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## What's the matter with the Israeli working class?\*

By Daphna Thier

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One of the most fundamental principles of Marxism is that the working class is the only class with both the interest and ability to overthrow capitalism. Though workers can sometimes harbor prejudices, or act selfishly, or even act against their own interests, they are ultimately the gravediggers of the system. In *Karl Marx's Theory of Revolution*, Hal Draper explained the material reasoning behind Marx's hypothesis: Workers are concentrated in workplaces and compelled to work together. They suffer similar conditions and must unite when negotiating better terms. But by negotiating for more, "the class drives the logic of its own life situation outside the bounds of the capitalist framework and tends to create the conditions for exploding that framework."<sup>2</sup> In other words, their needs naturally contradict the needs of capitalist profit-making, which puts them at odds with the very system itself.

Because a worker creates wealth by producing profitable commodities for the capitalist, but does not enjoy this wealth herself, she is alienated from her own labor and, by extension, from the world she lives in. This makes the worker less attached to "the way things are." Still more importantly, because workers are at the helm of production performing "indispensable services," they possess real power over the system. Draper wrote, "This class is at the levers of economic power not by conscious decision but by its objective conditions of existence." And for these reasons socialists believe in the centrality of the working class and class struggle. "The proletariat," concludes Draper, "is the only class that

Search



Issue #103 Winter 2016-17

## "A sense of hope and the possibility for solidarity"

Interview with Roxanne Dunbar-Ortiz

Issue contents

Top story

**Sapronov and the Russian Revolution**

Yurii Colombo

Features

**Standing up to the Zionist backlash against BDS**

Bill Mullen

**Legacies of colonialism in Africa**  
Lee Wengraf

**Austerity, neoliberalism, and the Indian working class**

Snehal Shingavi

**Disability and the Soviet Union: Advances and retreats**

Keith Rosenthal

**The critical communism of Antonio Labriola**

Doug Enaa Greene

has the social weight and power to carry through the abolition of the old order and to build a new society.”<sup>3</sup>

The question arises of whether the Israeli working class is an exception to this rule, and if so, what makes it one? Whether or not this working class is revolutionary becomes critical when determining what strategies will advance the revolution in the Middle East, and what will not. In many instances in its less than a century of existence, Israeli workers have demonstrated their embrace of racist ideas, nationalist sentiments, principled opposition to democracy, and support for counterrevolutionary regimes. Can this be otherwise?

Some socialists believe that the Israeli working class is part of the solution in the Middle East. This has led the Committee for a Workers International (CWI) and its US affiliate, Socialist Alternative, to conclude that fighting for a single, secular, non-exclusivist democratic state is a “bourgeois national utopia.”<sup>4</sup> Similarly, the International Marxist Tendency says that the international campaign of Boycott, Divestment, and Sanctions (BDS) against Israel is “counter-productive, and a campaign that strengthens bourgeois Zionism.”<sup>5</sup> These views start from the assumption that the Jewish Israeli working class can be won to a revolutionary perspective and class solidarity with Arab workers. They believe that Jewish workers have a right to self-determination in Palestine too. They ignore the fact that the Palestinian people were ethnically cleansed at the hands of Israeli Labor. Israeli workers took their lands at gunpoint. Today, rank-and-file Israeli workers by and large hold right-wing positions on the question of Palestinian rights and have overwhelmingly supported the bombardment of Gaza and the occupation of the West Bank.

### ***The class character of Israel***

A seminal socialist analysis of the class nature of Israel grappled with this question almost fifty years ago.<sup>6</sup> Writing in 1969, two Israeli anti-Zionist socialists, Moshe Machover and Akiva Orr of the Israeli Socialist Organization (commonly known by the name of its newspaper, *Matzpen*), argued that the Israeli working class had a vested economic interest in precisely the same policies that weaken workers in other countries. A *material* reality prevented Jewish class solidarity with Palestinians and led Jewish workers to racist conclusions. This was a break from the popular left-wing conception of Zionism, which accepted it as a left-wing national movement. Decades of collaboration between European and British social democratic parties and trade unions with the Israeli *Histadrut* and Labor Zionist parties had influenced this position. The International Socialist tradition owes a great debt for the clarity with which *Matzpen* put forward its radical perspective. Socialists today who argue against the BDS movement on the pretext that it hurts, and thus, alienates the Israeli working class would do well to read the original writings of *Matzpen*.<sup>7</sup>

Machover and Orr argued that even though Israel is a class society with class conflicts, there is an overarching conflict between Zionism and the indigenous population. They argued that the “external conflict” isn’t a derivative of the class conflict.<sup>8</sup> Rather, it blunts the class conflict because of the role Israeli workers play in a colonial state upholding Western imperialist interests. This in turn

### **Austerity, neoliberalism, and the Indian working class**

Snehal Shingavi

### **The legacy of Louis Althusser**

Andrew Ryder

### Interviews

#### **"A sense of hope and the possibility of solidarity"**

Roxanne Dunbar-Ortiz interviewed by Ragina Johnson and Brian Ward

#### **Islamic fundamentalism, the Arab Spring, and the Left**

Gilbert Achcar interviewed by Ashley Smith

### Reviews

#### **Defending our right to criticize Israel**

Dorian Bon reviews *Uncivil Rights: Palestine and the Limits of Academic Freedom* by Steven Salaita

#### **Knocking down straw figures**

Ian Angus reviews *Anthropocene or Capitalocene: Nature, History, and the Crisis of Capitalism* by Jason Moore

#### **Have the Democrats evolved?**

Paul Heideman reviews *Listen, Liberal: or: Whatever Happened to the Party of the People?* by Thomas Frank

#### **Giving voice to the Syrian Revolution**

Yasser Munif reviews *Burning Country: Syrians in Revolution and War* by Robin Yassin-Kassab and Leila Al-Shami

#### **From “waste people” to “white trash”**

Eric Kerl reviews *White Trash: the 400-Year Untold History of Class in America* by Nancy Isenberg

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**“Rise like lions after slumber”**

—Percy Bysshe Shelley

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shaped the working class and its ideology. Why did this matter? If the class struggle was more important than the question of Zionism, then revolutionaries could focus on the Israeli working class. But if revolution is impossible without the end of Zionism, then the Arab masses become the most viable force for such change.

However, much of the original Matzpen argument rested on the observation that foreign capital subsidized and “bought off ” the Israeli working class in the form of governmental social spending. Since 1969 much has changed. Israeli workers’ living standards have eroded and real wages have steadily declined. Today, the bulk of foreign support is *military* funding. Finally, American aid, steadily three billion dollars annually for the last couple of decades, is proportionately less of an influence on the Israeli economy than in 1969 (and into the early 1990s). So the basis of the argument—that the Israeli working class’s high living standards rest on imperialist subsidies— is weakened.<sup>9</sup>

There were likewise other faulty suppositions in the article, not least of which was its conclusion that Palestinian Arabs, and Israeli youth before their military service, “who are called on to wage ‘an eternal war imposed by destiny,’” are potential allies, since this sacrifice may instill anti-Zionist sentiment among them. Even while the rates of enlistment to the Israeli Defense Forces (IDF) have diminished to some degree, they remain incredibly high. According to 2015 IDF records, the average rate of enlistment in the sixty-five largest cities was 77 percent, with fifty-one of those cities exceeding 70 percent. The youth have clearly not been convinced by anti-Zionist arguments, or by the abundant evidence of the IDF’s war crimes, that they should refuse military service. And as risks they face have diminished with technological advancements in military capability, the material rewards gained from enlistment remain.

Machover and Orr wrote with remarkable insight that

the experience of fifty years does not contain a single example of Israeli workers being mobilized on material or trade-union issues to challenge the Israeli regime itself; it is impossible to mobilize even a minority of the proletariat in this way. On the contrary, Israeli workers nearly always put their national loyalties before their class loyalties. Although this may change in the future, this does not remove the need for us to analyze why it has been so for the last fifty years.<sup>10</sup>

Another fifty years have passed and, still, there are no real examples to contradict this assessment.

I will argue the following case for why the Israeli working class continues to stand apart from others. First, examining the formative years of the Jewish working class in Palestine, we can see that it is the nature of a settler working class and its unique relationship to the state that distinguishes the Israeli proletariat from other working classes. Second, the 1967 occupation served to deepen the connection between the working class and the colonial character of

the state. Finally, the Palestinian national liberation struggle negates the privileges of, and therefore is opposed by, the Israeli working class.

### **A settler-colonial working class**

Machover and Orr argued that Israel is a unique colonial project and thus any comparison to other colonies would result in a caricature. While it is true that Zionist colonization has many unique defining features, there are still benefits in comparing and contrasting it with other cases. Many modern working classes, such as those in the United States, Australia, or Canada, have their origins in settler colonies. The Israeli experience presents a variant of this.

Sociologist Gershon Shafir identifies five different forms of settler societies: the military occupation, the plantation, the ethnic plantation, the mixed settlement, and the pure settlement.<sup>11</sup> The occupation strives to “exploit and intensify the existing economic order rather than seeking direct control of local land and labor,” meaning, it does not replace the existing society but merely exploits it; in the plantation settlement, the European settlers imported indentured or slave labor and constituted themselves as the local ruling elite; in the mixed settlement, the pure settlement, and the ethnic plantation settlement the goal was to erect a society to be dominated by a European national identity.<sup>12</sup> In the mixed society, some form of caste system was established coercing local labor to comply, along with a certain degree of interracial relations. The ethnic plantation settlement (a term coined by Shafir), employs local labor but possesses a European identity, which rejects ethnic mixture.

The pure settlement is an economy based on European labor, “which together with the forcible removal or the destruction of the native population allied the settlers ‘to regain the sense of cultural or ethnic homogeneity identified with a European concept of nationality.’”<sup>13</sup> That is, European societies consciously replacing indigenous ones. Significantly, this form of settlement on foreign land *requires an integral laboring class committed to the nation-building project.*

Marxists should not identify these examples as *fixed* realities, but rather as a *spectrum*, over which a settlement can *evolve*. The South African model evolved in the 1800s from a plantation settlement to an ethnic plantation settlement—where white labor existed alongside Black labor in a strict caste system that was later codified as apartheid. By 1910, white labor had won the right to reserve skilled positions and in 1948 Black workers were forced into Bantustans and formally stripped of civil rights. Like in Israel, the dispossession of the indigenous population went hand in hand with a welfare state benefiting the oppressor working class. Unlike in Israel, this settlement never sought to eliminate indigenous workers.

At its core, the settler-colonial society is based on what Australian historian Patrick Wolfe called the “logic of elimination.” Whereas an immigrant joins the society found upon arrival, settlers carry their own sovereignty with them—challenging, and if successful, *displacing* the indigenous society. Wolfe argues that a settler movement aims to build something new, which, in the negative, necessarily implies eliminating the existing society.<sup>14</sup> Elimination can be

achieved through expulsion, death, or assimilation. Where elimination is impossible, separation is the next viable option to settlers. In either case, the result is the same: one society displacing another.

The first Zionist immigration wave, the First Aliyah, fits most closely in the ethnic plantation category.<sup>15</sup> Zionists established settlements for agricultural cultivation with a capitalist benefactor, and employed local indigenous labor. After 1904, the project developed into its pure form, when Zionists arrived and rejected the “elitist” use of indigenous labor, emphasizing the development of “stronger” Jews who would work the land themselves. Later, when the British government assumed administration of Palestine, following the 1917 Balfour Declaration, Zionists collaborated with the British against the Palestinian population. During the 1936 Palestinian revolt and general strike against Zionist colonization, Labor Zionists played a strikebreaking role, helping British colonial authorities to suppress the strike.<sup>16</sup>

The Zionists planned a complete dispossession of Palestinians in “Eretz Israel.” But in 1947–48, the “logic of elimination” and the Zionists’ goal to create their own sovereign state led them to accept a sort of territorial compromise. Thus the Zionists found it necessary to settle for separation. In 1948, they preferred to forgo historic Palestine in its entirety, in order to maintain a demographic majority and an economy protected from Arab labor and produce.

In the pure settlement, expansion rests on the commitment of a laboring class. This is because land settlement requires labor and large numbers of people. If it is to be done to the exclusion of the local population, then the settlers themselves must fulfill this need (unless, as in the case of the United States, coerced labor from indentured workers and/or enslaved Africans is brought in to do this work). The commitment of a laboring class to colonization can only be expected when it is offered a stake in the settlement, an incentive to sacrifice and to struggle against the indigenous population.

In Palestine, this incentive was given through direct capital investment in the Jewish working class, implemented through institutions historically associated with the “Labor Alignment” in Israel: the Labor Party and the kibbutz. Primitive accumulation at the expense of the native population in this case *benefited workers directly*. In fact, unlike in America, there were few serious natural resources driving corporate plunder. Ultimately, the working class was intimately involved in replacing Palestinian society, thus excluding Palestinian labor.<sup>17</sup>

The process of colonization in Palestine is still very much unfolding. The state is expanding settlements into the West Bank, the al-Naqab desert (where it continues to displace Bedouin villages), and it maintains the potential to settle other nearby territories (e.g. Gaza). There also continues to be a large diaspora of Palestinians, roughly ten million people, scattered around the region and the world. Many wish to return and all of them are owed reparations.<sup>18</sup>

**Ethnic cleansing, Zionism’s original sin**

True to the nature of settler-colonialism, the foundation of the Israeli state was completed through the near total destruction of Palestinian existence. And the major perpetrators of the ethnic cleansing came from the *left wing* of the labor movement—United Workers Party (MAPAM) members.<sup>19</sup> “Most of the officers of the Palmah, Haganah and subsequently the IDF,” writes Joel Benin, “were MAPAM members, MAPAM assumed political and operational responsibility for conducting Israel’s war of independence.”<sup>20</sup>

MAPAM kibbutzim and other Jewish settlements drove Palestinians off their lands and harvested their crops. With cover provided by the Soviet Union’s support for the declaration of Israel, labor sustained a “socialist” argument that the Arab militaries and their British backers were reactionary. It argued that establishing a Jewish state was a blow against British imperialism. The appropriation of Palestinian property, argues Benin, was a form of primitive accumulation that allowed Jewish economic development, particularly in agriculture. And as Machover and Orr explained in their essay, it was not the bourgeoisie that initially appropriated this stolen capital, but the state and labor bureaucracy. Vacated Palestinian real estate was then distributed to Israel’s Jewish population, which more than doubled in its first four years. By 1954, over 30 percent of the Jewish population lived on formerly Arab property. Over 1.1 million acres of cultivable lands were confiscated from “absent, present, and ‘present-absentee’ Arabs,” which increased Jewish farming land by 250 percent.<sup>21</sup> The UN Refugee Office estimated the value of stolen wealth at over \$5 billion in today’s currency.<sup>22</sup>

Founded in 1930, David Ben-Gurion’s MAPAI (Workers’ Party of the Land of Israel, today’s Labor Party) dominated the Histadrut leadership. After statehood, MAPAI institutions took over management of imported capital allocation.<sup>23</sup> Thus, MAPAI was able to satisfy the material needs of workers *and* subsidize business interests, because of billions of dollars in unilateral foreign investment in the state: donations from world Jewry, reparations from West Germany, and US government grants.<sup>24</sup> This is why Matzpen regarded Israel as a unique dependent colony. They wrote, for its role as a watchdog in the Middle East, “it is financed by imperialism without being economically exploited by it.”<sup>25</sup> Quoting Oscar Gass, economist and former economic adviser to Israel, Machover and Orr wrote:

During the 17 years 1949–1965 Israel received \$6 billion more of imports of goods and services than she exported. . . . This means an excess of \$2,650 per person during the 21 years for every person who lived in Israel. . . . Only about 30 percent came to Israel under conditions which call for a return outflow of dividends, interest or capital.<sup>26</sup>

Ben-Gurion, serving as the Histadrut secretary and later Israel’s first prime minister, established a tripartite agreement between the state, the capitalist class, and labor, sometimes referred to as corporatism.<sup>27</sup> This arrangement incorporated expropriated Arab property, and created a segregated labor market employing Jews exclusively (with few exceptions) before 1967. To this

day, Jews and Arabs don't often work alongside each other in Israel's highly stratified labor market.

Expropriation, segregation, direct aid, and foreign capital offered rising living standards to the working class in exchange for which MAPAI demanded strict discipline, justified by the "constant conflict with the Arabs." Because the Histadrut and the state employed fully 40 percent of Israelis in the first two decades of Israel's existence, they shared an interest with the capitalists in restraining worker militancy. In fact, their strength was derived from the ability to do so.

A singular exception to MAPAI's iron grip was the forty-three-day seamen's strike in late 1951. The seamen, who worked for the Histadrut-owned shipping company ZIM, challenged the top-down nature of trade unionism in Israel and the control of MAPAI over it. Only two of the strikers came to break with Zionism—one was Akiva Orr.

The nature of a settler working class offered it the unique position of "partner" to the state, as expressed in the tripartite agreement. This guaranteed it protections, while simultaneously subordinating its class interests to that of the state. Israeli workers had been given (or taken) much of the plunder in 1948; they enjoyed housing, education, and healthcare benefits afforded by the Histadrut and the state; and until 1973 enjoyed a rising living standard, comparable not to the Arab states of the region, but to Europe. So they consistently cooperated with the state and employers.

### **Mizrachi Jews in Israeli society**

According to Machover and Orr, in the early years Israel needed a supply of unskilled labor to replace its veteran settlers who increasingly occupied the rungs of skilled labor and management. Mizrahi Jews ("Oriental" in English)—immigrants from countries around the Middle East and the North Africa region—filled those unskilled positions, but were denied training that may have allowed them to advance. Thus began a long legacy of inter-Jewish racial discrimination. The authors write,

In the mid-sixties, two thirds of those doing unskilled work were Orientals; 38 per cent of Orientals lived three or more people to a room, whereas only 7 per cent of those from Europe did so; and in the Knesset only 16 of the 120 members were Orientals before 1965 and only twenty-one after it.<sup>28</sup>

Mizrahi Jews today constitute about half of the Jewish population. They make up a majority of the Jewish working class, blue-collar labor, and the poor. The gaps today between Ashkenazi and Mizrahi Jews are greater as a result of the early policies of discrimination, low levels of social mobility, and the advent of neoliberal policies undermining social protections.<sup>29</sup> Overall, upper and middle-class European-origin Jews whose parents own land and who have well-paid jobs in high tech, continue to enjoy greater benefits from the Occupation. However, even though Mizrahi Jews face discrimination, they are equally as patriotic as their Ashkenazi compatriots. And the fact that they tend to supply

the voting base for the right-wing parties in the Knesset leads many to conclude that they are “more backward” or more racist than middle-class Ashkenazis.

While grappling with reality, Marxists must reject caricature. In fact, Israeli-born Jews tend to be more rightwing than their parents who emigrated from Arab or Muslim-majority countries, so country of origin or ethnicity probably has little to do with it. It would be much more accurate to identify class and education as factors in levels of hawkishness. Lower-income Mizrahi Jews who live on the front line of Gaza may sound more brutish when speaking of Palestinians; however, Ashkenazi Jews and kibbutzniks can sound just as brutish during war, and defend “their” land, homes, and livelihood with equal fervor. As noted above, a largely Ashkenazi leadership directed the original colonization and ethnic cleansing of Palestine. Finally, Mizrachis are just as likely to adopt liberal politics if they’re wealthy, educated, or employed in middle-class positions.

Moreover, Liberal Zionism (an Ashkenazi brainchild) is often perceived as a less hawkish ideology. But, in reality, it is thoroughly racist. Liberal or Labor Zionism is based on the romantic notion of a “return to the East,” but rejects all “Easternism” except the cuisine. That includes Eastern *Jews*. Though Jews of the “Orient” were often seen as a link to the Jewish mythical past, they were looked down upon by their European brethren. The founding Zionist philosopher Abba Eban expressed Labor Zionist thinking about Mizrahi Jews when he said, “Far from regarding our immigrants from Oriental countries as a bridge towards our integration with the Arab-speaking world, our object should be to infuse them with an occidental spirit, rather than to allow them to drag us into an unnatural orientalism.” And Ben-Gurion famously stated, “The Moroccan Jew took a lot from the Moroccan Arab, and I don’t see much we can learn from the Moroccan Arabs. The culture of Morocco I wouldn’t want to have here.”<sup>30</sup>

Mizrahi support for the right-wing Likud (beginning in the 1960s) was a rejection of that racist Liberal Zionist establishment that discriminated against them. It was a rebellion against the Histadrut and MAPAI, at the hands of which, writes Michael Shalev, “they were dealt with harshly by means of a ‘residual’ system of niggardly means-tested benefits [not employment based benefits] and manipulative forms of so-called treatment and rehabilitation.”<sup>31</sup> These benefits were used by MAPAI to compel blue-collar Mizrachis to vote for the party and pay Histadrut membership dues.

But, while many Jews from non-Western countries identify as “Oriental”, few identify as Arab. This is not just because of the racism Zionism has steeped its people with. Mizrahi Jews come from a range of Arab and non-Arab countries. Libyan, Egyptian, Kurdish, Iraqi, Iranian, Indian Jews all identify as Mizrahi, and they are not all Arab. Moroccan Jews constitute a majority of the Mizrahi population, and they, too, usually do not identify as Arab. Jews living in Morocco, most of whom were not Zionist, identified like other Moroccans as Moroccan, not Arab.<sup>32</sup>

Even those Mizrachis that identify as Arab, though experiencing discrimination compared with Ashkenazi Jews, experience material conditions that are different from Palestinians and Arabs in the region. All Jewish citizens enjoy civil



and human rights, land and homes, and social benefits that Palestinians are denied.

Moreover, we should not underestimate the importance of Jews of any ethnicity to the Israeli state. Unlike Palestinians, who are under constant threat of ethnic cleansing, Mizrachis are Jews and, as such, are indispensable. So we also cannot underestimate their commitment to Israel.<sup>33</sup> While fighting for their right to equality and upward mobility within Israeli society, Mizrachis fight for rights that are necessarily gained at the expense of Palestinians. The fact that the lower income bracket in Israel tends to be more rightwing is testament to the bitterness of their battle over Palestine's resources. The only labor struggles and political strikes in Israel that have challenged settler-colonialism and anti-Palestinian racism have been Palestinian. In this way, the dynamics in Israeli society differ from those in the United States, where the high points of class struggle have almost always forced labor to confront the "color line" between white and non-white (particularly, African American) workers.<sup>34</sup>

### **The state as a cocoon**

The Matzpen article concluded that Israel was not a classic capitalist country. This assessment remains correct insofar as the "external" conflict with Palestinians and Arab nationalism blunts the "internal" class conflict. Moreover, Israel's early development based on substantial state ownership in the economy and an extensive welfare state led many to label it a "socialist" or "social democratic" state. But if the welfare character of the state in the past partially masked its true nature, today it is hard to dispute that Israel is a capitalist society. Machover and Orr believed the Labor bureaucracy was in complete control over both the working class and private bourgeoisie. But as we shall see, even at the time that Machover and Orr wrote, the foundations of a very powerful, highly concentrated capitalist class were forming.

Until the late 1950s, the system, aided by mass immigration, worked effectively and the economy consistently expanded. In the 1960s, however, immigration and foreign investment both dropped, resulting in diminished economic growth and finally stagnation.

Meanwhile, the near full-employment economy of the 1960s weakened the Labor bureaucracy. An upsurge of rank-and-file activity and wildcat strikes challenged the Histadrut and the government's authority as well as MAPAI's legitimacy as mediator between the working class and private employers. So, ironically, full employment undermined the Labor Party and the nominal trade union. These realities were further exacerbated by the emergence of employers with great economic and political strength that chose to circumvent the government in negotiations with the Histadrut.

Hoping to weaken labor militancy and to rid itself of nonprofitable and less competitive capital, the government initiated a major recession in 1966. This caused a wave of bankruptcies and mergers, wiping out many smaller firms and hastening a process of consolidation of private capital. But it did not spur growth.

The 1967 occupation of the West Bank and Gaza significantly increased Israel's domestic market while providing cheap and highly exploitable labor: Palestinians. By the mid-1980s they made up 7 percent of the Israeli labor force. Introducing this pool of marginal labor tempered Jewish workers. It offered a new section of blue-collar workers opportunities to advance. David Hall-Cathala, who studied the Israeli peace movement between 1967 and 1987, wrote,

The occupation of the territories opened up new markets and provided a vast cheap labour reserve. This led to an economic independence and upward mobility for many Mizrachim, which had interesting results. Firstly, they came to favour the occupation, not because they desired to settle the territories but because the influx of cheap Arab labour meant that many of them no longer had to do the work of the "Arab riff-raff."<sup>35</sup>

Israel's new territorial expansion also came with advantageous terms for trade in the West Bank, Gaza Strip, and Sinai Peninsula. The state was able to import cheap oil and other resources, and export merchandise to a captive market.

Thus the occupation was beneficial to the Israeli capitalists, state, and workers. Shalev writes that the maintenance of the occupation "reflected the vested interests of the occupation's economic beneficiaries [employers as well as workers] in Israel."<sup>36</sup> The 1967 occupation also changed the character of American aid to more heavily emphasize military investment. The Matzpen writers documented this shift, though they did not yet realize the full impact it would have. They did, however, make this important observation:

The increased participation of foreign capital in Israel has led to certain changes within the economy itself, which have also been carried out under the increased pressures set off directly by the level of military expenditure. The economy has been made more "efficient" by American capitalist standards: Taxes have been reformed, investment conditions "liberalized," and army generals sent to U.S. business schools and then put in charge of industrial enterprises. In the period 1968–69, there was a compulsory wage freeze, and some public enterprises were even sold off to private capital—for instance, the 26 percent state share in the Haifa oil refinery.<sup>37</sup>

They are pointing here to the advent of American-style, liberal policies in Israel—deregulation and privatization—a trend that the whole economy would later follow. What they could not, perhaps, foresee were the Israeli generals and their elite families dividing the spoils among them, laying the basis for a deeply corrupt capitalist elite.

Israel followed a path in which the state acted as a "cocoon" for private business, as political economists Jonathan Nitzan and Shimshon Bichler and Middle East expert Adam Hanieh have put it. Nitzan and Bichler hypothesized that during the pre-state period, because of the absence of a Zionist capitalist

class, the state-in-making took it upon itself to control investment. “But,” writes Hanieh, “this control was not antagonistic to private capital. To the contrary, from 1948 on, the state pursued policies aimed at nurturing a capitalist class by encouraging a few key families to undertake joint projects and investment with state and quasi-state enterprises.”<sup>38</sup> This paternalism continued until the 1980s, when the independent capitalist class emerged like a moth from a cocoon. As Nitzan and Bichler explain, in the process of developing capital a *real capitalist class* materialized to rule where previously Labor dominated:

On the surface, the state reigned supreme. The MAPAI government controlled the process of capital formation, allocated credit, determined prices, set exchange rates, regulated foreign trade and directed industrial development. However, this process set in motion its own negation, so to speak, by planting the seeds from which dominant capital was subsequently to emerge. In this sense, the state acted as a cocoon for differential accumulation. The budding corporate conglomerates were initially employed as national “agents” for various Zionist projects. Eventually, though, their increasing autonomy helped them not only shed off their statist shell, but also change the very nature of the state from which they had evolved.<sup>39</sup>

Thus while the Matzpen article reflects on the process of foreign funding funneled into state-sponsored enterprises as “accompanied by relatively little personal corruption, but by a lot of political and social corruption,” this assumes that one would not follow the other. In reality, the generals who took over industry, and the wealthy families that they became connected to, emerged from the era of privatization as an extremely corrupt and powerful elite—aided, rather than encumbered, by Labor. The privatized state enterprises and businesses that benefited from the cocoon came to be dominated by this small circle.

Today a great deal of personal corruption envelops the Israeli economy and society. Most notably, Prime Minister Benjamin Netanyahu faces four separate cases regarding dealings with the Israeli business elite: accepting bribes, seeking to buy positive media coverage, and promoting business deals and even submarine sales to the state to benefit his allies, friends, and family.<sup>40</sup> The US government offered Israel nonqualified loans, aid, and permitted massive trade deficits. Adam Hanieh writes, “Direct US financial support helped to enable the development of high value-added export industries connected to sectors such as information technology, pharmaceuticals, and security.”<sup>41</sup> In the 1990s, the United States pushed for normalization of relations with Israel in the Middle East through the Oslo Accords and the subsequent peace treaty with Jordan.<sup>42</sup> This allowed the Israeli economy to develop rapidly with its capitalist class emerging more concentrated and powerful.

According to Nitzan and Bichler, eight families now control the majority of the economy.<sup>43</sup> This has exacerbated an already top-heavy occupational distribution, with about 57 percent of Jewish employed persons being classified as managers, professionals, and practical engineers, technicians, agents, and associate professionals in 2016, according to Israel census figures. This compares to about 40 percent of the US workforce that the Bureau of Labor

Statistics classifies in management and professional occupations. As a share of the Jewish Israeli labor force, this managerial/professional group has grown from <sup>44</sup> percent in 1996, while more traditionally “working-class” jobs (clerical, service and sales, construction, skilled trades, manufacturing, and “elementary occupations”) have declined from 55 percent of the total to 42 percent of the total.<sup>44</sup> According to these 2016 statistics, an additional 635,000, or about 17 percent of the total employed workforce, is non-Jewish. The non-Jewish section of the employed workforce is four times more likely to be employed in “elementary occupations” than members of the Jewish workforce are, and almost five times less likely to be employed in managerial and professional occupations.<sup>45</sup>

With the passage of the Economic Stabilization Plan and the signing of a free-trade agreement with the United States in 1985, Israel’s Labor-led government ushered in an austerity era for the Israeli working class: wage freezes, reductions of government spending on infrastructure and education, the annulment of many public housing tenants’ rights (of mostly Mizrahi populations), the privatization of health services (though it remains universal), and welfare services (though the department remains public). So, simultaneously, economic and geopolitical forces have polarized the Israeli Jewish workforce into a managerial/professional/technical majority and a shrinking core of the “traditional” working class that is bearing the brunt of neoliberal restructuring.

Here, an interesting comparison between Israel and another settler state, South Africa, is worth considering. Under apartheid, the South African economy combined state support for welfare benefits and full employment for white families, but with the super-exploitation of Black workers. Andy Clarno writes that both Israel and South Africa “employed violence to dispossess the colonized, exclude them from political participation, and suppress resistance. Both states also managed racial Fordist economies. And they both survived waves of decolonization that transformed Africa and the Middle East from the 1950s through the 1970s.”<sup>46</sup> In the 1980s, South Africa and Israel each confronted economic crises that threatened to undermine their regimes. They both introduced neoliberal measures. In Israel this undermined the Jewish workers and in South Africa this ended formal apartheid. Because the South African economy depended much more fundamentally on Black labor than the Israeli economy employed Palestinian labor, the South African ruling class was forced to scrap its system of rule in the early 1990s.

However, today, writes Clarno, “Inequality in South Africa is more severe . . . than it was under formal apartheid. . . . The South African state was democratized, but the neoliberalization of racial capitalism has placed important limits on decolonization.”<sup>47</sup> He contends that a socio-economic apartheid still exists for most Black people, as only 7.5 percent of South African land has been redistributed since the end of formal apartheid. Meanwhile, in Israel the neoliberal colonial strategy similarly involves the extension of limited autonomy to the Palestinian Authority, but with a degradation of the lives of Palestinian peasants and workers.

This is not to deny that poverty and inequality affects the Jewish population in Israel. Both have increased as a result of the last generation's neoliberal policies. About one-third of the Jewish elderly live below the poverty line, and for younger Israelis, housing costs make "new homes . . . nearly unattainable for the average worker."<sup>48</sup> By 2011, one in three Israeli families required welfare help, an increase of about 75 percent from the year 1998, according to *Haaretz*. And while the wealth gap in Israeli society today is second only to the United States among Western nations, the government spends 35 percent more on Jewish residents than on Palestinian citizens of Israel, even though Palestinians are three times more likely to be poor.<sup>49</sup> So a large population that is calculated into those wage gaps, the Palestinians, is effectively cut off from aid.

To sum up, the state-led economic development that Machover and Orr discussed helped to build a private, corporate capitalism that altered the Israeli political economy. Since the mid-1980s, "orthodox," free-market policies have changed the relationship of Israeli workers to the Zionist welfare state. Israeli workers have suffered attacks on their social rights and benefits, but these pale in comparison to the persistent discrimination that Palestinian citizens of Israel face. At the same time, a political economy based on war and occupation provides new ways of integrating the Israeli working class into the Zionist project.

### **Arms economy**

The American arms industry benefited from their government's aid to Israel in the form of military equipment, and Israeli industry moguls were likewise quick to seize opportunities. As large missiles, planes, and other vehicles were assembled on Palestinian soil, the Israeli business elite reaped the benefits and fortified their position in the global arena of arms development. Today Israeli technology leads the way globally in occupation and "security" technology.

One of the world's top arms exporters, Israel exports annually as much as \$7 billion worth of military technology, or 2.2 percent of its Gross Domestic Product. An additional 1.35 percent of GDP is dedicated to military research and development, and 6.7 percent is spent on its defense budget— the world's second largest military budget as a percentage of GDP after Saudi Arabia. All told, 10.25 percent of the Israeli economy is involved directly in arms. Comparatively, for the United States, the world's top weapons exporter, arms account for around 3.7 percent of its economy. Israel is actually the world's largest arms supplier *per capita*, according to data from the Stockholm International Peace Research Institute and the World Bank, at ninety-eight dollars; it is followed by a distant Russia at fifty-eight dollars, and Sweden at fifty-three dollars.

These figures do not include the contribution from natural resources exploited under occupation in the West Bank and Gaza.<sup>50</sup> They do not factor in the service sector's revenue or general industry and construction taking place in the West Bank. Such figures are difficult to quantify, since many companies operate in the West Bank but have offices in Tel Aviv to obscure where operations take place. Nor does this account for Israeli exports into the Occupied Territories,

which are 72 percent of Palestinian imports and 0.16 percent of Israeli GDP. All told, the Israeli economy is deeply involved in a web of expenditure and profit around the ongoing occupation and expansion of settlements.

American military aid supplanting open-ended government grants has had the effect of increasing arms production and diminishing the overall economic reach of the state.<sup>51</sup> No longer is foreign aid and imperialist incentive directly invested in the working class. Israeli workers are now rewarded through the arms economy. This is why, despite the lack of social mobility and the economic degradation of neoliberalism, the working class remains committed as ever to Zionism.

The working class has become dependent on the education, housing, and career opportunities that their participation in the IDF affords them. They have found routes for advancement in the military-fueled high-tech industry, with over 9 percent of workers concentrated in high-tech.<sup>52</sup> And as pensions and real wages are eroded, the cheaper cost of settlement living in the Occupied Territories has become essential.

Moreover, like a community surrounding a prison, the upkeep of life in the 1967 territories requires all sorts of services beyond the scope of the military that provide Israelis with livelihood. By shifting investment to revolve primarily around war, occupation, and arms production, the working class is now directly dependent on the war economy.

So long as Israel continues to expand, evict Palestinians from lands repurposed for Jews, and retain the wealth stolen in 1948, the Israeli working class constitutes a colonizing force and an enforcer of occupation. Even its most oppressed sections demand not democratic rights and equal distribution to all, but rather their own “fair share” of plunder. In an era of neoliberalism, when living standards are declining, the Israeli working class aspires to return the wealth to itself.<sup>54</sup> The lower the rung in society, the more bitter this battle is. And much like prisoners, Palestinians will not likely find allies in the guards and the communities whose livelihood depend on the prison. The denial of one’s freedom is the precondition of the other’s livelihood.

### **National self-determination and the democratic question**

“Any people that oppresses another people forges its own chains,” wrote Marx.<sup>54</sup> The socialist understanding is that the working class of an oppressor nation can’t be liberated while oppressing another. But what if it also can’t exist otherwise? What freedoms, rights, or benefits would it give up to protect its own existence?

Marxists have long supported national movements and struggles for democratic freedoms—in so far as they deal a blow to imperialism and oppression. We support national movements that advance the interests of the working class: when the success of that struggle means the elimination of the “common enemy” (i.e., the oppressor nation), bringing to the fore the natural antagonism of the working class with its own national ruling class. But Zionism didn’t bring

about the end of the existence of a common enemy for the Jewish working class and their bourgeoisie. In fact it created the perpetual Arab and Palestinian enemy.

Socialists therefore do not support self-determination in the abstract. We analyze the concrete situation in which the self-determination takes place. For example, Marx opposed “self-determination” of the Confederate States of America because it was clear that the demand for a separate state was raised to preserve chattel slavery. Israel, today, is an active settler-colonial project that relies on the continued dispossession and suppression of the will and rights of indigenous people. Palestinians are denied entrance to Israel, cannot return to their homes and lands; they are denied citizenship, equal rights, and voting rights, as well as basic democratic rights and civil liberties.

Thus, Zionism hasn’t advanced the international working-class movement; on the contrary, it has blunted the class struggle within Israel; it has aided and abetted imperialist nations and ruthless dictatorships across the world; and it has committed countless atrocities in the name of *its* sovereignty against the Palestinian people and the Palestinian peasant and working class.

*Palestinian* nationalism, on the other hand—including the demand for a single state in which all have equal rights—advances democracy in the region by opposing a regime that supports dictatorships and imperialist policies around the world. Democratic movements against Israel play a role in advancing international working-class liberation. It’s hard to envision a socialist revolution that wouldn’t stem from an international anti-imperialist and democratic movement.

Because Palestinian rights to full citizenship—the right of return and an end to Israeli military occupation of the land, sea, and air in Palestine— would end demographic dominance of Israeli Jews and thereby the Jewish ethnocracy, a democratic revolution would undermine the Israeli working class’ existence as a Jewish working class *per se*. A democratic solution would overturn the numerous benefits and the wealth that undergird its standard of living. In the West Bank and Gaza per capita GDP is around \$4,300, in Israel it is roughly \$35,000. Thus desegregation of the economies would expose Israeli workers to a potential free-fall in living standards.

Israeli workers have, in fact, due to their allegiance to the Zionist project, largely failed to draw democratic conclusions from social movements. In one notable exception in the early 1970s, the Mizrachi Israeli Black Panthers connected their oppression to the racism and discrimination Palestinians faced. This was a remarkable occurrence, and was likely influenced by the Matzpen activists who supported them. This movement was more brutally and violently suppressed than any other social justice movement in Israeli history. However, they too subordinated the question of Zionism to the economic issues they faced.

The 2011 Tent Movement, which was openly inspired by the democratic and social movement of the Arab Spring, was led mainly by middle-class Ashkenazi Jews (previously the main beneficiaries of the welfare state). Neoliberalism and

privatization had benefited many of the young protestors' parents, which would explain why their demands aspired to regain lost privileges and not to do away with neoliberalism and the free market, much less the settler-colonial nature of Israel. As long-time Israeli socialist Tikva Honig-Parnass writes, "Despite the call for social justice, any calls for democratic change in Israel were unequivocally rejected by the vast majority of the movement."<sup>55</sup> A socialist revolution can't depend on apolitical class struggle, it must be regional, democratic, and include Palestinians.

In early December of 2017, two large protest movements developed in parallel—one in the West Bank and Gaza, the other in Tel Aviv. Palestinians conducted a general strike and took to the streets to protest President Trump's decision to recognize Jerusalem as the capital of Israel. Meanwhile, modest weekly anti-corruption protests against the growing scandals of Netanyahu ballooned into the tens of thousands, as a new bill was put forward to prevent the police from publicizing its findings. These protests, like the 2011 movement, rejected the politics of "left" and "right." But this rejection was not a rejection of Zionism, the establishment, or the state. In fact what this rejection signals is the conservative character of the demonstrators and their demands. Large Israeli flags and chants such as "Long live the Israeli nation," were a regular part of the rallies. Eldad Yaniv, a leading figure of the protests, consistently calls all those who are patriots and love their country, even far-right coalition members Naftali Bennett and Ayelet Shaked, to reject Netanyahu and all those who have "wronged the Israeli people." A small handful of Israeli BDS activists who attended one protest with three large letters of B, D, and S, were attacked and their signs torn apart by a mob of other protesters. In fact, not two days after Trump's announcement, there were large groups of protesters singing "Jerusalem Forever" in these marches.

Some socialists argue that the struggle for a democratic Palestine is not a feasible goal because of Israeli working-class opposition. They contend that because Palestinians, unlike Black South Africans, are a minority and do not have economic leverage they cannot overthrow the regime. Their conclusion is that the only solution is a region-wide socialist revolution.<sup>56</sup> While it is true that the Palestinian question is tied to a regional solution, the assumption that the Zionist regime can only be overthrown through a socialist revolution and that therefore we must not call for a single non-exclusivist, democratic state, disregards the existing Palestinian national liberation movement and their struggle for democracy. Furthermore, a regional democratic revolution, encompassing a challenge to dictatorships explicitly or implicitly allied with the United States and Israel (the potential of which we witnessed in the Arab Spring), would certainly eclipse the power of the Israeli working class.

A democratic revolution will not inevitably lead to a socialist revolution, given the weakness of the socialist left in the Middle East today. However, we also cannot expect to engage the masses of Arab workers in a socialist revolution without starting with a democratic call in a region long fraught by repression, dictatorship, and imperialism. Furthermore, the one-state solution where Jews and non-Jews have equal rights opens the potential of the creation of a multiracial working class.



## Conclusion

This article has argued the following: First, that a settler-colonial working class relates to the state in a fundamentally different way than a traditional working class. Given incentives to promote colonization, it acts as collaborator with its own ruling class. The formation of the Israeli working class necessarily came at the expense of the formation of a multiracial class.

Second, the ethnic cleansing of Palestine as a form of primitive accumulation, and decades of directly benefiting from foreign aid, have allowed the Israeli working class to acquire wealth and a standard of living it is unwilling to relinquish. Insofar as this wealth has declined with the rise of neoliberalism and the deterioration of the welfare state, the working class wishes to return to an era in which it had a greater portion of the wealth offered by colonization.

Third, the shifting from a welfare state to a warfare economy has deepened Israeli workers' reliance on the Occupation, as prison guards are tied to the prison for their livelihood.

Finally, the self-determination and rights of Palestinians, or any indigenous population, necessarily negate those of a colonizing class. This is demonstrated clearly by Israeli opposition to BDS. The call for equal citizenship rights and the right of return, which are the central demands of the boycott movement, have been rejected by the Zionist left as well as by the Israeli working class. However, the fact that the boycott may alienate Israelis is not a strong argument against it.

On the contrary, the struggle for a democratic Middle East, which the BDS movement is a crucial part of, has the most potential to change the character of the Israeli working class from a counterrevolutionary force to a potentially revolutionary one. It should be obvious that Israeli workers aren't incapable of solidarizing with Palestinians from a human perspective, but because of their material conditions. Were those to change through revolutionary upheaval, democratic or socialist, the Israeli working class could potentially be won to an internationalist perspective, which is fundamental to socialism.

It's hard to know exactly at what stage the tipping point will come, or how it will unfold when it does. However, based on the arguments laid out here, at the very least we can surmise that granting all Palestinians the right of return would radically change the material realities of Palestine. We can argue that by fighting for democratization in Palestine we stand a chance to liberate the Jewish working class from its ties to the state and free the way for socialist revolution to the benefit of all.

Our efforts should focus on democratic change and solidarity with those naturally allied to the international working class—the Arab working classes, as well as any Israeli who renounces Zionism and dedicates their activism to real democracy. We should develop real connections to the Palestinian secular left, while supporting the national liberation struggle *wherever* it arises. We must sharpen our understanding of the Middle Eastern left, the forces organizing

(often underground), and support them as they face counterrevolution in the region.

Machover and Orr predicted that a revolutionary movement of the Arab working classes would completely upend the status quo of the Middle East today, and Israel's role within it. They wrote,

By releasing the activity of the masses through the Arab world it could change the balance of power; this would make Israel's traditional politico-military role obsolete, and would thus reduce its usefulness for imperialism. At first Israel would probably be used in an attempt to crush such a revolutionary breakthrough in the Arab world; yet once this attempt had failed Israel's politico-military role vis-à-vis the Arab world would be finished. Once this role and its associated privileges had been ended the Zionist regime, depending as it does on these privileges, would be open to mass challenge from within Israel itself.<sup>57</sup>

May the next Arab uprising sweep away all the old ethnocracies and the autocracies, the sectarianism, and the oppression suppressing the will of the workers today.

1. \*Thomas Frank argues in his 2004 book, *What's the Matter With Kansas?* that in the United States the Republicans' ideological appeals and fear-mongering had convinced working-class people to "vote against their interests." This is based on the misconception of the conservative base as largely working class, and that the racist appeals of the Republican Party convinces workers (who are presumed to be white) to vote against their own economic and material interests. This article will contend that Israeli workers, in contrast, most often identify with the right-wing ideology of the state for economic and material reasons.
2. Hal Draper, *Karl Marx's Theory of Revolution: Vol. 2 The Politics of Social Classes* (New York: Monthly Review Press, 1978), 40–48.
3. Ibid.
4. Socialist Alternative writes that, "At this stage, advancing a program which proposes a solution in the form of one joint state for both nationalities, even a socialist state, is not capable of supplying a basic answer to the fears, suspicions and the intense yearning for national independence on the part of both national groups. Nevertheless, the role of the Marxist left is also to explain that working-class layers and the masses of all national groups have an interest, at root, in a united struggle around a program for socialist change." Socialist Struggle Movement, "Israel/Palestine: The Marxist Left, the National Conflict and the Palestinian Struggle," April 30, 2016, <https://www.socialistalternative.org/2016/04/30/israelpalestine-marxist-left-national-conflict-palestinian-struggle/>
5. On the "In Defense of Marxism" website of the International Marxist Tendency, they write of the BDS campaign: "What is notable about this campaign is that it ignores the question of class in both Israel and

Palestine. We believe that only a working class approach can put an end to Israeli imperialism . . . the difference between the ruling class and the workers is that the Israeli working class—objectively speaking—has absolutely no interest in oppressing the Palestinian masses. While the bourgeoisie makes billions of dollars off of the production of weapons and the slaughter of innocents, the working class has to watch its sons and daughters sent off to die in wars for profit.” After surmising that had Israeli workers conducted a general strike during the first Intifada the “revolution” would have been successful, and ignoring the tedious fact that that no workers were calling for a general strike, they conclude, “the solution will not come without working class Israeli Jews; they will play the central role! This is why we reject the BDS campaign as counter-productive, and a campaign that strengthens bourgeois Zionism.” Isa Al-Jaza’iri and Alex Grant, “Against the Blanket Boycott of Israel,” Marxist.com, January 19, 2010, <http://www.marxist.com/against-blanket-boycott-israel-working-class-solution.htm>

6. A version of the article, originally a document written for the Israeli Socialist Organization, “The Class Character of Israeli Society,” was published in Ari Bober ed., *The Other Israel: The Radical Case Against Zionism* (Garden City, New York: Anchor Books, 1972). It was reprinted as “The Class Character of Israel,” *International Socialist Review* 23, May–June 2002, [http://www.isreview.org/issues/23/class\\_character\\_israel.shtml](http://www.isreview.org/issues/23/class_character_israel.shtml). The entire book can also be found at the Marxist Internet Archive, <https://www.marxists.org/history/etol/document/mideast/toi/>.
7. BDS is an international movement of unions, academic associations, congregations, and grassroots organizations challenging international support for Israel. Its three demands are an end to the occupation of the West Bank and the blockade of Gaza, equal citizenship for Palestinians in Israel, and the right of return.
8. Machover and Orr, “Class Character,” 87.
9. They also argued that the immigrant character of Israeli society (75 percent of the population was foreign-born) had a backward effect on worker consciousness. However, even if this argument were valid in its own right, today the inverse is true— only 27 percent of Israelis are foreign-born.
10. Machover and Orr, 91.
11. Gershon Shafir, *Land, Labor and the Origins of the Israeli-Palestinian Conflict, 1882– 1914*. (University of California Press, 1996). Shafir based his analysis on the work of D. K. Fieldhouse and George Fredrickson.
12. Gershon Shafir, *Land, Labor and the Origins of the Israeli-Palestinian Conflict*, 8.
13. Shafir, citing George Fredrickson in *Land*, 9.
14. Patrick Wolfe, “Settler Colonialism and the Elimination of the Native,” *Journal of Genocide Research*, 8:4, (2006), 387–409. Wolfe quotes Theodor Herzl from *The Jewish State*, “If I wish to substitute a new building for an old one, I must demolish before I construct.”
15. The word “aliyah” means ascendance, as in the ascendance to Zion.
16. For an excellent account of pre-state relations between Jewish and Arab labor organizations and the 1936–39 Arab Revolt, see Zachary Lockman,

*Comrades and Enemies: Arab and Jewish Workers in Palestine, 1906–1948* (Berkeley: University of California Press, 1996).

17. Even today Palestinian labor is not used to break strikes or undermine Jewish workers—in fact a racialized class stratification ensures that they rarely work the same jobs, even within the same industries.
18. It is possible to argue that in some ways Israel has included Palestinians within certain industries, as well as in the IDF (Druze, Palestinian Bedouins, and Palestinian citizens of Israel, usually in its lowest echelons) in return for which they offer some assistance with home purchasing or legal aid (in particular for Bedouins facing home-demolition orders), and employment training opportunities. However, the precarity of Palestinian employment has served as a control mechanism for occupation. Likewise, the scope of the IDF's efforts of inclusion is quite limited, with only a few dozen participants. Thus, we will continue to regard Israel as a strictly pure settlement.
19. Descendant from the Borochovist Poalei Tzion party and precursor to Meretz, MAPAM formed in 1948 under the auspices of the Marxist-Zionist left-wing challenge to MAPAI party (Workers' Party of the Land of Israel). (See footnote 19 and 25).
20. Joel Benin, *Was The Red Flag Flying There?* (Berkeley, CA: University of California Press, 1990), 32.
21. "Present-absentee" is a designation Israel gave Palestinians who remained within the 1948 borders but who were not allowed to return to their original homes.
22. Benin, *Was The Red Flag Flying There?*, 69.
23. Once the Histadrut was no longer building the state, it ceased to play the central role in the Zionist project and MAPAI took its place. However, Histadrut-affiliated corporations and collectives proliferated after 1948 and by the 1950s, Solel Boneh generated 8 percent of Israel's national income. Histadrut enterprises employed 25 percent of the workforce; half its members were in some way earning a living through the Histadrut.
24. In years 1952–1966 alone, West Germany paid Israel three billion deutschemarks in reparations, today that would be equivalent to over \$111 billion. In the early years this was almost 90 percent of Israel's income.
25. Machover and Orr, 94.
26. Ibid.
27. A "corporatist system" was a common post–World War II arrangement between government, the ruling labor party, and a national trade union with the nation's capitalists, in an effort to save capitalism. Lev Luis Grinberg, in his study of Israeli corporatism, *Split Corporatism in Israel* (Albany: SUNY Press, 1991), describes this as an agreement based on full employment coupled with wage-restraint. The government must subsidize workers' livelihoods with benefits not deriving from wages. However, such an agreement was never actually reached in Israel. Those scholars, like Grinberg, who theorize on the success or limits of Israeli corporatism have suggested that Israel fell into a pluralist category, a state in which the existing class interests were represented by powerful organizations contending for influence. Ostensibly they exert such influence to similar degrees. In reality, it is actually the *particular nature of*

*a settler working class* that puts it in the unique position of “partner” to the state. This guarantees it some protections, while at the same time subordinating its particular interests to that of the state and the capitalist class the state is tied to. In the Israeli case, corporatism was objectively dispensable, Michael Shalev argues, because *even in its absence revolutionary class conflict could be avoided*.

28. Machover and Orr, 92.
29. For example, Mizrahi workers were often barred from entering the labor market or offered only unskilled seasonal or temporary jobs. They were also housed in “temporary” tents or housing units made of tin for many years until they were moved to small apartments and often lived in cramped living quarters. Meanwhile their white counterparts were quickly integrated into the workforce and offered permanent housing within months of their arrival.
30. Eban quoted in David Hall-Cathala, *The Peace Movement in Israel, 1967–87* (New York: Palgrave MacMillan, 1990), 86. Ben-Gurion quoted in Shay Azkani, “The Silenced History of the IDF’s ‘Mizrahi Problem.’” *Haaretz*, August 28, 2015, <https://www.haaretz.com/.premium-the-silenced-history-of-the-idf-s-mizrahi-problem-1.5392070>.
31. Michael Shalev, *Labor and Political Economy in Palestine* (New York: Oxford University Press, 1992).
32. Ehud Ein-Gil and Moshe Machover, “Zionism and Oriental Jews: Dialectic of Exploitation and Co-optation,” *Race & Class* 50, no. 3 (2009): 62–76.
33. *Ibid.*
34. While the legacy of racism and white supremacy has always deformed the US labor movement, the high points of labor struggle have almost always challenged the color line. There were also notable instances of cross-racial solidarity in the South, for example—the Brotherhood of Timber Workers, the Populist Movement, and during the New Orleans General Strike of 1892. The United Mine Workers of America was famously multiracial when the AFL was still segregated, and that was because of how dangerous the labor was and how much trust was necessary between skilled and unskilled workers. The CIO, under the moderate leadership of John Lewis, opened its doors to Black workers because Lewis realized that organizing the unskilled was the only way to defend the whole labor movement. The CIO wound up taking a stance against lynching, segregation, and racial discrimination. The best traditions of labor solidarity in US history have led to the types of inter-racial organizing and struggle that have hardly ever happened in Israel.
35. David Hall-Cathala, *The Peace Movement in Israel, 1967–87* (New York: Palgrave MacMillan, 1990), 97.
36. Shalev, *Labor and Political Economy in Palestine*.
37. Machover and Orr, 97.
38. Adam Hanieh, “From State-Led Growth to Globalization: The Evolution of Israeli Capitalism,” *Journal of Palestine Studies* 33, no. 4 (2003): 5–21.
39. Jonathan Nitzan and Shimshon Bichler, *The Global Political Economy of Israel* (London: Pluto Press, 2002), 96.
40. <https://www.timesofisrael.com/the-corruption-scandals-plaguing-netanyahu-and-his-family-explained/>.

41. Adam Hanieh, *Lineages of Revolt: Issues of Contemporary Capitalism in the Middle East* (Chicago: Haymarket Books, 2013), 34.
42. *Most countries in the Middle East boycotted Israel until that point. Oslo allowed the ruling classes of Arab states to normalize relations without arousing opposition on the pretext that Palestinians would soon enjoy autonomy.*
43. *For more information on the incestuous nature of the Israeli ruling class and how it came to be, see chapter 3 in Nitzan and Bichler's The Global Political Economy of Israel, 84–136.*
44. *Calculations derived from Israel Central Bureau of Statistics, "Jewish Employed Persons, By Occupation (2011 Classification), Sex, Continent of Birth and Period of Immigration, (2016), Table 12-9. US statistics are from US Bureau of Labor Statistics, Table A-13, "Table A-13. Employed and Unemployed Persons by Occupation, Not Seasonally Adjusted," April, 2018, <https://www.bls.gov/webapps/legacy/cpsatab13.htm>.*
45. *These estimations of the non-Jewish workforce are calculated after subtracting the "total" workforce statistics for the comparable 2016 data from the statistics for the Jewish employed. See Table 2-10, "Employed Persons, By Occupation (2011 Classification), Figures for 2016, [http://cbs.gov.il/publications18/saka0118q/pdf/tab02\\_10\\_q.pdf](http://cbs.gov.il/publications18/saka0118q/pdf/tab02_10_q.pdf).*
46. Andy Clarno, *Neoliberal Apartheid: Palestine/Israel and South Africa after 1994*, (Chicago: University of Chicago Press, 2017), 30.
47. Clarno, *Neoliberal Apartheid*, 33.
48. See Miriam Berger, "Sticker Shock Greets Israeli Homebuyers," *U.S. News and World Report*, February 14, 2017, <https://www.usnews.com/news/best-countries/articles/2017-02-14/soaring-housing-costs-approach-crisis-levels-in-israel-analystswarn>.
49. Lidar Gravé-Lazi, "More than 1 in 5 Israelis Live in Poverty, Highest in Developed World," *Jerusalem Post*, December 15, 2016, <https://www.jpost.com/Israel-News/More-than-1-in-5-Israelis-live-in-poverty-highest-in-developed-world-475444>.
50. *For example, 89 percent of water resources in the West Bank are extracted by the Israeli water company Mekorot. Similarly, 0.3 percent of GDP is natural gas, supplied primarily from off the Gaza shore.*
51. *Shalev writes, "The most salient feature of the US aid package has been its close relationship to the cost of Israeli purchases of American arms . . . instead of having a major portion of foreign assistance at [the government's] disposal with which to direct economic development, the state routinely turns over almost the entire inflow of aid for military purposes. This inability to freely channel US aid in the most economically and politically rewarding directions eliminated one of the most important sources of the dominant party's power." Shalev, Labour and the Political Economy in Israel.*
52. *Israeli Census figures: 297,000 are employed in high-tech: 111,000 are employed in manufacturing high-tech.*
53. *For example, it takes 148 monthly salaries to buy a home in Israel, compared to 66 in the US, making new homes "unattainable for the average worker." However, lower home prices and government subsidies to settlers make homes in the West Bank more affordable. These*

*economic factors reinforce the drive to colonize the West Bank. See Berger, "Sticker Shock Greets Israeli Homebuyers."*

54. Karl Marx, "The General Council to the Federal Council of Romance Switzerland," *Karl Marx and Frederick Engels, Collected Works Vol. 21* (New York: International Publishers, 1985), 89.
55. Tikva Honig-Parnass, "The 2011 Uprising in Israel," *Israeli Occupation Archive*, January 12, 2012 <http://www.israeli-occupation.org/2012-01-09/tikva-honig-parnass-the-2011-uprising-in-israel/>.
56. For more on this position, see Moshe Machover, "Belling the Cat," *Israeli Occupation Archive*, December 13, 2013, <http://www.israeli-occupation.org/2013-12-13/moshe-machover-belling-the-cat/#sthash.L0PEg9TP.dpuf>, and Tikva Honig-Parnass's critique of this position, "One Democratic State in Historic Palestine," *International Socialist Review* 90, July 2013, <http://isreview.org/issue/90/one-democratic-state-historic-palestine>.
57. Machover and Orr, 100.

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