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As we approach the two-year anniversary of the signing of the Abraham Accords, their importance has only grown. The accords—the culmination of a process of peace and reconciliation between Israel and four Arab countries—opened the doors to trade and tourism, as well as scientific and diplomatic cooperation.

Two catalysts drove the peace process, the shared Arab–Israeli desire for progress and prosperity and Iran’s catastrophic policies—from building long-range missiles that could carry nuclear warheads to sponsoring terrorist strikes against Arab oil fields—that created real security anxiety among the Gulf Arab countries. The US played an important mediating role in achieving these accords, but they are grounded in the shared interests of Israel and Arab countries in regional prosperity and long-term security.

The far-sighted leaders on all sides saw the need for economic growth (homes and jobs for their peoples) and the urgent need for new infrastructure investment to move water, oil, and people. Arab leaders also understood the

need to diversify their economies to reduce their dependence on hydrocarbons. On these two points Israel is part of the solution because the Hebrew state develops and deploys advanced technologies. In terms of water and food security, Israel is the world leader in drip irrigation, the use and recycling of wastewater (90% of it treated and reused), the recovery of rainwater, and water generators that extract moisture from the air. Long before the Abraham Accords, contacts between Israeli entrepreneurs and several Arab countries were ongoing. The convergence of interests was self-evident.

To integrate Israel into the region, the Abraham Accords must be expanded. Everyone agrees that if Saudi Arabia takes the plunge and publicly normalizes relations with Israel, other countries will follow.

This dynamic of normalization launched by the Abraham Accords could take Israel beyond coexistence and make it a full partner for regional security and economic growth. It is in the interests of Israel and the US to achieve this goal.

The question of the Palestinians remains an obstacle to this positive momentum. Should we ignore them? Can we build a regional peace

without the Palestinians? The answer is no . . . Hamas, Iran, and extremists on both sides are using and will continue to use the Palestinian issue as a weapon of division, a wedge pounded into the gears of progress.

Thus, it is in Israel's interest to extend the Abraham Accords to the Palestinians by increasing trade, providing visas for scholars and pilgrims, and improving living conditions through investment and other means. Key areas for investment include roads, schools, hospitals, and water pipelines to strengthen the interconnections between Israel and the Palestinian territories.

Israel could provide solutions to this, but Israel could also make it easier for the Saudis to invest in the water infrastructure in the West Bank, which would bring the Saudis back to working directly and more openly with Israel. The impact would be huge.

This is the best way to bring out a new Palestinian elite that projects itself into a future of cooperation, not the failed past of systematic rejection of Israel. Equally important, fully embracing the Palestinians would make it easier for other countries to start down on the path to peace with Israel.

The Israeli far right and Palestinian radicals, who feed on each other, are doing everything they can to sabotage this effort. They only offer the wrecking ball, not the mason's trowel to build a new future.

The two peoples, Arabs and Jews, will indeed find a political solution, thanks to their genius, when personal connections go beyond borders, when prejudices give way to knowledge of the other and consideration of their needs. That is how true peace is won.

It is deeply in America's interest to do everything in its power to promote the Abraham Accords so that they both deepen the scope

of cooperation among countries in the region and broaden the benefits beyond those who are currently participating.

The next elections in Israel hold this hopeful future in the balance. Either Israel will continue its historic integration into the economies and hearts of its Near East neighbors, or it will fall back into the stupor of 70 years of animosity. Hundreds of millions of human beings aspire to peace and prosperity, and the trajectory of their lives will be determined by Israel's parliamentary contest.

The Israeli people have an enormous responsibility to elevate the course of history. Wisdom, tolerance, and acceptance of the other is needed. I am confident that the people of Israel, especially the young, for whom the future is wide open, will embrace this opportunity on November 1st. *

AHMED CHARAI

Publisher

Ahmed Charai is the chairman and CEO of a media conglomerate and a Middle East adviser in the United States and abroad. He is on the board of numerous think tanks and NGOs, including the Atlantic Council, the International Center for Journalists, International Crisis Group, and the Jerusalem Institute for Strategy and Security. His articles have appeared in leading American and Israeli publications.

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IN THE SHADOW OF WAR

A World in Turmoil—and the Challenges Still Lying Ahead

by Eran Lerman

Two themes emerge from this fifth issue of the *Jerusalem Strategic Tribune*. The bloodshed in Ukraine, brought about by the Russian invasion, has become the focal point of world attention and the direct and indirect cause of wide-spread turmoil and dislocation. On a much happier note, this moment in time also marks the second anniversary of the announcement that Israel, the United Arab Emirates, and Bahrain, soon followed by Morocco and, to some extent, Sudan would sign the Abraham Accords.

In his opening letter, the publisher of the JST, Ahmed Charai reminds us of the benefits that the accords have already generated in fields such as water technologies and alternatives to hydrocarbons. He also firmly advocates expanding the accords further, bringing Saudi Arabia into the fold, and turning them into a point of departure for a renewed effort to resolve the Palestinian question. Looking ahead, JST columnist and board chair Dov Zakheim weighs the potential of the “I2U2” quad (India, Israel, UAE, and the US), which was launched in a Zoom summit of the four leaders during President Biden’s visit in Israel. Tel Aviv University’s Uzi Rabi surveys the changing dynamics between Israel and the Arab Middle East. Looking back at the manner in which the Abraham Accords were achieved, Aryeh Lightstone offers insider’s insight—and an observation about the need to move beyond

what he calls “the foreign policy paradigm in which we have all been stuck for decades.”

Admiral James Foggo adds another perspective on the Abraham Accords, linking their impact to the renewed Israeli–Lebanese negotiations on delineation of their maritime boundaries in the Eastern Mediterranean, which could produce a win-win outcome as well as help offset some Russian gas exports to Europe.

On the Ukraine War, economist Anders Åslund sums up the immense costs of the fighting to Ukraine and the country’s reconstruction needs. He also offers cogent policy advice on the international community’s contributions to these costs (including the possibility of using international legal judgments to tap Russia’s frozen central bank accounts) as well as Ukraine’s own urgent reform steps.

In their prescient assessment of the impact of the war, Vera Michlin-Shapir and Ofer Fridman use the imagery of a geopolitical earthquake to warn of the manner in which the world as a whole would be blighted. Both energy markets and food supply chains would be—and indeed have been—dangerously disrupted, with the poorer countries hardest hit. For the West, this is a wake-up call, as the impact of the war piles up upon other challenges, from the COVID-19 pandemic to climate change, shaking the very foundations of the existing order.

Additional insight into the economic dimension of the war is offered by Turkey’s Güven Sak, who notes that Russia, while nurturing dreams of a return to empire, failed to move its economy beyond dependence on the export of hydrocarbons, in a world where they are bound to become increasingly obsolete. Tal Sadeh, meanwhile, warns that sanctions alone are

unlikely to have the necessary impact on Putin's decision to persevere with the war, a view with implications for those who put their faith in economic leverages in other conflict points as well.

As for the military realities in the field, Tom Garrett, a former US congress member who served in the military as an artilleryman, tells us—based on his firsthand experiences—that the fighting has largely become an artillery duel marked by the heavy use of firepower on both sides, with all that this entails for those caught in the war zone. As the war and the devastation continue, others in what Russia likes to call its “near abroad”—specifically the eight nations in the Caspian region (comprising the South Caucasus and Central Asia)—find themselves, as Richard Hoagland reports, walking a perilously thin line. They need to balance their basic sympathy with Ukraine with their fear of their irascible northern neighbor.

Shifting our focus toward Israel, my column explains the reasons behind Israel's “Breaking Dawn” Operation against Palestinian Islamic Jihad in Gaza (August 5–7, 2022) and the concerns that underlie the blunt deterrent messages issued by Israel's leaders a day after the fighting died down. This report heralds a new aspect of the work of the *Jerusalem Strategic Tribune*, going forward—providing short but analytical updates from Israel, Washington, and elsewhere.

Other perspectives on Israel include Pnina Shuker's analysis of civil-military relations and especially why the Israel Defense Forces, while still the most trusted institution among the Israeli public, has, nevertheless, seen a distinct decline in its approval rates. For the first time, a majority of those polled questioned the utility of the draft and support a shift toward an all-volunteer professional military. Looking at another angle of Israeli life, Yaron Zelekha—a persistent critic of the semi-monopolistic Israeli market—argues that a structural change toward real competitive economics could further unlock the country's creative capabilities.

As for the Palestinians, JST columnist Ksenia Svetlova, in another striking personal profile, looks at President Mahmoud Abbas and the promises that were never delivered upon. Koby Michael and Ori Wertman add a painful broader survey of the ongoing failure of governance

in Ramallah and reasons for the Palestinian Authority's decline (and possible collapse), with all that this might imply for regional stability.

Ilan Berman focuses on another central issue in the Middle East—Iran—and offers several possible scenarios for political change. Given the pressures from within Iranian society and the powerful trend away from religious identification, the scenarios include a transition to technocratic rule, a gradual collapse of the regime's hold on power, or a takeover by a military element (which some scholars argue has already happened with the empowerment of the Islamic Revolutionary Guard Corps).

Finally, in the realm of US–China economic competition, Robert Silverman's column describes a US government-backed infrastructure initiative in the Caucasus region—the Baku–Tbilisi–Ceyhan oil and gas pipelines—as a counterpoint to China's “Belt and Road Initiative,” which might serve as a template for a proactive US role elsewhere. One such place, he suggests, might be developing channels to Europe for Eastern Mediterranean gas (along the lines also noted by Admiral Foggo).

Also on US–China competition, Scot Marciel argues that the US should be much more assertive in competing with the Chinese in Southeast Asian markets. Chinese practices, however, may not be the only impediment in returning to the vision of economic globalization: In their essay Princeton's Layna Mosley and New York University's B. Peter Rosendorff point to internal American dynamics that have contributed to what they call “deglobalization,” hampering multilateral cooperation, restricting the flow of goods and finance, and curtailing the utility of international institutions.

In all, this issue paints a picture of a world (and a Middle East) in which challenges pile up and require energetic and informed responses. The JST seeks to be a platform for knowledgeable analysis and open-minded debate. *

ERAN LERMAN

Editor-in-chief

HOW TO FIX UKRAINE'S ECONOMY



Ukraine Economy, Illustration.





by Anders Åslund

The Ukrainian economy is in dire straits after Russia's attack on the country on February 24, with current forecasts of a 35% drop in gross domestic product (GDP) in 2022. The primary challenge is to stop Russia's aggression, which is costly, but the next issue is to rebuild Ukraine and complete its post-communist reforms, which will be even more expensive. A third process is EU accession. These three processes should be combined as the West looks at Ukraine's financing needs.

The West, having frozen Russian central bank accounts, controls large Russian state assets. These assets (following international legal steps to attach them), US and European financing pledges, and program support by the International Monetary Fund, which is conditioned on Ukrainian structural reforms, should help salvage Ukraine's future.

Reconstruction and EU membership will require Ukraine to implement long overdue economic reforms. It is also vital that an independent international authority be set up immediately to manage the large inflow of funds in a transparent fashion because Ukraine's foremost structural problems are corruption and insecure private property rights.

THE CURRENT STATE OF THE UKRAINIAN ECONOMY

Currently, the Ukrainian economy continues to function surprisingly well. Gas, electricity, phone, internet, and other services continue to work. The shops are full of goods and no

rationing is needed. The vast majority of enterprises continue to operate, although the Russians have devastated some parts of the country.

Still, Ukraine has suffered enormously from unprovoked Russian aggression. In 2014, Russia seized 7% of Ukraine's territory and caused a loss of 17% of its GDP, since it occupied part of the highly industrialized eastern Donbass region.

At present, Russia occupies 20% of Ukraine's territory, in the south and the east (Crimea, the whole of Luhansk oblast, half of Donetsk oblast, much of Zaporizhia oblast, the whole of Kherson oblast, and parts of Kharkiv oblast). Currently, Russia is trying to conquer more of the Donetsk, while Ukraine attempts to take back Kherson, and both are fighting outside of the city of Kharkiv. Intermittently, Russia sends missiles from Russian and Belarusian territory and from submarines in the Black Sea, against all parts of Ukraine, primarily directed against civilian targets.

THE COSTS OF RUSSIA'S WAR ON UKRAINE

The material and human losses from the Russian aggression are quite substantial. Both the Ukrainian government and the private Kyiv School of Economics maintain databases of the country's material losses. They have recorded losses of more than \$100 billion. But this is based on the original cost. Realistic assessments of the reconstruction cost to Ukraine place the damage to date at nearly double, at about \$200 billion.

Concretely, the cities of Mariupol and Chernihiv have been devastated. In Mariupol, the two big steelworks belonging to Rinat Akhmetov's Metinvest were demolished.

Akhmetov has declared that he will ask for \$17 billion in compensation for the destruction of his giant steelworks Azovstal and MMK Ilicha in the European Court of Human Rights in Strasbourg.

The Russians have killed tens of thousands of Ukrainian civilians. If we assume that the losses amount to 50,000 civilians and that each should be compensated by \$1 million, the total Ukrainian claim on Russia would be \$50 billion, but this amount is highly debatable. The agreed payment from Libya for its government's role in the terrorist bombing over Lockerbie in Scotland was much higher, \$10 million per victim.

To this should be added the current Russian devastation of the Ukrainian economy. The IMF forecasts that Ukraine's GDP will fall by 35% in 2022. Since Ukraine's 2021 GDP was \$200 billion, that would mean a loss of \$70 billion this year. Nobody is predicting a fast recovery of the Ukrainian economy and we don't know yet how large a share of it that Russia is likely to keep, making it impossible to predict Ukraine's total losses.

On July 4–5, the Swiss government organized a Ukraine Recovery Conference in Lugano. The Ukrainian government presented a rather detailed and very ambitious reconstruction plan for 2022–2032, asking for about \$750 billion for a decade, an enormous amount of financing. The Ukrainian government has divided this period into three phases. The first phase is the emergency funding for 2022, which it assesses at \$60–65 billion. The second reconstruction phase covers the three years 2023–2025 and the Ukrainian request is \$300 billion. The third development phase of the years 2026–2032 is accompanied with a request of \$400 billion.

The Ukrainian government has repeatedly stated that it needs about \$5 billion a month in government financing since the start of the war. This amount does not include military support. At the Lugano conference, the government declared that it had received pledges of about \$30 billion, but on July 22, Kyrylo Shevchenko, the governor of the National Bank of Ukraine,

stated that so far it had only received \$12.7 billion in actual disbursement. Meanwhile, Ukraine has declared default on government debt service.

Ukraine faces many horrendous economic problems. The most immediate concern is to receive sufficient military support as well as government financing. The big long-term problem is to secure financing for reconstruction and future development. The great opportunity for Ukraine is that in late June the EU granted it the status of a candidate country. To achieve EU membership, Ukraine will be required to enact substantial reforms of its government and economy.

HOW CAN UKRAINE BE FINANCED?

So far, Ukraine has benefited from substantial Western financing, most of all from the US, but the financing demands are enormous and the pledges to date are not sufficient. Strategic thinking is required. There are many possible sources of financing, but Ukraine needs vast amounts, and few such sources are available. The big possible sources are essentially only Russian war reparations and US and EU financing, while the international financial institutions are also important.

Russia has caused Ukraine all these costs for no legitimate reason. The Russian official statements are so convoluted with lies that they may be safely ignored. The fundamental point is that Russia should be liable to pay war reparations for the damage it has caused Ukraine.

The Putin regime will not agree to pay any reparations, but the beauty of the current situation is that the West already controls large Russian state assets. Immediately after Russia invaded Ukraine, the G-7 decided to freeze the international currency reserves of the Central Bank of Russia held in Western countries. These funds are very large. According to the public statistics of the Central Bank of Russia, on January 1, 2022 they amounted to \$316 billion. Germany held \$96 billion, France \$61 billion,

Japan \$57 billion, the US \$39 billion, the UK \$31 billion, Canada \$17 billion, and Austria \$15 billion. The central bank reserves have many advantages. Their owner is clearly identified. They are indisputable property of the Russian Federation, which is directly responsible. These funds are highly liquid, and they involve a minimum of administrative and legal work.

The countries that hold and have frozen these funds should confiscate them through national legislation because of Putin's unprovoked war of aggression against Ukraine and his many human rights violations. They could do so on their own, or they could support such decisions with international law.

The UN Security Council relies on two prime sources of international law, although Russia, as a permanent member of the UN Security Council, can veto any decision of that body. While the UN General Assembly has less power, it has demanded that Russia "immediately, completely and unconditionally withdraw all of its military forces from the territory of Ukraine within its internationally recognized borders" in a vote of 141 for and five against. Russia vetoed a corresponding resolution in the UN Security Council. Ukraine is likely to introduce another resolution to support its reparations claims on Russia.

On March 16, the highest UN court, the International Court of Justice in The Hague, ruled by a vote of thirteen to two (the Russian and Chinese justices), that Russia "shall immediately suspend the military operations that it commenced on 24 February." Russia did not comply. The ultimate verdict of the International Court of Justice that is yet to come should provide a sufficient basis in international law for any Western country to confiscate Russian funds.

For the short-term budget financing—\$5 billion a month in 2022—there are only two serious sources, the US and the EU. So far, the US has allocated \$54 billion of both humanitarian and military funding to Ukraine for this year, and the US is essentially fulfilling its part of the

bargain. The problem lies with the EU. It has committed more than \$10 billion, but it has only disbursed slightly more than \$1 billion in nonmilitary assistance. The EU needs to speed up its financing to Ukraine.

So far, the IMF has stayed on the sidelines, but in July Ukraine asked for a three-year program of \$15–20 billion. While this will not resolve Ukraine's financial needs, an IMF program is highly helpful for macroeconomic stability, other fundraising, and reforms.

REFORMING UKRAINE THROUGH EU ACCESSION

Most important for a country's future development is its institutional transformation, the development of a free democratic society with free information and a strong rule of law that can guarantee private property rights. In 1990, Ukraine and Poland were at a similar economic level, but now Poland is about three times wealthier because of a far better policy. It is time for Ukraine to catch up, and a strong public consensus argues that that should be done.

The independent nongovernmental organization Transparency International produces an annual corruption perception index. Currently, it ranks Ukraine 122 among 180 countries, with the thoroughly corrupt Russia at 136. All international institutions engaged in Ukraine focus on these problems.

Ukraine has carried out substantial reforms after Euromaidan in 2014. In particular, it has established strong macroeconomic institutions—a solid central bank, a well-functioning ministry of finance, a computerized tax system, and a sound banking system—in good cooperation with the IMF and the World Bank.

In June 2022, the European Commission recommended that Ukraine should be granted candidate status, on the understanding that the following seven steps were to be taken:

1. Enact and implement legislation on a selection procedure for judges of the Constitutional Court of Ukraine;

2. Finalize the integrity vetting of the candidates for the High Council of Justice members by the Ethics Council and the selection of candidate to establish the High Qualification Commission of Judges of Ukraine;

3. Further strengthen the fight against corruption and complete the appointment of a new head of the Specialized Anti-Corruption Prosecutor's Office;

4. Ensure that anti-money laundering legislation is in compliance with the standards of the Financial Action Task Force (FATF); adopt an overarching strategic plan for the reform of the entire law enforcement sector as part of Ukraine's security environment;

5. Implement the Anti-Oligarch law to limit the excessive influence of oligarchs in economic, political, and public life;

6. Tackle the influence of vested interests by adopting a media law that aligns Ukraine's legislation with the EU audio-visual media services directive and empowers the independent media regulator;

7. Finalize the reform of the legal framework for national minorities currently under preparation as recommended by the Venice Commission.

This is an excellent, concrete list. The Commission will monitor Ukraine's progress in fulfilling these steps and report on them, together with a detailed assessment of the country, by the end of 2022. Illustratively, the four first EU conditions focus on judicial reforms while the other three relate to democratic principles. An important political issue that is missing from this list is reform of the Ukrainian central government apparatus, although decentralization has been quite successful.

Ukraine also needs several large economic reforms to become competitive. First of all, most of the 3,500 state companies should be auctioned off as fast as possible, while the biggest remaining ones should be subject to proper corporate governance. Second, the Ukrainian market needs to be opened up for domestic and

foreign competition and become regulated by a proper competition policy, a traditional strength of the EU.

At present, the Ukrainian government does not have any clear economic ideology. All too often, it lapses into Soviet state-oriented thinking. Yet, First Deputy Prime Minister and Minister of Economy Yuliya Svyrydenko recently published a liberal creed for "the philosophy of the free step." She called for 7% growth a year for the next decade by cutting the tax burden from 45% of GDP to 30%, by radically liberalizing the economy, and by imposing the rule of law. It remains to be seen which economic policy will prevail. *

— ANDERS ÅSLUND

Anders Åslund is an adjunct professor at Georgetown University. His most recent book is *Russia's Crony Capitalism: The Path from Market Economy to Kleptocracy*.



THE SEISMIC EFFECTS OF THE WAR IN UKRAINE



Shelling destruction in Kyiv, Ukraine. Photo credit: Sadak Souci/Le Pictorium/Cover via Reuters Connect



by Vera Michlin-Shapir, Ofer Fridman

The main problem with geopolitical earthquakes, no less than their counterparts in nature, is that their direction, consequences, and implications are, as historian Williamson Murray argued, largely uncontrollable, unpredictable, and unforeseeable. The assumptions of the past no longer hold: As Henry Kissinger said in May 2022, “We are living in an entirely new era.” Mid- and long-term outcomes of World War I, World War II, and the Cold War transformed all the winners, losers, and neutrals, leading some to go through painful, unexpected, and undesired transformations. Taking into consideration the scale of Ukrainian resistance on the ground and the unprecedented unity of the collective West against Russia at the geopolitical level, it is easy to assume that the world will not be transformed in the direction expected by Russia’s President Vladimir Putin any more than it was transformed in the direction desired by the Japanese militarists after Pearl Harbor. However, this does not necessarily mean that it will go in the direction expected or desired by the West either. A dangerous, uncertain transition to a different global system may lie ahead, due to the structural and economic reasons detailed below, which bring the impact of the war to practically every doorstep worldwide.

Earthquakes are most destructive at their epicenter. Yet due to the specifics of geology and geography, the earthquake’s shockwaves—rather than the epicenter—can also generate devastating and lasting damage: The 2011 Tōhoku earthquake in Japan is an instructive example of

that. Similarly, in geopolitical earthquakes, the shockwaves strike well beyond the immediate epicenter; yet, the analogy between the natural and social world is limited. In the natural world the consequences of earthquake shockwaves are necessarily devastating. In the social world, geopolitical shake ups have been known to help societies rid themselves of ineffective and outdated institutions and to overcome systemic obstacles for human development. These processes are sometimes experienced as distressing but can be construed as ultimately necessary. As sociologist Zygmunt Bauman noted, when the shockwaves of the French Revolution destroyed the institutions of the monarchist *Ancien Régime*, it became all too clear that many of them were already “rusty, mushy and coming apart.”

In the last few months, much has been written about the impact of the Western pivot away from Russian fossil fuels. While the skyrocketing oil and gas prices might lead, as some argue, to a positive transformative shift in the Western developed economies, where “consumers, businesses, industry and even entire countries will look to find [greener] alternatives,” their impact on more fragile economies of countries that have already suffered from years of conflict and instability could be devastating.

Poorer countries are currently facing the prospect of a major food crisis. While much attention has been paid to the Russian blockade

The West faces this geopolitical earthquake in a much more vulnerable state than it is ready to admit.



Prospect of a major food crisis. Illustration of the shortage of product in supermarkets, especially oil, in France. Photo credit: Myriam Tirlor / Hans Lucas via Reuters Connect

of Ukrainian ports, which disrupts supplies, even if the ports become operational again the problem will remain. First, rising energy prices are already translating to higher transportation costs of basic goods, driving up the prices of basic foodstuffs. Second, Ukraine and Russia are major exporters of basic foodstuffs—together they supply almost 29% of the world’s exports of wheat brands, 20% of corn, and 80% of sunflower oil. While the Western economies have enough margins to address these rising prices, the situation in the poorer corners of the world is different—as indicated by the *Economist* showing human skulls in a sheaf of grain. According to David Beasley, the executive director of the UN World Food Programme, 50% of the wheat supplied by the organization was coming from Ukraine. Russia is also a prime exporter of indispensable ingredients in fertilizers—potash and phosphate. When Ukrainian farmers are preoccupied with

defending their land in the beginning of the seeding season, and when Russian farmers cannot be paid due to the exclusion of Russia from the SWIFT system, rising food prices threaten to bring more instability into already unstable countries. Just a few weeks into the conflict and the spiraling prices of food and other basic commodities ignited protests and rallies in Iraq and Morocco. According to the *Financial Times*, “a jump in grain prices in 2009-10 is regarded as one of the triggers of the Arab Spring in the Middle East.” The looming global food crisis threatens to have yet more destructive consequences, including more conflicts and more refugees.

Many in the West have praised the decisiveness of the EU’s effort to protect Ukrainian refugees escaping the war. While the unprecedented deal—that grants Ukrainians instant rights to live and work within the EU—is more than welcome in itself, many human

rights groups and organizations have been clamoring that it demonstrates the EU's "double standards" in comparison to the 2015 refugee crisis. "The Ukraine refugee crisis," argues the Global Detention Project (GDP), a Geneva-based nonprofit organization, "presents Europe with... a critical moment of reflection: Can the peoples of Europe overcome their widespread racism and animosity and embrace the universalist spirit of the 1951 Refugee Conventions?" This question might become pivotal once food shortages start to affect societies in the Middle East and North Africa. This may expose not only the West's moral bias but also systemic weaknesses of contemporary institutions that have shaped globalization processes during the last decades, such as migration regimes.

For the past several decades, globalization has been progressing unevenly—with greater freedom for flows of capital and goods across borders and increasingly more restraints on the movement of people. The war in Ukraine may change this situation. The ensuing waves of migration are about to put unprecedented pressure on Western policies of "migration control." Governments in developed countries devised these policies to ensure that only the "right" types of immigrants would be allowed to enter for settlement purposes. But in reality, these were primarily symbolic policies meant to satisfy public demand for a more assertive defense of national borders. They resulted in global inequality in opportunities, while migration continued via illegal routes that endangered and criminalized the migrants. This mechanism is ineffective in stopping migration,

Western societies and economies will have to address the urgent sociopolitical challenges, which may arrive in tandem with other threats to the global order.

and often causes suffering—and loss of life at sea. Very much like the underperforming institutions of the 18th century Ancien Régime, contemporary regimes of migration control may not withstand the pressures of the post-Ukraine migration shockwaves. Such possible breakdowns of institutions are likely to meet with reactionary political confrontations from within Western societies. These may reveal, in turn, that while the West is more immune to the looming food crisis, it is not safeguarded against other shockwaves unleashed by the war in Ukraine.

In fact, even before any of these future scenarios played out, the war in Ukraine is already galvanizing political radicals, especially on the far right. Since the war began, observers of online radical communities have noted that Ukraine turned in as "a new extremist breeding ground" for far-right, white supremacists and neo-Nazis from Europe and beyond. Following the call by the Ukrainian Azov Battalion (a far-right paramilitary group that was absorbed into the Ukrainian national guard in 2014), a vast online recruitment surge of radicals has been taking place online. One of the consequences of the Kremlin's narrative of "denazification" of Ukraine is that it hinders the ability to discuss the real danger posed by neo-Nazi radical movements, in Ukraine or elsewhere. Concurrently, QAnon and Russian conspiracy theories about alleged Pentagon-funded laboratories that developed biological weapons in Ukraine are energizing the alt-right media ecosystem, reaching the right-wing mainstream via Fox News's Tucker Carlson. These conspiracies are linked to the origins of the coronavirus pandemic, vaccines, and other social issues that seem to emerge as a potent ground for further political radicalization. The current galvanization of politics should be a wakeup call for political elites in the West to look for ways to strengthen the mainstream, to curb such excess—and at the same time to address the grievances and anxieties of the communities to whom such incitement appeals and who feel alienated by the opaque nature of political and economic decision-making in the West.

Western societies and economies will have to address these urgent sociopolitical challenges,



The US-led global political-economic system might not withstand the ongoing geopolitical earthquake.
 Photo credit: Gripas Yuri/ABACA via Reuters Connect

which may arrive in tandem with other threats to the global order. The disruption caused by the war to the global economic model led Larry Fink, the chief executive of BlackRock and one of the world's leading hedge fund investors, to write that "the Russian invasion of Ukraine has put an end to the globalization we have experienced over the last three decades." Fink is worried about two further expected shockwaves. First, the globalized economy is amidst a supply chain crisis, which the war in Ukraine is aggravating further. Since the start of the coronavirus pandemic, shippers have tried to bypass the uncertainty of freight container shipping by turning to rail transport as an alternative route for the Asia-Europe trade. Rail operators ran more than 1,200 freight trains per month between China and Europe, transiting through Russia, Ukraine, and Belarus, and transporting almost 1.5 million containers. The disruption caused by the blocking of land routes may result

in more permanent and painful retreat by manufacturers from reliance on global supply chains. Second, the war in Ukraine may also disrupt technological innovation. For example, much of the world's neon, which is crucial for the production of computer chips, originates in Russia, and 50% of this is purified in Ukraine. The interruption to supply chains and possible deficit of microchips are daunting scenarios for global economic development. But they may also come as a natural and much needed trend to cool down a radically decentralized, overcomplicated, and hence venerable global system of trade.

The problem is further aggravated by the fact that the West faces this geopolitical earthquake in a much more vulnerable state than it is ready to admit. Much attention has been paid in the West to whether China is likely to back Russia. India called off at the last moment a 10-member "high-powered" delegation of British MPs scheduled to visit Delhi and Rajasthan because

“the Modi government was not inclined to provide a platform for the UK delegation to discuss India’s foreign policy and its stand in the Russia-Ukraine conflict.” And 26 out of 54 African countries did not vote in favor of the UN resolution that condemned Russia’s aggression in Ukraine (17 countries abstained, 8 were absent, and 1 voted against the resolution). Chandran Nair, a Malaysian businessman of Indian origin and founder of the Global Institute for Tomorrow in Hong Kong, explained this in the following way: “Reactions to events in Ukraine have revealed to the wider world a deep-seated Western superiority, particularly with regards to the lesser value of non-Western lives and the right to intervene in other countries. Now, the non-Western world is refusing to accept the West’s selective sense of morality, and this is perhaps the biggest shift arising from the tragedy in Ukraine.”

Explaining the Western reluctance to sanction Russian multimillionaires (hyper-rich below oligarchs), Thomas Piketty, a French economist who established his own school of neo-Marxist thought, argued: “the confrontation between ‘democracies’ and ‘autocracies’ is overplayed, forgetting that Western countries share with Russia and China an unbridled, hyper-capitalist ideology, and a legal, fiscal and political system that is increasingly favorable to large fortunes.” One does not need to endorse his view to concede that the vulnerability of the West does not end on the ideational front.

The disruption caused by the war to the global economic model led Larry Fink to write that “the Russian invasion of Ukraine has put an end to the globalization we have experienced over the last three decades.”

Already in 2013, long before the economic crisis caused by the COVID-19 pandemic, a quintet of leading economists warned that “something big is on the horizon: a structural crisis much bigger than the recent Great Recession, which might in retrospect seem only a prologue to a period of deeper troubles and transformations.” In other words, the current US-led global political-economic system has reached its culminating point long before the pandemic, and it might not withstand the shockwaves of the ongoing geopolitical earthquake.

Human history knew many geopolitical earthquakes of different magnitudes. Some of them, like the French Revolution, World War I, or the end of the Cold War, led, indeed, to geopolitical shake ups that helped revive societies by transforming their outdated institutions and overcoming systemic obstacles. Others, like the fall of the Roman or Han Empires, as Ian Morris argues, “broke down large societies, impoverishing people and making their lives more dangerous.” The magnitude of the current earthquake in Ukraine is still unknown. Not all is breaking down. The apparent revival of NATO and the reenergizing of the US-led post-1945 order may have an effect not only on the course of the war but also on the mitigation of some of its effects, from oil prices (if the Saudis agree to help) to supply chains. But the danger of further upheavals is very much with us. We all need to use our active agency in order to stir the international system in the direction of a quick revival, rather than sliding toward a thousand years of Dark Ages. *

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THE SEISMIC EFFECTS



The damaged headquarters of the regional administration building in Kharkiv. Photo credit: Sergey Bobok / AFP



THE WAR IN UKRAINE AND THE DIMINISHED ROLE OF ECONOMIC SANCTIONS

Russia increased its total trade to about 400 billion dollars in 2012–2021, all the while decreasing its trade with Ukraine. Photo credit: Freepik





by Tal Sadeh

In recent decades, scholars have argued that international trade and globalization promote peace among nations because war obstructs trade and thus carries increasing indirect costs (to be distinguished from its direct costs on human life and property). Russia's decision to invade Ukraine in February 2022 seems to call these assertions into question.

Scholarly evidence indeed confirms that trade between belligerent nations declines during war, but belligerents usually do not trade much anyway, so such losses are effectively small. Russia's trade with Ukraine amounted to about 4% of its total trade in the decade prior to the annexation of Crimea in 2014 and fell to less than 2% thereafter. The belligerents' trade with third-party states is thus far more valuable, but it is not obvious that it falls too during war. Indeed, globalization may make third-party trade more resilient to war even for less globalized countries.

In brief, I argue that globalization makes it easier for states to substitute trade partners and obtain credit during conflict and thus makes it harder to employ trade sanctions. Consider three prominent aspects of globalization: the expansion of the World Trade Organization (WTO) regime, the relaxing of international financial regulation, and the increase in foreign

direct investments (FDI). The expansion of the WTO regime, in both membership and scope, is commonly credited with facilitating the expansion of international trade and, by implication, increasing the indirect costs of war. Increasing internationalized capital mobility makes markets more sensitive to adverse news. Wars may thus result in swifter and economically more destructive flights of capital. A globalized economy is also associated with international production chains, mostly among subsidiaries of multinational corporations—vertical FDI. These chains compound any disruption to trade, as seen in the wake of the global financial crisis of 2008–2009.

Globalization therefore should increase the indirect costs of war. However, these same

When many countries liberalize their financial markets, a large, sophisticated, and liquid global money market emerges. The outbreak of any single conflict cannot easily disrupt such a market.



ATM withdrawals due to sanctions toward Russia in Moscow, March 2022.
Photo credit: Vlad Karkov / SOPA Images/Sipa U via Reuters Connect

aspects of globalization (capital mobility, integrated production chains) also reduce other indirect costs of war, including trade with third-party states.

While WTO membership increases a country's vulnerability by stimulating its international trade, it also decreases the indirect cost of war by making it easier to find new third-party trade partners as a substitute for ones lost. Indeed, Russia, which joined the WTO in 2012, increased its total trade from an annual average of about 350 billion dollars in 2004–2012 to about 400 billion dollars in 2012–2021, all the while decreasing its trade with Ukraine. Post-2012, Russia's trade fell with 70 countries (including many Western countries, such as Argentina and Brazil) but increased with 115 countries, including Chile, China, Colombia, Egypt, Ethiopia, Indonesia, Iran, Kenya, Mexico, the Philippines, Saudi Arabia, South Africa, Thailand, Vietnam, and the countries of the Indian subcontinent. As an anecdotal example,

in the second half of the 2000s, Russia imposed sanctions on Georgian wine as tensions between the two states increased. In response, Georgia, which had joined the WTO in 2000, diverted its wine exports to Canada, Cyprus, and Spain, and to Ukraine too, after the latter joined the WTO in 2008. Furthermore, the rules of the WTO formally constrain the scope of trade sanctions by nonbelligerent (third-party) member states.

The expansion of the WTO also affects nonmembers. In states that join the WTO, firms can better respond to a nonmember state looking for trade substitution during conflict, because they have already had to adjust to a competitive environment and join business networks. Russia's commodities trade is especially easy to divert. In addition, in the globalized trade system that the WTO has spurred, governments hesitate to impose sanctions on any of the belligerent states—even if they are legal—lest firms from other states take up the forsaken trade.

Since 2014, Western nations have imposed various trade sanctions on Russia. Nevertheless, in addition to the countries listed above, Russia increased its trade with the Baltic countries, Bulgaria, Croatia, Cyprus, the Czech Republic, Ireland, Poland, Portugal, Romania, Singapore, and Switzerland. Either sanctions were not adequately enforced, or they were not sufficiently ambitious. The more developed the WTO system is, the greater the diplomatic and administrative effort needed to impose sanctions that are truly costly to the target.

Greater international financial openness increases the risk of capital flight during war, but it also improves the ability of firms, households, and governments to obtain credit from institutions in third-party states and even in belligerents, much like the trade substitution effect discussed above. Governments can impose selective capital controls to minimize the cost of war, restricting capital outflows (at least to some extent) without restricting inflows.

Indeed, Russia's financial assets held in the West, most notably its central bank reserves, were frozen shortly after the invasion. Large Russian banks were excluded from the SWIFT global interbank payment system. The Russian currency exchange rate against the US dollar duly dropped by some 40% in 10 days, but it rose with the help of capital controls by some 50% of its prewar value as of the end of June. Russia forced some of its customers to pay in rubles for its energy exports. The necessity of keeping some Russian banks connected to SWIFT to allow such payments is one source of the sanctions' leakage.

More importantly, when many countries liberalize their financial markets, a large, sophisticated, and liquid global money market emerges, with many internationally active credit institutions. The outbreak of any single conflict cannot easily disrupt such a market, which can handle many risks and offer finance even to risky clients with low credit ratings. Even governments prone to wars can get more credit. Of course, credit obtained during war should be

more expensive than credit obtained in peace, but credit obtained during conflict should nevertheless be cheaper in a world with high capital mobility compared to a world with low capital mobility. Such access to credit can avert a collapse of the national economy and sustain trade levels.

The US has been trying to force Russia to default on its debt, by making it impossible for Russia to service its dollar-denominated debt. If that happened, Russia (its government and business sector) could still borrow in China and India, or draw down assets held in the Gulf states. Russian activity in crypto currencies is also expected to grow. But maybe they don't need to try so hard, as Western-based banks, such as Raiffeisen Bank International and UniCredit, are still operating in Russia as of the end of June 2022.

Interestingly, Ukraine imposed controls on capital flows after Russia annexed Crimea. The recession and currency depreciation that followed necessitated debt rescheduling for Ukraine's banks. Russian banks obliged and assisted in stabilizing Ukraine's banks. In return, Ukraine refrained from action against major Russian banks operating in its territory. In addition, foreign banks already active in Ukraine committed to providing it with more liquidity. Bond issuance was not obstructed (although yields rose). Moody's credit rating agency actually raised the credit rating of Ukrainian banks prior to the current war, another indication that wars do not necessarily cause financial destabilization in a globalized world.

Financial sanctions are often too blunt to be effective and too diffuse to be directed at particular targets.



The 2022 G7 Summit where sanctions against Russia were discussed. Photo credit: Michael Kappeler/dpa

Furthermore, rising global capital mobility makes trade sanctions less effective, as firms can better evade any government policy and are less compelled to act as tools of government foreign policies. Financial sanctions are often too blunt to be effective and too diffuse to be directed at particular targets. For example, financial sanctions were ineffective in preventing Chinese and Russian firms from operating in Iran and Libya. The sanctions did discourage the Russian state-owned energy corporation Gazprom from raising funds in the US, although it was successful in Europe. More recently, many German firms, such as Henkel, Bayer, Rohde & Schwarz, increased their investments in Russia even as the EU launched sanctions against Russia. Even as of the end of June 2022, Western and Japanese companies still operating

in Russia included Ariston, Braun, Benetton, De Cecco, Fujifilm, Giorgio Armani, Hard Rock Café, Lacoste, Mitsubishi, Sbarro Pizza, Teva, and Tupperware.

While vertical FDI flows in and out of an individual state potentially increase the indirect cost of war as noted above, they also discourage trade sanctions, because they obscure the full effects of the sanctions. Action against trade with a target state may have adverse and possibly unexpected repercussions on the initiating party's own industries, as well as on those of its allies, which may all be integrated into production chains with producers in targeted states. For example, during the 2012 tensions in the East China Sea, some Chinese government agencies initially encouraged consumers to boycott goods produced by

Japanese corporations but backtracked when they realized that the same Japanese corporations were importing intermediate inputs from Chinese producers. Furthermore, a vertically integrated country could more easily compensate for lost trade by increasing trade within its production chains. In other words, production chains facilitate trade substitution in response to shocks such as war.

The expansion in horizontal FDI in and out of an individual state also mitigates the indirect costs of wars. Horizontal investments establish production facilities in a host country instead of exporting from the investors' home country to the host country. In this way, horizontal FDI flows replace rather than enhance international trade. As a result, when a state receiving or sending horizontal FDI is engaged in war, there is less international trade for the war to disrupt. This is true even if the foreign investor quits the target country, leaving the production facility there. For example, Bayer ran a drug production facility in Russia. Without such a horizontal investment, it is very likely that Russia would have relied more heavily on imports of drugs, increasing its exposure to the risk of sanctions. While so far the Western-imposed sanctions list does not include drugs, it is possible that nonvital drugs could enter the list in the future, and/or that other sanctions effectively could curtail trade in drugs.

Furthermore, global vertical FDI can generate positive externalities for belligerent states even if they are less integrated in this way. First, a product is not complete until all its parts are assembled, including those coming from a country with relatively little FDI. Small parts can stall a big process. The wider the global production chains are, the more likely it is that interdependency will span even small input producers. Second, as global production chains expand, the number of states potentially affected by disruption in any single state increases too. All this creates strong corporate and national interests against trade sanctions.

An important caveat is that an increasing amount of international trade takes place

in services, especially digital ones. Perhaps globalization does not reduce the cost of conflict to trade in services to the same extent that it does to trade in merchandise. Indeed, WTO trade liberalization in services lags behind liberalization in goods, and production chains are less important in services. Nevertheless, the discussion above highlights the enormous difficulty today in exploiting a country's economic openness to cripple its economy during war, especially a large one such as Russia.

This is not a judgment over the wisdom in employing economic sanctions against Russia. Scholars have long noted that sanctions that impose costs on the initiating states can signal their political resolve to pursue their national interests. Such costly signals may be important in preventing further miscalculation and escalation. Western nations may also hope that in the long run Russia cannot win a second Cold War, having lost the previous one, which it started from a much better relative position than now. This indeed may be a long game. Although there may be political value in the economic disintegration of political systems that are incompatible with western values, the era of a pacifying globalization is over. *

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A new magazine bringing a fresh take on Israel-US relations





Russia's President Putin meets with Armenia's Prime Minister Pashinyan and Azerbaijan's President Aliyev in Sochi. Photo credit: via Reuters



WALKING A *VERY* FINE LINE:
THE CASPIAN
COUNTRIES
AND UKRAINE



by Richard E. Hoagland

Russian President Vladimir Putin's unprovoked war against Ukraine has certainly shocked the world, but it should not really have come as a great surprise. From his very first term in office at the beginning of this millennium, Putin declared the now independent former Soviet Socialist Republics to be "Russia's special sphere of influence." Occasionally, he escalated his wording and has called them "Russia's *exclusive* sphere of influence."

The United States has always rejected this posturing. US policy from the beginning supported the sovereignty, independence, and territorial integrity of all these new nations. Eight of them belong to the Caspian region, which includes the South Caucasus (Armenia, Azerbaijan, Georgia) and Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan). They must walk a very fine line in not antagonizing their large, aggressive northern neighbor while taking steps to align with the West and support Ukraine.

Ever since the breakup of the Soviet Union, an interesting anomaly emerged—directly related to the Ukraine catastrophe: the existence of the so-called "frozen conflicts," sometimes termed "prolonged conflicts." These were usually break-away areas of the new countries that sought their own independence or reunion with Russia or, at a bare minimum, sought to redefine the borders that the Stalin government had drawn in the early years of the Soviet Union. These conflicts often had originated

historically because of ethnic disputes and included Nagorno-Karabakh in Azerbaijan but claimed by Armenia; Abkhazia and South Ossetia in Georgia; Transnistria in Moldova; and Donetsk and Luhansk in Ukraine. Each of these conflicts is unique, and each has its own historical precedent.

Kazakhstan has its own border tension with Russia, although it doesn't rise to the level of a conflict zone like the others above. Putin, among other Russian politicians such as the late Vladimir Zhirinovskiy, often claimed the northern third of Kazakhstan as an historic part of Russia, causing President Nursultan Nazarbayev in the mid-1990s to move his country's capital from Almaty to the rust-bucket city of Tselinograd on the largely empty steppe of north-central Kazakhstan. As an

Russia's war against Ukraine has now put the Caspian countries in a quandary, in part because they all in their own way, are seeking to maintain their fragile independence through a balance in their relations with Russia, China, the EU, and the US.



Kazakhstan has its own border tension with Russia.

Protest in support of Ukraine, in Almaty. Photo credit: Reuters

interesting historical footnote, this isolated city was historically known as Akmola (“white grave”) before the Soviets named it Tselinograd. Nazarbayev named it Astana (“capital” in the Kazakh language); once he semi-retired, it was renamed Nur-Sultan after Nazarbayev’s first name. He confirmed this reason for the move to me personally—“to plant our flag firmly in the north”—in one of our conversations when I was US ambassador to Kazakhstan, from 2008–2011.

What Putin is now doing in Ukraine is really a scaling up of a major move that he had previously tested. In 2008, Russian military forces invaded South Ossetia in Georgia. They remain there to this very day, slowly inching their way deeper and deeper into the sovereign territory of Georgia itself. In 2014, as is well

known, Putin annexed Crimea from the sovereign territory of Ukraine, blandly claiming that he was simply rectifying an historical mistake that Nikita Krushchev had made in the 1950s. And then, as a co-chair of the Minsk Group of the Organization for Security and Cooperation in Europe (the other co-chairs were France and the US), Russia brought the 2020 war between Armenia and Azerbaijan to a halt before Azerbaijan had fully reclaimed its sovereign territory of Nagorno-Karabakh and the surrounding areas that Armenia had occupied since independence. While some saw this as a positive move to stop the death and destruction, others suggested it was the Kremlin’s desire to keep this “prolonged conflict” alive.

Why did Putin not work to solve these prolonged conflicts? He seeks to prevent the potential moves of these countries toward membership in NATO and, in the case of Georgia and possibly Armenia, membership in the European Union, even though Yerevan remains generally aligned with Moscow and hosts a Russian military base in Armenia that ostensibly protects it against its perceived “enemy neighbors,” Turkey and Azerbaijan.

Russia’s war against Ukraine has now put the Caspian countries in a quandary, in part because they all in their own way almost since independence, have practiced a multi-vector foreign policy seeking to maintain their fragile independence through a balance in their relations with Russia, China, the EU, and the US. But each in its own way is now appalled by the war in Ukraine, while Moscow continues to tell them: “You must stand with us!” Each, in its own way, is seeking to take steps to move closer toward the West in ways that would not automatically trigger Russian retribution. US foreign policy continues its rote repetition that the US supports their sovereignty, independence, and territorial integrity. But at the same time it keeps them, to a degree, at arm’s length. Why?

The reason goes back to the very beginning of their independence when Washington, in a spasm of irrational exuberance, fully expected that the new, independent nations of the disintegrated Soviet Union were naturally yearning to breathe free and would become free-market democracies aligned with the West. At the urging of the administration of George H.W. Bush, the US Congress quickly passed the 1992 FREEDOM Support Act (FREEDOM is one of those quirky Congressional acronyms that stands for “Freedom for Russia and Emerging Eurasian Democracies and Open Markets”) that provided generous funding for both civilian and military assistance programs to get these new countries firmly on their feet. And within a year of their independence, Washington had opened new embassies in every single one of these new countries.

But history didn’t move in the way that Washington had expected. These new countries did not quickly become free-market democracies seeking to align themselves fully with the West.

In fact, they began to develop reputations for human rights abuses, economic manipulation by the ruling-elite families and their cronies, and generally fell short of Washington’s view of “good governance,” including, for most of them, a lack of free and fair elections.

In retrospect, this should not have been overly surprising. These post-Soviet new countries do not share in the Western political traditions that grew out of the Renaissance, Reformation, and Enlightenment. They experienced 70 years of the Soviet Empire, several hundred years of the Russian Empire before that, and their own even earlier traditions as parts of the Ottoman and Persian Empires. Before that, especially in Central Asia, they were Mogul khanates in the traditionally settled areas and nomadic societies elsewhere. Their “modern traditions” gained under Soviet and Tsarist Russia go directly back to the Byzantine Empire and the Eastern Orthodox Church, quite distinct from the West. And so it’s somewhat unintendedly ironic when today those in the capitals of the West scratch their heads and comment that these countries can sometimes be quite byzantine.

One of the best ways to understand these countries’ relations with the West is to examine what they did—or, more precisely, how they worked closely with the US during Washington’s two-decade experience in Afghanistan. After 9/11, Washington developed a reality-based relationship with the five Central Asian countries and Azerbaijan because it needed their help in the war in Afghanistan. In the weeks following the 9/11 terrorist attacks, the US government quickly negotiated access to an old Soviet military base in Uzbekistan, Karshi-Khanabad, and to the Manas International Airport just outside of Bishkek, Kyrgyzstan, and not very far at all from the Russian airfield at Kant in Kyrgyzstan. What’s little known is that President Putin, at that time, gave his blessing to these “temporary” US military facilities. Specifically, he told the leaders in those countries to allow them because it was in Russia’s interest to see international terrorism defeated in Afghanistan.

Two other aspects of how Central Asia was willing, even eager, to support the US military



Putin gave his blessing.

US soldier guarding shipment in Karshi-Khanabad Air Base in Uzbekistan, 2001. Photo credit: Reuters

in Afghanistan, can now be made public. One is that Washington had originally planned three temporary military facilities, the third being in Tajikistan. But when US Secretary of Defense Donald Rumsfeld made the final location decisions, he judged that two would suffice. The other is that “permanently neutral” Turkmenistan made the international airport at Ashgabat available to the Pentagon for transit and refueling operations. However, this came with the proviso that this cooperation had to remain secret and that any US military members serving there were never permitted to appear in uniform—civilian dress was required at all times.

Central Asia initially helped the US war effort in Afghanistan by opening its borders to what was known as the Northern Distribution Network, a transit network for non-lethal goods and supplies for the US and NATO militaries

from Europe through Russia (of course, with the Kremlin’s approval), across Central Asia, and into Afghanistan. When Russia shut this down after several years, Azerbaijan stepped up and became not only a transit point but also supplied a significant amount of aviation and other sorts of fuel for the US and NATO military operations in Afghanistan.

Although these countries were significantly helpful to the US in Afghanistan, to the degree that Putin allowed, now—when they now need supportive attention from the West—Washington continues to keep them at arm’s length. During the current war in Ukraine, Washington has focused its public attention on Central Europe, sending high-level visitors to show visible support: Secretary of State Antony Blinken, Secretary of Defense Lloyd Austin, and First Lady Jill Biden. The highest-level visitor

to any of the Caspian countries as of mid-May is Under Secretary of State Uzra Zeya. And you can be sure it did not go unnoticed in those capitals that a key part of her portfolio includes democracy and human rights.

I've gone into some detail about the support the Caspian region countries gave to the US and NATO operation in Afghanistan during the first two decades of this century to illustrate that these independent nations are willing to work with the West and are not passive pawns that Putin believes he has the exclusive right to move around on his chess board. At the same time, however, these countries, as appalled as they might be by Putin's savagery in Ukraine, have to walk a very, very fine line. They cannot overtly support Kyiv, but they are finding ways to make their views clear without, they hope, bringing down upon themselves the wrath of the Kremlin.

Votes at the UN tell part of the story. On March 3, 2022, UN members voted on a resolution demanding that the Kremlin immediately end its invasion of Ukraine. Armenia, Kazakhstan, Kyrgyzstan, and Tajikistan abstained; Azerbaijan, Turkmenistan, and Uzbekistan did not vote at all. Only Georgia voted in favor of the resolution. When a resolution was proposed in the General Assembly to suspend Russia from the UN Human Rights Council, Kazakhstan,

Although the Central Asian countries were significantly helpful to the US in Afghanistan, to the degree that Putin allowed, now—when they now need supportive attention from the West—Washington continues to keep them at arm's length.

Kyrgyzstan, Tajikistan, and Uzbekistan cast their votes against the resolution, while Armenia, Azerbaijan, and Turkmenistan were not recorded as having voted. Only Georgia, once again, voted in favor of the resolution. But these highly publicized UN votes do not tell the whole story of where the Caspian countries really stand.

One thing that they have done is open their doors to dissident Russian citizens who have chosen to flee their country as a result of the war. Mainly highly skilled professionals like IT specialists, educators, journalists, and civil-society leaders who strongly oppose the current war and fear for their own futures in an increasingly totalitarian state have flocked to cities like Almaty, Baku, Tbilisi, and Tashkent in large numbers, causing a shortage of apartments and soaring prices in rental markets. This is the opposite of what happened soon after the break-up of the Soviet Union when ethnic Russians in these newly independent countries fled to Russia because of uncertainty about their futures, were they to stay. It's also worth remembering that a large number of Jewish citizens of the former Soviet Union immigrated as soon as the Soviet-era restrictions disappeared. This was especially evident in Uzbekistan where the vast majority of the Bukharan Jewish community immediately packed their bags and moved with their families to Israel and New York City. Today, Bukhara, which once was home to at least 80,000 Jewish citizens, now has fewer than 100, mostly elderly. The synagogue in the old city of Bukhara remains open but is served only intermittently by visiting rabbis.

Even though the Caspian countries rarely overtly criticize the Kremlin's war in Ukraine, they are clearly appalled and fear what might face them in the future. And so to concretely demonstrate their concern for their brothers and sisters in Ukraine, they have provided humanitarian assistance. In March, at the request of Ukrainian President Volodymyr Zelenskyy, Kazakhstan sent medical supplies and equipment valued at \$2.2 million. Shortly thereafter, Azerbaijan dispatched \$5.9 million worth of medical supplies and personal-care products to Ukraine. Further, the leadership in



Only Georgia voted in favor of the UN resolution demanding that Russia end its invasion of Ukraine.

Medical supplies donated from Georgia in Kharkiv, Ukraine. Photo credit: Alex Chan Tsz Yuk / SOPA Images/ via Reuters Connect

Baku ordered Azerbaijan’s state oil company, SOCAR, to provide free fuel for ambulances and other emergency vehicles in Ukraine. Very soon thereafter, Georgia commissioned a large shipment of humanitarian assistance for the Ukrainian people. Uzbekistan followed suit early in April, sending 34 tons of medicines, first-aid kits, and food to the Zakarpatska region in western Ukraine for onward distribution among the suffering citizenry.

By welcoming refugees from Russia and dispatching non-lethal assistance to their Ukrainian brothers and sisters, the Caspian countries are making clear where they really stand. In a single word, they are appalled by the Kremlin’s unprovoked attack and wanton destruction. They are doing what they can while hoping not to provoke the Northern bear. Therefore, it is in the interest of the US and other Western nations—as well as countries like

South Korea and Japan with significant interests in the region, especially in Central Asia—to give visible, high-level support to the countries of the Caspian region. They deserve our acknowledgement of their carefully calculated support of Ukraine because they are, indeed, walking a very, very fine line. *

RICHARD E. HOAGLAND

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WHAT MAKES THE RUSSIA— UKRAINE WAR SIGNIFICANT?





Russian President Vladimir Putin at the St. Petersburg International Economic Forum (SPIEF). Photo credit: Reuters



by Güven Sak

“So foul a sky clears not without a storm,” writes Shakespeare in the second act of King John.

I believe Russia’s invasion is just the sort of storm that clears the sky. This storm is caused by Russia’s failure to diversify its economy away from hydrocarbon exports, and it presages a new era in the global economy powered mostly by non-carbon energy.

The sight of Russian tanks rolling past the Ukrainian border was a very 20th century image. With global green policies in the works on both sides of the Atlantic to jumpstart growth, technological innovations to address climate change, and humanity trying to find ways to make our planet more sustainable, the Russian invasion of its neighbor has a very strange feel to it. It is not just on the wrong side of history; rather, it is a bad reenactment of the worst parts of it.

PUTIN FAILED IN TRANSFORMING THE RUSSIAN ECONOMY

Why did this happen? Vladimir Putin was appointed prime minister of the Russian Federation in 1999. A year later, he was elected president. Putin has been effectively governing Russia for the past 23 years, almost a quarter century. During this time, Russia actually reversed roles with the Gulf monarchies by being increasingly dependent on the revenues of its natural resource exports and almost exclusively

on fossil fuels. While the Gulf monarchies are doing their utmost to diversify their economies by starting to produce some industrial products as well as services, Russia appears to be de-diversifying.

The two graphs show how Russia converges with the Gulf. The first graph is from 1996, the second from 2019, just before the COVID-19 pandemic. They both relate to the manufacturing industry’s exports in a group of countries, all of which are in the vicinity of Russia, from Eastern Europe to the Middle East (think of it as the combined territories of the Russian and Ottoman Empires at the zenith of their powers). against the wit and the free spirit of the weaker fighter.

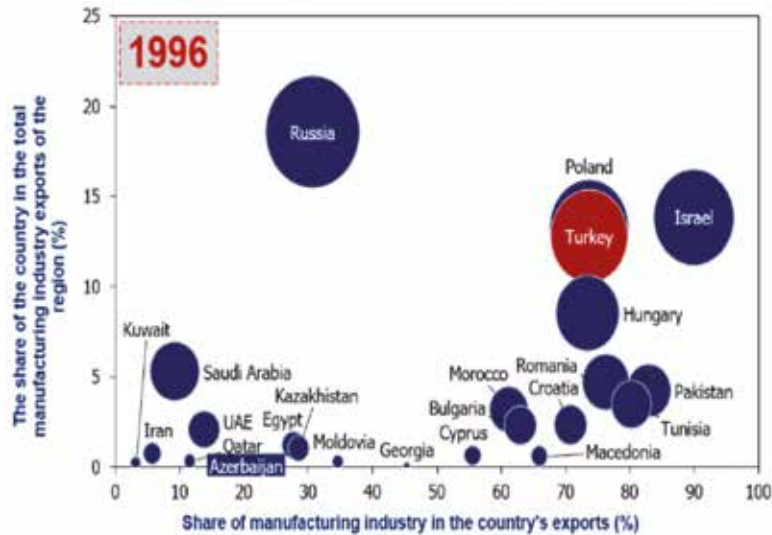
In both graphs, the horizontal axis show the share of the manufacturing industry’s exports in the total exports of each country. The vertical axis shows each country’s share of the manufacturing industry’s exports in the total manufacturing industry exports in the region as a whole. The circles represent the different countries and their size represents the manufacturing industry’s exports of each country.

Three takeaways can be made from these two graphs:

First, and most obvious, natural resources have long been an important part of the Russian economy. Russia in 1996 provided around 20% of the manufacturing industry exports of this region, with industrial exports being around 35% of Russia’s total exports. Although natural resources were an important source of export revenue even then, Russia also had industrial potential. Then comes 2019, and not only has Russia’s share in the manufacturing industry’s

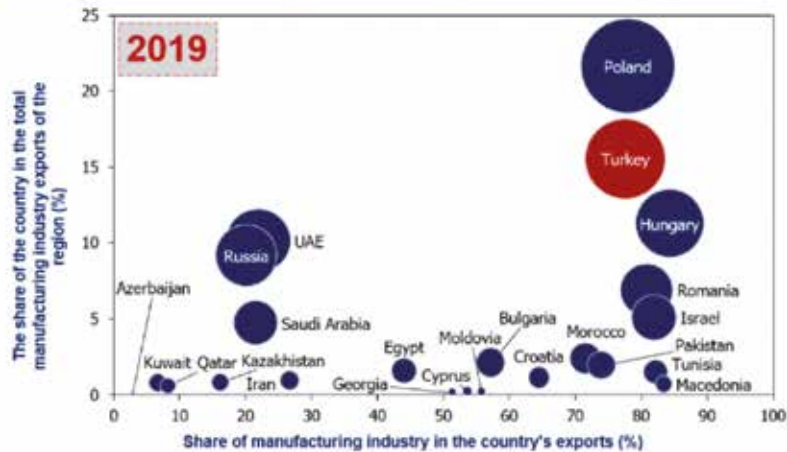
WHAT MAKES THE WAR SIGNIFICANT?

Share of manufacturing industries in exports of countries, %, 1996



Source: Harvard Dataverse, Worldbank, TEPAV calculations

Share of manufacturing industries in exports of countries, %, 2019



Source: Harvard Dataverse, Worldbank, TEPAV calculations
Note: Circle sizes represent 2019 manufacturing industry exports.

exports of this imagined region declined to below 10%, but the share of industrial exports in Russia's total exports has also receded to around 20%. While Russia was not a very exciting country in terms of the composition of its exports in the 1990s, it became increasingly boring since then. This entails an immense erosion of skills from the 1990s until 2019.

Second, from 1996 to 2019, Russia's share of manufacturing exports as a percentage of

its total export converged with that of the Gulf countries, specifically the United Arab Emirates, in 2019. This was due to the economic transformation plans of the oil-exporting countries. The oil-exporting countries were planning to diversify their economies under the European Green Deal and the Paris Climate Agreement by 2030 and 2050 respectively. Russia appears to be the only country that was de-diversifying in the same period.

Third, EU membership matters. Turkey, Poland, Hungary, and Israel are the industrial powerhouses of this region. Their share of industrial exports is well beyond 80% of their total exports. Poland, Hungary, and Romania—having cast off their past in the Marxist Eastern Bloc—have become more prominent industrial exporters after being admitted to the EU as members. When comparing the cases of Poland, Hungary, and Romania to Turkey, which is not yet a member of the European Union, EU membership clearly has given them a boost. From 1996 to 2019, Russia could not adjust, but Poland, Hungary, and Romania did.

What is the problem with Russia then? It might be that rising oil prices from 1999 to 2019 brought about complacency. After all, it is always easier for politicians to muddle through in their own unsustainable model than to implement structural reforms to prepare for the future. The so-called “resource curse” (in which reliance on natural resource exports stunts an economy’s other sectors) started as a Western malady, then made detours to the Middle East and Africa, and is now fully symptomatic in Moscow.

To what extent did the Russians try to counteract this? They did. During Medvedev’s transitory presidency between 2008 and 2012, we were informed about experiments with Rusnano, biotechnology, a “Russian Silicon Valley” near Moscow, and other projects, but all to no avail. Hydrocarbon revenues were already there, compared to the stressful 10–15 year gestation period required in new technology investments. It did not happen, however, and as already stated, this lack of investment led to an erosion of Russian professional capacity and skills.

CHINA IS NO RUSSIA

It looks like Russia was distracted by dreams of its past glory that the country could not focus on the future. This is a familiar problem in all former empires. The sooner Russia gets over it, the better.

Both the Turks and Austrians lost their empires after World War I. The British Empire changed its shape, then went into decline in the second half of the 20th century. Yet the Russians, whose realm was also torn up as a result of World War I, found a way to revive themselves under

both a new flag and the concept of “socialism in one country,” and extended their empire again after World War II until its collapse in 1989–1991. Although its collapse may have been painful for some, former empires, too, have to learn to live with the past and focus on the future.

China has proven itself not to be another Soviet Union, and now it is also proving that it is no Russia. Note that China has far fewer natural resources than Russia to distract its attention. It is a country focused on the future, which is already taking shape. It is enough to have a look at a comparison of patents between countries. This is the real gap between countries in this age of global green policies.

In 1992, Russia had 266 patents per one million inhabitants. In 1996, this dipped to 122 per million, but in 2019, it perked up again slightly to 162 patents per million. In contrast, China had only 10 patents per one million inhabitants in 1996. This increased to 883 patents in 2019, when it caught up with the US patent performance and even surpassed it. (When compared to South Korea, however, even Chinese patent numbers do not look that impressive. In South Korea, patents increased from 1,503 to 3,318 per one million inhabitants between 1996 and 2019.)

In a world where the future is taking shape through mainly technological changes, China and the US have a role to play—whereas Russia looks to be a decaying power stuck mostly in the past. The real tragedy of Russia is apparent in the second table depicting scientific and technical journal articles per one million inhabitants. There, the Russian performance still seems fine compared to the Chinese, for example. This table, however, only proves the point: Putin has poorly used his 23 years in power. This observation, I’m afraid, makes him more dangerous, especially to his neighbors.

GLOBAL GREEN POLICIES ARE BAD FOR THE PLANS OF ALL HYDROCARBON PRODUCERS, INCLUDING RUSSIA

The global green policies that are taking shape on both sides of the Atlantic have geopolitical repercussions. Up until now, growth and job creation was based on hydrocarbon extraction. No more. The global green policies

WHAT MAKES THE WAR SIGNIFICANT?

Patent applications, per million people			
	1992	1996	2019
Russia	266	122	162
China	7	10	883
United States	360	397	868
South Korea	365	1503	3318

Source: Worldbank, TEPAV calculations

Scientific and technical journal articles, per million people			
	2000	2010	2018
Russia	219	237	565
China	42	233	376
United States	1080	1321	1293
South Korea	338	1020	1286

Source: Worldbank, TEPAV calculations

envisage non-carbon based growth and job creation and a push for technological change along these lines. Net zero carbon emission targets (by 2050) will upend the business models of many countries, with Russia, in its present form, being a prominent example.

Russia, with a sizable population, is the main probable loser of a global green policy. That's what makes the Russia-Ukraine war so significant. Its large nuclear arsenal means that other states cannot be too aggressive in countering Russia as it seeks to disrupt the world around it, pulling entire countries into the sphere of its economic model. Unlike the US, which has the luxury of its ocean-moat, those of us who live in the immediate surroundings

of Russia need to find a way to live with its troubling reality. This must involve presenting it with ways to upgrade its economy and overcome the resource curse. *

— GÜVEN SAK

Güven Sak was the founding managing director of the Economic Policy Research Foundation of Turkey (TEPAV). He is currently the president/CEO of TEPAV Global in Washington, DC and a professor in the International Entrepreneurship Department of TOBB University of Economics and Technology in Ankara.

AT THE FRONT IN UKRAINE: REPORT FROM A FORMER US CONGRESSMAN AND ARMY ARTILLERYMAN





Extensive battle damage. Photo credit: Tom Garrett



by Tom Garrett

Experience at the frontline of Ukraine's ongoing effort to stop and repulse the Russian invasion proves that strategic depth still matters. What Israel knew all along is relevant once again. Seen from the professional angle of a former US congressman and fire-support officer, the war is increasingly becoming an all-out artillery duel along the entire frontier; but it is a new and different use of firepower than that of 20th century wars. This, in turn, redefines what capabilities are necessary for Ukraine to acquire if a better outcome is to be achieved.

As a former member of the House of Representatives' Foreign Affairs Committee, I was honored to have the opportunity in April–May 2022 to meet and talk with Ukraine's leadership—from the highest levels of their intelligence community to the small unit leaders at the front. When I say, "at the front," I mean it literally, as my travels took me to within about 15 kilometers of Russia proper. As a former fire-support officer and artilleryman in the US Army, I had the unenviable opportunity to be on the receiving end of multiple cannon and rocket strikes conducted by the Russian military north and east of Kharkiv.

Under fire, one quickly learns to differentiate the sounds of incoming artillery from those of outgoing, and while US M-777 155 mm howitzers are just being integrated in the Ukrainian order of battle, forces defending and reclaiming portions of Ukraine seem to have been giving as good as they got. The offensive to which we bore witness focused at the time on the village

of Ruska Losovaya, a bit north of Ukraine's second largest city, Kharkiv. On my return from the front, I overheard commentary on an international news broadcast that they were unable to substantiate claims by the Ukrainian Ministry of Defense that four villages in the area had been liberated, as no journalist had been able to make their way that far north. I chuckled as I had seen at least one of the liberated villages—claim substantiated.

The reclaiming of villages outside of Kharkiv had a positive effect on morale for the soldiers on the ground, as well as for others across the globe. While this was of some value, it was not the primary goal of Ukraine's offensive. Instead, what drove the offensive was the need to provide strategic depth. No other defensive position in modern history illustrates the urgency of strategic depth as does the defense of Israel, periodically challenged by a variety of adversaries. Physical distance and depth equate to options. Physical distance and depth equal time. Perhaps most importantly, physical distance and depth equal safety for civilian populaces, who neither volunteered nor trained for combat and live within range of indirect fires.

Despite being nearly 30 times larger than Israel, this is true also in Ukraine—particularly in population centers such as Kharkiv and Mykolayiv, which are major cities close to the fighting. The nature of the fighting has devolved largely from a 20th century mechanized fight on open ground to a running artillery battle with cities being prominent loci for transportation infrastructure.

The vital importance of cities is also heightened by the Ukrainian decision early in the conflict to use the aforementioned strategic depth to shape the battlefield as they conducted a series of withdrawals before the early Russian



Tom Garrett in Ukraine. Photo credit: Tom Garrett

onslaught and hardened defenses in urban and near urban areas. Russia was dealt a series of embarrassing setbacks in places like Grozny 25 years ago, having top notch 20th century mechanized assets ground to dust by highly motivated but poorly equipped local militias in Chechnya. Apparently, the Ukrainians learned from this; ironically, the Russians did not.

Extensive battle damage was evident on the main supply routes of both hard and soft Russian assets outside of places like Irpin. The damage was disproportionately Russian and based on the comments of leaders present during these fights—as well as the evidence on the ground—Russian armor and mechanized forces attempted to secure locations with inadequate or no infantry support at all. Moreover, they often did so in a column formation from a single direction. While the British/Swedish next generation light anti-tank weapon (NLAW) has proven to be a particularly effective platform to engage Russian armor, the Russian lack of

tactical proficiency created a scenario where any competently utilized modern anti-armor system would thrive. In the parlance of the artillery community, it was a target rich environment; in the words of a 19th century American, it was like shooting fish in a barrel.

This greatly reduced the effectiveness of Russian maneuver, and that takes us to where we are now: a massive artillery duel spread across a front of nearly 300 kilometers long. While former Soviet doctrine has emphasized the importance of massed artillery fires since World War II, this isn't that. Some have characterized the massive volume of munitions exchanged as being similar to patterns of World War I, with massive barrages unleashed prior to attacks on killing fields like the Somme, but they too are mistaken. Instead, this is hybrid warfare, using old killing techniques that are both enhanced and degraded by new technological innovations.

Precision munitions mean that things like earthen trenches, modern camouflage



“Cossack” – A new locally produced armored vehicle based on the Ford F350 chassis.

Photo credit: Tom Garrett

techniques, and hardened fortifications are mitigated in the advantages that they afford. Counter-battery technology and the ubiquitous nature of unmanned platforms for surveillance create a battlefield where maneuver elements like infantry and armor are often static and hidden until an attack or counterattack is unleashed, while artillery units—not considered a traditional maneuver asset—must constantly move if they are to survive, gain advantage, and destroy the enemy.

As a result, the artillery barrage has remained, but the purpose is more often to attrit and erode enemy capability and less often to soften a target for an imminent attack. This is why the battles I witnessed north of Kharkiv were as much about creating space as they were about liberating villages. Every artillery system on the battlefield has a maximum range, and the more space the Ukrainians could create between their valued items—whether battle tanks or civilians—the less the Russian weapon systems could engage them and the more that they would survive.

Historically, an artillery raid, which is a foray by a unit that is largely or exclusively artillery, was rare and might be conducted to extend the range of a platform by moving, quickly and briefly, beyond the forward line of one’s own troops. Upon engaging a specific predetermined target, the artillery assets would then retreat quickly behind the safety of their own armor and infantry. In Ukraine, this is becoming the rule rather than the exception.

Large formations of Russian equipment—which would have conveyed genuine and terrifying combat power had they poured through the Fulda Gap during the Cold War—now seem to be more often the victims, rather than the victimizers, of their own massed presence. Artillery has always been the killer on the battlefield. At the American Artillery School at Fort Sill, it is taught that roughly two-thirds of all combat casualties inflicted by the US military since the American Civil War has been the result of artillery and fire-support assets (defined originally as cannon, rocket, and missile fire, but more recently expanded to include



Molotov cocktail in Ukraine. Photo credit: Tom Garrett

munitions delivered by both rotary and fixed-wing aircraft.) So yes, artillery has always been the killer, but the employment of artillery has changed. The old doctrine that called for Western leaders to “find, fix, and fight” the enemy had mechanized formations roving across an open space to engage and hold an enemy while artillery then could pound them into submission.

In Ukraine, anyone roving across an open space to find, fix, and fight is likely to be engaged and destroyed by artillery forces who finds them first.

The “why” of this is interesting to me.

The recent conflict between Armenia and Azerbaijan highlighted the changes in warfare that we are seeing on a much larger scale in Ukraine today. This unusual proxy fight pitted newer assets—from places like Turkey and Israel—against equipment provided by Russia and Iran, which on a 20th century battlefield, may well have been sufficient for a quick, successful, and decisive outcome. But alas, neither the Armenia–Azerbaijan fight nor this one occurred on a 20th century battlefield.

The ubiquitous nature of drones is a big part of the equation. The potential for drone use was hinted at during the American-led global war on terror, but the budget and technological wherewithal of the US government is not available in most instances. Because of this, as well as an interesting geopolitical paradigm as it relates to Turkey, other entities began developing very capable platforms that lacked the technical complexity and cost of the well-known Reaper and Predator platforms but had other advantages. Systems like the Turkish Bayraktar came to the fore as offering significant capabilities at a fraction of the cost, and while loiter times and ranges are diminished, an over-the-horizon capability isn’t what is called for to gain an upper hand in Ukraine.

It has been said that necessity is the mother of invention. Nowhere is this more true than on the battlefield. I have firsthand contact with individuals who employ commercially available platforms to pinpoint targets and to send near real-time information to artillery systems.

Beyond the commercial options, the Bayaktars have a significantly better capability, able to loiter for hours on end, and deliver their own munitions.

What is missing is something in between such as a light drone employable from the bed of a pickup truck and operable by a young person who perhaps cut her teeth playing hours of Call of Duty on PlayStation. A platform like this would have a couple of hours of loiter time and the capability to carry four to eight munitions no more complex than a 60mm mortar round or a 40mm grenade. The effectiveness of this sort of thing bridges the gap between the commercially available systems and the Bayaktar, vastly increases lethality and responsiveness of fires, and creates an even more hostile and unsustainable battlefield for the sort of conventional forces that Russia relies upon. It also levels the playing field almost immediately, as we saw in the conflict between Azerbaijan and Armenia, and allows for the targeting of specific assets in a more timely manner, as we have seen with the disproportionate number of high-ranking Russian officers who have lost their lives in Ukraine.

To be fair, this has been Western doctrine for over 50 years. I know this because back when I was a junior officer, we were trained that in the West, we encourage and empower junior leaders, but this was not the case in the Eastern bloc. By their nature, totalitarian regimes exact a toll on those vested with power when they fail. This results in leaders clinging closely to the metaphorical controls and disincentivizes initiative. The results are that while the “next man up” mentality is natural in Western doctrine, and often units excel even after the loss of a leader, in Eastern doctrine, to the contrary, decapitated units often seize up and stall.

This creates a road map for success. This fight is already becoming an artillery fight, noting again that the definition of this has grown to include cannon, rocket, and missile fires as well as munitions delivered by fixed and rotary-wing platforms. Obviously by extension, drones become integrated into the fires plan. So, knowing that the enemy is adhering to a doctrine that seems to fit in despotic regimes, the artillery targeting process should become

one where leaders are disproportionately targeted, as the positive outcomes will mirror the disproportionate emphasis.

To be fair, it seems that the Ukrainians are already doing this. The point is that they could do it much better with better assets.

For all the noise made about the delivery of multiple launch rocket systems (MLRS) platforms to Ukraine, these really only help to win the counter battery fight, which is being fought as a smaller part of the larger fight to control the ground. If the fight is artillery-centric, one way to win it is to destroy the enemy’s ability to deliver accurate predicted fires. MLRS helps with that for sure, but to win the macro fight, targeting leadership is more realistic. The reality is that currently—despite influxes of systems from the M777 from the US to Dana howitzers from the Czechs to the ubiquitous 2S1s from other former Warsaw Pact nations—the Russians aren’t going to run out of gun tubes or ammunition in the foreseeable future. They may very well run out of competent leadership on the ground, or even the morale required to move and seize real estate though.

So, yes, the counter battery fight is important, and losing it may immeasurably cost Ukraine, but winning it alone doesn’t win the war. Ukraine must hold its own in this arena; it wins not by massed fires, but by better, more responsive targeting that allows it to get the proverbial bang for its buck while fighting an opponent who has been stockpiling 122 mm and 152 mm ammunition for decades. The way to get this bang for the buck (pun entirely intended) is twofold. One is counter-battery radars like the ANTPQ-36 and 37s recently earmarked for Ukraine, which, while receiving far less attention than the M777 and MLRS donations, I would say is at least equally as important. The other is by filling the drone void between the DJIs that have half-an-hour of loiter time and a range of a few kilometers and the Bayaktars which, despite being affordable relative to the Reaper and Predator platforms, are not available in quantities sufficient for the mission, nor expendable enough to pursue the targets of opportunity like a brigade commander at a bridgehead that may arise on short notice.



The more space the Ukrainians could create between their valued items, the less the Russian weapon systems could engage them. Photo credit: Tom Garrett

South Korea, Israel, and the US are all in some stage of fielding systems such as these, with the Koreans perhaps in the best position to fill this need in the near term, should they choose to, and should the Ukrainians make the right requests. These small to mid-sized systems carrying four to eight 60 mm sized munitions would individually be able to conduct precision strikes on high value and high payoff targets, and if employed properly could single-handedly take a cannon platoon or even battery out of play. This would not only help win the macro fight but create a much higher probability of winning the aforementioned counter-battery micro fight. In short, these items—in conjunction with continued success in intelligence sharing in the targeting realm—would go a long way toward creating a scenario in which despite the conventional artillery advantage in numbers that Russia will continue to enjoy, they would

be unable to win due to the inability to leverage these numbers or lead the soldiers who operate the systems. In short, counter-battery radar and midsized drones have the potential to become to this conflict what the M1 Garand rifle was to World War II. *

TOM GARRET

Tom Garrett served in the US Congress as a Republican member of the House of Representatives representing Virginia's 5th District. Tom's other public service includes serving as the assistant attorney general of Virginia and as a US Army fire control officer. He currently works for US-based human rights organizations and travels to locations such as Ukraine, Iraq, Syria, and Sudan.

Israeli Prime Minister Yair Lapid
and Defense Minister Benny
Gantz. Photo credit: AFP



FROM TEHRAN — ISRAEL'S LATEST MES



TO KHAN YOUNIS SAGE OF DETERRENCE



by Eran Lerman

Within one day after the short and violent round between Israel and Palestinian Islamic Jihad ended on August 7, the three Israeli leaders who commanded the operation, Prime Minister Lapid, Defense Minister Gantz, and IDF Chief of Staff Kochavi, issued a public warning: “From Tehran to Khan Younis.” Israel’s enemies should sit up and take notice.

This had been a Lapid/Gantz/Kochavi operation; the wider Security Cabinet was neither convened nor consulted. Prime Minister Lapid and Defense Minister Gantz are both heads of political parties contending in the parliamentary elections on November 1; Kochavi is eager to end his four-year tenure at the end of the year on an upbeat note.

Whom were they trying to deter? Uppermost on their minds is Lebanon and its master Hezbollah. Pending is Lebanon’s decision on a US-brokered compromise on the maritime boundaries dispute over the extent of the “Exclusive Economic Zones” claimed by both Israel and Lebanon in the Eastern Mediterranean, which affects the ability of both countries to exploit natural gas deposits under the seabed (see map). These negotiations may be on the cusp of either successful conclusion—or explosion into violence. Lebanese President Michel Aoun and his son-in-law and potential

successor, Gebran Bassil, can see that the US offer may be a lifeline for Lebanon’s ruined economy.

Other players in Lebanon, supported by Hezbollah, have claimed a natural gas field also claimed by Israel (called “Karish” or shark in Hebrew). A floating production storage and offloading vessel of the Anglo-Greek concessionary, Energean, is already located there, ready to start exploitation, at a time when European markets seek an alternative to the Russian supply of natural gas. But this vessel also offers a large and vulnerable target. Hezbollah, which has been threatening to strike “Karish and what’s beyond it,” may yet be tempted (or instructed by Iran) to outbid their own government and posture as a resolute defender of Lebanese “rights.” Hence the need for Israel to deter any such action—by pointing out the lessons of Gaza, as well as by conducting a major exercise simulating the defense of the Karish platform.

The Lebanese scenario, however, is not the only one on the minds of Israeli leaders at this moment. Almost daily (or rather nightly), Israel is hitting targets in Syria—including major raids in the environs of Damascus and Tartus on the night of August 14. Despite the deteriorating relationship with Russia, which casts doubt on the future of the understandings that enabled deconfliction over Syrian skies, the Israeli Air Force persists in its attacks. Hence, Israel needs to deter Iran and Syria against retaliation.

The deterrent message is also aimed at Hamas. The elimination of almost the entire



Israeli–Lebanese maritime border dispute. Photo credit: Wikimedia / Amirki (Translated)

leadership of the Palestinian Islamic Jihad in August demonstrates Israel’s intelligence capability inside Gaza and signals to Hamas officials that they might be next. While Israel offered some economic incentives to Hamas recently in the form of increased permits for Gazans to work in Israel, the latest deterrence message was also accompanied by the discovery and destruction of a new Hamas attack tunnel penetrating Israel from Gaza. This is a reminder that conflict may erupt again.

Finally, there remains the question of Iran’s nuclear project. With the outcome of the Vienna talks hanging in the balance—the final European draft of a return to the JCPOA is now subject to political decisions in Washington and Tehran—the need for the Iranian supreme leader to face a credible military threat is as acute as ever. For Israel, this means the IDF must work feverishly on plans of attack, which had been left to atrophy

until recently, the Mossad and other agencies must intensify “gray zone” actions of all sorts, and the IDF also needs to deter Iran and its proxies from taking countermeasures.

In all, there are multiple targets of the post-operation deterrence message reflecting the array of short-term threats faced by Israel. *

— ERAN LERMAN

Col. (ret.) Dr. Eran Lerman is a former senior intelligence officer. He served as Israel’s deputy national security adviser (2009–2015), and prior to that as director of the Israel and Middle East office of the American Jewish Committee (2001–2009). He is currently the vice president of the Jerusalem Institute for Strategy and Security and a lecturer at Shalem College.



An IDF soldier walks with the flag of Israel near the Gaza border.
Photo credit: Iliia Yefimovich/dpa

A photograph of a dry, brown landscape, likely a field or a campsite. In the foreground, there is a dark, muddy area. To the right, a portion of a tent is visible, along with some gear and bags. The background consists of dry, brown grass and bushes. The overall scene suggests a challenging or austere environment.

RESTORING PUBLIC TRUST: A CHALLENGE FOR THE NEXT ISRAELI CHIEF OF STAFF



by Pnina Shuker

This coming January, Israel's Chief of Staff Aviv Kochavi will end his four-year term of duty, and the process of appointing a successor is currently underway. One of the main challenges facing the new chief of staff will be addressing the signs of erosion of public trust in the military as an institution. These signs of declining public trust originate to some extent in the changing nature of Israeli society, which has increasingly prioritized individual over communal values. Thus, polls indicate public discontent over economic issues, such as military pay and pensions. But they also reflect social issues, such as gender equality and the integration of ultra-Orthodox young men into specific units (affecting the unit's cohesion), and moral concerns, such as controversies around the rules of engagement in the face of terror threats.

Traditionally, the Israel Defense Forces enjoys the highest rate of public trust of any institution in Israel. However, a survey conducted by the Israel Democracy Institute in October 2021 revealed that public trust in the IDF had dropped to 78% from 90% in 2019. The last time such a decline was recorded was in 2008, following the exposure of significant deficiencies in the IDF's

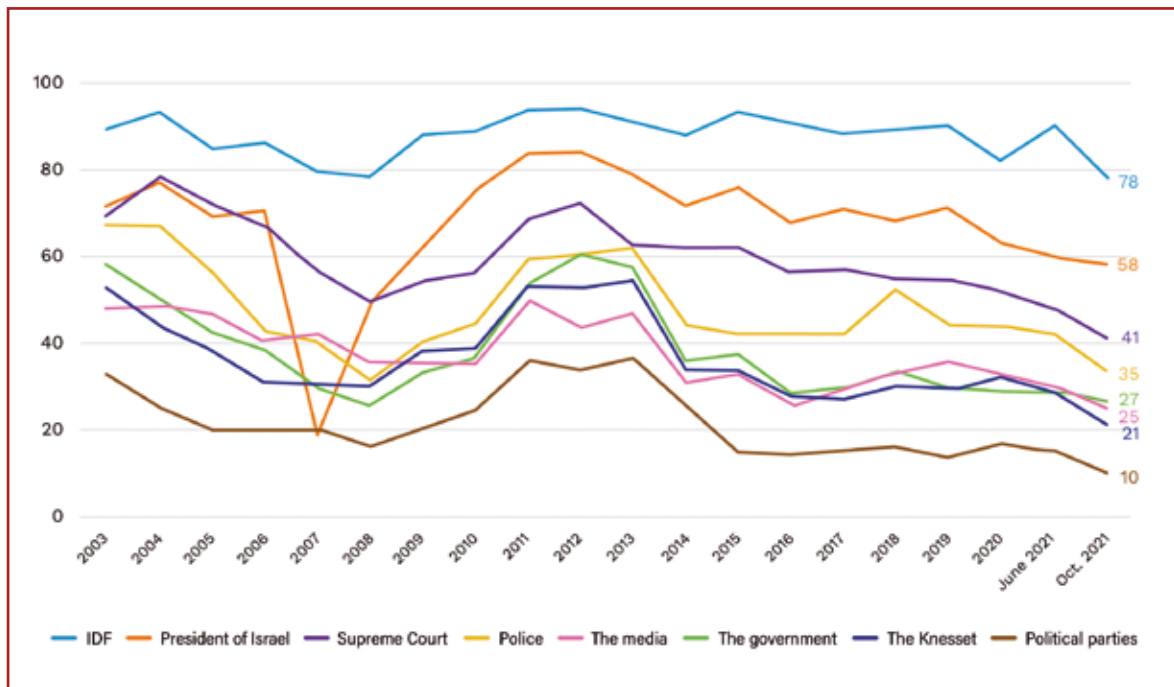
performance during the Second Lebanon War in 2006.

The graph below compares public trust in the military (78%) to other institutions in Israel (the next highest being the head of state at 58% and the supreme court at 41%). A recent survey shows that, for the first time, almost half of Jewish Israelis support ending the mandatory conscription and transforming the IDF into a professional army; however, this policy of mandatory conscription is highly unlikely to change. To understand how dramatic this finding is, one must trace the roots of the "People's Army" concept, upon which the IDF has been based since the establishment of the State of Israel in 1948.

WHEN INDIVIDUALISTIC VALUES CHALLENGE THE "PEOPLE'S ARMY"

Throughout its history, Israel has maintained a universal conscription policy with major exceptions for the Arab and ultra-Orthodox citizenry. Its socio-military model rests on a few principles. First, the structure of the IDF is based on mass conscription, the regular army is relatively small, and the backbone of the ground fighting forces is based on reserve forces who represent about 70% of the IDF forces at full call-up. Second, the IDF is perceived as a key partner in the nation-building process; therefore, in addition to its military missions, it has educational and social roles. Third, the IDF

A CHALLENGE FOR THE NEXT ISRAELI CHIEF OF STAFF



has made an effort to encourage officers and noncommissioned officers to retire at age 45 at the latest and avoid the creation of a military “caste” with its own interests.

The constant reality of impending security threats has given the IDF a high societal position—almost sacred. When military confrontation is a part of the country’s everyday life, military service has been seen consistently over the years as a civic virtue. Furthermore, military service in many cases provides upward mobility for future civilian (and political) careers.

The status of the IDF first began to show cracks in the wake of the 1973 Yom Kippur War, which led the public to examine the IDF’s conduct in a critical light. The First Lebanon War (1982), the Intifada (1987), and multiple operational and training accidents resulting in fatalities during the 1990s have all contributed to reducing the public’s trust in the IDF. But the main reason for the change in the IDF’s status among the public has been the strengthening of individualism at the expense of the collectivist ideology, beginning in the 1980s, as part of the bitter awakening to the socialist ethos of the

state’s early years. This has been reflected, to some extent, in the public demand to cut the defense budget and tighten the supervision of military spending. Additionally, the Israeli press developed a more critical approach toward the IDF, while military censorship weakened, and bereaved parents began to loudly question the circumstances of their sons’ deaths.

EXPLAINING THE RECENT DECLINE IN PUBLIC TRUST

In the summer of 2021, the government’s announcement of a major increase in pensions for officers and other professional soldiers of the IDF (popularly called the “chief of staff increase”) provoked strong public criticism. The IDF’s justification for this move—to address the problem of retaining those who had been trained in the IDF and were leaving for the private sector—didn’t register with the public. Instead, media articles circulated, noting that with the amount allocated to enlarging the military pensions, the IDF could have doubled the salaries of its conscripts in addition to increasing the motivation for recruitment.

Six months later, the salaries of conscripts were raised by 50%, but the damage was already done, leaving the public with the impression that the IDF does not care about ordinary soldiers and their parents who have to provide their children with supplementary funding.

There are other explanations for the erosion of public trust, including a series of accidents and suicides involving soldiers over the last two years. In one case, a recruit committed suicide after the military police pressured him to serve as an informant. In another, commanders went unpunished for the death of a soldier by a terrorist at pointblank range along the Gaza border, despite the IDF's investigation concluding that the commanders had been negligent. In both cases, harsh criticism from the bereaved parents received extensive media coverage. This criticism reached a peak in the fall of 2021, with the "the Mothers March," a new protest movement founded by combatants' mothers, bereaved families, and IDF disabled soldiers.

WHAT CAN BE DONE TO RESTORE THE STATUS OF THE IDF

Chief of Staff Kochavi recently revised the IDF ethos document to include the following statement: "The IDF is the people's army, subject to the law and the government. Soldiers of the IDF act with the following objectives foremost on their minds: the mission, the values of the IDF, and the security of the state. They act with integrity, diligence, and as models to be emulated." Kochavi justified this addition by saying that "reverence for public institutions of the state is the backbone of the values that preserve the functioning of the IDF and the public's trust in the IDF."

Rhetoric is not sufficient to restore public trust. A few institutional reform steps need to be taken:

*** First, and above all, transparency.** The army often uses the excuse of "security considerations" to not reveal details to the public that could sow demoralization or invite

criticism. Even though the military's ability to hide failures and omissions in the information age is quite limited, the discussions of the annual defense budget are conducted behind closed doors in the Knesset's Foreign Affairs and Defense Committee. There is no public transparency of the huge defense outlays of \$17.7 billion, which is over 5% of gross domestic product.

*** Equal burden sharing.** A mission of the new government should be to expand national civil service to all citizens, so that those who do not serve in the military can still serve their community as a firefighter or as an assistant in hospitals, retirement homes, schools, and so forth. There is no reason why large and growing segments of the population (especially Israeli Arabs and ultra-Orthodox Jews) who do not serve in the army should not contribute to the country in other ways. Requiring national service for all citizens in Israel will reduce the long-standing resentment toward the sectors that do not serve.

*** Improving the conditions of the conscripts.** Recently, there have been increasing reports about inadequate service conditions, including overcrowding in transportation to the bases, lack of food, and even cases of widespread disease in the bases due to improperly stored food. Beyond that, parents often claim that the allowance their children receive from the IDF for clothing and equipment purchases is insufficient. When soldiers are required to jeopardize their life during their military service, adequate basic conditions are the least the army can do for them.

*** Promotion of gender equality and prevention of sexual harassment in the military.** By doing so, women will be motivated to fulfill their ambitions within the military framework. The IDF must work to prevent discrimination against women. Imposing restrictions on women, to keep them away from religious soldiers, violates women's fundamental rights. In addition, the IDF must work to prevent sexual harassment in the military and to indict those responsible (in 2020 out of 1,542 official



Recognizes the importance of public trust. IDF Chief of Staff Aviv Kochavi. Photo credit: Reuters

complaints of sexual harassment in the IDF, only 31 indictments were filed) in order to increase the public trust.

*** Finally, credible messaging to the Israeli public.** Operation Guardian of the Walls, the May 2021 military campaign against Hamas in Gaza, was an example of a public relations campaign aimed at convincing the public that the results of the operation were excellent, while in practice, the operation's outcomes were modest. The public recognized this gap in credibility, thus creating mistrust.

CONCLUSION

The Israeli public continues to see in its military the finest aspects of its people who are expected, in the critical moments of truth of major threats, to fulfill their obligations and

provide the country with security. However, for this public trust to be sustained and return to its former levels of 90%, the IDF under its next chief of staff will have to engage in institutional reforms. *

PNINA SHUKER

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ISRAEL'S NOVEMBER ELECTIONS: WHAT'S IT ALL ABOUT?

A Likud party election campaign banner depicting its leader, former Israeli Prime Minister Benjamin Netanyahu. Photo credit: Reuters





by Attila Somfalvi

In June 2022, the Knesset—Israel’s parliament—voted in favor of disbanding in preparation for new elections scheduled for November 1, 2022. These will be Israel’s fifth round of Knesset elections in three years, and the public is reluctant to head to the polls again. Even the opposition tried at first to see if it could knock together a new majority coalition based on the existing party line-up. As head of the opposition and of the largest party, Benjamin Netanyahu tried to tempt members of the present governing coalition—specifically, Defense Minister Benny Gantz—to jump ship and join him. This would have saved the country more than half a billion dollars in direct and indirect election expenses, but there were no takers.

The fifth round, like those before it, brings out partisan fissures that have formed during the last decade. While many of the political slogans still speak of left and right, Arabs and Jews, occupied land and proud patriotism, the real issues that now divide Israeli society are no longer shaped by the post-1967 dichotomy of “Peace Now” versus “Greater Israel.” The political battles have come to resemble those in other, “normal” Western societies, which do not face existential questions of ruling over territories populated by another people.

Security is still very much on the national agenda, but the Palestinian issue is no longer uppermost on the minds of most Israelis. Therein lies a paradox. National and personal security are first priorities for Israelis and have always been so. But the prospects of resolving the Palestinian question and the problems relating to Israeli rule in Palestinian territories are no longer a daily concern. Slowly but surely, politicians on both sides have set aside hopes for peace and for an end to the Israeli–Palestinian conflict and have normalized the notion that it is possible to live on without determining the future of the two peoples living side by side.

Why is this a paradox? Because the Israeli defense establishment, as a whole, knows that there is a causal link between the sense of insecurity and the systemic avoidance of the issues attendant on a permanent status agreement. People fear terror but do not wish to talk about what drives it. They want a Jewish majority state but ignore the future implications of the emerging mix of Israeli and Palestinian lives beyond the Green Line absent a political resolution of the conflict.

In September 2010, while flying to a White House summit that was to be held with the Palestinians and hosted by President Obama, then Prime Minister Netanyahu delivered a powerful peroration to the journalists accompanying him, seeking to convince them how deeply committed he was to resolving the Palestinian problem. Earlier in June 2009,



Will they do the impossible and find 61 members of the next Knesset?

Prime Minister Yair Lapid and Defense Minister Benny Gantz. Photo credit: Reuters

Netanyahu had addressed the need for a two-state solution in a speech at Bar Ilan University. He had sent envoys to speak to the Palestinian leadership. Yet all these efforts came to naught. Netanyahu changed course: from conflict resolution to conflict management, to a mode of living with the problem. At the same time, he reduced the salience of the issue among the Israeli public. It worked. Today most Israelis no longer choose their elected representatives based on their views about the future of the West Bank.

Today the critical issues facing the Israeli electorate are domestic—the court system, religion and state, education, the economy, distribution of wealth. More and more politicians and opinion makers use Western tropes like liberalism and conservatism, thus recognizing that the Palestinian-centered left

versus right dichotomy is no longer relevant. The right is now proud of its conservative struggle to transform the existing democratic foundations of Israel and the immense effort to reshape the court system.

Netanyahu's personality cannot be detached from these transformations. He adroitly drew to his cause the Israeli conservative camp, which looks upon the judicial proceedings against him as a test in which they must prevail, even at the cost of undermining public trust in the institutions of the state. This camp has been working in recent years to delegitimize the institutions of the rule of law, arguing persistently that Netanyahu was wronged and framed by unsubstantiated indictments.

If once upon a time the law enforcement agencies were targeted by fringe elements on

both ends of the spectrum, today it is targeted by the largest party in the Knesset, the Likud, whose mainstream speaks openly about the changes it would make to the legal system. No more subtle hints and empty promises; there is now a work plan for transforming the system, from the investigative police all the way to the judges and the courts. All this feeds into a campaign marked by nationalist themes, “restoring national pride,” led by conservative right-wing parties who made themselves into Netanyahu’s loyalists and seek to fire up his base.

On the other side of the divide, the left wails to the high heavens. Comparisons of Netanyahu with populist leaders like Orbán in Hungary and Erdoğan in Turkey have become commonplace. A recent study, conducted by a research center that seeks to promote political stability, found that for the voters of the “Anyone But Bibi [Netanyahu]” camp—the parties that make up the present governing coalition, right, left, and center—the highest priority is the viability of Israeli democracy. In other words, their fear is of an Israel transformed by conservative forces.

Multiple questions arise in the run up to the November 1, 2022 elections. Will the slogan “Anyone But Bibi,” which fueled the politics of his opponents, still be relevant the day after—if again the results are a debilitating draw? Or will Netanyahu’s bloc garner the 61 seats necessary to establish a right-wing conservative government, ready to implement dramatic changes in the court system? Will Netanyahu be willing to undermine Israel’s democratic foundations in order to halt the proceedings against him? Or will Prime Minister Yair Lapid and Defense Minister Benny Gantz do the impossible and find 61 members of the next Knesset (the minimum needed to form a majority in the 120-seat chamber) to reinstitute the present coalition? No definitive answers can be given at this point. One thing is certain, however; demographic data of the National Bureau of Statistics and the findings of think tanks all agree that the only sociopolitical element that will significantly grow in number

in the coming years is the conservative religious camp.

These tectonic changes are taking place amid a political environment torn between Netanyahu’s loyalists and detractors. We see Member of Knesset Itamar Ben Gvir, once convicted of incitement and support for a radical anti-Arab terror group, now a regular presence on mainstream televised debates and capable of winning seven seats, according to recent polls. We also see a historically significant Israeli Arab politician such as Mansour Abbas, who led an unprecedented disruptive act by bringing his Islamist party into an Israeli coalition, now being castigated by Netanyahu and his loyalists as a “supporter of terrorism.”

Israel is on a fast track toward a fifth election—more divided and quarrelsome than ever—not over building or removing an outpost or a settlement in the West Bank, but over democratic values and the moral vision for the future of the nation. *

— ATILA SOMFALVI

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ISRAEL'S NOVEMBER ELECTIONS





Israel has some of the hardest workers, lowest wages, highest taxes, and highest consumer prices in the West. Tel Aviv Stock Exchange, Israel. Photo credit: Reuters



THE TRUE AND SAD STORY OF ISRAEL'S ECONOMY AND HOW TO CHANGE IT



by Yaron Zelekha

Israelis and their governments have bought into a narrative of Israel being a “startup nation,” based on micro-economic success stories, while ignoring troubling and persistent macro-economic trends that place it at the bottom of the rankings among Western peers. Israel has one of the world’s most educated and hardest working labor forces and could do much better. Explained below are the causes of this sad story and the reforms needed to change the situation.

According to economic convergence theory, countries with a low income per capita should grow at a faster per capita rate than countries with a high income per capita. As income per capita increases, the growth per capita decreases until the income per capita converges over the long term, usually at a rate of 2% and even 2.5% per year. That is, in every year, the gap in income per capita should decrease at a rate of 2%. Unfortunately, after 74 years since independence, the Israeli income per capita, adjusted to differences in the cost of living, is only 50% of that of the United States.

Israeli governments (from both sides of the political spectrum) tend to confuse nominal and real terms, so I will provide the numbers. Israeli nominal income per capita is \$47,000. Israel’s cost of living is 35% higher and therefore this \$47,000 worth of consumption in Israel is only

worth \$35,000 in the US, which is 50% of the American \$70,000 income per capita. This 50% real income gap leaves Israel with one of the lowest incomes per capita in the West, and with the highest share of its people below the poverty line (23% of population).

These figures are even more striking when taking into account that the poverty line is defined as half of the median income in every country, and the Israeli median is probably the lowest in the West in real terms. Therefore, people with income above the Israeli poverty line would still be considered below the poverty line in most Western countries. Furthermore, Israelis work much harder than in any Western country and have one of the most educated working forces. In fact, countries with Israel’s level of education and working hours per capita should exceed the income per capita of the US. All this extra education and hard work has not translated into extra income.

Israelis tend to ignore these troubling economic statistics and are aided by their governments in doing so. First, the government should explain Israel’s economic growth not just in absolute gross domestic product (GDP) terms but also in the context of per capita growth potential. Israel’s position on the convergence graph makes its per capita growth potential to be 4% per annum. Israel’s economy for the past decade grew at 3.5% per year. To the unprofessional eye, this number can be seen as better than the American growth of 2.5–3% per annum. However, the American 3% means 2% per capita which is 100% of their potential as



Israelis tend to ignore troubling economic statistics.

Israeli Prime Minister Naftali Bennett, Finance Minister Avigdor Lieberman, and Justice Minister Gideon Saar during a news conference on economy. Photo credit: Reuters

a country at the top of the convergence graph, while Israel's 3.5% is only 1.5% per capita which is only 40% of its potential.

Second, the government spreads several unjustified reasons for the loss of growth potential, for example, by reminding the public about the high cost of defense. Israel's defense spending is today only 6.5% of GDP compared with 30% in the early 1970s or compared with 4.5% in the US. Does anybody really believe that a gap of two percentage points between the Israeli and American costs of defense can explain a 100% difference in real income per capita? And if so, how can it be that since the early 1970s our share in income of the defense costs dropped by 80% and our relative income per capita remained almost unchanged? Another unjustified reason for the Israel-US real income

gap involves blaming the Ultra-Orthodox Jews. The percentage of ultra-Orthodox men in the labor force is 35% lower than that of non-ultra-Orthodox Jews. The gap is estimated to be 50,000 ultra-Orthodox men who are not working, compared with the country's labor force of 3.5 million working people. Can 1.5% of the labor force account for the entire 100% gap in real income per capita?

In addition, the Israeli economy in its first 25 years since independence grew faster than its Western peers as predicted by convergence theory. In fact, during this period, Israel succeeded in decreasing the gap in real income per capita significantly from approximately 25% of US income per capita to over 50% by the early 1970s. Since then, we stagnated in real income per capita compared with the US, except for a

short period after implementing two economic recovery plans.

The first such plan was in 1985 when the government went bankrupt and had to implement a new economic policy prepared by the famous American economist Prof. Herbert Stein. The second was in 2003 when the government again went bankrupt and had to implement a new economic policy prepared by myself.

The two plans shared a lot in common. First, they cut subsidies and tax exemptions of large corporations and invested in tax cuts for consumers and workers. Second, they increased the interest rates. Third, they cut public expenditure. Fourth, they liberalized the economy by reducing regulation and opening it to foreign competition. Fifth, both plans succeeded at increasing growth and after a few years reached over 60% of the US real income per capita. But within less than ten years after the first plan and only five years after the second one, the government changed its economic policy back to old habits. Both times Israel dropped back in relative income per capita to the level of the early 1970s, or 50% of the US income per capita in real terms.

The two successful recovery plans justified the well-known claim in the literature that 90% of the differences between countries (considering their position at the convergence graph) is caused by differences in the quality of their economic policy. So, what exactly should Israel do?

For many years, Israel has pursued a policy of protecting large corporations and many dozens of local monopolies, while keeping a very large and inefficient public sector that enjoys higher wages than the private sector. It seems that the large corporations and local banks have joined with the public sector in order to maintain Israel as the country with some of the hardest workers, lowest wages, highest taxes, and highest consumer prices in the West.

Israel needs significant tax reform that cancels many of the tax exemptions that go mostly to large corporations. The major Western countries

are going in the same direction although their large corporations receive fewer tax exemptions to begin with. Israel must balance its monetary policy, which is the main driver behind the unprecedented increase in real estate in Israel. Since the 1990s the average cost of purchasing an apartment in Israel went from 70 average annual salaries to over 150, making the lives of its young couples unbearable with no real chance to buy a home without subjecting themselves to lifelong mortgages. Israel must liberalize its economy and break its almost 100 monopolies. The country has one of the most advanced antitrust legal regimes, but the laws are not implemented by the governments. Israel must make significant cuts in public spending, especially on public sector wages and pensions. Israel must be much more efficient in its infrastructure projects. There is too much emphasis on inefficient government companies and not on private infrastructure companies. Finally, Israel must fight corruption, which is spread all over its economic policy. Too many vested interests weigh in on the government's economic policy while most of its high-ranking officials turn their eyes away and after their terms in office join the large corporations and monopolies for which they were responsible over during their public service. It should be mentioned that in 1995, Transparency

For many years, Israel has pursued a policy of protecting large corporations and monopolies, while keeping a public sector that enjoys higher wages than the private sector.



The headquarters of the Bank of Israel, in Kiryat Ben-Gurion in Jerusalem. Photo credit: Ahmad Gharabli / AFP

International (IT) first published an international index of corruption in which Israel was ranked the 14th least corrupt country. By 2020, Israel's ranking fell to 35, one of the worst among Western countries. Israel will not make any significant and persistent progress to converge with Western income per capita without making significant progress in tackling corruption.

Indeed, Israel enjoys the largest high-tech sector in the world (relative to its economy), and one of the most educated and the hardest working labor forces in the West. Moreover, Israel has succeeded to reduce its defense spending to its lowest level ever and enjoys an optimal level of population, over 9 million people (the optimal for growth is 6–12 million people).

In 1986 Prof. Stein drafted the famous Herbert Stein law: "If something cannot go

on forever, it will stop." I truly believe in the Herbert Stein law and in applying it to Israel's economic status quo, I am certain the future is bright. My only concern is how many more years will we continue to waste? Is it not a shame that Israel continues to waste most of its economic potential when it has this present opportunity to leapfrog ahead? *

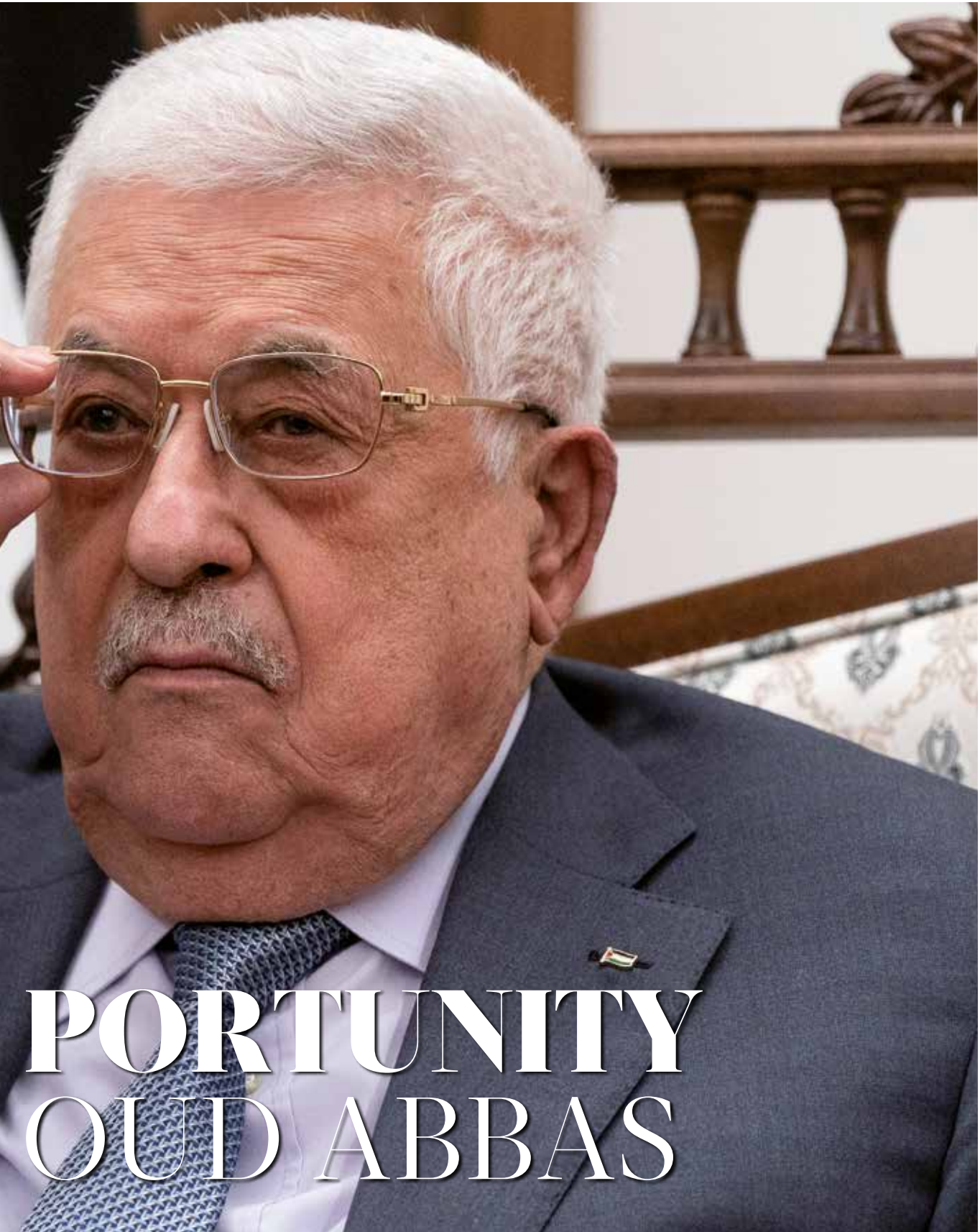
— YARON ZELEKHA

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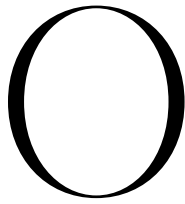
Mahmoud Abbas,
president of the
Palestinian Authority.
Photo credit: Reuters



PORTUNITY LOST ABBAS



by Ksenia Svetlova



On July 15, 2022, Mahmoud Abbas, president of the Palestinian Authority, was standing shoulder to shoulder with US President Joe Biden in Bethlehem. It was hard to hide the disappointment on Abbas's face. Since the Oslo Peace Accords of 1993 he has met five US presidents. The first two—Bill Clinton and George W. Bush—were eager to engage in Palestinian–Israeli negotiations, but the last three presidents—Obama, Trump, and now Biden—showed moderate to low interest in the Palestinian plight, as other critical matters drew away their attention.

If there were any high hopes back in early 2021 when Biden became the US president, not many are left now. Biden brought with him some funding for Palestinian hospitals in East Jerusalem and some practical steps important for the daily life of Palestinians, such as the upgrading of the cellular networks, longer working hours of the border crossing at Allenby Bridge, and Palestinian family unification in the West Bank. Biden's political statements on Palestinian statehood, however, have been rather limited in scope, although they have repeated the trope of “two states based on the 1967 lines.” The US Consulate General in East Jerusalem remains closed as does the PLO office in Washington. After more than six decades of fighting and negotiating with Israel, this was a disappointment.

Throughout a lengthy political career that started with co-founding Fatah (the Palestinian National Liberation Movement) in 1959, Mahmoud Abbas experienced endless ups and

downs. Together with Arafat, he switched from armed struggle to negotiations and coexistence. Unlike Arafat, he more wholeheartedly chose the latter, and back in 2002, he offered the sad insight that the Palestinians have defeated themselves through “militarization of the uprising” (*askarat al-intifada*). He was praised by the international community and by Israeli leaders as being “moderate and pragmatic,” invited to lead the Palestinian side in rounds of talks in 2007, 2010, and 2013–2014 but then was slammed as a “terrorist supporter” by the Netanyahu-led government in 2015. He was finally castigated by many Palestinians as a corrupt and incompetent leader who serves the occupation by providing for security cooperation with Israeli authorities. Did Palestinians and Israelis ever have a real chance with Abbas, one of the “founding fathers” of the Oslo Accords, at the helm? And if so, why was this chance lost? How will Abbas (also known as Abu Mazen or father of Mazen, after the name of his eldest son) be remembered, and who might succeed him as the head (or heads) of the Palestinian Authority?

A PALESTINIAN REFUGEE, A QATARI STUDENT, A SOVIET PHD

Mahmoud Abbas was born in 1935 in the city of Safed in the Galilee. In 1948 his family joined hundreds of thousands of Palestinians who became refugees due to the war in Palestine. The family settled in Damascus, where he was admitted to university and graduated with a bachelor's degree in law. In the late fifties he left for Qatar, where he became an official in the Ministry of Education and recruited teachers in the West Bank and Gaza to work in the Qatari education system. Had he not met a young civil engineer whose name was Mohammed Abdel



US President Biden meets Abbas in the West Bank, July 2022. Photo credit: Reuters

Rahman Abdel Raouf al-Qudwa al-Husseini—i.e., Yasser Arafat—who at the time was living and working in Kuwait, Abbas might have continued his educational work in Qatar instead of becoming a senior Palestinian politician. The two men grew close, and soon Abbas became Arafat’s right hand man.

In the 1970s Mahmoud Abbas became responsible for the financial affairs of the Palestinian Liberation Organization. In Israel there is a dispute as to whether he was a secret partner in the actions of the Black September group, which, among other atrocities, carried out the massacre of the Israeli athletes at the Munich Olympics in 1972. This is what Abu Daoud (Mohammed Daoud Odeh), one of the heads of Black September, claimed in his autobiography. Abbas has always denied his involvement.

In the late 1970s, Abbas was appointed PLO representative in Moscow, where he completed a doctorate at the Institute of Oriental Studies under the guidance of the head of the institute, Yevgeny Primakov, a close associate of the Communist Party Secretary General Leonid

Brezhnev. The title of his doctoral thesis was “The connections between Zionism and Nazism between the years 1933–1945.” It stated that the two movements not only cooperated with each other during World War II but also had some common elements.

In 2001 when I was working at MEMRI (Middle East Media Research Institute), I went to Moscow to locate this work. After a quick search I found it in the archive of the Institute of Oriental Studies. The thesis was written in Russian, and every second sentence in it was some quote of Lenin. It was very much in line with the then official Soviet antisemitic claim that castigated Zionism as a “colonial vestige,” rather than as a genuine movement, and described it as a menace to the “indigenous Palestinian nation.” In 1984 Abbas’s book, based on his PhD, was published in Arabic in Syria, but it was very different in content and included denying the Holocaust. However, in his many TV appearances and interviews, including with me, he said that he never denied the Holocaust and believed that it was a heinous crime.



Abbas in 1993 with Yasser Arafat, UN Secretary General Boutros Boutros Ghali and PLO spokeswoman Hanan Ashrawi. Photo credit: Reuters

Indeed, what else did Abbas do while he was in Moscow? According to documents revealed by Vasili Mitrokhin, a former KGB man who defected to the West, Abbas's name appeared on the list of KGB agents in Syria under the nickname "Krotov" (meaning "the mole"). The Palestinian Authority rejected this report in every way. Muhammed al-Madani, who is responsible for the Committee for Interaction with the Israeli Public, claimed that the ties between the Palestinians and the Soviet Union had always been close, and that there was no logic in this claim because Abbas was openly the head of Palestinian–Russian Friendship Association and never tried to hide this fact.

GREAT EXPECTATIONS

Mahmoud Abbas was always considered to be a moderate among senior PLO officials, in regard to the use of violence and the prospect of negotiations with Israel. Already in 1977, he

declared that he was not opposed to contacts with Israel and to peaceful resolution of the conflict, breaking away from the official PLO line that insisted on Israel's annihilation.

Fifteen years later, Abbas became a top negotiator in the later stages of the Oslo Accords (initially led by his perennial rival in the leadership ranks, Ahmed Qurei, known as Abu Alaa) and co-authored with Yossi Beilin the secretive "Beilin–Abu Mazen" document. During all this time, Abbas consistently rejected the use of violence as part of the struggle against Israel. He believed that by resorting to violence Palestinians were only harming their own chances, and that violence would not lead to a breakthrough. Later, he even hinted, during a televised interview on Israel's Channel 12, that he would not demand his right to his parents' house in Safed. His words were interpreted by his many critics in the Palestinian leadership and in refugee camps across the Middle East as a



Abbas with US President George W. Bush. Photo credit: Reuters

readiness to give up the “right of return”—one of the Palestinians’ most hallowed slogans.

On February 11, 2005, I stood in the pouring rain in the Muqata’a—a government compound—in Ramallah, covering, as a journalist, the inauguration ceremony of a new Palestinian president. An eternal number two, he suddenly became number one. The world, especially the Israelis and the Palestinians, expected a miracle; after the hellish years of the Second Intifada, Abbas was supposed to stop the violence and dismantle Palestinian armed groups. He was expected to revive what was left of the Palestinian economy, promote peace agreements with Israel, and protect Palestinian interests at the same time. In 2002 President George W. Bush had called for a “new and different” Palestinian leadership; Abbas

was expected to fulfill this vision. Palestinians, meanwhile, wanted him to express a willingness to make major concessions for the sake of peace but to not give up on the fundamental issues, such as the right of return.

In just a few months after Abbas’s inauguration as president, Israeli Prime Minister Ariel Sharon accomplished the unilateral disengagement from the Gaza Strip. It was a necessary, yet extremely controversial move that almost tore Israeli society apart and was presented by Hamas leaders in Gaza as a victory. Hamas’s military parades and flags that colored Gaza in green that summer were a prelude to their landslide victory during the parliamentary elections in January 2006. Abbas, a pragmatic leader who wanted to avert violence, focus on reviving the Palestinian economy and

on resuming negotiations, now had to rule over the Palestinian Authority with a Palestinian parliament dominated by a party that demanded Israel's destruction.

The parliamentary elections in 2006 were observed by international monitors and described as “clean and transparent” but had brought about an unexpected and grim result. Fifteen months later, after an unsuccessful attempt to handle a unity government, Abbas decided to fire his prime minister, Hamas leader Ismael Haniya. Soon Hamas fighters were busy shooting Fatah activists in their kneecaps and taking over government buildings and crossings in Gaza. Since 2006 Abbas has not set foot in Gaza. From that very moment, his authority was undermined and compromised in the eyes of both Israelis and Palestinians. The loss of Gaza in 2006 also provided the Israeli political establishment with a question still posed to its voters: Why should Israel negotiate with a leader who is unable to exercise authority over his own people?

BETWEEN CHRONIC WEAKNESS AND ABSOLUTE POWER

Despite the loss of Gaza, Abbas had successfully fulfilled the delicate and tricky task of dismantling the Al-Aqsa Martyrs' Brigade—the military wing of Fatah—and by 2007 his team was back at the negotiation table. At the other side of the table was ex-Likud and then Kadima Party leader, Ehud Olmert. Some dramatic progress was made in narrowing the gaps; however, there was ultimately no breakthrough to boast about, and each side was wary of making significant decisions at a time of political uncertainty.

It is widely believed that Abbas had disappointed Olmert by his constant refusals and denials. No one knows, however, what the outcome of these negotiations would have been had Olmert not been under a legal cloud (he soon resigned and was tried and found guilty on counts of graft). Could Abbas have accepted and signed—on behalf of all Palestinians in the Palestinian Authority and the Palestinian diaspora—an agreement that would terminate the conflict and establish a Palestinian state, giving up the right of return and claims of sovereignty over the Al-Aqsa Mosque in

Jerusalem, if he knew that Olmert would still be prime minister? Was Olmert's offer, described by US Secretary of State Condoleezza Rice as “amazing” really appealing to the Palestinians? Rice mentioned at the time that “Rabin had been killed for offering far less,” but perhaps it was Abbas who was worried that he would be killed for accepting an offer that in the eyes of many Palestinians was still far from sufficient.

After Olmert left office, the negotiations stalled. Abbas tried fighting Israel in the UN and other international institutions—unsuccessfully. The lack of progress on the negotiations track, the divide between Gaza and West Bank, the Arab Spring, and the tremendous changes in intraregional relations, as well as growing authoritarianism in the Palestinian Authority, turned Abbas into an isolated, helpless leader, who exercises what is left of his power to prevent any reform and change in the West Bank. He had been weakened by 12 years of Netanyahu's rule, when even the simplest steps, such as enlarging a certain residential quarter in Qalqilya or extending the working hours of some border crossing were impossible. And yet nothing can justify the vast corruption and nepotism that became a distinctive feature of the Palestinian Authority.

The bid to have elections by May 2021, the first in 15 years, was followed by the decision to postpone them indefinitely and resort to political repression. It was the last straw. The Palestinian street wants elections, political unity, and a firm position vis-à-vis Israel. In Abbas, who is keen to stick to the status quo, they see nothing other than weakness.

THE DAY AFTER ABBAS

For the last 17 years the Palestinian Authority, a ruling body that was meant to exist only for a few years and to serve a bridge to Palestinian statehood, has been led by Abbas. His own people currently see him as an ailing autocratic leader who did not promote their dream of independence, did not curb Israeli settlement activity, and did not succeed in economic development; in practice, he became “an official who serves Israel.” In contrast, the Israelis blame him for not being bold and daring enough to stop the incitement and payments for terrorists and for not offering enough of



Abbas and Ehud Olmert in Jerusalem, 2008. Photo credit: Reuters

a compromise. Many have forgotten that he dismantled the Al-Aqsa Martyrs' Brigade and essentially stopped the violent Second Intifada, that he always advocated for nonviolence, and that during the 17 years of his rule, the West Bank did not pose a military threat to Israel.

Although no peace was achieved, no war or intifada erupted either. Is it enough of an achievement for a leader of a political entity that was never free to make his own choices? Time will tell. Just like former president Hosni Mubarak in Egypt, Mahmoud Abbas has tried not to rock the boat too much. Just like Mubarak, he and his immediate environment are steeped in corruption and have become oblivious to the plight of the Palestinian people. After Abbas, some kind of a violent shake-up in the West Bank is seemingly inevitable. Just like other Arab leaders of his age, Abbas has not prepared an heir. He has meticulously destroyed and banned any cadre around him that seemed intelligent and ambitious. The battle for legacy and spheres of influence might be brutal and dangerous. Palestinian society will have to make

some painful choices, and the Israelis will be faced with a new, post-Abbas reality.

When a brutal war is raging in Ukraine and the danger of famine is hanging over dozens of countries in Africa and the Middle East, it's natural that the world is not focused on Israeli-Palestinian affairs. The only two parties that have to make sure that the nonviolent legacy of Abbas is not lost are the Palestinians and Israelis. They will have to work hard to prevent a violent outburst, to maintain the conditions that will still allow for a two-state reality, and to try to work out a solution. The last was, unfortunately, not accomplished during Abbas's era. *

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74% of the Palestinians want him to resign. President Mahmoud Abbas in Ramallah, March 2022. Photo credit: Reuters





THE PALESTINIAN AUTHORITY: ON A JOURNEY TO NOWHERE



by Kobi Michael, Ori Wertman

Nearly three decades after its establishment, the Palestinian Authority (PA) has failed to fulfill its historic national goal as a platform for the full implementation of Palestinian independence and the establishment of a viable state “with Jerusalem as its capital.” Despite the flickers of hope for reform, especially during Salam Fayyad’s tenure as prime minister, the PA is advancing nowhere; it offers no prospect of real change in the political, economic, or social situation. Israel, meanwhile, for lack of a better alternative and owing to political imperatives of its own, is locked into conflict management mode with no fresh political thinking to help break the stasis in relations. Thus, the PA in its present form is grounded in its failed function, increasingly loses the remnants of the legitimacy in the eyes of the Palestinian public and fails the test of controlling its destiny.

There are indications—not least in opinion polls and in the latest elections in the Birzeit University student body, as detailed below—that Hamas is effectively positioned as a political alternative. True, Hamas is not part of the Palestine Liberation Organization (PLO); although the official definitions and powers of the PLO as the sole representative of the Palestinian people have not yet changed since its inception and over the years, the PA has pushed the PLO, in effect, out of the center of national activity and has become the most prominent political factor in the Palestinian system. Thus, as senior PLO officials have joined the PA leadership—in fact, the PLO chairman is also the PA president—the

center of gravity of the Palestinian people has clearly shifted to the PA territories, making the Fatah–Hamas rivalry (or alternatively, disintegration along sub-regional lines) potentially central to the Palestinian future.

This situation has made the role of the Palestinian diaspora marginal and has even removed its ability to influence agenda in the PA territories. In fact, the clear expectation of realizing independence and establishing a state lay at the door of the PA, and not of the PLO. The manifest weakness of Mahmud Abbas’s leadership—and the PA’s failures in the field of governance—thus pose for Israel, and the world, a poor but inevitable choice between sub-optimal conflict management, the alternative of localized centers of power, or the dangerous rise to dominance of more radical elements.

Although the verdict on the PA’s failure to fulfill its mission is clear and decisive, the question still arises as to why this has happened. Of course, circumstances external to the PA’s own conduct—including the inability of Israel to determine the possible outlines of a permanent status agreement—cannot be overlooked. Nevertheless, it can be asserted, based on the evidence of the last 28 years, that the basic drivers for this failure and the reasons why it cannot easily be undone can be found in the PA’s own conduct.

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Chose to use the “divide and rule” method.

PLO chairman Yasser Arafat in the Gaza Strip, 1994. Photo credit: Reuters

Five main reasons, or rather, one cardinal reason and four auxiliary ones, can be adduced as an explanation (and as indicators of the difficulties that lie ahead). The main cause of failure, which can be presented as having inevitably caused the other four, can be identified in the failure of the Palestinian leadership—first of Yasser Arafat and then Mahmoud Abbas, each in his own distinctly different way—to carry out the necessary transition from a revolutionary movement, a national liberation organization that was also characterized by many as a terrorist organization, to a real and painstaking process of state-building. This would have required a change in the aspects of consciousness, organization, and political behavior, which did not come about; the political conduct of the PA and the Palestinian leadership in the

institutional, economic, and social dimensions did not significantly change from the days of exile in Tunisia. These dimensions, in turn, feed:

1. The deep domestic split between Fatah and Hamas, with the latter using the PA's weakness to present a political alternative;

2. The growing political distance between the Gaza Strip and the West Bank and increasingly also the loss of central control in parts of the West Bank;

3. The lack of agreed-upon social and political mechanisms for managing disagreements, as the result of which the PA's public legitimacy is further eroded;

4. Under the circumstances, Abbas finds it difficult to assert authority, and voices for the leader's resignation are increasing.

Thus, Fatah, as the hegemonic movement, is losing its grip and public support as Hamas

strengthens at its expense. Public frustration is growing and translating into protest and even violence and the loss of the PA's monopoly on organized violence, thus shortening its path to a semi-dysfunctional existence paradoxically kept alive by Israeli interventions on the ground.

It should be borne in mind that the PLO, self-defined as a revolutionary movement and a national liberation organization (“heir to the Vietnamese in their prime”), began its path in total opposition to the very existence of the State of Israel and advocated the armed struggle for the liberation of the Palestinian homeland, especially as reflected by the declaration of Palestinian independence in November 1988. Over time, the organization moderated its positions, and, in signing the Declaration of Principle in September 1993, the PLO agreed to establish a Palestinian state alongside the State of Israel—based on the 1967 borders—while keeping open other demands. However, despite the changes in the organization's positions, the signing of the Oslo Accords and the establishment of the PA, Arafat continued to act as head of the PLO and to his last day rarely acted as a head of state. His conduct was always characterized by a duality of statesmanship and striving for an agreement, alongside cultivating an ethos of resistance and liberating the entire homeland.

More than 17 years after his passing, the message implicit in Arafat's actions back then still feeds expectations about the temporality of the agreements, marking them as mere tools and a prelude to the establishment of a Palestinian state from the river to the sea. Attempts to posthumously reform the management of the PA's daily routine, which was not at all conducted like a state-in-being, repeatedly failed. Although national institutions and government ministries were established, a state bureaucracy developed and services were provided to the citizens, Arafat made sure to keep all centers of power in his hands; in this problematic respect, Abu Mazen has retained his legacy.

It should be said that while Arafat chose to tilt intelligence and security organizations against each other—using “divide and rule” methods—to prevent any organization or person from gaining too much power, Abu Mazen has

allowed for the creation of a more centralized command structure under Majid Faraj. But neither he nor Fayyad as prime minister could undo the impact of the PLO's corruption and nepotism imported into the PA.

As for the use of violence, there is a distinction but not necessarily a difference. Faced with failure to develop the economy and build civil society, Arafat ended his last years under siege in the Muqata in Ramallah, in the midst of a Palestinian terror war against Israel. Even if there are those who claim that Arafat did not initiate the Second Intifada, there is no denying that he did not prevent it, that he rode on the back of the tiger, and later even fed the tiger through the armed Tanzim (the forces loyal to Fatah), which he had nurtured over the years. As even the security forces were drawn into the fighting, the PA and Palestinian society came to the edge of the abyss of oblivion. Mahmud Abbas did warn against this outcome (in an essay in 2002, called “Huzimna,” translating as “we have been defeated” [implicitly, by our own folly]). Although Abbas did avoid a similar descent into all-out conflict, he never fully disowned the “martyrs,” and the ambiguity continues to undermine prospects for resumed diplomatic progress (as does also the shift in Israeli opinion, another legacy of this bitter period between 2000 and 2005).

One specific result of this conduct and of the lack of Palestinian governance weakened the Palestinian position even further. During his years as PA chairman, Arafat managed to

The Palestinian Authority opted for a strategy of internationalizing the conflict, assuming that it could mobilize the international community to force Israel to establish a Palestinian state.

preserve (to some extent) the Palestinian veto power against the normalization of relations between Israel and the Arab states until the conflict was resolved as he would see fit. But even in Arafat's era, Arab leaders increasingly grew tired of being held—in their own eyes—hostages to the Palestinian cause, when relations with Israel could serve important national interests. Consequently, following the signing of the Abraham Accords in September 2020, the Palestinian leadership found itself on the margins of the relevant Arab spectrum.

Thus bereft of one of its more potent strategic assets and increasingly shorn of its legitimacy due to failures of governance, the PA leadership could have opted for a more cooperative course toward Israel: but here is the grip of a maximalist ideology, characterized by a demand for absolute justice in the form of exercising the right of return and establishing a Palestinian capital in East Jerusalem while denying the Jewish heritage in Jerusalem and the legitimacy of any Israeli historical, religious, and national claims. This was translated into reluctant and stubborn conduct and the rejection of all policy initiatives, including Prime Minister Olmert's proposal to Abu Mazen in September 2008.

Following the rise of Benjamin Netanyahu as prime minister in 2009, the Palestinian leadership eventually decided to abandon direct negotiations with Israel. Alternatively, the PA opted for a strategy of internationalizing the conflict, assuming that it could mobilize the international community to force Israel to establish a Palestinian state without the Palestinian side having to pay the price of mutual national recognition and of having to acknowledge Israeli security needs. Recourse to the International Criminal Court and the International Court of Justice in The Hague, as well as the UN General Assembly's decision to recognize Palestine as a non-member state, came to replace the need for a practical compromise with Israel in the eyes of Abbas and Ereikat. Furthermore, President Obama's decision in December 2016 to allow UNSCR 2334 to pass without a US veto may have also fed these expectations; however, his critical attitude toward Israeli policies faded

with President Trump's entry into the White House. Thus, the failure of the Palestinian leadership to understand the new mindset of the US and of much of the Arab world led to a complete severance of dialogue with the Trump administration.

The PA was unable to reverse the decision to move the American embassy to Jerusalem. American support for the PA and for UNRWA was drastically cut. The Abraham Accords further signaled the loss of Palestinian influence over regional affairs. These were the PA's difficult hours, which became even more difficult due to the severe rivalry with Hamas. In turn, this fed—and was further exacerbated by—a dangerous acceleration of the PA and its leadership's eroding public legitimacy, to the point of the public's widespread demand for Abu Mazen's resignation.

A poll in December 2021 conducted by the Palestinian Center for Policy and Survey Research led by Prof. Khalil Shikaki illustrates this point well. A majority of 71% of the Palestinian public stated they were dissatisfied with PA Chairman Abu Mazen's performance, and 74% want him to resign. The poll also indicates that had elections been held for the presidency of the PA, Hamas candidate Ismail Haniyeh would have defeated Abu Mazen by 58% to 35%, respectively, and in the Palestinian parliamentary elections Hamas would have won a majority against Fatah, by 38% to 35% respectively.

Another alarming indication is the results of the last student union elections at Birzeit University held in May 2022 where Hamas won handily. This result is perceived as meaningful at the national level and demonstrates the popularity of Hamas as well as the sense of disappointment with Fatah and the Fatah-led PA. The results shocked Fatah leaders: Some Fatah branches and offices closed their doors, and local leaders spoke about the need to reconsider the political options. Many consider the Hamas achievement at Birzeit as a turning point.

Meanwhile, Hamas has demonstrated its competence since May 2021, by openly seeking to establish a deterrent equation vis-à-vis Israel by including East Jerusalem, the West Bank, and the Arab citizens of Israel in its new rules of the

game, in addition to the Gaza Strip itself. Indeed, Hamas has positioned itself as the defender of Jerusalem and as a valid alternative to Fatah in leading the PA. With the latter, rather than the PLO (to which Hamas does not belong) in the leading role determining the future of the Palestinian people, the Hamas leadership in Gaza has become the center of gravity of the Palestinian system.

Hamas's rising popularity, which has crossed Gaza's borders and reached the West Bank and the streets of Israeli Arab towns, is being used to sustain the pressure on both Israel and the PA, without descending into another all-out round of fighting in Gaza itself. Hamas is using the current terror campaign facing Israel since March 2022 to advance its strategic position in the Palestinian arena. Hamas leverages the sensitivity of Haram al-Sharif (the Temple Mount compound), improves its organizational capacities among the Palestinian Jerusalemites, and has demonstrated impressive capabilities in setting the national and regional agenda. It has derailed some of Israel's diplomatic achievements and destabilized the entire system by using Jerusalem in a well-organized cognitive campaign as a generator for recruiting and motivating the masses.

All this locks the PA itself ever deeper into the conceptual failure, which has stemmed from misidentifying global and regional trends. This was demonstrated recently when Jibril Rajoub—a key Fatah figure—paid a visit to Damascus seeking President Assad's support. Meanwhile, Hamas leaders—with a nod to Iran—have expressed support for the Houthis in Yemen. This conduct is a slap in the face of Arab leaders belonging to the pragmatic Sunni camp, which they perceive as an act of treason that undermines any progress in their relations with both the PA or its alternatives.

The PA, which failed to read the global and regional map and continued to adhere to the internationalization strategy while deepening the rift and disconnect with Israel and the US, has also failed to change its ways regarding the other reasons that have led to its failure. As a result, the Palestinian economy has continued to falter and its dependence on the Israeli economy is still complete; civil society

has remained paralyzed and persecuted; and state institutions continue to be characterized largely by dysfunction saturated with corruption and nepotism. In fact, when Palestinian Prime Minister Salam Fayyad tried to end the Palestinian dependence on Israel, working to strengthen the institutional foundations of the PA during his tenure in 2007–2013, he was eventually ousted by Abu Mazen and the veteran Palestinian leadership.

The recent moves of the PLO Chairman and PA President Abu Mazen, such as postponing the elections that were supposed to take place in May 2021, his decision to appoint the PLO Minister of Civil Affairs Hussein al-Sheikh as the PLO head of negotiations with Israel, and his unwillingness to comply with the demands of the PFLP (Popular Front for the Liberation of Palestine) and the DFLP (Democratic Front for the Liberation of Palestine) regarding the conditions for convening the Palestinian National Council of the PLO further deepen the paralysis in the Palestinian system. The recent reconciliation moves in Algeria have also raised eyebrows, as the rift with Hamas has not been healed but rather has widened.

Abu Mazen's willingness to hold meetings with Israeli Defense Minister Benny Gantz, as well as approve meetings of senior PA leaders with other Israeli ministers, does not basically change the PA's gloomy outlook. In practice, these attempts are perceived as an attempt by Abu Mazen to cling to the horns of the altar and ensure his survival with Israeli assistance: in effect, opting—as does Israel—for conflict management. Not surprisingly, Abu Mazen's moves are depicted by Hamas and his political rivals, as well as by many in the Palestinian public, as despicable cooperation with the occupier further feed Hamas's efforts to leverage the Jerusalem question as a tool of delegitimizing such "collaboration."

All this lends gravity to the fact that Abu Mazen has failed to establish agreed-upon mechanisms for the day after his departure. A bitter rivalry between Fatah officials who see themselves as worthy to step into his shoes therefore promises a difficult and probably violent struggle for succession, further exacerbating tensions with both Hamas and



The Palestinian leadership found itself on the margins of the relevant Arab spectrum.
The Abraham Accords signing ceremony in Washington. Photo credit: Gripas Yuri/ABACA via Reuters Connect

Israel. In fact, Abu Mazen’s departure from the Palestinian arena voluntarily or out of necessity, under natural circumstances, is no longer very far away, but there is no reason or hope for a real change of direction. The destination—nowhere, toward collapse or at best fragile conflict management—has long been marked, and the PA is walking toward it with its eyes closed. We will not be able to determine with certainty what the fate of the PA will be when it gets there: whether it collapses into the arms of Israel; whether it continues to exist and operate as it has since its inception, having a complex interaction with the Israeli military and intelligence services; or whether the West Bank will disintegrate into small and autonomous entities.

In any case, the historic failure of the PA and its leadership has become a painful paradox for the Palestinian people. In fact, the PA, which was established as a platform for the realization of independence and the establishment of a Palestinian state, has over the years become a platform that keeps the Palestinian people in limbo. The price is, of course, paid first and foremost by the Palestinian people. But the PA’s slide to nowhere can lead to sudden and disruptive “non-linear” developments—which may take a toll on Israel and its neighbors—and this will also affect regional security and stability.

Hence, Israel—which now counts, for the purposes of conflict management, mainly on the (somewhat improved) Palestinian security forces under Majed Faraj and on the existing pattern of security cooperation—must calculate its steps wisely and plan ahead for all eventualities. Israeli leaders must bear in mind that they may have very limited impact on the coming succession struggle, and if any player comes to being perceived as having been backed by Israel (say, if Marwan Barghouti would be released from jail so he can contend), that player would become all the more motivated to prove in action that he is no stooge. In terms of both intelligence collection and analysis, as well as operational capability, Israel needs to be ready to act in a timely manner in such a way as to minimize the potential for harm. *

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THE SIGNIFICANT SUMMIT—THE

US President Joe Biden and Israeli Prime Minister Yair Lapid attend the first virtual meeting of the I2U2 summit. Photo credit: Reuters



CE OF THE I2U2 NEW QUAD

BY DOV S. ZAKHEIM

President Joe Biden's July 2022 Middle East trip received mixed reviews. The White House apparently had hoped that the president's visit would prompt the Saudi Kingdom to take some steps toward normalizing relations with Israel, given the tremendous success of the Abraham Accords. Riyadh would go no further than to open its airspace to all countries, including—but not only—Israel.

In contrast, Biden's stop in Israel, his tenth to the Jewish state, was a love fest. Biden pronounced himself a Zionist and affirmed the importance of the US–Israel relationship. Equally if not of greater significance was Biden's participation in what has been termed the I2U2 summit. The other participants of this hybrid virtual and in-person meeting were Israel's Prime Minister Yair Lapid, India's Prime Minister Narendra Modi and the UAE's President Sheikh Mohammed bin Zayed, the latter two attending virtually. The foreign ministers of the four countries had already met in preparation for the leaders' talks.

The I2U2 summit sealed the importance that the four countries, Israel, India, the US, and the UAE, attach to their burgeoning four-way relationship. Beyond the symbolism was a practical outcome: The summit focused on high-tech cooperation in fields such as clean energy and food security and confirmed Israel's role as a major high-tech power. Underlying this new quad are the growing commercial trade ties and military technology cooperation between these four countries, which have accelerated in the two years since the signing of the Abraham

Accords. The following is a tour of the relations between these four countries and their political, military, and trade ties, which have moved from sub-rosa to publicly visible landmarks.

INDIA AND ISRAEL: A HISTORY OF A WARMING PARTNERSHIP

The I2 portion of I2U2 is an extension of three decades of gradually expanding ties between Israel and India, with India's full diplomatic recognition of Israel only occurring in 1992.

In 1947 India cast its vote in the United Nations against the creation of a Jewish state. When Israel came into being in 1948, Indian Prime Minister Jawarhalal Nehru initially hesitated to recognize the newly independent state. Indeed, in 1949, India voted against Israel's admission in the UN. Nehru finally came to terms with reality and India formally recognized the state in September 1950. Shortly thereafter, the Jewish Agency opened an immigration office in Bombay (now Mumbai), and Israel subsequently opened a consulate-general in the city.

Nevertheless, Nehru remained sensitive to the strong anti-Israel sentiment of his country's Muslims. Numbering well over 100 million, India's Muslim community was the world's third largest. Accordingly, Nehru steadfastly refused to maintain full diplomatic relations with Israel. His successors sustained his policy, although they increasingly countenanced trade between the two countries.

However, the two countries had maintained clandestine military relations since the early 1960s while Nehru was still in power, much as Israel has done—and in some cases continues to do—with several Arab states. In particular, Israel provided India with weapons in its war with China in 1962. As the hostilities progressed, Israel's Prime Minister David Ben-Gurion



The I2U2 summit sealed the importance that the four countries attach to their burgeoning four-way relationship. Photo credit: EYEPRESS via Reuters Connect

wrote to Nehru that India had Israel’s fullest “sympathy and understanding,” and Nehru wrote back that “we are grateful for your concern for the serious situation that we face today in our border regions.” As General Ved Prakash Malik, former chief of staff of the Indian Army recalled years later, “Israel had helped us with 81 mm and 120 mm mortars and pack howitzer artillery guns with ammunition desperately required by us.” In its 1965 war with Pakistan, when India was led by Nehru’s successor, Lal Bahadur Shastri, New Delhi once again turned to Israel for military support, which Israel again provided.

In 1971 Israel again came to the aid of India, as it prepared for yet another war with Pakistan. Nehru’s daughter, Prime Minister Indira Gandhi, reached out to Israel through India’s external intelligence agency, and Prime Minister Golda Meir quickly responded favorably. Operating under the cover of a third country, Israel airlifted arms and trainers to India as well as to the Mukti Bahini, the guerrilla force that helped drive out the Pakistani forces from what became

the independent Republic of Bangladesh. The Indian military then began to take considerable interest in Israel’s military technology.

Israel’s support for India in 1971 was doubly ironic. The US had chosen, in Secretary of State Henry Kissinger’s words, to “tilt toward Pakistan” (which served as a secret channel to its opening toward China). The US sent an aircraft carrier task force to deter India from attacking Pakistan and secretly armed the Pakistanis. Thus, despite warming ties between Washington and Jerusalem, the two future allies found themselves arming and supporting the opposing sides in a major conflict.

Equally ironic was that, despite Israeli military support for New Delhi, India not only refused to have full diplomatic relations with Israel, but it also became a vocal supporter of the Palestinian cause. India was the first non-Arab country to recognize the Palestine Liberation Organization as “the sole legitimate representative of the Palestinian people.” In 1975, India permitted the PLO to establish an office in New Delhi and opened full diplomatic relations with the PLO five years later.



Among Israel's most important weapons deliveries to India.
 Heron unmanned aerial vehicle (UAV). Photo credit: Reuters

It should be noted that the Indian leadership harbored no ill will toward Jews per se, nor did it restrict Jewish rights, as was the case in many Arab countries. On the contrary, Jews continued to flourish in India. Indeed, one of the heroes of the 1971 war with Pakistan was then Major General (later Lieutenant General) Jack Jacob, a leader of the Indian Jewish community, who went on to serve as governor of Goa.

It was Prime Minister Narasimha Rao who finally forged full diplomatic relations with Israel in 1992. Rao was an economic reformer and a champion of free enterprise who expanded trade relations and began dismantling India's hidebound socialist system of his predecessors. Trade, and especially Israeli military sales to India, began to skyrocket. In 1992 the level of Israeli-Indian trade stood at only \$200 million. By 2012 trade between the two countries had reached \$5.19 billion; by 2022 it had grown by over 50% more, to \$7.86 billion, and this figure

excluded Israel's military sales to India, which accounted for approximately an additional \$1.5 billion.

While it is clear that the two-way trade constitutes far more than arms transfers, it is the cooperation in armaments, including military research and development, that has attracted the most international attention. In 1996 India acquired Israeli Air Combat Maneuvering Instrumentation, critical for combat-pilot training, and installed it at its Jamnagar air base. That year New Delhi also agreed to a \$10 million purchase of two Israeli Dvora MK-II patrol boats for the Indian Navy. Israeli firms like Tadiran have played an important role in providing electronics and communications systems to India. Another Israeli defense firm, Soltam, which had a senior executive who had been a critical go-between when Israel had supplied arms to India in 1971, contracted with the Indian Army for the sale of 155 mm self-propelled guns.



India's Prime Minister Modi and Israel's Prime Minister Netanyahu during a signing of agreements ceremony in New Delhi, January 2018. Photo credit: Reuters

During the 1990s, the Israeli firm Elta won a multi-million dollar contract to upgrade the avionics on India's MiG-21 fighters. In the late 1990s, India also purchased from Israel the Barak-1 vertically-launched surface-to-air missiles, a deal that eventually led to Indian co-production of the weapon. In all, between 1997 and 2000, 15% of Israel's arms exports went to India. By the mid-2000s, that percentage rose to 27%, as India began to acquire Israeli surveillance equipment, drones, and surface-to-air-missiles.

Israeli weapons and weapons systems played a critical role in support of India's operations during its 1999 Kargil War with Pakistan. Although cooperation between the two countries no longer had to be clandestine, Israel found itself under international pressure to withhold support for India's operations. Nevertheless, Israel proved to be India's most important weapons supplier in the runup to the war and after it had begun.

Among Israel's most important weapons deliveries were advanced versions of the Heron reconnaissance drone, together with training of personnel. Until then, India had no reconnaissance aircraft with which to identify potential Pakistani targets. It could only rely on ground-based intelligence, which was insufficient since Pakistani forces held the high ground.

Equally important was Israel's provision of laser-guided bombs that were fitted onto India's Mirage 2000 fighter/attack aircraft. The Indian Air Force did not have any bombs that could penetrate Pakistani bunkers atop the Kargil heights from which Pakistani forces were shooting down on Indian troops. Nor did the Indians have the ability even to hit those bunkers from any distance. The Israeli laser-guided bombs gave the Indian Air Force those capabilities needed to destroy many bunkers. As a result, Indian forces were able to successfully launch attacks on the Pakistani emplacements.



Joe Biden with Mohammed bin Zayed, president of the United Arab Emirates.

When Prime Minister Modi entered office in 2014, Israeli arms sales to India continued to increase. They now constitute about 42% of Israel's arms exports and include unmanned aerial vehicles, such as Heron armed drones, anti-tank missiles, laser-guided bombs, Barak-8 surface-to-air missile systems, radars and electro-optical systems, Negev light machine guns, as well as Tavor assault weapons for India's Special Forces.

The two countries have also ramped up their cooperation in the field of military and intelligence technology. In 2008 India launched an Israeli spy satellite. In July 2017, on the occasion of Prime Minister Modi's visit to Israel, both states reaffirmed a commitment to focus on the joint development of defense products, including the transfer of technology from Israel.

To that end, in 2020 they established a sub-working group on defense industrial cooperation to focus on technology transfer, technology security, artificial intelligence, and joint exports to third countries.

Defense and security may be the most significant areas of cooperation between the two countries, but they are hardly the only spheres in which Jerusalem and New Delhi have intensified their joint efforts since 1992. In particular, during Modi's visit in 2017, the two countries agreed to a number of memoranda of understanding for cooperation in agriculture, space, science, and water among other areas. The visit was also the occasion for the two countries to establish a \$40 million joint industrial research, development, and technological innovation fund.



Mohammed bin Zayed with Narendra Modi.

When Prime Minister Benjamin Netanyahu made a return visit to India in January 2018, the two countries signed yet more agreements for joint cooperation in a host of fields. These included solar energy development, air transport, film production, medical research, and space science. India and Israel also signed an initial agreement on cybersecurity cooperation. And years later, in July 2020, they signed a further agreement to broaden the scope of their cooperation and “exchange information on cyber threats in order to raise the levels of protection in the field.”

The two countries also have been engaged in years-long negotiations to create a free trade area between them. Those talks may finally be reaching a successful conclusion, with the promise of yet further cooperation between them in a host of fields.

ISRAEL AND THE UNITED ARAB EMIRATES: REMARKABLE PROGRESS IN BILATERAL RELATIONS

While it has taken decades for India and Israel to reach their current close relationship, the expansion of cooperation between Israel and the UAE in the period of only two years is nothing short of remarkable. Until the Abraham Accords were signed in August 2020, there was no official trade between Israel and the UAE. Israelis doing business in the UAE did so via third countries; when arriving in the UAE they had to show non-Israeli passports. Indeed, the UAE nominally subscribed to the anti-Israel economic boycott; with the signing of the accords, however, trade between Israel and the UAE simply exploded.

In the first full year in which the Abraham Accords were in force, trade between the two

countries reached \$885 million, more than twice the \$330 million in trade between Israel and Egypt, which had been at peace since 1979. That number grew sharply to over one billion dollars in the first quarter of 2022 and totaled some \$2.45 billion in the first two years since the accords were signed. In addition, in 2021 the UAE allocated \$10 billion for investments in Israel, making the Jewish state one of its prime targets for foreign direct investment.

Moreover, on May 31, 2022 the two countries signed an ambitious free trade agreement whose goal was to increase annual bilateral trade to over \$10 billion over the period 2022–2027. The agreement provides for the removal or reduction of tariffs over the next five years on 96% of all goods that are traded between the two states, including diamonds—a major Israeli export—medicine, jewelry, food, and chemicals.

Another major likely outcome of the agreement will be the virtual elimination of the Arab boycott. Hundreds of Israeli-owned companies will operate from or through the Emirates by the end of 2022 with a view toward having the UAE become the main regional reexport market for Israeli goods, targeting not only the Far East but also the Arab world.

Israel–UAE security cooperation has not developed as quickly as trade ties have. Prior to 2001, cooperation between the two countries was limited to shared intelligence, which neither state officially acknowledged. Iran was their common target. In November 2021, for the first time ever, Israel exhibited its wares at the Dubai Air Show. At the air show Israel's largest and government-owned defense manufacturer, Israel Aircraft Industries, announced two agreements with the UAE government-owned EDGE Group for joint research, development, and marketing efforts. One agreement provides for the establishment of a joint center in the UAE to maintain the IAI's advanced electro-optic surveillance systems for land, naval, and air applications.

The second agreement calls for a joint IAI–EDGE undertaking to design and build

unmanned surface vehicles for both military and commercial applications. As the IAI announcement put it, under the agreement, EDGE “will design the platform, integrate the control systems and payload, and develop the concept of operations, IAI will develop the autonomous control system and integrate various mission-payloads to the control system units according to the mission requirements.”

Since the agreement was announced, and in light of the Yemeni Houthis' missile attacks on Emirati targets, Israel and the UAE have been discussing the possible sale of Israeli air defense systems to the Gulf state. As of the time of writing no such transfer has been announced, but it is clear that military cooperation between the two states is likely to expand in the next several years. One hurdle, however, to expanding Israel–UAE military technology cooperation is the US concern that sensitive US military technology (often licensed to Israel) is safeguarded from potential Chinese theft when also provided to the UAE.

INDIA, ISRAEL, AMERICA, AND THE UAE: A WEB OF INTERCONNECTIONS

Washington's close ties with Israel are well known. Until the Russian invasion of Ukraine, Israel was by far the largest annual recipient of US military assistance. In 1987 the US designated Israel as a “major non-NATO ally.” This status has enabled Israel among other things to purchase depleted uranium anti-tank rounds, receive priority delivery of military surplus, hold American war reserve stocks, benefit from reciprocal military training, and receive expedited processing of space technology.

The two countries have, in fact, long cooperated in both military and non-military research and development. Most notably, Israel has contributed to America's theater missile defense capability, most recently with the US Army's acquisition of the Iron Dome system as an interim solution to its cruise missile defense requirements.



Israel's Prime Minister Yair Lapid meets with UAE's Foreign Minister Sheikh Abdullah bin Zayed al-Nahyan in Abu Dhabi. Photo credit: via Reuters

Three foundations have fostered bilateral cooperation in non-military research and development. The three are the Binational Industrial Research and Development Foundation (BIRD), the Binational Science Foundation (BSF), and the Binational Agricultural Research and Development Foundation (BARD). In addition, in late October 2020 the two countries signed a Scientific and Technological Cooperation Agreement (STA) that established a government-to-government framework, which, in the words of the official American press release, would “elevate and facilitate activities in scientific research, technological collaboration, and scientific innovation in areas of mutual benefit . . . [and] promote greater whole-of-government scientific cooperation between the two countries.”

American high-tech cooperation with India dates back to the 1950s, when Washington's ties to Israel were cool at best. Private foundations supported Indian agricultural technology in what became termed India's “Green Revolution.” But American and Indian joint high-tech efforts burgeoned in both the commercial and military spheres in the past two decades. In 2002

the US and India created a High Technology Cooperation Group to ease controls on US exports of dual use items and promote both government and private sector cooperation in areas such as nanotechnology, informational technology, biotechnology, and life sciences.

In 2016 the US designated India as a major defense partner and two years later granted New Delhi a high level strategic trade authorization that further advanced technology cooperation.

The two countries further intensified their cooperation in March 2021 when they launched the US–India Artificial Intelligence (USIAI) Initiative that focuses on health, energy, agriculture, smart cities, and the manufacturing sector. And in April 2022 US Secretary of Defense Lloyd Austin, meeting with his Indian counterpart Rajnath Singh, announced that the two had signed a bilateral space-situation awareness agreement that, as Austin stated, “will support greater information sharing and cooperation in space.” He added that the US and India were also stepping up their cooperation in cyberspace to include training and exercises.

Austin might also have noted that the militaries of the two countries were also doing

joint exercises with increasing frequency. Such exercises included the annual multilateral naval Malabar exercises, in which Singapore, Japan, and Australia participate, as well as bilateral exercises. Indeed, only a few months after Austin's remarks, American and Indian special forces held a joint exercise near India's disputed border with China.

Given all these developments, it should come as no surprise that US-India trade grew dramatically from \$19 billion in 2000 to \$113 billion in 2021. During the same period, US-India defense trade grew exponentially from hundreds of millions in 2000 to \$1 billion in 2008 to over \$21 billion in 2021. The US has now supplanted China as India's largest trading partner.

US relations with the UAE have generally been exceedingly close, especially in the past two decades. Since 2009 the UAE has been the largest importer of American goods and services in the entire Middle East region, including Saudi Arabia and Israel. In 2021 two-way trade between the US and UAE totaled \$23 billion, with the US—which suffers from perennial trade deficits with most countries—maintaining a surplus of over \$11 billion.

The US-UAE defense relationship is especially notable. The UAE has hosted a number of American military facilities since the turn of the 21st century. It also provided important materiel support during the early stages of the US wars in Afghanistan and Iraq. The UAE is now a major customer for American weapons systems. In 2021 the Biden administration suspended a planned sale of \$21 billion in weapons systems, including the fifth generation F-35 fighter, the world's most advanced aircraft. In 2022, however, the administration began to reverse itself; early in 2022 it approved the sale of the Patriot air and missile defense system while in the first week of August it approved the sale of 96 Terminal High Altitude Area Defense (THAAD) missiles and related equipment valued at \$2.2 billion. Moreover, Washington has not entirely ruled out the prospects for an F-35 sale.

India's trade with the UAE is less than that with the US but greater than its trade with Israel. Trade between India and the UAE amounted to some \$68 billion in 2021. A new free trade agreement—the Comprehensive Economic Partnership Agreement, or CEPA—came into force on May 1, 2022 and is projected to increase trade to \$100 billion in five years. Petroleum products currently dominate UAE exports to India, while the UAE is India's largest destination for its exports.

The UAE has deported about 100 individuals whom New Delhi considers to be Pakistan-sponsored terrorists. The Emirati leadership treads very carefully regarding the Indian-Pakistani rivalry, however, since many citizens of both states can be found working in its territory. Indeed, whenever the two south Asian states appear to be verging toward war, it causes tremors in the UAE, which seeks to avoid clashes between expatriates of both states.

India and the UAE also cooperate in intelligence spheres. The UAE has provided India with real-time intelligence from Iraq and Syria. The two countries have held high-level military talks and exchanges, naval port calls, and bilateral air and naval exercises. The UAE also has provided mid-air refueling for Indian Rafale aircraft transiting from France, allowing the planes to proceed directly to their Indian destination. New Delhi and Abu Dhabi also recently committed to furthering joint research and development and to encourage joint UAE-Indian defense-related joint ventures.

I2U2: WHAT NEXT?

This new quad evokes parallels to the Indo-Pacific quad consisting of the US, India, Japan, and Australia. Indeed, it resembles the latter in several key respects beyond the obvious fact that both involve four countries. In particular, like the Indo-Pacific quad, I2U2 is not a military alliance, nor does it explicitly target any particular country.

Indeed, the four partners of I2U2 do not have a common adversary. Whereas the US and

Israel see Iran as a major threat—an existential threat in Israel’s case—the UAE maintains trade and diplomatic ties with Iran while India is ambivalent about Iran. The leadership in Abu Dhabi has long been hostile to Tehran ever since the Shah’s navy seized the Abu Musa and the Greater and Lesser Tunbs islands in 1971. Nonetheless, Dubai, in particular, has a flourishing trade with Iran, despite Western sanctions against the regime. Regardless of any hostility, according to Iranian statistics, the UAE is now the leading exporter to Iran; in the year ending March 2022, the UAE exported \$16.5 billion in non-petroleum goods to the Islamic Republic.

India’s relationship with Iran is cordial but complicated. India stopped importing Iranian oil in 2019 due to America’s “maximal sanctions” on Tehran. Iran also resents India’s close ties with Israel, while India is uneasy about the implications of the recently finalized Iran–China strategic partnership, which has a significant military component. India also is concerned about Iranian support for the Houthis, given its close ties to both the Emirates and the Saudis, who have been the targets of Houthi missile attacks.

Nevertheless, in July 2022 India’s central bank announced that the country could henceforth trade in rupees rather than dollars. The level of Iranian–Indian trade has been relatively low, amounting to just over \$2.2 billion as of 2020. Yet the central bank’s decision is likely to increase trade significantly since it insulates trade with Iran from the American-dominated SWIFT international finance system, from which Tehran has been excluded.

The Central Bank of India’s decision also will free up increased levels of Indian trade with Russia, which like Iran has been the subject of increasingly tough Western and American sanctions in the aftermath of its February invasion of Ukraine. New Delhi has steadfastly refused to break its long-standing trade and especially its military relationship with Moscow, much to the annoyance of the

Biden administration. The UAE likewise has adopted a hands-off posture vis-à-vis Russia; it initially did not even support the UN General Assembly resolution condemning the invasion. Israel likewise delayed voicing its opprobrium; under American pressure, it finally began to supply non-lethal support to Kyiv. Jerusalem is not likely to go much further despite personal appeals from President Volodymyr Zelenskyy; Israel does not want to completely alienate Moscow, which would complicate Israeli operations against Iran and its proxies in Syria. Already Russia, angered by Israel’s increasingly vocal condemnation of the invasion, has launched an Iranian Khayyam satellite that can assist Iran’s ally Hezbollah in identifying and tracking Israeli targets.

At the I2U2 summit, the four countries committed to new cooperation in high technology cooperation, initially on clean energy and food security. At least for the foreseeable future, coordinated military partnership, as opposed to bilateral arrangements between any two of the four countries, is off the table. Nevertheless, just as the India–Australia–Japan–US quad has brought its partners ever more closely together militarily in the face of Chinese aggressiveness, so too may the new I2U2 quad see a tighter military partnership with the passage of time especially if, as many anticipate, Iran will develop a nuclear bomb that will most certainly destabilize the region. *

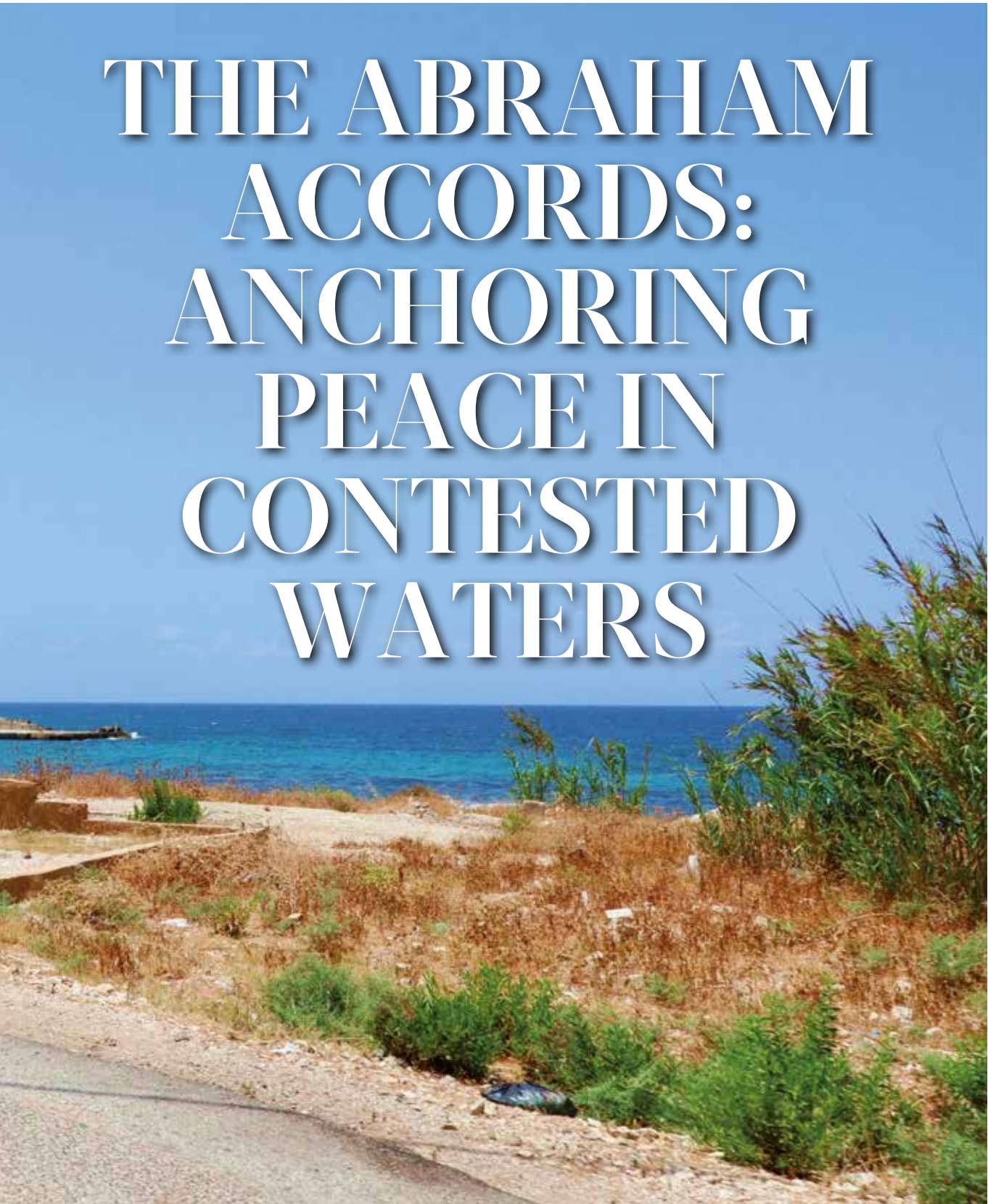
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A cardboard cutout of Iranian General Qasem Soleimani at Naqoura, South Lebanon, next to the border with Israel. Photo credit: Elisa Gestri/Sipa USA via Reuters Connect



THE ABRAHAM ACCORDS: ANCHORING PEACE IN CONTESTED WATERS



BY JAMES FOGGO, GABRIELLE MORAN

For centuries the Mediterranean Sea has provided successive civilizations with access to food, minerals, swift passage on seaborne routes, and, most recently, significant deposits of oil and natural gas. This summer, Israel and Lebanon have come closer than ever to settling a decades-long maritime border dispute over an 860 square kilometer zone. Control of this portion of the Mediterranean Sea would provide access to lucrative and in-demand natural gas reserves. Negotiations have occurred on and off for the last 15 years to resolve territorial disputes in these areas. Government collapses, economic crises, and new global conflicts have shifted the state of play and the terms on which Israel and Lebanon negotiate. A resolution of this dispute would not only give an economic boost to the region but also would help meet Europe's energy needs.

This round of talks, unlike previous negotiations, benefits from the framework of the Abraham Accords. The momentum generated by renewed and revitalized dialogue in the region gives cause for hope that negotiations between Israel and Lebanon will end successfully. By opening channels of communication, the Abraham Accords have created a spillover effect, enabling negotiators to re engage on issues critical to the region's economies.

Israel signed its first ever maritime delineation agreement with Cyprus in January 2007 to delimit an exclusive economic zone (EEZ) for oil and natural gas exploration in the Eastern Mediterranean. Next, Lebanon

submitted its claim for a southern maritime border with Israel. In return, Israel filed a border claim that resulted in a significant overlap with the coordinates Lebanon submitted the year prior. The discovery of two additional sizeable gas fields in the region created a race for both states. The potential for East Mediterranean gas in particular is promising. The US Geological Service assessed the entire Levant Basin (a small part of which is the disputed zone between Israel and Lebanon) to hold as much as 1.7 billion barrels of technically recoverable oil and 34.5 trillion cubic meters of gas.

The debate has remained a key political and economic issue in both capitals, one that resurfaces each time it appears that drilling operations will start in the disputed zone. Earlier this summer, Energean, a joint British and Greek-owned international hydrocarbon exploration and production company listed on the London and Tel Aviv stock exchanges, positioned a floating production unit off Israel's northern coast. In a joint statement, Lebanon's President Michel Aoun and outgoing Prime Minister Najib Mikati stated that any exploration drilling, or extraction in the disputed areas would constitute a "provocation and act of aggression." The unit, custom-built for the Karish gas field, which Israel argues is located in its UN-recognized EEZ, is set to begin delivering gas to Israel before the end of the year. The realistic prospect of new drilling and extraction in the area comes at a critical time for both parties. For Lebanon, the possibility of carrying out exploratory mining in such a resource-rich block offers a pathway out of the protracted economic turmoil the country has faced since 2019. Building up reserves from the Karish field



A map showing the maritime area disputed between Israel and Lebanon.

would allow Israel to further position itself as a natural gas supplier to Europe.

The volume of natural gas expected to come from Karish is significant not only for the Israeli economy but also for global stability as Europe seeks alternatives to being dependent on natural gas from Russia in the wake of its invasion of Ukraine. While exports to Europe from the currently operational platforms would, at best, constitute a small fraction of what Russia currently provides, the Israeli supply could be part of a package of alternatives to Russia, including liquified natural gas from other international sources. Israel, Egypt, and the EU have signed a memorandum of understanding for increasing European imports of natural gas from the region, although it is not known how quickly practical effects will be felt.

In June 2022 Amos Hochstein, the Biden administration’s senior advisor for energy security, traveled to Beirut to reinvigorate the long-stalled negotiations between Israel and Lebanon over the contested delineation of their shared maritime border. Hochstein, who served as special envoy for international energy at the State Department during the Obama administration, has solid experience in negotiating inter-government energy deals as well as familiarity with the political conditions in the Middle East.

On July 15 the US Department of State reaffirmed its commitment to facilitating the negotiations, emphasizing that an agreement would have the “potential to yield greater stability, security, and prosperity for both Lebanon and Israel, as well as for the region.” After six weeks of shuttle diplomacy and American-led talks, the parties are closer to reaching a deal over the 860 square kilometers (330 square miles) that each country claims as part of its own EEZ. As expected, the process of reaching a deal has been fraught with political and military provocation on both sides, and it remains to be seen how this round of negotiations will conclude.

Several weeks into Hochstein’s negotiations, the Israeli Navy, led by Vice Admiral David Saar Salama, shot down three unmanned aircraft launched by Hezbollah into the disputed portion of the Mediterranean, intended for the recently installed platform in the Karish gas field. In an effort to affect the negotiations, Hezbollah confirmed the launch and assured that “the mission was accomplished, and the message was received.” Israel’s Defense Minister Gantz warned that Israel is prepared to defend its infrastructure against any threat.

In liaising with his European counterparts to strike a deal with the EU, Israeli Prime Minister Yair Lapid has asked French President Emmanuel Macron to exert pressure on Lebanon to restrain Hezbollah. Hochstein had arrived in Beirut with a clear message that Karish was not in dispute and that Lebanon would need to continue maritime negotiations from its 2011 position. Lebanon agreed to the demand, on the condition that Israel would halt work at Karish while negotiations continue. Europe stands to benefit if its leaders can effectively push Lebanon toward Hochstein’s compromise offer.

What comes next will be of interest to Europe’s race to secure new energy sources. As the *New York Times* recently commented, “Europe is in the grip of an accelerated and increasingly irreversible transition in how it



Senior Advisor for Energy Security Amos Hochstein meets with Lebanon's Prime Minister Najib Mikati in Beirut, June 14, 2022. Photo credit: Reuters

gets its energy to heat and cool homes, drive businesses and generate power. A long-term switch to more renewable sources of energy has been overtaken by a short-term scramble to make it through the coming winter.” Finally delineating the maritime border between Israel and Lebanon could help eventually to ameliorate Europe’s energy dependence on Russia for natural gas.

European leaders have been slow to support the US-led negotiations, even though the results of a successful negotiation and eventual export of natural gas to Europe would be of immediate benefit to them. Additionally, the need for a deal is greater than ever as military activity in the Mediterranean continues to increase. Unlike two decades ago, political leaders in Israel and throughout the region know what strategic cooperation can bring about for their

respective economies as a result of the Abraham Accords. The circumstances this time around, combined with the pressing demand for energy independence, creates an opportunity to reach a deal that has not been seen before. *

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Iranian President Ebrahim Raisi. Photo credit: Morteza Nikoubazl via Reuters Connect



ANTICIPATING IRAN'S FUTURE

BY ILAN BERMAN

The Islamic Republic of Iran, now 43 years old, has proven itself to be remarkably resilient in weathering both geopolitical turbulence and domestic hardships. In doing so, it has defied the predictions of numerous scholars and pundits.

This trend could very well continue. Iran's clerical elite has turned out to be extremely adept at changing its revolutionary rhetoric to accommodate shifting regional geopolitical currents, as it did during the political ferment that accompanied the Arab Spring more than a decade ago. Its regime has also deftly crafted both political and economic strategies (such as its idea of a "national resistance economy" in response to US sanctions) that have helped it to weather deeply adverse domestic conditions.

But continued survival is not a given. History has shown that many authoritarian rulers and their regimes appear durable until the moment they are overthrown or collapse. This is precisely what happened to Romania's dictator Nicolae Ceausescu in 1989, and to Libya's strongman Muammar Qadhafi, who became a casualty of the Arab Spring in 2011. The Islamic Republic and its president, Ebrahim Raisi, could well follow the same trajectory because the country now faces a confluence of internal factors that could set it on a fundamentally different course in the years ahead.

A CRISIS OF LEGITIMACY

More than a dozen years ago, in 2009 when the "Green Movement" broke out in response to Mahmoud Ahmadinejad's controversial reelection to the Iranian presidency, internal debate was still largely focused on changing the behavior of the ruling clerical regime. Indeed, the two politicians who emerged at the head of that protest wave, Mir-Hossein Mousavi and Mehdi Karroubi, were both establishment

figures who had previously served in senior government positions. As a result, the change they envisioned was tactical in nature, and built around reform of the existing order rather than its elimination.

By contrast, the prevailing narrative among a significant segment of the Iranian people now is fundamentally different. While Iran's notoriously fractious opposition remains divided along political, ideological, and cultural lines, it is increasingly unified around the idea that the current regime is corrupt, unreformable, and needs to be discarded. In one example, the spring of 2021 saw the emergence of a new grassroots movement dubbed "No2IslamicRepublic," which unified hundreds of prominent activists, artists, and personalities around a common goal of abolishing clerical rule.

Part of this shift can be attributed to the growing distance of ordinary Iranians from the Muslim faith in general and the regime's interpretation of it in particular. That change was eloquently captured in a 2020 poll of religious attitudes by GAMAAN, a Netherlands-based polling institute. The online survey of over 50,000 Iranians, carried out via various digital platforms, found an "unprecedented" degree of secularism in Iranian society, with nearly a third of respondents (31%) declaring themselves to be outright atheists or saying they did not have a defined faith. In all, 46.8% of those surveyed by GAMAAN disclosed that they had moved away from their faith in recent years. That statistic, the study authors noted, was all the more striking when compared to figures compiled in the mid-1970s, before Iran's revolution, when more than 80% of the population conformed to religious customs. In turn, this increasing secularism has amplified potential divisions between Iran's clerical elite and the Iranian people, who now see themselves as significantly less beholden to revolutionary ideals than in the past.

For its part, the Iranian regime is acutely aware of these internal changes. It is the reason why, since the start of the current bout of civil unrest in Iran in December 2017, the regime has

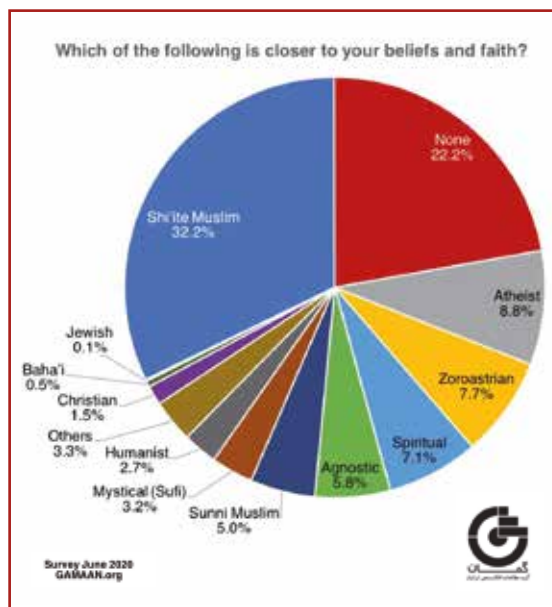
embraced increasingly draconian methods to maintain order and suppress dissent, including mass killings and a shutdown of the national internet. Quite simply, the Iranian government knows it has lost the “hearts and minds” of its captive population and is prepared to go to more and more extreme lengths to maintain its hold on power.

SHIFTING DEMOGRAPHICS

Today, the Islamic Republic is locked in the throes of a generational transition—one that will help reshape the contours of the country’s politics, the complexion of its regime, and its larger relationship with the world. With a median age of 32, Iran ranks among the older nations of the Middle Eastern region. But the age structure of the Islamic Republic is significant; during the 1980s and 1990s, Iran experienced a distinct “youth bulge” as a result of high fertility rates during the prior Pahlavi era. The long-term effect was pronounced. In 2010, more than 60% of the national population was estimated to be under the age of 30; while this bulge has since dissipated somewhat, its lingering effects remain. Today, 37.47% of Iran’s population of 85.8 million people is aged 24 or younger.

The practical consequences are profound. Simply put, this cohort has no recollection of Khomeini’s 1979 Islamic Revolution and lacks the ideological bonds that would tether it securely to the regime in Tehran. Iran’s clerical class, meanwhile, is increasingly aging and infirm and preoccupied with the survivability of its ideological precepts. The Islamic Republic’s senior leadership is heavily populated by clerics and officials now in their 80s and 90s, many of whom have begun to pass from the political scene.

As this transition has taken hold, the Iranian regime has altered its political strategy and adopted a more hands-on approach to governance. In the 1990s, the regime had been confident enough to countenance the appearance of political pluralism within the Iranian system and therefore permitted the rise of “reformist” elements such as former



Iranians’ attitudes toward religion: a 2020 survey. Credit: Maleki, Ammar and Pooyan Tamimi Arab. 2020. Iranians’ attitudes toward religion: A 2020 survey report. Published online at gamaan.org

President Mohammed Khatami. Now, by contrast, it has embraced an increasingly intrusive and invasive political strategy aimed at shaping the strategic direction of the country. In other words, Iran’s clerical elite today senses that time is running out.

WHITHER IRAN?

The question of how Iran might change has long centered on the possibility of “regime change” from below: a grassroots political transition away from clerical rule and toward a more pluralistic and secular polity. In the recent past, there have been heartening signs that such an internal effort could be gathering steam, manifested in recurring protests over governmental mismanagement, clerical edicts, and governmental behavior. Unfortunately,

while Iran's extensive opposition scene possesses enormous potential, it has yet to coalesce into a meaningful whole or articulate a common vision for a post-theocratic Iran. As such, at least for the moment, it remains less than the sum of its parts.

As a result, the three likeliest scenarios are those that flow from the trendlines outlined above.

SCENARIO I: TECHNOCRATIC TRANSITION

Conventional wisdom has long held that demographic change and increased global engagement would, over time, help to moderate Iran's international behavior and liberalize its domestic political scene. Indeed, this logic underpinned the Obama administration's outreach to Iran, culminating in the 2015 nuclear deal, and it helps inform the Biden administration's current quest for some sort of compromise with Tehran. Yet, as political scientists Barbara Geddes, Joseph Wright, and Erica Frantz have pointed out, autocratic regimes that experience sufficient domestic stressors to undergo some sort of internal transition do not largely head toward greater pluralism. In fact, in historical terms, "autocratic to autocratic" transitions are far more common. The logical prerequisite here is that the "selectorate" that assumes power must be a more competent steward of the state than its predecessor.

In such a scenario, Iran's coming transition might well mirror the example of China's leadership change beginning in the late 1970s, when it transitioned from the revolutionary fervor and excess of the Mao Zedong era to a more sustained, bureaucratically-minded style of governance under Deng Xiaoping. This is precisely the dynamic evident in Iran today, as the country's clerical elite have sought to reestablish regime authority in a number of ways, including through the creation of a new political class of "indoctrinated technocrats" capable of better addressing government

shortfalls and grassroots dissatisfaction. In turn, if those functionaries are successful in governing in a more competent and responsive fashion, it could have the effect of reinvigorating the appeal of Iran's revolutionary system among at least some of those who have grown disenchanting with it.

SCENARIO II: PROTRACTED COLLAPSE

Policy discussions about regime transition in Iran have long centered on the expectation of an abrupt "regime collapse" as a result of either external pressure or the country's own internal contradictions. Indeed, that appears to be precisely the scenario envisioned by John Bolton, then the national security advisor, in formulating the Trump administration's "maximum pressure" policy toward Iran. Yet "regime collapse" is not a unitary construct; it can take many forms, including, conspicuously, scenarios in which the collapsing state is strong enough to retain its grip on political power while losing control over economic functions and sociocultural trends.

A case study exists today in Venezuela, where the regime of strongman Nicolas Maduro, although still in power, has presided over an unprecedented national decline and economic meltdown that has generated a continental refugee crisis, enabled exploitation by external actors, and fashioned Venezuela into a source of regional instability. If Iran follows the same trajectory, Iran's clerical regime would remain in power but become increasingly insular, ineffective at governing, and reliant on internal repression. That, in turn, would lead to an uptick in instability along the country's borders, more and more erratic foreign policy decision-making in Tehran, and far greater reliance on great power patrons (such as Russia and China) to help the regime preserve its hold on power.

SCENARIO III: INTERNAL TAKEOVER

In 2013, American Enterprise Institute scholar Ali Alfoneh advanced a provocative contention: Iran's system of government had

undergone a fundamental shift away from clerical rule and toward military dictatorship. Effectively, he argued, Iran had experienced what amounts to a creeping coup, as a result of which the country's clerical army, the Islamic Revolutionary Guard Corps (IRGC), was now in charge. The idea was, for a time, enormously influential, and became the basis for the approach to Iran articulated by Hillary Clinton during her tenure as President Obama's secretary of state.

Alfoneh's conclusion was premature, but the dynamics he detailed regarding the mechanisms by which the IRGC had accumulated power within the Iranian system remain relevant to understanding how the Guards might assume power in the future. There is, moreover, historical precedent for just such a move. In the wake of the Soviet collapse in the early 1990s, Russia's secret police used the country's political disarray and economic turbulence to consolidate its power and create a state within a state—and that construct endures to this day. Germany, too, is the more recent example of Egypt, where the entrenched "deep state" embodied by the country's military found itself politically and economically disadvantaged by the rise to power of Mohammed Morsi's Islamist government in June 2012, and moved successfully to depose it some 13 months later.

In much the same way, the IRGC today has the power to consolidate its grip over the Islamic Republic's levers of power. With control over an estimated one-third of the Iranian economy and stewardship of the regime's nuclear and ballistic missile programs, the IRGC is unquestionably Iran's most important strategic actor. It is a position that the Guards are unlikely to relinquish willingly, and future political circumstances may lead them to conclude that the only way to remain in business is to decisively assume control over the Islamic Republic's levers of government. The end result then would be a regime that, while religious in form, would be a military dictatorship in substance.

THINKING AHEAD

What might all this mean for the West? Today, it is increasingly clear that the Islamic Republic of Iran is approaching some sort of political transition. A confluence of factors has created the most volatile internal environment inside Iran in more than four decades. That this will spell the end of the Islamic Republic is by no means assured. But the rise of some sort of new order there is now a distinct possibility.

Policymakers in Washington and Western capitals would do well to look closely at how the Islamic Republic might change from within in the years ahead. They would do even better to begin thinking about how Tehran might behave on the world stage as a result. *

ILAN BERMAN

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The Negev Summit in Sde Boker, Israel: Bahrain's Foreign Minister Abdullatif bin Rashid al-Zayani, Egypt's Foreign Minister Sameh Shoukry, Israel's Foreign Minister Yair Lapid, US Secretary of State Antony Blinken, Morocco's Foreign Minister Nasser Bourita, and the United Arab Emirates' Foreign Minister Sheikh Abdullah bin Zayed Al Nahyan. Photo credit: Reuters





ISRAEL AND THE ARAB MIDDLE EAST—A NEW GEOPOLITICAL ARCHITECTURE

BY UZI RABI

The Middle East has gone through tumultuous change throughout the last decade, from the aftermath of the Arab Spring to the signing of the Abraham Accords. The superpowers' changing conduct, new regional power dynamics, as well as geo-ecological developments have served to change the Middle Eastern panorama. For Israel, these developments have heralded the creation of a new framework of relations with the wider region, including North Africa in the West, the Arabian Peninsula in the East, and the neighboring states at peace with Israel, Egypt and Jordan—as well as in the Eastern Mediterranean. This article will analyze the changes in the Middle East's regional architecture and the evolving blocs and alignments. In addition, it will also elaborate on Israel's changing position in the region.

In the geopolitical context, the term “architecture” implies a stable and robust system of interrelations and cooperation between significant players—one that reflects as well as shapes the expectations and the choices both of those who dwell within it and of the adversaries and onlookers from without. In that sense, it is possible to speak of an architecture that brings together under one strategic roof the forces who stand for stability and reject the deadly variants of Islamist totalitarian subversion in the region—the key Arab states of the Gulf (except Qatar), Egypt, Jordan, Morocco,

and Israel as a member of good standing—in a manner unimaginable even a few years ago. To some extent, Greece and Cyprus serve as the Eastern Mediterranean anchor of this structure, while Turkey seeks to shift from being a “frenemy” to a friend.

Several interconnected developments stand behind this new and evolving geopolitical architecture. At the global level, regional actors have been jolted by the shifting priorities of the US and its diminishing role in the region. Washington's power has long underlined the regional balance, and the US has served as the guarantor of regional security, establishing the US Central Command (CENTCOM), while also developing a network of bases for forward deployment. The collapse of the Soviet Union and the heralding of the “unipolar moment” in the 1990s further underscored American hegemony.

The aftermath of the Iraq War in 2003 and the combination of uprisings, revolutions, and civil wars in the Middle East of the post-Arab Spring provoked a change in the American outlook toward the region. American war fatigue aimed at “ending endless wars,” in conjunction with shifting strategic priorities aimed at combating the rise of China, have led to the region's reduced importance. Washington's strategic calculus in the region can be best described as politically absent, while maintaining a significant military presence. This perception was underscored by Washington's refusal to use force to uphold the red line in Syria, following Syrian President Bashar al-Assad's use of chemical weapons against his own people, and which provided an opening



Iran expanded its hold in both Syria and Yemen, adding to its influence in Lebanon and Iraq.
Iran's President Ebrahim Raisi meets with Syrian President Bashar al-Assad in Tehran. Photo credit: via Reuters

for rising Russian influence in the region, particularly with Moscow's intervention in Syria in 2015. The lack of desire of the US to engage in using coercive force and the expansion of an ambitious Iran, emboldened by the 2015 nuclear deal and by widespread regional instability, have forced the states in the region to take stock of their own strategic positions and look for alternative security guarantors. It is against this background that the Gulf states began to look to Israel, with its overwhelming military and technological superiority, as a means to balance against the ascendent Iran.

THE WIDESPREAD INSTABILITY OF THE POST-ARAB SPRING

One of the main geopolitical aftereffects of the invasion of Iraq was the rise of an expansionist Iran. The "dual containment," aimed at containing both Iran and Iraq had given way to George W. Bush's freedom agenda, intended to promote democracy in the Middle East. The overthrow of Iraq's Saddam Hussein gave Iran ample room to maneuver in Iraq, with its Shiite majority, building a network of proxy forces that would later expand in the region. The Arab Spring and the region's internal disorder also enabled Iran to expand its hold in both Syria and Yemen, adding to its influence in Lebanon and Iraq. Energized in the aftermath of the 2015 nuclear deal, as well as by the Obama administration's changing strategic priorities, Tehran adopted a policy of "informal imperialism" through its well-established proxy relationships in Lebanon (Hezbollah), Gaza (Palestinian Islamic Jihad), Iraq (many elements within the Popular Mobilization Forces, or al-Hashd al-shaabi), Syria (Hezbollah and the Fatemiyoun and Zaynabiyoun Brigades), and Yemen (the Houthis), allowing Iran significant control over the domestic affairs of these respective states. This proxy network also serves as the strategic long-arm of Iran's military-revolutionary complex, which allows it to create a sphere of influence up to the Mediterranean that Iran can use as a buffer against Israel.

The rise of Iran and the decline of American influence has also led to changing regional alignments, together with greater Russian and Chinese involvement. These factors have resulted in a few different approaches by players in the region such as Jordan, Israel, Saudi Arabia, the United Arab Emirates, Bahrain, Kuwait, and Morocco. The geopolitical shift of the post-Arab Spring decade alone dictates a change in the modus operandi of what can be defined as moderate, pro-Western states. Regional states have begun to hedge, expanding their relations with Russia and China, particularly in the economic sphere, while remaining rooted in the American camp. This evolution in policy is due primarily to Washington's downgrading of the Middle East's strategic significance, as well as to American support for a nuclear deal with Iran. This, together with US conduct during the Arab Spring, which was viewed with consternation and shock as President Obama called for the removal of Egypt's longtime leader Hosni Mubarak, gave leaders pause when taking stock of their own relationships with Washington. The fact that Mubarak was replaced by the Muslim Brotherhood only further underscored their shock at Washington's policies.

These events served as the impetus for the erection of a new geopolitical architecture, which has been taking shape over the past decade. The Sunni moderate camp, which includes Egypt (post-2013), Jordan, Saudi Arabia, the UAE, and Morocco, together with Israel, has sought to uphold the status quo within the region and aims to counter both Iranian regional expansion and the Muslim Brotherhood. With the ousting of the Muslim Brotherhood in Egypt following the rise to power of Abdel Fattah el-Sisi and the Egyptian Army, Turkey and Qatar lost their primary ally. This alignment has probably been the most fluid, with Doha and Ankara at times dancing between the moderate Sunni bloc and Iran. Turkey under Recep Tayyip Erdoğan is an illustrative case, with antagonistic relations with the UAE and



Antagonistic relations with the UAE and Saudi Arabia. Turkish President Recep Tayyip Erdogan with King of Saudi Arabia Salman bin Abdulaziz Al Saud in Jeddah. Photo credit: via Reuters

Saudi Arabia following the overthrow of the Muslim Brotherhood in Egypt. As a member of NATO, Turkey has pivoted periodically toward Moscow, including purchasing the S-400 anti-aircraft system; yet at the same time, it has maintained close relations with the pro-Western Ukrainian government. Finally, the Iranian-led bloc—Tehran and its proxies in Iraq, Lebanon, and Yemen—has played a revisionist role in the region's politics, seeking to utilize its proxies to further entrench Iran's interests. The instability

that followed the Arab Spring was a boon for Iranian interests, allowing Tehran to enhance its foothold in mixed and highly sectarian states like Syria, Iraq, and Yemen. The blowback to Iranian influence and the Iraqi Shiite government's purging of Sunnis from state institutions in Iraq in particular helped lead to the rise of the Islamic State, which became centered in Iraq and Syria.

Yemen has become the arena of a proxy war between Iran and Saudi Arabia (and the



The Abraham Accords broke years of consensus among most Arab states. Israeli Defence Minister Benny Gantz is greeted by a Bahrain military official during an official visit to Bahrain. Photo credit: via Reuters

UAE), exacerbated by the involvement of other non-state actors, such as al-Qaida and ISIS affiliates, plunging Yemen into what the UN has depicted as the worst humanitarian crisis in modern history. In the same vein, Lebanon, in the aftermath of the Beirut port explosion of August 2020, has descended into dire economic straits with massive inflation and international debt default. The World Bank has now ranked Lebanon's economic and financial crisis as one

of the three worst crises globally in the last 150 years, as a result of endemic corruption, political dysfunction, and the pervasive influence of Hezbollah in Lebanese politics.

But the most important long-term result of the Arab Spring and its aftermath was manifested in the shifting attitudes among Arab elites toward Israel, particularly given the Iranian threat. At the macro level, the Arab Spring showed that Arab autocrats could not

keep their populations at home, who took to the streets when they felt their demands were not being met. The protests showed that the Arab street would not remain apolitical and quiescent, and the Gulf monarchies took note. They embarked on significant modernization programs aimed at improving service delivery and strengthening their security forces. The Gulf states allowed for more liberal reforms that were dictated top-down—particularly in Saudi Arabia under the Crown Prince Mohammed bin Salman—ensuring that the monarchy would take credit for the liberalizing reforms and not civil society activists. In the geopolitical realm, Arab states also began looking toward allying more overtly with Israel as a means of balancing against Iran.

THE PEACE DIVIDEND: THE ABRAHAM ACCORDS AND ISRAEL'S MEETING THE MIDDLE EAST

The Abraham Accords were the most important concrete agreement to result from the shifting alignment in the region. The multilateral engagement and warming of Arab ties to Israel—catalyzed by a shared view of Iranian expansion—underscored the interest-based approach to foreign affairs, casting aside previous maxims of Arab solidarity for the Palestinians and wider Islamic solidarity. In this new Middle East, the interests of the state have become paramount. The signing of the accords, first by the UAE and Bahrain, and later Morocco (although Sudan signed, it has yet to ratify the accords) has underscored this trend. As a result, the Sudanese saw their removal from the US State Department's list of sponsors of terrorism, while Washington recognized Morocco's sovereignty over the disputed territory of Western Sahara.

But the most important peace dividends, particularly for Israel, have been the open relations, travel, and greater economic and cultural cooperation with the states who signed the Abraham Accords. While these accords have been crucial for Israel's national security and its strategic

position in the region, the normalization of Israel–UAE relations especially has also been marked by high-profile visits and the pronouncement of economic and cultural initiatives between the two countries, including a Free Trade Agreement signed in May 2022, allowing other countries to follow in their footsteps.

Another salient example has been the peace process between Israel and Morocco. For nearly 20 years, since the outbreak of Israeli–Palestinian violence led to the closure of the mutual trade missions in both Israel and Morocco, cooperation between the two countries has remained a quiet affair due to popular opposition in Morocco. Initially, the agreements between the two countries eschewed mentioning the opening of embassies and the appointment of ambassadors, even though this eventually happened in October 2020. Other initiatives were launched later, such as direct flights and cooperation in several fields related to investment, agriculture, and technology. Although Israeli exports to Morocco did not increase significantly (with the exception of tourism), the trend is, nevertheless, positive.

Furthermore, Israel and Morocco have secretly cooperated on military and security levels for decades. Morocco's prioritization of cooperation in the defense sector reflected the rising tensions with neighboring Algeria. In an attempt to keep the continued cooperation out of the spotlight, Morocco mostly focused on its immediate interests. However, the memorandum of understanding signed by the Israeli and Moroccan defense ministers in Rabat in November 2021 signaled a dramatic shift: It was the first-ever defense agreement signed between Israel and an Arab state. Although defense ties between the two states reportedly had included the sale of weapons by Israel as early as the 1970s, they have now been formalized through increased partnership between the military establishments, enabling Israel to expand weapon sales to Morocco.

This was soon followed by the security agreement signed in January 2022 with the

Kingdom of Bahrain, during a two-day visit by Israeli Defense Minister Benny Gantz to the country. Gantz and his Bahraini counterpart, Abdullah bin Hassan al-Nuaymi, signed a security memorandum of understanding (MoU), hailing the historic MoU as having reached “new heights” in Israel–Bahrain relations.

As the cases of Morocco and Bahrain show, the Abraham Accords also have the potential to offer benefits far beyond the economic realm. Despite the Biden administration’s negative outlook toward a US arms deal with the UAE and its persistent ambiguity of US recognition of Moroccan claims over the Western Sahara, the agreements have remained intact.

The Abraham Accords broke years of consensus among most Arab states according to which any official recognition of Israel should have been conditional on the establishment of the two-state solution based on the 1967 lines. The Palestinian issue, which had been conspicuous throughout the 20th century, has now been marginalized and has lost its regional significance. Regardless of the unsustainable status quo, the Palestinian issue—while still on the table—has received less attention from Arab states, which have been nurturing their own interests due to the upheaval in the Middle East. The Arab Spring demonstrated the widening gap between immense expectations and difficult realities, as Arab regimes have been preoccupied with their domestic affairs and politics of survival. Moreover, some Arab states have become indifferent to pan-Arab norms (some even working against them) and have pursued independent courses of conduct, according to which Israel is no longer considered a threat but rather a normal state with which they can have relations and cooperation.

ISRAEL AND THE MIDDLE EAST: THE CHANGING DYNAMICS OF THE ABRAHAM ACCORDS

From Israel’s perspective, the Abraham Accords have offered the possibility of the first truly warm peace between Israel and Arab

countries (Bahrain and the UAE), contrasting significantly with the previous “cold” peace treaties signed with Egypt and Jordan, where relations have generally been confined to diplomatic and security concerns and economic ties at the state level.

The Abraham Accords also offer a cause for optimism in Israel’s stalemated conflict with the Palestinians, even though the Palestinians forcefully objected to them. While there is no doubt that Palestinians and Israelis need to find a way to progress with their own issues, the Abraham Accords can provide a framework for increased Israeli and Gulf investments in the West Bank as a means of strengthening the Palestinian Authority against its internal rivals, mainly Hamas. This has been further underscored by Israel’s current government, which has labeled its policy toward the Palestinians as aimed at “shrinking the conflict.” As a result, economic investment in the Palestinian territories is a crucial building block for the development of peace, with greater job opportunities, more freedom of movement, greater opportunities for Palestinian employment in Israel, investment in the Palestinian hi-tech sector, greater access to water and electricity, and, generally, improvements to the overall living conditions that can help in moving forward. These policies and increased stability in the West Bank are conducive to further developments.

The policies of shrinking the conflict have been led by Defense Minister Gantz, who has sought to underscore Israel’s commitment to supporting the PA. Although the status quo seems rather difficult to maintain, peace is still not on the table. However, the changing dynamics in the region, including coalitions with Arab states, seem rather hopeful for the development of the region and further peace agreements. The Palestinian loss of regional support means that it is crucial for Israelis and Palestinians to prioritize socioeconomic issues as the basis of their negotiations, keeping aside ideological considerations.

A better, pragmatic working relationship with the Palestinians will benefit Israel in several ways. First, Israel will be less likely in a constant state of war. Second, even though regional support for the Palestinians has decreased, some Arab states still show outward hostility toward Israel, such as Lebanon, Algeria, and Syria—but they stand to be increasingly isolated. Third, better relations with the Palestinians will improve the relations between Israel and the West. The Western public shows increasing support for Palestinians, given the marked increase in the number of pro-Palestinian activists being promoted in the media.

LOOKING TO THE FUTURE

The changes that have taken place in the Middle East have been a harbinger for wider geopolitical phenomena. The global order that the US built and the triumph of liberal democracy and capitalism is now being decidedly rolled back. A revanchist Russia, now invading Ukraine and fully invested in Syria, has shown that there is no substitute for hard power; coupled with a less-than-willing US, Middle Eastern states have decided to remain neutral or to tread carefully during the current crisis. Realities have changed, and a less active Washington in the region has forced states to hedge their interests and look elsewhere for aid, military hardware, and capital investment. US hegemony and Washington's overreaching influence can no longer be taken for granted as the geopolitics on the ground have changed.

Shifting global geopolitics and politics of survival for Arab states in the region have decreased the importance of ideology and instead have ushered in a new era of pragmatism. Perhaps the best example of this is the long standing “cold peace” treaties Israel signed with Egypt and Jordan, where close intelligence cooperation assisted the two respective countries in the fight against ISIS, as well as against domestic threats. These relationships, together with warming ties with the Gulf states, provide a hopeful framework to build upon and which can hopefully lead to

greater overt ties throughout the region, where pragmatism and cooperation—and not obstinacy and ideology—are the name of the game. *

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WHAT'S NEXT FOR GLOBAL DOMESTIC POLITICS A



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ECONOMIC GOVERNANCE? AND DEGLOBALIZATION

BY LAYNA MOSLEY, B. PETER ROSENDORFF

Global events during the pandemic of the last two and a half years have exacerbated concerns about the future of multilateral cooperation on trade, finance, and investment. Governments' inclinations toward beggar thy neighbor policies—benefiting their own economies, usually at the expense of others—loomed large during the pandemic, when national governments rationally focused on their own populations when it came to providing protective personal equipment (PPE) and vaccines. Russia's invasion of Ukraine brought similar concerns: While many governments spoke out against Russia's clear violations of international laws, many hesitated to halt oil and gas imports, given their internal energy demands. The trade tensions between China and the US, which remains unresolved even with a change in the US executive, and the collapse of the World Trade Organization's dispute resolution process, exemplify the danger the multilateral economic system faces.

What might the future therefore hold for globalization? Some observers suggest that, despite globalization's benefits for many, the rules-based, US-led post-World War II liberal economic order may not have much of a future. Others express more optimism, noting that multinational firms remain committed to globalization-based strategies, or pointing out that crises can motivate renewed commitments to openness and cooperation.

Discussions regarding the future of economic globalization and of the multilateral economic cooperation that has sustained it ultimately are

discussions about domestic politics; that is, to what extent do electorates in countries like the US support economic engagement abroad; and how do shifts in public sentiment change the incentives of political elites? As global trade, finance, and immigration have become salient issues in mass politics—often blamed for what ails some groups in wealthy countries—the prospects for multilateral economic governance have dimmed. Reinvigorating global governance requires shoring up popular support for openness. This might be achieved by better compensating those whose economic prospects have suffered in recent decades, especially in those countries which have acted as global leaders in the past.

But even a new “embedded liberalism” compromise may not be enough: Compensation sometimes provokes resentment for those who receive compensation among those who do not. Political elites on both sides of the political spectrum must play a role in reestablishing a commitment to openness. In the US, this requires that both Democrats and Republicans again embrace the benefits—to mass publics as well as to internationally-engaged firms—of global integration.

The average citizen in wealthy countries has been supportive of economic globalization over many decades and remains that way today.

GLOBALIZATION AND ITS BACKLASH

The post-World War II economic order has been characterized by a deep integration of national economies, as well as a dense set of multilateral institutions. Barriers to trade in goods and services have fallen worldwide, capital now flows quickly and freely, and in some parts of the world, people migrate across relatively open borders. This economic openness has been facilitated by a set of international institutions that create rules to guide and harmonize policies of member states; monitor behavior of member states; and limit governments' incentives to take opportunistic actions. Globalization has been associated with higher rates of economic growth, as well as a dramatic decline in the percentage of the world's population living in poverty. In many countries, domestic publics have been broadly supportive of globalization.

At the beginning of the 21st century however, this domestic consensus began to unravel. The rapid rise of China as an exporter of manufactured goods, accompanied by China's predatory industrial, trade, and intellectual property policies, have exacerbated the longer-running decline of manufacturing activity (and the associated decline in real wages among manufacturing workers) in wealthy countries. This decline also was intensified by the emergence of cheaper long-distance transportation and communication technologies, which allowed for the creation and growth of geographically-dispersed supply chain production. Firms based in the US and Europe could source and produce goods and services in their most cost-effective locations, which often were in developing nations. Many individuals in wealthy economies, often accustomed to reaping the benefits of economic openness (including lower consumer prices as well as well-paying employment), found themselves increasingly exposed to competition from abroad, as well as to the worry that their jobs might be offshored or outsourced.

The average citizen in wealthy countries has been supportive of economic globalization over many decades and remains that way today. But the stability of mass attitudes masks the negative

shift in opinion among a significant subset of voters—those who have experienced material losses and who believe that global economic forces (trade, immigration, and international institutions, to varying degrees depending on the country) are to blame. Political elites have responded to this shift, often implementing policies that limit global economic engagement. While such policies are a hallmark of right-wing populist parties and candidates, we have seen a range of governments take steps to limit their countries' engagement with the global economy, via increased barriers to the movement of goods, services, capital, and people.

These policy shifts predate the COVID-19 pandemic, the war in Ukraine, or supply chain fragility. They include the UK's withdrawal from the EU and the US implementation of tariffs in 2017 against a wide range of Chinese products (many of which remain in place). We also have observed declining support for the pillars of the "liberal international order," such as the World Trade Organization and the International Monetary Fund. Vacancies in the WTO's Appellate Body—undermining the effectiveness of the WTO's dispute settlement procedures—

**Robots or touch screens
replace workers with
less formal education,
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term economic prospects.**

persist; the US has refused since 2017 to approve new appointments; this refusal has continued under the Biden administration.

IS GLOBALIZATION REALLY TO BLAME?

It is clear that the job and income prospects for less-skilled workers in manufacturing (and services) have declined markedly in wealthy economies. De-industrialization has brought a decline in manufacturing jobs and labor market difficulties for those with less formal education. This longer-run process has been exacerbated by increased import competition, especially pronounced with China’s economic liberalization and its subsequent 2001 accession to the WTO.

Despite the attention given to the “China shock,” or to immigration from east to west within the EU, economic globalization is often not the only—or the most important—source of income shocks. Changes in communication and manufacturing technology affect employment: Robots or touch screens replace workers with less formal education, while simultaneously enhancing the productivity of highly skilled workers. Growing income inequality, made especially visible after the 2008 global financial crisis, exacerbates workers’ worries about their long-term economic prospects.

Yet many individuals assume that trade and/or immigration are to blame for the economic risks and ailments they face. Some recent research indicates that individuals are indeed more inclined to blame industrial decline on trade and immigration, rather than on innovation or automation. Voters believe that policymakers can reverse, and are responsible for, trade-induced job loss, whereas they are not responsible for the (perceived to be irreversible) employment effects of automation.

Workers within the same firm may be differentially exposed to risk, as a result of the occupational tasks they perform. Those individuals whose jobs can be easily offshored, and who have few other options in their geographic area may be particularly likely to express anti-trade and anti-immigrant sentiments.

In both the US and Europe, local regions that have suffered de-industrialization have voted out incumbents in favor of political outsiders. Such outcomes require only that a (relatively small) subset of voters shift their views related to economic globalization—and this is especially true in countries with majoritarian (versus proportional) electoral rules. In Europe, much of support for populist, nativist right-leaning parties is grounded in anti-immigrant sentiment. In the US, Donald Trump made anti-trade (as well as anti-outsider views more generally) a key part of his appeal. Political elites have benefited from blaming material woes on globalization, as well as on the multilateral institutions that facilitated globalization.

WHERE DO WE GO FROM HERE?

Are there policies which might address some of the dislocations related to de-industrialization and globalization and restore support for integration and engagement?

Many observers have attributed the backlash to the failure to enact or sustain an “embedded liberalism” compromise, in which those who gain materially from openness compensate those who lose. By sharing some of the gains from openness, the “winners” can buy the political support of the “losers.” This compromise, which facilitated the restoration of economic liberalization in European countries in the post-World War II era, was always more limited in scope in the US. Public policies that retrain and upskill workers could address worries about offshoring, de-industrialization, and import competition; these could shift

The political will for larger social safety nets and unemployment insurance—funded through higher levels of taxation—is largely absent

domestic political environments in ways that allow the US and EU countries to reengage with multilateral economic institutions.

The political will for larger social safety nets and unemployment insurance—funded through higher levels of taxation—is largely absent, however. The degree of redistribution needed to compensate those displaced by foreign competition is far more than is politically feasible given demands for reduced government spending, reduced deficits, and inflationary fears. Governments might have taken advantage of low interest rates to borrow cheaply and fund social protection as well as infrastructure investments, but most did not. Governments fear that, in the absence of a multilateral effort to tax large corporations, higher taxes on businesses or wealthy individuals (likely necessary for expanded redistribution) will generate capital flight.

Domestic sentiment in favor of a return to embedded liberalism policies is by no means guaranteed. The expansion of health insurance coverage in the US, via the Affordable Care Act, made few beneficiaries more supportive of global engagement. Often government interventions in the US and Europe are viewed through a racialized lens; those who do not receive expanded government benefits may resent those who do, hardening support for “smaller government.”

The absence of a social safety net is compounded by individual under-investment in education and under-saving more generally. Those with preferential access to good paying manufacturing jobs, protected by unions, found little need to save or get a college degree—both of which would be crucial when jobs disappear. In both the US and EU, evidence suggests that it is these workers (and their families and communities) that predominantly rushed to support political candidates promising to reverse the effects of globalization.

Rescuing multilateral economic governance may require that elites, firms, and mainstream voters who have benefited from openness to become more politically engaged. That is, a “backlash against the backlash” is necessary to

rescue globalization. Multilateral governance must shift too: While the nearly-global multilateral institutions of the post-World War II era generated substantial sovereignty costs for governments, “plurilateral” or bilateral arrangements, involving smaller groups of countries and based upon voluntary commitments by government bureaucracies and private sector actors, may be more politically acceptable within countries.

These new forms of global economic governance are not without costs: Governance via more limited “clubs” raises concerns about opportunistic behavior. Governments may worry that investment screening, carbon-focused trade adjustments, or labor-related trade restrictions are veils for protectionist motivations. Moreover, governance via networks and voluntary standards may raise worries about the influence of large firms on policies, or about democratic deficits in trade policymaking.

Absent a revised domestic political consensus for openness, the liberal international order remains in peril. The outlook for a renewed political coalition in support of commercial integration, whether in the realm of trade, investment, capital flows, immigration, and even the environment, seems bleak. While new forms of multilateralism offer hope (the answer may lie, for now, in limiting the scope of cooperation to narrow issue areas—the agreement on fisheries at the recent WTO Ministerial, for example), no real progress can be made without reducing the anxiety and labor market risk experienced by wide swaths of politically engaged people in much of the developed world. *

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IN SOUTHEAST ASIA, NEEDS TO UP ITS



US President Joe Biden poses with India's Prime Minister Narendra Modi and Japan's Prime Minister Fumio Kishida as he announced the countries that are joining the new Indo-Pacific Economic Framework. Photo credit: EYEPRESS via Reuters Connect

THE UNITED STATES ECONOMIC GAME

BY SCOT MARCIEL

One often hears that China is “winning” the competition with the United States in Southeast Asia. This strategically important region is home to 650 million people, and collectively is the world’s fifth largest economy and the US’s fourth largest export market.

While serious competition is indeed a reality, it is not particularly useful to think of it in terms of one side “winning,” as if it were a sporting match. Southeast Asia is not a prize to be won. Countries there want to have good relations with both China and the US, but do not want to be dominated by either. They are strongly committed to their own independence and sovereignty. The American goal should not be to “win” but rather to maintain sufficiently strong relationships and influence to advance its many goals. The US should also provide the gravitational pull needed to help Southeast Asians maintain maximum independence and freedom of maneuver in the face of a rising China that sees the region as its sphere of influence.

To achieve this goal, Washington needs to engage consistently at all levels—starting with the president—and with that engagement, the US should bring a positive agenda that is not all about China. Even that, however, will not be enough should the US fail to bolster its economic game. In an area of the world that prioritizes

economics, the US has steadily lost ground to China, especially on trade and infrastructure. This trend has reached the point that it is common to hear Southeast Asians say they view the US as their security partner and China as their economic partner. The harsh reality is that, even with still-strong security partnerships, it is hard to imagine the US being able to sustain its overall influence in the region if it continues to lose ground economically.

The numbers tell part of the story. While US merchandise trade with the Southeast Asian region grew by a respectable 62.4% from 2010 to 2019 (the last pre-pandemic year), China’s trade increased by an impressive 115% during the same period, according to the statistics of the Association of Southeast Asian Nations (ASEAN). Over a longer period, the US share of the region’s total merchandise trade fell from 16.1% in 2000 to 11.6% in 2020, while China’s share rose from 4.3% to 19.4%. Although infrastructure investment numbers are harder to come by, there is no question that China

Southeast Asia is not a prize to be won. Countries there want to have good relations with both China and the US, but do not want to be dominated by either.

is playing a much more significant role in Southeast Asian infrastructure development than the US.

Some of the relative decline in the US economic role in the region is the inevitable result of China's dramatic economic growth and the resulting increased trade and investment. That trend, however, only partly explains the US predicament. Over the past 10–20 years, Beijing has been much more aggressive in its economic statecraft than Washington. Beijing signed a Free Trade Agreement with ASEAN, then joined a new multilateral trade agreement—the Regional Cooperation and Economic Partnership (RCEP)—and more recently asked to join the high standard Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) free trade accord. On infrastructure, China established the Asian Infrastructure Investment Bank and the high-profile Belt and Road Initiative (BRI), which aims to funnel billions of dollars into infrastructure projects in Southeast Asia and elsewhere.

The BRI initiative generally has been welcomed in the region for one simple reason: Southeast Asia has huge and urgent infrastructure needs—estimated by the Asian Development Bank to be \$210 billion per year through 2030—that it cannot meet by mobilizing domestic resources. Through BRI, Beijing is offering to meet a portion of those needs with greater speed and fewer conditions than other would-be partners. Southeast Asian governments have lined up for BRI projects, with outgoing Philippine President Rodrigo Duterte, Indonesian President Joko Widodo, and former Malaysian Prime Minister Najib Razaq having signed on for more than \$20 billion of BRI-funded infrastructure projects in the 2015–2018 period. Although the BRI has been the subject of substantial criticism for overpromising, project delays, quality problems, employing Chinese rather than local labor, and raising the host government's debt obligations, the initiative still dominates the discussion of infrastructure in the region.

The US, meanwhile, has underperformed in terms of its economic diplomacy. Most importantly, in 2017 it summarily withdrew from its primary economic initiative in the region, the Trans-Pacific Partnership (TPP) free trade agreement. President Trump's decision to pull out of that accord was a severe geostrategic and economic blunder, as TPP would have bound the US into the broader region for a generation or more, as well as facilitated greater US trade with a number of fast growing economies. With the US out of the TPP and China joining RCEP, the prospects are for a growing percentage of ASEAN trade to be with China (and other RCEP partners) and for the US and American businesses to lose further ground.

The US also has struggled to compete on infrastructure. The US is not going to match China, particularly in areas such as road, rail, and port development, but it could do more. The Trump administration launched several initiatives—including the Blue Dot Network, Clean EDGE Asia, and the establishment of the Development Finance Corporation (DFC), a larger, more ambitious version of the Overseas Private Investment Corporation (OPIC), a federal entity that helps insure US ventures abroad—all of which sought to leverage private sector funding to offer high quality projects. The Biden administration has followed up with the Partnership for Global Infrastructure and

The US does not need to match Chinese numbers. It does, however, need to find a way to become a more significant player in Southeast Asian infrastructure.

Investment, announced in June in coordination with G-7 partners, and promised via the Quad \$50 billion in infrastructure funding. To date, however, these initiatives generally have not significantly changed the overall infrastructure picture in the region.

The US failure to engage in the region's burgeoning free trade networks—combined with the big splash that China's BRI initiative is making and the lack of a countervailing American initiative—is fueling the perception in the region that the US is a declining economic player. In an ASEAN 2021 survey of regional opinion leaders, 76% believed China was the most influential economic partner in the region, compared to less than 10% who felt that way about the US. Even more telling, I recall asking a senior Myanmar economic minister in 2017 why he had led private sector roadshows to China, Japan, and South Korea but not the US, and he replied: “We didn't even think of the US.”

Thus, the US faces a problem of both reality and perception. To address this, the US does not need to match Chinese numbers. It does, however, need to find a way to reenergize its trade engagement and to become a more significant player in Southeast Asian infrastructure, and to do so in ways that change the narrative in the region.

Recognizing this reality, the Biden administration recently launched the Indo-Pacific Economic Framework (IPEF), which is expected to result in negotiations on trade, supply chains, clean energy, and decarbonization, as well as on tax and corruption issues. The administration touted this initiative as reflecting the needs and realities of the 21st century global economy. The good news is that seven of the ten ASEAN member nations signed onto IPEF, presumably reflecting their interest in greater US economic engagement and their hope that IPEF can produce just that. Skeptics say the initiative does not offer the promise of greater access to the US market via tariff reductions, which normally would be the carrot to entice other governments into adopting

the high standards Washington wants. Also, as Matthew Goodman of the Center for Strategic and International Studies has pointed out, the fact that the administration is unwilling to take any negotiated agreement to Congress for ratification is likely to raise doubts in the minds of Asian partners about the IPEF's durability, since a future administration can easily toss it aside.

Despite or maybe because of these doubts, the US needs to do all it can to turn the IPEF into something that is economically meaningful. Can it produce a digital trade agreement, real substance on strengthening supply chains, or can it possibly even use trade facilitation tools to enhance market access as former senior US trade official Wendy Cutler has suggested in a recent podcast hosted by the Center for Strategic and International Studies? It is too early to say, but the bottom line is that many in the region—and indeed even in the US—will remain privately doubtful until and unless the IPEF shows that it can result in tangible business and economic benefits.

The US will have to make it easier for Southeast Asian governments to say “yes” to deals. That means offering the full project package, including financing, and accelerating the project preparation and approval timeline to come closer to matching that of the Chinese.



The Biden administration has followed up with the Trump administration's initiatives.

Secretary of State Blinken speaks during a Blue Dot Network Discussion in Paris. Photo credit: Reuters

The White House put the IPEF forward because it believes it lacks the political support either to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership or to launch another significant trade initiative. The domestic politics of trade might be tough right now, but that is not an excuse that is going to go very far in Southeast Asia. The region is not going to say “no problem, we understand.” Instead, it will go ahead without the US. If Washington wants to maintain influence, it needs to find a way to make the domestic politics on trade work. That almost certainly will entail appealing to bipartisan concern about Chinese geostrategic dominance, as trade alone probably will not sell.

On infrastructure, the various US initiatives to date have disappointed to some extent, although the Development Finance Corporation has been a step in the right direction. They do little other than offer the prospect of quality to give the US a competitive edge over Chinese-funded projects. The Chinese offer relatively speedy approval processes, low or zero conditionality deals, and complete project packages, including financing. Chinese state companies often are willing to undertake projects that do not appear to be commercially viable. Plus, Chinese political leaders weigh in personally to push the projects forward. I have seen this on the ground, in Indonesia and Myanmar, countless times. The Chinese pull out

all of the stops, with intensive lobbying and full financing, and they often win.

Economic officials in the region complain that the multilateral development banks and Japan, which also offer substantial infrastructure deals, move much more slowly and laboriously than China. The design, discussion, and approval process often takes many years. With the US, it is almost always the private sector taking the lead, and private American companies have a hard time finding well developed, “bankable” infrastructure projects in the region. Plus, US companies often come to the table without full financing or even all the pieces of the project. Government lobbying and financing usually lags, if it is there at all.

If the US is going to compete effectively for infrastructure projects in the region, it is going to have to change the way it does business. To begin with, the US will have to make it easier for Southeast Asian governments to say “yes” to deals. That means offering the full project package, including financing, and accelerating the project preparation and approval timeline to come closer to matching that of the Chinese. It also means more government funding for project development along with heavy US government lobbying, including by the president when appropriate, for major projects. The US is not going to engage in bribery or support projects that destroy communities or the environment, nor should it. But it needs to use just about all the other available tools to compete.

The US should consider establishing an overseas infrastructure czar in Washington who can lead and oversee government-business teams that identify potential projects where the US can compete, put together a full project package, including private and public financing, and then aggressively lobby the host government for approval. I often hear that the US does not work that way on overseas business. Perhaps, but if Washington wants to win some victories—and more significant projects—it needs to be willing to adopt new thinking.

Reengaging on trade and winning more infrastructure deals are essential, but there is one more thing the US needs to do to reverse the perception that it is a declining economic player in Southeast Asia. It needs to do a much better job of telling its economic story. For example, the US remains the largest foreign investor in Southeast Asia, but I am willing to bet few people in the region know that. Similarly, America remains a huge market for Southeast Asian exports, just slightly smaller than China, but again that is not well known or much talked about in the region. The US should devote more resources and time to telling this story and to reminding the region of the incredible power of American private sector innovation and the US commitment to quality investment. Better communications alone will not solve the problem, but combined with trade and infrastructure initiatives it can help the US persuade the governments and people of Southeast Asia that it remains a major economic partner. *

SCOT MARCIEL

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THE AMERICAN WAY OF BELT AND ROADS PROJECTS

BY ROBERT SILVERMAN

The Chinese are eating your lunch!" I glanced down at the croissants at our table in a Jerusalem café while my American investment banker friend continued talking. He was honing in on China's comparative advantage over the US, which he described as the Chinese government's ability to achieve major foreign policy objectives working with its companies on specific economic projects. In general, he meant the way China prioritized the economic and

commercial aspects of foreign policy. My friend had helped broker Chinese investments in Israel and elsewhere as part of the Belt and Roads Initiative, in which Chinese infrastructure construction overseas is tied directly to China's geostrategic interests. He had never seen the US government do anything remotely similar overseas in conjunction with US companies.

He had a point, which I will explore below, but first I had a rejoinder and a story. Yes, I conceded, the US does not seek to integrate its companies into governmental policy the way China does. Under Chinese law, Chinese private companies must consult with and take guidance from Communist Party officials. When dealing



The Baku–Tbilisi–Ceyhan pipeline. Photo credit: Wikimedia Commons / Thomas Blomberg

with a Chinese company, one is also dealing with the Chinese state. Furthermore, when US and Chinese companies compete head-to-head on infrastructure projects, the US sometimes wins. I cited the recent case of the shipyard at Subic Bay, Philippines, where an American company, financed by a US firm and supported by the US government, won over a Chinese competitor.

The US government can, in its own way, effectively support US companies overseas, including through imaginative infrastructure projects that also support US strategic interests.

I proceeded to tell my young friend the story of the Baku–Tbilisi–Ceyhan pipeline. It begins during the winter of 1992/1993, one year after the fall of the Soviet Union, in Baku, the Caspian port and capital city of the newly independent republic of Azerbaijan. Lying some 70 miles offshore in deep waters of the Azerbaijani sector of the Caspian were rich oil and gas fields that had not been exploited by the Soviets. These “super giants” were the prize sought by a panoply of

Western oil majors and state oil companies that hastened to set up offices in Baku and, with the help of their governments, began jockeying for oil rights and influence with the new Azerbaijani government. A key question arose early in this revival of the 19th century Great Game for Central Asia: Once oil rights were awarded, how then was the Azerbaijani oil to be exported from the Caspian to international markets?

This question had already been answered for two other Caspian states. Both Turkmenistan’s gas and Kazakhstan’s oil would be exported through Russian pipelines, giving Russia often decisive leverage over these new states’ conduct of foreign relations. In the winter of 1992/1993, Azerbaijan’s oil export route—and with it the future orientation of the country’s foreign policy—were still up for grabs.

At that time, it was uncertain how much oil could be produced. First, exploration wells needed to be drilled and then a decision on how to get the oil to markets.

THERE WERE THREE EXPORT OPTIONS.

(A) The least expensive and simplest option was a short pipeline going south over flat terrain, about 100 kilometers, to Iran, connecting to the existing pipeline network in northern Iran. Western companies could then swap this Azeri oil for Iranian crude in Persian Gulf terminals. This option was briefly supported by BP, which was then buying Iranian oil, but everyone figured it would face lethal political opposition.

(B) The “most likely to succeed” option, as viewed at the time, was to refurbish the leaky old Soviet pipeline heading north to Russia, which involved pumping oil over the Caucasus mountains more than 1,000 kilometers to the Russian Black Sea port of Novorossiysk. This was supported by Russia and some Western majors already working with Russia. The pipeline’s rights of way were established, and the pipeline physically existed, although new pumping stations and other upgrades were needed.

(C) The least likely route traveled west for over 1,700 kilometers, from Azerbaijan through southern Georgia and eastern Turkey to the oil terminal of Ceyhan on the Turkish Mediterranean. This would involve building a new pipeline through mountainous and politically treacherous terrain (skirting the Nagorno-Karabakh war but passing close by conflict zones claimed by different ethnic minorities in Georgia and Turkey). It was naturally championed by Turkey’s state oil company and the Turkish government.

Washington eventually (after a lot of back and forth with the US companies and within the government) chose to back option C, the western route through Georgia and Turkey, for solid strategic reasons. It then proceeded to turn the project into commercial viability. It appointed a State Department team to mobilize a “whole of government” effort integrating diplomatic and economic agencies, in close coordination with US and other Western companies, to secure private-sector financing and intergovernmental agreements. After 12 years and several team rotations, in 2006 the US-backed Baku-Tbilisi-

Ceyhan (BTC) consortium celebrated completion of the pipeline and export of the first oil to international markets. More recently a parallel natural gas pipeline was built to carry Caspian gas to markets. The BTC pipeline is one of most impressive engineering feats and diplomatic achievements of the late 20th century.

This pipeline has kept the economic interests and foreign policy alignment of both Azerbaijan and Georgia linked to the West, and it offers other ongoing strategic benefits for US interests. Through BTC, both Turkey and Israel have access to important energy resources outside of the control of Russia or Iran. At the time of its construction, the pipeline strengthened Turkey as an energy hub, helping to diversify oil and gas away from Russia, already then seen as a problem.

The heroes of this story are the career US diplomats who, once the US chose option C, volunteered for the assignment of turning a quixotic line on a map into a financeable project backed by three governments on the ground and many others behind the scenes. They knew how to scale up what the US government has on offer to US companies, from political risk insurance to export financing. They drew on the US government’s prestige at that post-Cold War moment to close difficult deals. One officer in particular stayed with the BTC project for much of its 12-year span. Laird Treiber was a quietly effective deputy head of BTC negotiations who became the Department of State’s premier energy officer. I followed his work on this pipeline with admiration and later recruited him to help run the Department of State’s economic policy engagement with Iraq.

US diplomats didn’t bring The BTC pipeline to life on their own, of course. Financing decisions and attendant risks were in the hands of private companies. Also important, the US government had at that time a powerful regional ally in Turkey. The Turkey of Suleiman Demirel made clear that the main alternative to The BTC pipeline—export via the Russian Black Sea port of Novorossiysk and then via Turkish straits to the Mediterranean—would be a non-starter, laying

out in great detail the environmental dangers of increased tanker traffic through straits that traversed Istanbul, Europe's largest city. The oil majors imagined phantoms of lawsuits dancing on their bottom line, swallowed hard, and opted for the 1,700 kilometer BTC pipeline.

The BTC pipeline story has gained both academic and journalistic attention (and was featured as a project under construction in the 1999 James Bond film, "The World is Not Enough"). But the best accounts are found in the diplomatic oral histories stored online at the Association for Diplomatic Studies and Training (<https://adst.org>).

Now there is no reason to think the US government can no longer take on bold infrastructure projects that connect strategic and commercial interests, like the BTC pipeline.

In fact, there is one such project that has needed US leadership for years: the Eastern Mediterranean natural gas consortium. If we had adopted the BTC approach—a creative US government team under professional diplomatic leadership that stays on the job even as political administrations change and that knows our technical and economic agencies as well as diplomatic practices—then we might have solved the complex intergovernmental, technical and commercial issues by now and provided Europe with a significant new source of gas (and brought our Eastern Mediterranean allies closer together). Even the more modest plan currently envisioned, of pumping Israeli offshore natural gas via northern Sinai pipeline to Egypt, and from there to Europe in liquified form, will only work in a timely fashion with high-profile US leadership.

There are a variety of reasons for lack of US activism of late on the Eastern Mediterranean gas project, including that financing is more difficult when the product is gas and not oil. Another reason is that we should not be investing in any new infrastructure for fossil fuel energy. However, that concern fails to distinguish between the differing climate impacts among the various types of fossil fuels and fails to

consider the realistic alternatives in realistic timeframes. If the likely result of failure to invest in Eastern Mediterranean natural gas means that Europe relies even more heavily for years on dirtier sources such as oil and coal and remains dependent on Russian or Qatari gas, then such a policy doesn't serve anyone.

Some things haven't changed from the halcyon post-Cold War days until now, and one of them is the reflexive skepticism of the State Department bureaucracy to prioritizing economic and commercial diplomacy. There is plenty of talk about the need to strengthen economic diplomacy but little action and certainly no prioritization. My investment banker friend's *cri du coeur* about China's comparative advantage in this area has a point. (Scot Marciel's essay in this issue of JST on US-China competition in Southeast Asia makes the same point.)


This was true also initially in the BTC pipeline case. My walk-on role in this story came in that winter of 1992/1993, as the economic officer at the newly opened US embassies in Baku and Tbilisi. After talking with all the oil contacts in town and holding meetings with Azeri and Georgian leaders, I wrote a cable advocating for US promotion of the western export route as an American strategic interest. The initial response from Washington was, "We don't get involved in commercial disputes involving multiple US companies. Let them sort it out." But Embassy Baku was joined by Embassy Ankara and then by Embassy Tbilisi and others, and the leadership at the State Department was eventually won over. Then the hard work began. *

ROBERT SILVERMAN

A former US diplomat and president of the American Foreign Service Association, Robert Silverman is a lecturer at Shalem College, a senior fellow at the Jerusalem Institute for Strategy and Security, and president of the Inter Jewish Muslim Alliance.



Valley of Fire, Nevada

A hand in a dark blue suit jacket is pointing towards the text. The hand is positioned in the lower right quadrant of the page, with the index finger extended towards the center. The background is a solid grey color.

BEHIND THE CURTAIN AT THE CREATION OF THE ABRAHAM ACCORDS



President Trump, joined by Senior Advisor Kushner, at the White House. Photo credit: Mandel Ngan / AFP

BY ARYEH LIGHTSTONE

As we approach the two-year anniversary of a phone call that changed the Middle East, it is important to understand the impact and potential of the Abraham Accords. August 2020 was a dark time, as COVID-19 had already brought a good part of the world to a halt.

On August 13, 2020, American officials gathered in the Oval Office as President Trump hosted a conference call between Israel's Prime Minister Benjamin Netanyahu and the then crown prince of the United Arab Emirates, Sheikh Mohammed bin Zayed. I remember that at least 20 people were present, because that was the first time I had been in a closed room with so many others in nearly six months. The phone call was not very long, and it included the traditional challenges of a conference call—of people speaking over one another and the difficulty of hearing clearly. Yet the echo of that phone call still resonates today and will continue to reverberate throughout the Middle East and the world for years and decades to come.

The underlying premise of the phone call was that leaders have the ability to determine if the past will dictate the future. Sheikh Mohammed bin Zayed took a courageous decision that day—that the past would not dictate the future and that the UAE would lead the process of normalizing relations with Israel. Since then, the US administration has changed, Israel has had two new prime ministers, and Mohammed

bin Zayed is now the president of the UAE. In addition, Israel faced a round of conflict with Hamas in Gaza in May 2021, heightened internal tensions during Ramadan in 2022, and an increase in terrorism. The Abraham Accords have already been put to the test harder and faster than previous Arab–Israeli peace agreements and in a much shorter period of time. And now, as we approach the two-year anniversary of these accords, it is clear that they are an unmitigated success that should be embraced, praised, and invested in.

This raises the questions as to how the Abraham Accords came about and why they have endured, despite the early tests they faced. On June 25–26, 2019, Jared Kushner, a senior advisor to the president, laid out a new way to look at the Middle East in the Peace to Prosperity Workshop in Bahrain. At the workshop, Kushner brought together dozens of Arab and Muslim leaders along with some of the most prominent businesspeople from across the world to roll out an economic plan for the Palestinian people. Released at this workshop was a comprehensive 100-plus page plan that described how a \$50 billion investment in the Palestinian people could help them become independent. Essentially the plan demonstrated in granular detail how the Palestinians could transition from reliance on international aid to economic self-sufficiency.

Much of the leadership of the Middle East and North Africa showed up at the Bahrain workshop, excited about a new approach to this decades-old conflict. The Palestinian leadership—often portrayed as moderate peace seekers—boycotted the workshop. There were,



Laying out a new way to look at the Middle East, White House Senior Adviser Jared Kushner and Secretary of the Treasury Steven Mnuchin in Bahrain. Photo credit: Reuters

however, nine brave Palestinian businesspeople who attended the conference and who were treated as the rock stars of the event. Unfortunately, they and their families received death threats for attending an event where the international community contemplated the best way to invest \$50 billion in their communities. And this was in economically good times. The Palestinian approach did not change during the COVID-19 pandemic, and it still has not come around during this economic downturn.

The Bahrain workshop in 2019 demonstrated in concrete terms that there are ways for the region to work together for the betterment of all people. The absence of a perfect solution should not prevent progress in the region. Kushner and his team did an impressive job of holding up Israel as a model for economic growth and technological innovation. This is critical because while outsiders may perceive the Middle East as monolithic, it is comprised of

dozens of countries each with its own interests and agendas. Many of those countries are ultra-competitive with each other, and the Bahrain workshop demonstrated that the Palestinians were missing out on a golden opportunity by not benefiting from the Israeli engine for growth. What was left unsaid but was clear, nonetheless, was that other countries who had not yet normalized with Israel would benefit significantly from a real relationship with Israel.

Three years after the Peace to Prosperity Workshop, senior diplomats from Bahrain, the UAE, Morocco, Egypt, the US, and Israel gathered again in Bahrain on June 27, 2022, some three months after a meeting between the foreign ministers of these countries in Sde Boker, Israel. This was a group dedicated to spurring on the Abraham Accords. What made this latest meeting so remarkable is that the news media no longer considers it remarkable. Three years ago all of the mainstream media had one of two predictions:



El Al plane landing for the first time at the Abu Dhabi airport. Photo credit: Reuters

either Kushner was going to light the Middle East on fire or he was simply wasting everyone's time on a vanity project. I was personally responsible for bringing Israelis and Palestinians to the Peace to Prosperity Workshop and now, three years later, senior officials from the above-mentioned countries meet regularly to cultivate the accords. Remarkable indeed.

Middle East peace has long been touted as one of the impossible feats that would never be accomplished. From August 13 to December 23, 2020—little more than a year after the Bahrain Peace to Prosperity Workshop—Israel normalized relations with the UAE, Bahrain, Sudan, Morocco, as well as Kosovo, a Muslim-majority nation in Europe. Led by the US, these agreements took place so quickly that the world outside of the Middle East and North Africa has hardly had time to understand what has happened. The primary reason why the Abraham

Accords have not received their due praise and subsequent peace dividend is political. President Trump and his team created the platform and opportunity for these unique deals to come to fruition—and to praise the deals would be a tacit approval of President Trump.

I had the opportunity to lead the first negotiations between Emiratis and Israelis, not at the highest leadership level, but at the practical level of how to put the vision of the leadership into practice, and during a pandemic no less. Watching these agreements turn into relationships and then into true warm peace was wonderful to see. I recently wrote a book called *Let My People Know* about the Abraham Accords and the prospects to further them in the region and beyond. The goal of my book is to show that the Abraham Accords are a win-win case in international agreements and bedrock support for them should become core US policy across the political aisle.



The Abraham Accords signing ceremony at the White House in Washington. Photo credit: Reuters

From my perspective, the most powerful picture of 2020 was Israel's national carrier, El Al, landing at the Abu Dhabi airport, being greeted by Emiratis in traditional thobes. This image was powerful because it showed the world that the impossible was possible. Just 15 days before the El Al plane landed in Abu Dhabi, there had never been any formal connections between Israel and the UAE. Furthermore, since mid-March much of the world's air travel had been halted due to the COVID-19 pandemic. Now Israel's national plane was flying over the Kingdom of Saudi Arabia, landing in Abu Dhabi, the capital city of the UAE, and its passengers being greeted as official guests of the country. To say that this was unexpected would be a meaningful understatement.

When we arrived at the special VIP airport, a presidential level motorcade was waiting for us. Jared Kushner, Avi Berkowitz, and their

White House team went with Meir Ben Shabbat, Israel's national security advisor and the head of the Israeli delegation to meet with Sheikh Tahnoun bin Zayed, the head of delegation of the UAE normalization process. I remained with 30 or so Israeli director generals of various ministries and their key staff members to begin practical normalization negotiations. We arrived at the St. Regis Hotel where we met 35 Emirati counterparts. This was truly a surreal experience. The Israelis were giddy with excitement, as their government had tasked them to bring structure to this new relationship. The Emiratis were equally enthused about the opportunities before them and were anxious to show their famous hospitality. Yet, the challenge remained as to how to go about this technical normalization. As the senior American in the room, I told the delegations that this was a unique opportunity and that simply being together was a success. I

further explained that the primary objectives were to get to know one another, build trust between each other, and form working groups on topics for future follow-up.

We brought the delegations together to show the world that neither COVID-19 nor political instability nor any other obstacle would slow down this unique moment for peace. After a fantastic round robin dinner where I tried to make sure every Emirati could meet every Israeli and vice versa, I was feeling pretty good about the success of this trip. However, at 11 pm that evening I received a phone call from Avi Berkowitz who said that Jared Kushner, Sheikh Tahnoon, and Meir Ben Shabbat had agreed that the Israeli delegation would not return to Israel without completing memoranda of understanding (MOUs) on banking and investments. So at 11:15 that evening we gathered the appropriate members of each delegation and sat in the hotel's board room on the second floor and agreed that we would not leave that room until we had agreements that were ready to be signed. It took all evening, but by 5:30 am we had two MOUs ready to be signed by the UAE and the State of Israel.

In retrospect, this was a critical turning point in the Abraham Accords. With the right push and motivation, agreements that often took months, if not longer, could be negotiated and signed within hours. This served as an incredibly powerful symbol. The Abraham Accords were not going to creep along at the snail's pace of standard international negotiations. They were going to accelerate as quickly and efficiently as possible. This showed both the UAE and Israel the significance of this opportunity, while it also signaled to the world that these agreements were not formalistic or superficial, but meaningful and transformational.

Although the Biden administration has welcomed the Abraham Accords, it has not invested in them and instead is focusing on other priorities. Nonetheless, the accords continue to stay strong and prevail despite its initial early challenges such as the changes in Israeli governments, the conflict with Gaza, and

tensions on the Temple Mount. At the same time, however, the accords have not expanded beyond the original countries secured during the final months of the Trump administration. This proves two points: First, the accords are long lasting and sustainable, even without US stewardship, and second, expansion of the accords will require meaningful US involvement and leadership.

In my book I make the argument that common sense policies led to the foundation where the Abraham Accords could occur. Peace in the Middle East is not a Republican ideal nor is it a Democratic one; rather, it is an American ideal. The American interest is absolutely served by the continued growth and strengthening of these game-changing accords. Meaningful progress will only occur if President Biden and his team look at the Middle East outside of the foreign policy paradigm in which we all have been stuck for decades. Although countries can and will act in their own interests, the paradigm that began at the Bahrain Peace to Prosperity Workshop has continued to this day because the Abraham Accords provide a net benefit for the signatory countries. In due time other countries will realize that they too will benefit meaningfully from the Abraham Accords, and they too will consider joining and reaping the benefits for their citizens. Imagine, all of this progress occurred in just the past three years; imagine what the next three or more can bring. *

— ARYEH LIGHTSTONE

Rabbi Aryeh Lightstone served as senior advisor to US Ambassador to Israel David Friedman from 2017 until 2021 and as special envoy for economic normalization for the Abraham Accords. Lightstone currently splits his time between Israel and the US. His book, *Let My People Know*, was published in 2022 and tells the story of the Abraham Accords, how they happened, why they are succeeding, and how they can expand.



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