



Saudi Arabia's \$3.5 billion airport

consumer goods, particularly food, increased. Prosperity increased the demand for consumer goods, and local production was incapable of satisfying this demand. Therefore, rather than becoming productive, the Arab societies became consumptive societies largely dependent on the outside world for providing even their daily food requirements. Moreover, the population became geared towards wanting imported luxury items to an exaggerated degree.

The early eighties marked the post-oil boom stage. With the fall in oil prices, the GNP of the oil-producing countries diminished and the surplus of the boom became a deficit. During this stage, 50% of Saudi Arabia's surplus and 15% of Libya's surplus were depleted. All of Iraq's surplus was exhausted due to the decrease of oil revenues and the Gulf War. This also affected the other Arab countries, since their economies were linked to the oil.

DISTORTED CAPITALIST DEVELOPMENT

There is no doubt that economic and social growth did take place in the oil boom stage. There were attempts to develop the countryside, expand industry and raise the standard of living of the population - of course to different degrees in the rich and poor countries. However, all this occurred in conjunction with capitalism, by attracting international companies to «help develop the Arab world.» The industrial development that has occurred was mainly for export to the western industrial centers (as with the petro-chemicals industry). The whole production sector was geared towards the interests of the world capitalist market.

The distorted capitalism in the Arab world increased foreign penetration, in addition to hastening the decline of the Arab national upsurge, and increasing repression. Instead of achieving development and prosperity, the Arab ruling class reproduced backwardness and poverty in a new manner. The Arab society became parasitic, living off of profits achieved without exerting any effort. The value of work is not

recognized as much as is the value of ownership and property. The attitude towards work serves to constantly reinforce the parasitic nature of the society. The process of development requires a work force. Yet the level of productivity in the Arab world is very low, because people are not socially or economically rewarded for production. Rather, social position accrues from possession or family status. Moreover, class differences have widened. Today, 10% of the Arab population owns 50% of the national income. Annual per capita income in Somalia is \$250, but \$22,000 in the UAE. Instead of achieving independence, the ruling class cultivated subordination; instead of achieving unity, the Arab world has become disintegrated in an unprecedented way.

Since the early eighties, most Arab countries have taken an interest in implementing new economic austerity policies. In many cases, these policies were derived from world capitalism's strategy for overcoming its own economic crisis, by restructuring various countries' economies to ensure capitalist exploitation in a new way. This strategy also aims at remedying the foreign debts problem in order to protect the international monetary order from falling apart. Today the IMF is one of the most important centers for pursuing this strategy. The strategy doesn't only focus on the financial aspect, but includes a variety of economic and social aspects. It is concerned with economic growth, forms of capital ownership, income distribution and the channels through which it is spent. This strategy is implemented through emphasizing «free economy,» giving the private sector the main role in the economy, while diminishing the role of the public sector, limiting the influence of the state in the economy, freezing wages, and floating the currency, etc. The economic measures in Jordan are the most recent example of how this strategy is being applied in the Arab area. Moreover, this strategy seeks «cooperation for common interests» through joint ownership of capital and removal of barriers between the local and international markets. The Arab states were geared towards this international strategy through new economic directives aimed at rationalizing expenditures and limiting extravagance in consumption. The heavily indebted Arab states (such as Jordan and Egypt) hastened to adopt this strategy and to submit to the IMF conditions.

Since the Gulf states have better economic conditions and higher living standards, the austerity measures were limited to trying to redress the deficit in the trade balance due to the fall of the oil prices. This strategy did not, however, have positive effects on the Arab economies. In most Arab countries, economic growth came to a halt; per capita productivity decreased; and the 1987 GNP was down by 14%, as compared to 1980. Total Arab debts (non-military) increased to \$102 billion in 1987, as compared to \$65.5 billion in 1985, and \$49.5 billion in 1980, in addition to the continuous deficit in the trade balance. It is apparent that this strategy has failed, due to the Arab economies' subordination to the capitalist market. The distorted nature of the capitalist development in the Arab economies deprives them of boom periods experienced by the developed capitalist countries.