

# The IMTe™ Reports

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## **Crisis in the Middle East** **The wider picture**

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## **Crisis in the Middle East The wider picture**

***It is only through labor and prayerful effort, by grim energy and resolute courage, that we move on to better things***

*Theodore Roosevelt*

*The Israel-Hamas war is part of a larger globally unfolding war dynamic. The current Middle East crisis, as well as the Russia-Ukraine war, are components of the bigger great-power conflicts currently shaping the new world order. As Israel prepares to enter Gaza, we must realize that the Israel-Hamas confrontation comprises a conflict with the inherent dynamic of precipitating additional and larger neighboring conflicts with significantly wider geopolitical and geostrategic effects. We will hereby attempt an assessment of the repercussions short-, medium-, and longer-term of the ongoing grave Middle East crisis, the attack of Hamas on the State of Israel.*

*An increasing convergence of national threats is creating a new strategic reality for Israel, making the outbreak of war on several fronts simultaneously a potentially realistic scenario. A sudden, coordinated emergence of these threats would pose serious challenges to Israel ... the most challenging task being to simultaneously neutralize the above threats while concurrently protecting the country's civilian population and infrastructure ... A strategic military dogma, with conceptual depth and wide-ranging effectiveness, has arisen over time, one that embraces all types of action, whether of defense or of retaliation or involving a full-fledged war. In the first two instances, it neutralizes threats and establishes security and, in the third, it automatically allows for a new regional order to emerge. In the eyes of both allies and enemies, such a framework underlines Israel's belief in its operational superiority, its state-of-the-art technological base, its unparalleled military capabilities, and its crystal-clear view and absolute determination to pursue, by any means necessary, the security of the Israeli homeland. Israel promotes a unifying national narrative among all its citizens and diaspora, imparting a sense of mission as well as a constant commitment to mobilization for collective efforts, both in peacetime and at times of war.*

*The IMTe Reports, IMTe Research Report, Aspects of an Emerging World B. Times of conflict ..., March 2020*

The current critique of Israel's intelligence apparatus may, in our humble view, not be fully justified if carefully and objectively analyzed. One has to consider the nature of massive intelligence data flowing into the Israeli intelligence network, information which is continuous and requires nonstop processing and interpretation as to its significance in real time. We thus question whether the highly sophisticated intelligence network/structure in Israel actually did fail: *what seems to have definitely failed was correct interpretation in terms of the significance of the intelligence data and, most likely, their corresponding distribution to the highest political/military channels.*

The aim predominantly of Iran and its proxies is to permanently disrupt the restoration of full diplomatic relationships between Israel and Saudi Arabia, which would massively widen the scope of «The Abraham Accords», the bilateral agreements on Arab–Israeli normalization signed between Israel and the United Arab Emirates (UAE) and Bahrain on September 15, 2020. Such a historic development would advantageously open the way for permanent peace in the Middle East, to the long-term detriment of Iranian strategic ambitions for dominance of said region. It would also neutralize the extremist policies of Iran's proxies, mainly Hezbollah and Hamas, as well as severely impair the influence of the Palestine Liberation Organization, plus other smaller radical Palestinian groups, over the Middle-Eastern theater. Ultimately, it may, however, achieve just the opposite. The potential crippling of the power of Hamas by an Israeli grand

offensive could strengthen Israel's ties with Saudi Arabia and other Arab nations over the longer term. The effectiveness of Israel Defense Forces' (IDF) operative capacities can only mean long-term collective security for Saudi Arabia and for other moderate Arab nations.

*The purpose of Israel's strategy is two-fold. Foremost to hinder Iran's ongoing efforts to develop nuclear weapons capability and second to reverse Iranian efforts to create an extensive infrastructure of support across Iraq, Syria, and Lebanon, with embedded advanced weapon systems directed at Israel. The latter military development plan, characterized by a clear civil perspective stretching over a wide time horizon, aims for a military that can destroy enemy capabilities on multiple fronts and in record time while minimizing Israeli casualties. The entire Israeli military, with the integration of air, naval, ground, and cyberattack capabilities, is to be interconnected in such a way as to allow units to detect and share information and destroy enemy targets in merely a few seconds, consequently shortening the period during which the Israeli home front and economy could suffer damage or even be paralyzed by incoming enemy fire. This calls for the unprecedentedly efficacious cooperation of a variety of advanced technology units, data engineers, analysts, and IT experts working closely with one another and breaking down traditional barriers between units.*

*The IMTe Reports, IMTe Research Report, Glimpses into the Future, June 2021*

Overwhelming evidence is mounting that without Iran's support, Hamas could not have carried out the massacre of Israelis near the border with the Gaza Strip. Through its proxies, the Iranian regime now effectively occupies Lebanon, Iraq, and to a large extent Syria, in addition to the Gaza Strip. If Hezbollah attacks or, even worse, invades from the north, Israel will find itself in its most serious existential crisis since the Yom Kippur War in 1973. Hezbollah, with direct military and monetary aid from Iran, potentially has as many as 50,000 soldiers, making it the world's most heavily armed non-state actor. Israel has no other option than to restore safety in its land through operation «Iron Swords II» – and in our view it will do so. With more than 1,400 Israelis dead this has been the worst massacre, since the WWII Holocaust, which shattered the Jewish world. Eliminating the military capabilities of Hamas in Gaza and removing its political leadership, while avoiding unnecessary harm to civilians, will most probably be the first implementation of the IDF's operations. At the same time, Israel may have to simultaneously deal with concurrently emerging threats from Hezbollah, the Palestinian Authority in the West Bank, and most importantly Iran. Israel is fighting an existential war and seems to be united and determined to win that war at any cost.

*If Iran gets too close to be building a nuclear bomb ..., thereby developing a nuclear arsenal, Israel's geostrategic dogma allows no other option than to neutralize Iran's nuclear sites. The Israeli Air Force (IAF) has been preparing for this mission for many years, but actually moving from planning to carrying it out will nevertheless be a herculean task due to the geographical restraints of distance (the shortest distance between Iran and Israel is about 1070 miles), as well as the possible military necessity to simultaneously engage Hezbollah and Hamas in Lebanon and Gaza, as well as dealing with the Palestinian Authority in the West Bank. The operation could unleash another major geostrategic theatre of war in the Middle East, not unrelated to those other active states of conflict between world powers.*

*The IMTe Reports, IMTe Briefs, East versus West - Countdown ..., April 2023*

As Israel enters Gaza there is a smaller possibility that the IDF scores a relatively swift and decisive defeat of Hamas and a far larger probability for an escalation of the Israel-Hamas conflict into a major regional war engulfing multiple parties, potentially, in the worst case, Iran too. In both scenarios we expect Israel, thanks to her superb technological warfare capacities, to ultimately defeat all of its adversaries. The use of tactical nuclear weapons by Israel is a possibility, though only if Israel faces a terminal existential threat, most probably linked to Iran directly entering the war.

There are first indications that the US is finally waking up to identifying its geostrategic priorities within the wider conflict between East and West. The guiding concern for American strategy in the coming years will be confronting China economically as well as militarily in Taiwan, in the China Seas, the Pacific, and potentially around the globe, as China methodologically and with exponential speed continues to build up its war machine on all levels in preparation to confront the US for world supremacy. The current Middle East crisis could be the catalyst for American political and military focus on decisively shifting to a new paradigm. The US may finally be coming to terms with the overriding notion, for the sake of its own security too, that militant extremist factions within the Middle East and beyond have to be neutralized: the Middle East needs the foundations for long-lasting peace and radical terror-oriented groups have no place in such an environment. The US may also accept Russia's dogma *of strategic depth* as regards its borders with the European continent: this would mean the end of the Ukraine conflict with a pacification of Ukraine. It immediately frees up US resources that can then be directed to the containment of China. A lasting US policy shift in these important new directions still needs far more permanent evidence to be conclusively validated.

An Israel-Saudi coalition in formation will continue, despite short-term setbacks, so as to sustain the burden of stabilizing regional security in the Middle-East. Saudi Arabia understands its new role for the coming years and is already beginning to contemplate its position within the context of a new regional architecture in the making. Turkey and Qatar are stuck in the old way of thinking that supports militant extremist Arab factions. Egypt will probably retain its peace pact with Israel. China and Russia are also concerned about a well-armed political Islam, especially if it possesses nuclear weapons. As such and apart from diplomatic interventions and mediating efforts, they may, barring a huge escalation of the conflict, largely remain out of the current Middle East confrontation. The European continent is also waking up to the threat of terrorism emanating from specific radical nations/groups from the Middle East: this may signal a permanent shift in its domestic and foreign policies. Germany has declared its unequivocal support for Israel, has warned Iran not to undertake military actions, and has therefore entered this conflict actively on the side of Israel. This is a novel stance in German foreign policy in line with Germany's ambitions to lead a European core of nations on its way to becoming the fourth global superpower. The war in Gaza is intensifying rivalry with the Muslim world globally, and Europe is at its core, *as the clash of civilizations intensifies, a component of the East versus West conflict*. The face of the Middle East changes forever; to what extent remains an open question!

A bewildered and disoriented world in utter disarray, teetering on the brink of chaos, a world in constant turmoil, with social unrest, economic upheavals, geopolitical transformations, geostrategic clashes, the overthrow of post-WWII norms ... this is the picture of humanity today. A global environment seemingly difficult to understand though we will argue still predictable. The Middle East crisis acts as a catalyst in two potentially opposing directions. The two scenarios run as follows:

A. The clash between Israel and Hamas has the potential to further militarily set aflame an existing trail of instability extending from the Middle East (including Iran eastwards), all the way north up through Turkey - with a subbranch northwest towards the Balkans - and continuing to the north towards the Black Sea and the war zone of Ukraine, ultimately ending in the vast Russian territory. Medially, another axis leads from Turkey to the South Caucasus, the Caspian Sea, Central Asia, and further out East all the way to China, the China Seas, and the Pacific. On the South Caucasus and the Caspian Sea region another potential war zone is simmering and ready to ignite, the likely result of Azerbaijan invading Armenia. For China, a window of opportunity exists for a potential invasion of Taiwan from now

till November 2024, as the US is torn apart by domestic political instability, preoccupied with ex-President Trump and the upcoming elections in 2024, and internationally busy with the Middle East crisis and the Russia-Ukraine war. As Israel starts a ground-troop Gaza offensive, Middle East hostilities hold the potential for an escalation to an international-scale regional war, in the extreme case (low probability in our view) even culminating in WWII and involving all three global powers and their respective allies.

Within this turbulent climate and even without an international war, implications for financial markets could be a combination of stubborn, maybe even rising, inflation, a severe credit squeeze and financial repression, product scarcities and distribution bottlenecks, and a long-overdue reversal of global expansion. *In other words, we could be looking at the early stages of a war economy to an extent few in the markets today anticipate.* We will once again repeat that hedging in investment decisions is an absolute necessity for the remainder of this decade. Gold is not a perfect hedge, but as the ultimate most solid store of value provides effective insurance against catastrophic geopolitical and financial conditions.

B. Let us now turn the coins upside down and examine how the world will look with a combination of favorable options on the hottest issues that humanity is confronted with, forming an integrated positive whole:

- a) As Israel enters Gaza, the IDF's comprehensive counteroffensive is sooner or later completed and crowned with unprecedented success. Israel militarily faces its adversaries on multiple fronts and, with US indirect backing, wins on all fronts.
- b) Russia achieves its objectives and the Ukraine war ends with the pacification of Ukraine. The US and China are joint contributors to the brokering of peace in Ukraine.
- c) Once the current tumult in the Middle East dies down, diplomatic relations between Israel and major Arab nations are resumed, leading to historic long-lasting peace treaties for the Middle East. Radical extremist forces are marginalized.
- d) Political change in Iran puts a historic country on a permanent peaceful trajectory.
- e) China reapproaches the US and any potential US-PRC military conflict becomes an issue of the past. A new pro-China Taiwanese government works out a historic agreement with China moving as close as possible to an integration of the Taiwanese nation within the PRC but still allowing for a degree of autonomy, acceptable to China, the US, Europe, and the rest of the world.
- f) US-China competition continues but centers mainly on the economic field.

***The world is finally stable though not at peace, because true peace requires a divine spiritual dimension ... but even on that front let us argue that the divine enlightening aspect will grow over the long term supported by the inherent human quest and a new awareness for humanity to find its true destiny. The true Christian spirit of humility, repentance, love, compassion and peace for all permeates the world!***

Objectively, we can assign only a 10-15% possibility for the above positive enlightening scenario materializing in the near future, *an aspiration hovering between objective analysis and wishful thinking* – nevertheless, not to be dismissed and definitely worth mentioning... as miracles do happen!

***If you want a happy ending, that depends, of course, on where you stop your story***  
*Orson Welles*

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