollar Coalition and Middle East	
‘Energy Conflicts’	228
<i>From Crisis to Prices</i>	229
<i>From Oil Revenues to Arms Imports</i>	233
<i>From Differential Accumulation to ‘Energy Conflicts’</i>	235
The 1967 Arab–Israeli War	239
<i>Making America ‘Aware of the Issue’</i>	239
<i>Subcontracting</i>	241
<i>Breaking Nasser’s Bones Asunder</i>	242
The 1973 Arab–Israeli War	244
<i>The Realist View</i>	244
<i>The Coalition’s View</i>	245
<i>The U.S. ‘National Interest’: What Price Stability?</i>	247
The 1979 Iranian Revolution and the 1980–88 Iran–Iraq War	250
<i>The Hostage Crisis</i>	250
<i>The ‘Sting’</i>	251
<i>The Network</i>	252
<i>Nourishing the Conflict</i>	255
<i>The Oil-Arms Bust</i>	256

The 1990–91 Gulf War	259
<i>Warming Up</i>	260
‘ <i>Danger Zone</i> ’	262
<i>Back on Top</i>	264
The Demise of the Weapondollar–Petrodollar Coalition	266
<i>The New Breadth Order</i>	266
<i>The Last Supper (Almost)</i>	268
6 From Foreign Investors to Transnational Ownership	274
The ‘Dependency’	275
<i>Zionist Donors-Investors</i>	278
<i>Corporate Cold Warriors</i>	280
<i>The Godfathers</i>	283
<i>The Autumn of the Patriarch</i>	288
Toward Transnationalism	294
<i>The Technodollar–Mergerdollar Coalition</i>	294
<i>Israel ‘Opens Up’</i>	296
<i>The Brodet Report</i>	297
The Principal Groups	300
<i>Taxes, Death and Bank Hapoalim</i>	300
‘ <i>Releasing Value</i> ’	302
<i>Mickey Mouse Takes Over Koor</i>	303
<i>The Recanatis Face the Raiders</i>	305
<i>The Big Asset Swap</i>	307
‘High Technology’ and Domestic Power	309
‘ <i>New Economy</i> ’ or <i>Leveraged Hype?</i>	311
<i>Newspapers and Criminals</i>	315
<i>The Russian Connection</i>	318
‘ <i>The Fishman State?</i> ’	327
<i>The Politics of Communication Profits</i>	330
Transnationalism and Israeli Technology	336
<i>Why Invest in Israel?</i>	336
<i>Competition, Power and Waste</i>	338
<i>Israel’s Silicon Wady: The Big ‘Sale’</i>	343
<i>End of the Road?</i>	346
Global Accumulation, Domestic Depletion	348
At a Crossroads	353
<i>References</i>	358
<i>Index</i>	372

List of Figures

2 Capital and Power: Breaking the Dualism of 'Economics' and 'Politics'	
2.1 Average Firm size in the U.S.A. (assets per firm)	42
2.2 Differential Accumulation in the U.S.A.	43
2.3 A U.S. Accumulation Crisis? ...	45
2.4 ... Or Differential Accumulation Boom?	46
2.5 U.S. Accumulation: Internal vs. External Breadth	54
2.6 Differential Depth and Inflation in the U.S.A.	68
2.7 U.S.A.: Long-Term Inflation and Growth	70
2.8 Industrialised Countries: Long-Term Inflation and Growth	71
2.9 Amalgamation and Stagflation in the U.S.A.	73
2.10 Inflation and Arms Exports	77
2.11 Israeli Growth Trends (annual % change)	79
2.12 Real GDP	81
3 The History of Israel's Power Structure	
3.1 Israeli Population and GDP per Capita	123
3.2 Israeli Stagflation and Differential Accumulation	124
3.3 Israeli Military Spending	129
4 The Making of Stagflation	
4.1 Israeli Growth and Inflation	138
4.2 Liquidity and Prices	143
4.3 Government Deficit and Inflation	148
4.4 Civilian Consumption, Transfers and Public Investment	149
4.5 Domestic Military Spending	150
4.6 Interest, Capital Grants and Subsidised Credit	151
4.7 Inflation and the Wage Share	157
4.8 Israel's Terms of Trade and Inflation	163
4.9 World Prices	164
4.10 Sources of Differential Accumulation	176
4.11 Inflation and Differential Depth	178
4.12 Differential Inflation	179
4.13 Inflation and the Price of Financial Intermediation	181
4.14 Inflation and Redistribution	183
4.15 Accumulation as an Inflationary Fuel	188

5 The Weapondollar–Petrodollar Coalition

5.1	European Bellicosity Index	203
5.2	The Rise of the U.S. Arma-Core	211
5.3	U.S. Military Business: Domestic and Foreign	215
5.4	OPEC and the Petro-Core: Conflict or Convergence?	227
5.5	'Scarcity' and the Real Price of Oil	230
5.6	Middle East Oil Income and Arms Imports	234
5.7	Return on Equity: The Petro-Core vs. the Fortune 500	236
5.8	Petro-Core's Differential Accumulation and Middle East 'Energy Conflicts'	237
5.9	Share of <i>Standard and Poor's 500</i> Market Capitalisation	272

6 From Foreign Investors to Transnational Ownership

6.1	Israeli External Indicators (% of GDP)	277
6.2	Ownership Structure of Israel's 'New Economy', 1999	312
6.3	The 'New U.S. Economy': Knowledge or Power?	339
6.4	Unemployment and Income Inequality	351
6.5	Israeli FDI Flows	354
6.6	Converging Accumulation	355