

the parameters of the existing historiography. In the end, *Egypt and American Foreign Assistance* does not deliver all that it pledges.

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## ISRAEL

**The Global Political Economy of Israel**, by Jonathan Nitzan and Shimshon Bichler. London, UK and Sterling, VA: Pluto Press, 2002. xiv + 357 pages. Figures. Tables. Bibl. to p. 371. Index to p. 407. \$95.95 cloth; \$29.95 paper.

*Reviewed by Yakir Plessner*

The stated purpose of this Marxist book (pp. 2-3) is to replace what is described as the conventional wisdom ruling the interpretation of Israel's politico-economic history, by an all-encompassing one, rooted in the country's evolution as a capitalist society. That conventional wisdom is depicted as (1) the economy was shaped by a socialist-statist ideology and by the defense imperative; (2) Israel, a special case not comparable to any other polity, has evolved as a classless society. Instead, Israel's economic development, the evolution of its conflict with the Arabs, and the concomitant internal political history, are all attributed to the workings of a ruling class, motivated by the desire to accumulate capital. In particular, it is differential capital accumulation by absentee owners (p. 16) that shaped, much like any other capitalist society, Israel's story.

The authors proceed to lay the groundwork for analyzing Israel's power structure in its relation to capital accumulation, and as if to stress the non-uniqueness of the Israeli case, devote a long chapter to linking the country to what is termed the Petrodollar-Weapondollar coa-

lition. This, as well as the long bout with inflation, are interpreted as furthering the interests of the ruling class. In the process, labor exploitation has intensified through "deepening" — a term used unconventionally to describe increased profits per worker (e.g., p. 14). Conventionally, deepening is defined as the increase of the capital-labor ratio — a crucial point, because without it growth is much harder to achieve. And per-capita growth involves both increased wages and increased profits per worker.

It is one thing to accept the fact that a ruling class, in terms of control of assets, has developed in Israel; it is another to attribute to that fact the evolution of the country's political economy. Strangely, the authors never mention the one comprehensive analysis of Israel's political economy that takes a view diametrically opposed to theirs, and maintains that Israel's story is best understood in terms of socialist ideology implemented via the labor and financial markets.<sup>1</sup> But perhaps this is not really surprising, given that the authors accuse Israel's academic community of substituting advice for serious research (p. 5), which they claim is "typical of an academic community locked into a rigid consensus."

Throwing stones at a glass house is fine if the thrower does not himself sit in one. On this the authors fail miserably. Start with the assertion that Israel's welfare state has been on the decline (p. 3). While apparently crucial to the story, this is simply not true. In 2002 the government allocated about 55 percent of its budget to social spending, almost double the ratio 20 years ago.<sup>2</sup>

More generally, the authors totally fail

1. Yakir Plessner, *The Political Economy of Israel: From Ideology to Stagnation* (Albany, NY: State University of New York Press, 1994).

2. The Center for Social Policy Studies in Israel, *The 2002 CSPS Annual Analysis of Israel's Social Expenditures*, Yaacov Kop, ed., Jerusalem, 2002 (in Hebrew).

to make the case that Israel is not a special case. Thus, the fact that the government totally dominated the financial markets — something that has never occurred in any other democracy except, possibly, India — is never addressed.

The authors' stumbles in matters of fact are legend. Their Marxist hue leads them to accuse Israel of basing a large part of its post-1967 economic growth on exploiting Palestinian workers, putting the number of such workers at 140,000, or 14% of the labor force (p. 124). In fact, during the years of high growth after the 1967 war the number of Palestinian workers never exceeded 61,300, and they constituted no more than 6% of employment in the exploiting, i.e. business, sector.<sup>3</sup> And the benefits to the Palestinians themselves are conveniently neglected (e.g., that they enjoyed before the current intifada the highest GDP per capita in the Arab world, save the oil countries).

One of the most glaring failures of the book is its treatment of Israel's inflationary years. The authors claim that "[t]here is little discussion of the underlying political economy..." (p. 137). This is nonsense. Even the 1975 annual report of the Bank of Israel alludes to an important political context of the inflationary process (p. 176). In some places, the authors use erroneously the GDP deflator as an indicator of inflation (e.g., p. 148), thereby expunging the impact of imports on inflation — very important in Israel's case because of the rapid devaluation.

That the book does not deserve the time of day is perhaps best exemplified on p. 339, where the share of capital in the GDP of US manufacturing is alleged to have increased to over 60%. In fact, it is labor that took 66% of manufacturing GDP in 2001 — too bad for Marxism.<sup>4</sup>

3. Bank of Israel, *Annual Report 1999*, Jerusalem, March 2000, p. 305 (in Hebrew).

4. US Bureau of Economic Analysis, *Gross Domestic Product by Industry and the Components of Gross Domestic Income, 1987-2001* (through the bureau's web site).

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## IRAN

**Persian Pilgrimages: Journeys Across Iran**, by Afshin Molavi. New York and London: W.W. Norton & Company, 2002. xx + 308 pages. Index to p. 315. \$25.95.

*Reviewed by A. William Samii*

Readability is the main advantage of books authored by journalists over those written by scholars and policy analysts. Afshin Molavi's *Persian Pilgrimages* is no exception to this rule. When he is describing his encounters with local residents during his 1999-2000 trips to Abadan, Ahvaz, Isfahan, Mashhad, Shiraz, Tabriz, Tehran, and other cities — the eponymous pilgrimages — one wants to keep reading and learning more.

The disadvantage of some journalists' books is that they are little more than a piecing together of the author's news articles. That is not the case in *Persian Pilgrimages*. Molavi has researched Iranian history and interviewed notable scholars of Iran, thereby putting current events into a historical context. Molavi's Persian-language ability gives him a significant advantage over Westerners who must depend on interpreters and fixers. He has casual encounters with regular Iranians, from the local fruit vendor to the inevitably loquacious taxi driver, rather than just interviews with government officials, academics, and political figures. *Persian Pilgrimages* reveals two seemingly contradictory themes.

One of those themes is young Iranians' desire to emigrate and to have better economic opportunities and greater social freedom. The book's first chapter describes an encounter with a man who wants to move to the United States. "He wanted a job, a decent wage, a life, a