Jonathan Nitzan and Shimshon Bichler, *The Global Political Economy of Israel* (London: Pluto Press, 2002, 407 pp., £60.07 hbk., £19.95 pbk.).

The Global Political Economy of Israel is a gripping read, for specialists and non-specialists alike. Amateurs of novel theoretical explorations into the field of political economy will enjoy the authors' truly original and often controversial analysis of economic phenomena, such as capital accumulation, stagflation, corporate amalgamation and global integration, while readers less versed in economic theory will appreciate the authors' avoidance of unnecessary jargon and propitious explanations of the terms they use. But the greatest merit of the book undoubtedly lies in its remarkable combination of challenging theoretical analysis and fascinating empirical investigation of the Israeli and US economies, spiced with some delightfully embarrassing details about Israel's most respectable politicians and businessmen.

Before drawing the reader into a whirlwind of intrigue and power politics surrounding the armaments, oil and high-tech industries, Nitzan and Bichler expose the mechanism whereby the dominant capital groups within an economy attain and maintain their supremacy. In contrast to the standard approaches, the authors look beyond the apparent form and persistently search for the winners and the losers in the economy. In order to show that the economic aggregates, such as inflation rates and GDP, conceal massive gains for the largest core corporations, they develop a new theoretical framework that places the notion of capital accumulation by groups of dominant capital at the centre of the political economy of capitalism. Defining capital as 'power over cooperation' (p. 10), the authors assert that modern capitalists do not aim at 'profit maximisation', but rather at 'beating the average', which gives them the power to 'restructure society and affect its overall development' (p. 9). Their aim is therefore relative rather than absolute, hence the focus on differential accumulation.

Central to the authors' analysis are the two regimes of differential accumulation — breadth and depth. A large firm can accumulate differentially either by expanding the size of its workforce faster than the average (breadth) or by raising its profit per employee faster than the average (depth). What emerges is a view of the political economy of the twentieth century as a pattern of breadth and depth cycles. The former periods are characterised by 'rapid proletarianisation, economic growth and corporate amalgamation, relatively low inflation, more open political institutions, and a certain easing of social conflict', whereas the latter are commonly associated with 'stagflation, crystallisation of political institutions, and intensifying social conflict' (p. 15).

After closing the theoretical Chapter 2 with a brief illustration of the general pattern of regime alternation, the authors tackle the formidable task of tracing the history of Israel's ruling class (Chapter 3). In a painstakingly researched account, they show that the early Israeli State — contrary to conventional wisdom that portrays Israel as embracing socialism until recently — played a critical role in creating the institutional context for the emergence and consolidation of Israeli dominant capital. In the context of breadth that followed the annexation of the lands conquered in 1948 and the inflow of new immigrants' cheap labour, the state distributed Palestinian land and property and allocated the foreign capital inflow (initially from the German reparation payments and later from the US Government) to five core conglomerates. When the breadth regime approached its internal limits in the late 1960s, the Israeli economy entered a depth phase, with armament and finance as the principal vehicles of differential accumulation. The winners of the two decades of crisis were none other than the dominant capital groups, which gained from the stagflation of the Israeli economy in the 1970s with its concomitant militarisation and intensification of the Middle East conflict, and Israel's growing dependence on US assistance.

Refocusing their view on the broader region of the Middle East, again searching for those who won from the regional conflicts and energy crisis of the 1970s and 1980s, the authors circle in on the major oil companies, the OPEC countries, the arms manufacturers and key financial institutions — the 'weapondollar-petrodollar coalition'. The growing symbiosis between these groups is claimed to have developed in the context of the '*commercialisation* of arms exports on the one hand, and the *politicisation* of oil on the other' (p. 26). As international arms trade was increasingly privatised in the 1960s, thus necessitating direct money payments for arms, and oil became increasingly subject to state control, the intertwining of the profits in the two sectors led to an establishment of a pattern of 'energy conflicts' (p. 198), which erupted after each sustained period of negative differential accumulation in the oil sector (and consequently, in the arms export sector). The shift towards a new breadth regime of high technology and corporate amalgamation in the 1990s replaced the trigger-happy 'weapondollar-petrodollar coalition' with the 'technodollar-mergerdollar coalition', dominated by large high-tech firms and financial institutions that demanded peace in the Middle East. Although the thesis may, at first sight, evoke murky images circulated by various conspiracy theorists, Nitzan and Bichler provide an account that is too serious and too well documented to entertain such fears.

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