

The 2023 Israel-Gaze Conflict: What Next? With Sir Tom Beckett & Emile Hokaymen of the International Institute for Strategic Studies

Simon Brewer

There are certain geopolitical developments that need to be examined in an objective and timely manner for their profound strategic ramifications. Israel and the West Bank following the events that began after Hamas' attack on Saturday is one such occurrence. How best to approach and distil a complex situation becomes the next question. And we're forever grateful at the Money Maze Podcast to our network of supporters and listeners. One friend Jonny Gray, Partner at Ankura and former colonel in the British Army made the introduction to our guest today. So we're going to Muscat and we're here in London to listen to the perspectives of two seasoned Middle Eastern thinkers both working for the International Institute for Strategic Studies, IISS. For those not familiar with that organisation, for 65 years, they have been helping shape the strategic agenda for governments and businesses, have offices around the world, and are experts in helping clients calibrate risk and outcomes, and we'll be featuring more details of them when we release the show notes. Now, turning to our guests, so Tom Beckett and Emile Hokayem, first of all, I'm going to say welcome both of you to the podcast. Thank you very much for being here. I'm going to do the quick recap. Tom, you were a Lieutenant General in the British Army. In 2010, you were Chief of Staff for the International Security Assistance Force in Afghanistan. In 2014, you became the Senior Defence Adviser to the Middle East at the Ministry of Defence and were the Prime Minister's security envoy to Iraq, and currently director of IISS Middle East with expertise in Middle East, North Africa, defence policy and planning and military operations. So I guess we'll accept your qualifications for this interview. And Emile, you actually told me you are of Lebanese French origins, so obviously know the area very well. You're Director of Regional Security. You've written books on Syria, Egypt, on regional security, and specialise in the Gulf states, Iran, Israel, Syria, and Lebanon. So with that as the backdrop, I hope we can achieve a few things in this conversation, the backdrop that sets the scene for recent events, disentangling the actors and their motives, timings and intelligence failures, and what lies ahead, and maybe given we're the Money Maze Podcast, even a question on whether the crypto world has helped facilitate some of the payments that have expedited this particular set of incidents. So let's start with some context around recent developments, both internal and external. Perhaps I can ask one of you to characterise the last 12 months of Israel-Palestinian relations relative to the previous years of turbulence and violence.

Tom Beckett

Simon, absolutely. It's a real pleasure to be on for both Emile and I. Emile didn't say it, but he is also the lead for the whole of the Middle East program. So he is the true expert that you've got on board here from the IISS. From Israel, and Emile will do a bit more on the Gaza angle and the Palestinian angle, we've all seen it over the last year since Netanyahu's government, his third government, has come in, that he has been dealing with altering the constitution to affect the judicial system and managing extreme elements within his coalition. To the degree that if you were to have asked Shin Bet before, the domestic intelligence agency before the attack last Saturday, what was one of their principal preoccupations, it would have been the polarisation of Israeli society. And we saw that over the summer with some of the protests against the judicial reform that was being applied or attempted to be applied by Prime Minister Netanyahu, the mass protests that were going on, reservists who were saying that they would not serve, including pilots and special forces within Israel. There was a management issue there, and part of the piece of Netanyahu's reforms, of course, would be to make it harder to challenge him as the Prime Minister both in government but also in the courts. Pretty tense in Israel, I think. And some of the population are concerned about the privileges being afforded to the ultra-Orthodox community not having to fight indeed, actually, some of them not having to work at all, so quite a polarised society. So that's the

internal look. The external look that Netanyahu had hoped to develop was to widen the circle of peace. During his previous prime ministerial time, he had signed the Abraham Accords with four nations, the United Arab Emirates, Bahrain, Sudan, and Morocco. And of course, in this iteration of his prime ministerial peace, he wanted to expand that even further, and the goal was Saudi Arabia. For Saudi Arabia, it wasn't so much about a deal with Israel. It was about what they might be able to achieve from the United States. None of us ever thought that they were going to join the Abraham Accords because they would need- the packaging of the present would need to be different and the present itself would need to be significantly different than the Emirates and Bahrain and Sudan had got previously. The effort there was external, how do we widen the circle of peace, for a whole lot of reasons. But I think predominantly, if you have made peace or if you have widened your relationships with all of the Arab nations, you inevitably diminish the importance of the Palestinian question for everyone. And I think that is where Emile might pick up on Gaza.

Emile Hokayem

Just to add some context to all that, 2022 and 2023 have been until Saturday the most violent years in the Palestinian territories since the end of the Second Intifada, which we date usually to 2005. So 2000 to 2005 was a very violent period. Then Hamas benefited or established its control over Gaza between 2005 and 2007, and you had the split between West Bank and Gaza. And what this did essentially was that it made the Palestinian authority look weak, illegitimate, struggling to deliver etc., which allowed in turn Israel to say there is no partner to talk to. And so what happened during that time as well is that the Israeli's thinking started shifting that the Palestinian issue is one to manage from a security perspective, to contain, and to overtime shrink. You box the Palestinians in Gaza in particular, and then you can go about having a peaceful life, you can grow your economy, which Israelis did very well, you can think differently about the region, deeper ties with your near neighbourhood, Cyprus, Greece, Egypt, etc., but also think more ambitiously about regional integration and Tom just mentioned the Gulf states. What happened essentially is that for Israel, it seemed like a moment of opportunity were reaching out to the region in a way also allowed a slow, I would say, expansion into the West Bank. Because the assumption was that Gaza was boxed in, that Hamas' military capabilities and Hamas' intentions were in check, and that over time, the ambition, the expansion ambition would be focused on the West Bank. I think Hamas was very determined all along to find an opportunity to remind Israel and the others that you can't box it, you can't box the Palestinians. It claimed to speak for the Palestinians, but just to be clear, I will not equate Hamas to the rest of the Palestinian population. That's very important. Hamas has not organised a single election in Gaza since it seized power. For me, it speaks perhaps to its concern about the kind of political support it really enjoys in society. Obviously, in times of crisis, people tend to rally even around a party they don't like if they see an external enemy to fight. Things do shift. That's the broad context. What's important to note as well is as Israel grew more prosperous and stable, the Palestinian territories grew poor and had fewer horizons. And that fed a sense of despondency, a sense of anger. And in a way, the fact that Israel was investing so heavily in regional normalisation was felt very deeply as a deep cut for Palestinians that not only Israel but also the rest of the Arabs no longer care. So there was a need to reassert their place. Obviously, Hamas found the most barbaric way of doing it. How Hamas went about that will shape the next phase, I suspect.

Tom Beckett

Hamas' charter was first issued in I think it was 1988, wasn't it Emile? But it was updated in 2017. And some people interpret the update to be less dogmatic about there being no state of Israel. Actually, there's quite a few researchers and academics who would disagree with that and say that essentially what they say is there is no place for Israel. It's affiliated with the Muslim Brotherhood. That in itself is problematic because countries like the United Arab Emirates and so on think that the Muslim Brotherhood is the root of all terrorist evil in the political Islam space. So I think it's just worth remembering what Hamas is as we talk about what the ramifications might be later.

Simon Brewer

Two things strike me as we always used to turn to the BBC for objective and valued advice. And I think that many of us feel the BBC has become a shadow itself and certainly has not been willing to call out Hamas as a terrorist organisation. I funnily enough was in Israel with my family at the end of July because we'd never been there and we thought we would, and so we saw those protests where academics and venture capitalists were aligned in opposing the government's anti-democratic reforms. And we went into the West Bank as well. It might be the last time that many of us are going to Israel for a while.

Tom Beckett

In that regard, it's not just academics and venture capitalists. It was a lot of the retired senior military and senior intelligence officers who were anti the change.

Simon Brewer

Yes. So let's just put the spotlight on this Saudi Accord. We'll talk about whether it's on ice and what might happen a little bit later on. But am I right in my limited understanding that there was a sense from the Israelis and others that by developing these dialogues, maybe the more modern West Bank Palestinian authority would be able to play ball and that that in itself threatened the legitimacy of Hamas so they were being undermined? Let's just pause there. Is that a fair understanding?

Tom Beckett

Israeli behaviour in the West Bank in this new coalition is a catalyst for what Hamas did. The new Minister of National Security, Ben-Gvir, was intent on provoking West Bank Palestinians through threatening of the Muslim sites, the holy sites, and as Lawrence Friedman, a great academic said, and not providing the wider security the implications of that. So I think that to answer your question, did they see that they would ameliorate the problem of the Palestinians in the West Bank by what they were doing? I don't think so because they were being antagonistic to them.

Emile Hokayem

Hamas saw an opportunity here to remind everyone that even a non-state actor in a small place can disrupt the regional discussion and set a new regional agenda. They looked at discussions between the US, Israel, and Saudi Arabia as fundamentally antithetic to their interests, to the interests of their primary sponsor, Iran, not their only but their primary sponsor, and saw an opportunity essentially to insert themselves and to show the table upside down. In a way, they succeeded. I think that Hamas was in large part, not only, but in large part driven by the desire to show Arab states growing close to Israel that they could essentially go to Arab public opinion, tap into old Arab nationalist rhetoric, revive something that is quite profound in Arab societies, the image of Palestine, and bring it back to use it as a geopolitical tool. And this is a very uncomfortable moment for a number of countries who have either normalised with Israel or were in the process to. It is from a Hamas perspective a big geopolitical achievement.

Tom Beckett

In saying that, and I think we'll probably come on to this a bit more, it is difficult to see how Hamas think they're going to get out of this, and I think that is if Israel carries out the promises of what it intends to do and can achieve those. It's difficult to see the long-term strategic benefit that Hamas will gain.

Simon Brewer

So you've actually answered my next question. Thank you. I suppose the other players on the chessboard are Hezbollah, which of course then brings us into are the Iranian the puppet masters here. Can you just maybe complete that picture of the other faction and who you suspect are the other actors.

Emile Hokayem

There's no automatic line of control between these groups. What I'm trying to say is that it's better to think of them as brothers in arms. Their ideological, strategic, political objectives align. Iran is obviously the big brother who empowers, who advises, who trains, etc. But I don't think that Iran orders Hamas to do specific things. And in this case, I suspect, I don't have evidence, but I suspect that there was a conversation between them, but it was more about Hamas making sure that whatever it was up to would not conflict with Iranian interests, Iranian priorities at the moment. Again, other people will seek to establish whether there was a causal relationship between Iran and the attack. I can't do it at this point. Hezbollah is a very interesting player in all that because obviously, Hezbollah is a formidable militia. It is a unique instrument for Iranian security policy. It has become so powerful and so competent that it is the ultimate tool of punishment and deterrence for Iran. So my sense, and perhaps the events will prove me wrong and it will certainly depend on how the war unfolds, but my sense is that Iran does not want to deploy Hezbollah unless and until the existence or the territorial sovereignty of the Iranian regime is at stake. It's too good an instrument to just deploy like that. I tend to be still sceptical. I certainly see Hezbollah trying to harass and provoke and there's massive potential for miscalculation here. But I think strategically, the way Iran has always looked at Hezbollah is that this is the ultimate tool. This is the ultimate instrument. You use it when it really matters. And I'm not sure that at present, the Iranian government thinks that it needs to tell Hezbollah mobilise the tens of thousands of battle-tested fighters, deploy those missiles, join the fight and start a new front in Northern Israel. Just to be clear, just now, the Iranian Foreign Minister has arrived in Beirut and has just met with the Secretary General of Hezbollah, Hassan Nasrallah. I suspect that there are lots of discussions. I'm not sure the Iranian foreign minister will be the only one involved in that. There will be other actors on the Iranian side. But they will be watching that space very carefully. And it won't be necessarily very comfortable for them either, because for a long time, they presented themselves as the resistance and now they're going to see Palestinians dying in the hundreds. And they will be asked by their constituency, you told us you're the resistance and you're not doing that. And the answer is, it is a strategic calculation that will be made between us and especially Iran.

Tom Beckett

And then on that, of course, part of that calculation for Iran and Hezbollah is the reinforcement of the Sixth Fleet deliberately done by the United States to deter Iran and Hezbollah making strategic miscalculations. Now, of course, that can bring about a miscalculation in and of itself. But I think the other thing, and Emile and I were discussing this earlier this morning, is to look at Iran itself. Your average Iranian is wedded to al-Quds, to Jerusalem, a bit like he is to Najaf and Karbala, but he's not wedded to the idea of spending billions on Palestinians. So the idea of getting into a war to bail out Hamas who started something and may not have had, I agree with Emile there was probably a discussion but there wasn't an order, but has started something that needs to be bailed out which is going to be inherently costly, is not something that I would judge that Iran would want to do because looking at its own internal dissent that it's got currently. And I think that's one of the things. You'll have seen that the \$6 billion that were released from South Korea to sit in Qatar which was supposed to be used for humanitarian and food purposes for Iran, the Americans have said that they're stopping that, they're not going to allow that to happen. Qatar has said, fine. And the Iranians, of course, what the Iranians get is they get the ability to say to their population, we never sent any of that \$6 billion because we've never had it, but more to the point the Americans again are cancelling on another deal just like they did with the nuclear deal. And then Qatar of course can say we can be tough on Iran if we need to be. So that's a segue there. But there is a piece about the money where the domestic support lies in Iran.

Simon Brewer

I want to come back to what you said a few minutes ago because you touched on Iranian priorities. And given this jigsaw is so complicated and explosive, maybe can you just encapsulate what are Iran's priorities?

Emile Hokayem

I think the ultimate priority is the survival of the Islamic Republic as a theocratic regime ruled by a class of clerics allied with military officers who are highly ideological in the IRGC in particular. Iran does have concerns about territorial integrity. This is a country that has been traumatised in its history by a number of actors, Iraq, Russia, the list is long. It's a country that has amazing potential, amazing talent, and that has a very strong sense of pride as well. It wants to exist as a regional player regardless by the way of who is in power in Tehran. But it's a country that fundamentally is struggling and as we've seen since last year in the demonstrations with essentially reconciling those Khomeini ideals of the 1979 revolution with momentous societal changes. The way a friend of mine has described what happened in Iran in the past year is essentially the granddaughters standing up to their grandfathers and saying what you did in '79 has led us to this calamity where we're forced to veil, there's no choice there. We live under an isolated theocratic regime and so on. I would argue that this domestic challenge is as existential as anything else that Iran faces. But Iran sees all these threats as almost converging. They see the domestic as somehow inspired by the external, they see the external fuelling domestic challenges to the regime. So it's a regime that's paranoid. At times, it has a right to be. It is valid given the fact that for the past 10, 15 years, Israel for instance has conducted a pretty efficient campaign of sabotage inside Iran, the fact that they come under cyberattacks and have been denied military technology and so on. I'm not judging the merits here, I'm just describing. So it is a paranoid regime. It's a very militant regime. It's a regime that seeks validation from its regional successes as well. Iran has been isolated for a long time and has found in a way validation in the rise of Hezbollah or Hamas, all these groups that provide Iran with leverage in important regions in the region, provided with instrument strategies of violence that are deniable, so Iran can do things and say or do things through partners and then deny it behind. Iran has figured out a way to expand its influence in the region. So it is a competent actor because it does so at low cost. It does this with a lot of strategic patience. It is invested ideologically in some of those relationships, which explains why international attempts to contain Iran have I would argue until now failed.

Tom Beckett

Emile is absolutely right there. One of the things our director of geo-economics in IISS said a while ago that if you look at Iran, Iran's got the population roughly the size of Egypt. It's got the natural resources equivalent to Saudi Arabia, and it's got the potential for economic diversification of Turkey. So if you look at it in the region in that context, it should be the big player in the region. It can't be the big player in the region because the security guarantor, whether they accept it to the degree that they used to, is still the United States. So Iran wants the United States out of the Arabian Gulf. That's one of its secondary objectives, because then it can become the big player. And part of that strategy is to enhance it's relations with both China and Russia, and of course, the Ukraine-Russia war or the Russian invasion of Ukraine has reinforced the tie between Russia and Iran.

Simon Brewer

So let's talk about escalation and I guess routes to de-escalation. How are you thinking about the probabilities of the various outcomes that might unfold?

Tom Beckett

Israel has said explicitly that it's going to launch a ground offensive into Gaza to destroy Hamas, but it hasn't done it yet and there are indications that it's thinking about how it's going to do it. As you'd expect, it's going to understand the situation on the ground as best it can. The natural assumption is that Hamas has prepared Gaza for defence and would hope to be able to thwart an Israeli attack in the same way that Hezbollah did in 2006 in Southern Lebanon. So that would be their goal, which is why, incidentally, they tell the Gazan population to stay where they are and not to move south as the Israelis have asked them to, and equally reach out to both Jordan and Egypt to take some of those people, which probably isn't going to happen. It is going to escalate, although

there are some voices in Israel questioning whether there is a requirement to do a ground incursion, a ground invasion, but I think there has to be if they intend to destroy Hamas.

Simon Brewer

Is it destroyable?

Tom Beckett

No. The military capability is destroyable largely, but Hamas' political imperative, so the resistance, is not destroyable and someone else will pick up that piece. That's inevitable in a population of 2 million living under blockade circumstances with a 75-year history of wanting to have a Palestinian land that is distinct from Israel. So no, the political imperative. And then of course, the population, as we put it in one of our double ISS things, their existence is the resistance, and the resistance is their existence. And so from there, you're going to get recruits. They could be severely damaged. One of the things in the expressions that are coming out is what Hamas has done has put a question into Arab minds about the invincibility narrative of the Israelis and their performance in Gaza militarily. It'll either demonstrate that they are not invincible, or it will reinforce that they are actually a competent ground force who can do something to Hamas.

Simon Brewer

I'm reminded that John F. Kennedy said those who make peaceful revolution impossible make violent revolution inevitable. And a friend of the show, Ravi Joseph, said the Palestinians appear to be cursed with intransigent and extremist leaders who they probably cannot dislodge and who will sacrifice their population in pursuit of their cause. But actually, of the two camps, Israel and those Palestinian bodies, who's the more intransigent?

Tom Beckett

There is a day of reckoning that's going to come in Israel at the end of this campaign. Israel, unlike Hamas or the Fatah, will have an inquiry and blame will be apportioned. Netanyahu may find that he will not have another term as the Prime Minister of Israel. But equally, there has clearly been an intelligence failure, and there could well be losses in both Mossad and Shin Bet or resignations or sackings. But I think that's going to alter the balance in Israel. I can't particularly tell how that's going to go. It can either become more determined and therefore more right-wing, or it can become more democratic. I think we all know where we'd prefer it to go.

Emile Hokayem

It's an important question. Certainly, there are intransigent leaders on both sides. I'm not making a direct comparison between the two. I'm just saying that ultimately, there are a number of parties in Israel and in the Palestinian territories who have no interest in reaching a solution, in reaching peace. And it's been quite damning to realise that actually, Netanyahu's political strategy all along has been to allow Hamas as long as was contained to exist in Gaza because it was validated his view that there's no need to seek peace and that the West Bank was an opportunity for greater expansion. That's one aspect. Ultimately, it's undeniable what Hamas did was absolutely horrific. It made a decision on that Saturday morning that it wouldn't just cross the line with Israel and attack military outposts, that it would also go after civilians. That is a conscious calculated decision. So that is the strategy of terror there. Absolutely. Now, as I said earlier, Hamas does not equal all Palestinians, certainly not all Palestinians in Gaza. There is a view, however, that, look, Israel is the successful party here. It has a growing economy, it has built a modern society. It has, as many people know, the second largest number of companies listed on the NASDAQ and so on. It is an advanced economy. Because it is the superior party, there has been an expectation by those who want peace that Israel will be the magnanimous side, that as Israel grows stronger and more prosperous, that Israel will see the need for peace. And actually, from a Palestinian side, what they saw is that as Israel grew stronger and more prosperous, Israel started forgetting, ignoring that element. Many Israelis thought they could move beyond, that this is an issue to box. And very sadly, Hamas has

shattered this in the bloodiest possible way, shattered that delusion in a very gruesome way. It's very difficult at the moment. The Palestinians, it's a broken society. We have expectations of them as they're going to get their act together and embrace the most moderate discourse and they're going to see the light and so on. When living in such circumstances of misery and loss. The idea that you're always going to have the Mandela, we always talk about this great man is going to come, or woman, who will come and change all that, that's really rare in history. I still think that the onus is on the stronger side to think hard about what is the strategic objective there and how to get there. And Israel is lucky in the sense that it does have partners. As you saw since the attack, all Western democracies are rushing to support it and so on. The Palestinians, who do they have? They'll have Iran and they'll have a couple of smaller states with no power projection capabilities. And so the Palestinians are in a way hostage to that relationship with Iran today, or to Hezbollah and so on. They don't have this ability I think at this point to think creatively about what's needed. Just to be clear, talking about Palestinian rights to statehood and sovereignty is not a way to ignore the many failings and mistakes of Palestinians in the process. There are plenty of them. In the case of Hamas, there's plenty of blood as well. It is incumbent on those who have the luxury of space, of time, of better lives, to think strategically about what the outcome should be.

Simon Brewer

We've got lots of investors, heads of businesses and corporations thinking about how to deploy capital. The Middle East has been going through a transformation, as we know, creating outward but also inward investment opportunities. It's always hard. Investing in the prediction business, you've got to try and assess the probabilities. One year from now, how do you see the landscape?

Tom Beckett

Before last Saturday, what the Gulf states wanted, or certainly the middle power Gulf states, so the wealthy ones, Saudi Arabia, the Emirates, Qatar, to a lesser degree Kuwait because they're not as active, what they wanted, they've all got development plans, and they wanted a de-escalation so that they could develop their nations whilst they still have the opportunity, whilst oil still reigned supreme. So that was the goal. What none of them will particularly want is for this to throw that off course. Everyone's predictions of when oil is going to end have always been faulted. But it's going to end at some stage, and they know that they've only got a certain amount of time to diversify, to care for their populations long into the future. They're going to want to restore that balance. They've got to though however factor in Saudi Arabia, whatever it is, 26 million Saudis. What are they thinking right now? That's a real domestic issue. Do they have to get behind the resistance more or can they afford to try and reset this if nothing else happens? If you're looking at investing in the Gulf, I would say in a year from now, I'd still say that the opportunities are there, but the potential for the Middle East to surprise you out of nowhere almost on a daily basis have been reinforced.

Simon Brewer

We just actually had an interview with General Petraeus and Andrew Roberts who have written a book called the changing nature of warfare since 1945, and they were here and recorded at my home just last week, which was absolutely fascinating. But as Andrew Roberts quipped, the surprise is that we're surprised when there's a surprise. But Emile, let me throw that one into your court in terms of a year from now.

Emile Hokayem

The Middle East will continue to surprise us. That's undeniable. I think that at times, we emphasise risk over opportunity and sometimes we emphasise opportunity over risk. I would argue that up until Saturday, for the past three years, we talked mainly about opportunity and discounting the risks. And I think for investors in particular, the temptation is to focus too much on opportunity when they see capital flowing, good news, and so on. I appreciate that. I understand. I'm not making a value judgment there. The risk bit is not well understood. It's not well taken into consideration by a lot of people who come to the region. And I'm not saying it should

deter them. I think at times, they've overreacted to bad news in the region. For the past 20 years, we've been told total war is around the corner. It hasn't happened. I mean, it may happen. God knows what's going to come out of this round of violence. The point is that some people have done very well in the region because you still have a significant level of ambition when it comes to infrastructure projects, there is an opportunity when it comes to the energy transition. There is an excess of capital that needs to be invested and the region needs help, needs to figure out where to put all this extra income generated from oil prices and others. But there's a profound I think understanding that the nature of the economy has had to change in a number of places, and that's quite exciting to watch. It's rife with risk as well. But this transformation is not going to happen without investors taking a hard look at the fundamentals. States have a tendency to paper over the challenges or paint a rosy picture. It's really investors who will give us the health check needed about where this is going. It's whether FDIs are flowing in or not that will tell us whether a country is credible, and so on. Investors have to think a bit harder about risk. They have to reach out. They have to do better risk assessment on this. This is not just about the Middle East. This will have global ramifications. Ultimately, the Middle East for good or worse cannot be ignored. It has a way of forcing itself on the global agenda. This war will likely take time away and attention away and resources away from Ukraine, for instance. It will help perhaps Russia come back into the diplomatic game because it is possible Benjamin Netanyahu, in attempt to keep the Northern Front quiet, will pick up the phone, call Vladimir Putin and tell him, hey, you're present in Syria, you've partnered with Iran, you buy weapons from Iran to fight in Ukraine and so on, can you please tell Iran and Hezbollah to quiet down, which could validate Russia's sense that it's still in the game, that it can still be a player that can disrupt or not. It is also a place where a number of countries in the region will watch whether China can do something or not. Is China willing to take a diplomatic initiative or will China just be a very minimalist power, just insert itself where easy and convenient but not really take responsibility for crisis management? My answer is a bit loaded, my question is a bit loaded, because I suspect the Chinese will be nowhere to be seen. But it doesn't matter. If Western countries fail and Arab countries fail to guide that process and lead to a de-escalation, put back things politically on track, then China will look better at the end of the day. The Middle East is an arena for global competition. The US is involved there, Russia is involved there, China is involved there. We've noticed that I didn't say the EU per se because the Europeans or the UK for that matter are still struggling to exist in the space, to shape their immediate neighbourhood, even as, and just I'll finish on that, even as Europe is the most exposed to the externalities of Middle Eastern instability, migration and terrorism. And that in a way is a harsh statement on Europe at the end of the day, that it is probably not even trying to shape dynamics that affect it directly, its politics, its cohesion, its strategic focus.

Tom Beckett

The four things that we as an institute have thought about this if we were to project it into a year, and I was just drawing it out again from one of our pieces, was as we said, the Gulf states will hope for a de-escalation. In fact, all of the states will hope for a de-escalation. Many of them don't have the leverage to achieve that, but that's what they want. That's point one. The Israelis are motivated by a desire to punish Hamas and then restore deterrence and reestablish a sense of security for their population. That's going to be their driver. Hamas clearly expects the escalation, and what they're going to want if not to achieve a wider war, but to certainly get wider Arab and international sympathy for their plight because that'll mean probably investment and something being done about it, and perhaps even more pressure on the next Israeli government for a better solution. And then the last piece we've said is that a wider war does remain a possibility, but we don't see any evidence as an institute of Iran and Hezbollah wanting to widen it at this stage. And certainly, the other actors like the United States and so on don't. So I think that would be the four ways that we would look at it from a years' time. The population of Israel is 34 times smaller than the United States. So America is about 340 million, Israel is about 10 million. So if you look at the scale of the strategic surprise that happened last Sunday, this is their Pearl Harbor,

probably worse than 1973. And then if you think about 9/11 and the proportion there, this is their 9/11 too, and they've had them on the same day. And I think that is going to be significant for Israel.

Simon Brewer

I normally conclude, you've actually done my conclusion for me in a significantly more punchy and concise way Tom, Emile, thank you so much for your time today. I think this has been timely and terrific. Whoever said a week is a long time in politics should actually rephrase it. A weekend is a long time in politics. This is fast-moving, profound implications and the need to think through and that's obviously what you guys do and specialise in. So I can just say once more, thank you both for appearing today on the Money Maze Podcast.

Tom Beckett

Thank you very much for the opportunity. I've listened to some of them. They're great, so a real privilege to be on one. So thank you very much.

DISCLAIMER

Thank you for listening to the Money Maze Podcast. For more information or to subscribe, please visit the MoneyMazePodcast.com. Hope to see you next time. All content on the Money Maze Podcast is for your general information and use only and is not intended to address your particular requirements. In particular, the content does not constitute any form of advice, recommendation, representation, endorsement or arrangement and is not intended to be relied upon by users in making any specific investment or other decisions. Guests and presenters may have positions in any of the investments discussed.