

The Political Forum

*A review of social and political trends and events
impacting the world's financial markets*

Mark L. Melcher
Publisher
melcher@thepoliticalforum.com

Stephen R. Soukup
Senior Editor
soukup@thepoliticalforum.com

Friday, September 1, 2006

A REPRINT FROM A PIECE PUBLISHED OCTOBER 13, 2000

MIDDLE EAST UPDATE: NO WAR, NO PEACE.

Stephen R. Soukup

Over the past 48 hours or so, we've been deluged with questions about the Middle East. What's happening? Why is it happening? Will it get worse? What does it all mean?

And though we have some answers to these questions, we have to stress that the situation (actually, it's situations) is very fluid. Things could change from minute to minute. Any speculation we may offer on the current state of affairs must be seen as just that, speculation. And though no one knows for certain what's going on, we do have some well-grounded theories, which, coupled with some of the basic facts about the players in this drama, should help to answer some of the more pertinent and recurring questions.

It is our belief that the present state of unrest in the Palestinian territories is, to put it bluntly, a "controlled burn" gone awry. We think that, for whatever reason, Palestinian Authority head Yasser Arafat thought that the frenzy he whipped up after Israeli Foreign Minister Ariel Sharon visited the Temple Mount could be controlled and diffused quickly and painlessly.

Perhaps he thought that he could manage this *Intifada*, and that, with the help of Bill Clinton and Madeleine Albright, he and Bill (and by extension Al and Hillary) could walk away from the spate of unrest better off than they were before. Arafat would get control of the Temple Mount and a pledge for more of Jerusalem, which would, in turn, help him recoup some of his peoples' veneration, which he sacrificed earlier this fall by agreeing not to declare an independent Palestinian state. Bill Clinton, for his part, would get to ride in and save the day, just in time for next month's presidential and (New York) senatorial elections. (Did someone say "October Surprise?")

Whatever the case, the Palestinian people, it seems, had other ideas and have subsequently proven unwilling to go gently into that good scenario. With the capture and murder of two Israeli soldiers yesterday, things took a decidedly ugly turn, and Barak, his hand forced, began the retaliation.

Subscriptions to The Political Forum are available by contacting:
The Political Forum

8563 Senedo Rd., Mt. Jackson, Virginia 22842
Tel 540-477-9762, Fax 540-477-3359, Email melcher@thepoliticalforum.com,
or visit us at www.thepoliticalforum.com

The immediate problem of Palestinian unrest has been further complicated by a number of other developments this week, the most significant of which was the terrorist attack on the USS Cole, which was struck at port in Aden, Yemen. Also adding to the confusion was the belligerence of Israel's Arab neighbors, most notably Egypt, with respect to their role in the region and their influence with Arafat.

It is our opinion that all of the above is, at least tangentially, related. We have little doubt that the current hostilities will be resolved in short order. Though the Palestinians have repeatedly violated the Oslo accords and have armed a much larger police force than the accords permit, the Palestinian defense force is still merely a police entity. The Israeli army, in contrast, remains one of the best equipped and best trained major military forces on the planet. Any armed conflict between the Israeli army and the Palestinian Authority's police force will be over quickly, with the Palestinians absorbing the brunt of the damage.

The wild card in all of this is, of course, Hezbollah, the Palestinian/Lebanese faction located primarily in Southern Lebanon, which receives both funding and marching orders from Tehran and Damascus. Hezbollah is better funded and, therefore, better armed than the Palestinian Authority forces, and its involvement in the conflict would certainly mark a significant escalation.

And though Hezbollah forces have already played a minor role in the developing situation, having captured three Israeli soldiers stationed along the Lebanese border, we suspect that, at this point anyway, Hezbollah would be reticent to take on a more overt role. Hezbollah involvement would almost certainly force Israel to reoccupy Southern Lebanon. The previous 20-plus year occupation ended earlier this year. It seems unlikely that Hezbollah would risk immediate reoccupation by taking on an expanded role in the unrest.

Now, all of that having been said, even after the immediate hostilities abate, things will not return to "normal" in the Middle East. As we noted above, there are many interrelated threads here. Yasser Arafat is unable to control the vitriol of his people. Arab nations that long ago made their peace with Israel are unwilling to resume the role of mediator and have threatened to sever diplomatic relations with the Jewish state. American forces are under attack from terrorists on the Arabian Peninsula. And all of this points to fact that Arab masses are brimming with resentment for all things Western, including Western forces, Western allies and governments with pro-Western sympathies.

Three years ago, we warned that such sentiment would continue to be a significant problem in the region, regardless of the outcome of the so-called Peace Process. In a June 4, 1997 piece entitled "Oil And Israel Not Essential To Middle East Instability," we noted that economic and social strains in most of the Middle East would exacerbate tensions between many of the Arab nations and any scapegoats that could be found, including Israel and the United States. We set up our argument with a long quote from Eliyahu Kanovsky, a senior research fellow at Bar-Ilan University in Israel and a visiting professor of economics at New York's Yeshiva University, which was drawn from a piece entitled "Marketing the 'New Middle East,'" published in the April, 1997 issue of the journal *Commentary*. Kanovsky began thusly:

When Israel and the PLO concluded the Oslo accords in 1993, more than a few people expressed great enthusiasm over the economic dividends that would assuredly flow from the dawning of a new era of cooperation in the Middle East . . . Giving peace a chance . . . would allow the countries of the region to cut defense expenditures, allocate additional funds to civilian purposes, and join together to carry out projects in infrastructure, manufacturing, agriculture, tourism, and other fields. Israelis would hardly be the only beneficiaries of this expanding trade and rapid economic growth; many millions of Arabs would have access to better paying jobs, improved health care and education, and rising living standards. Thanks to this economic resurgence, in turn, the constituencies for peace within the Arab world would vastly increase, thus signaling an end to the long cycles of violence and despair.

Unfortunately, we noted, things did not work out that way. Kanovsky continued:

A tremendous gulf separates Israel from the Arab states on its borders. In its immediate neighborhood, Israel is an economic superpower, in comparison with which Egypt, Jordan, Syria, Lebanon, and the emerging Palestinian state range from supplicants to mendicants to indigents to paupers.

In short, the Israelis are the Middle East's "haves," and the non-oil-blessed Arabs are the "have nots." Moreover, we suggested, the situation would (and, it seems, has) worsen, due to demographic and social trends. We noted the following:

The populations of Iran and the nine largest Arab states from Libya eastward will increase by about 32%, or 66.2 million people, during the next ten years, to total some 267 million people. By comparison, Israel's population is expected to increase by roughly 15% (to a mere 6.5 million people) during this period.

In Iran, Iraq, Jordan, Libya, Syria, and Yemen, nearly six out of every 10 persons is 19 years of age or younger. In no Arab nations is the 19-or-under population lower than 43%.

In each of the six countries mentioned above, more than 70% of the population is 29 or under.

By contrast, only 48% of Americans are under 30, and only 28% are under 20.

In conclusion, we asked, "What does all of this mean?" Again, citing Kanovsky, we suggested that:

Among others things, it means that stagnate economies of the Muslim nations will not likely be able to absorb these teeming multitudes, nor will the vast government bureaucracies. As a result, he [Kanovsky] says, joblessness is likely to increase dramatically. And joblessness, he points out, tends to create unrest that "leads shaky regimes to seek scapegoats -- usually Zionists and Israel -- for their internal woes."

Fast forward to today. Yasser Arafat is, we suspect, on fairly shaky ground with the Palestinians. His failure to declare an independent state in September (as had been threatened in the seven years since Oslo) undoubtedly impinged upon his support, which had already been tentative for some time.

Additionally, the Palestinian terrorist organization Hamas has been eerily silent. Earlier this month, Arafat's forces released 20 Hamas terrorists from Palestinian prisons. This seems, to us at least, to be Arafat's attempt to placate these would-be challengers to his throne. This uneasy truce cannot last. Ironically, either of the two likely resolutions to the current hostilities, a peaceable armistice or an Israeli military operation against the Palestinian territories, hold the potential to rankle Hamas and to spark a new round of overt terrorism.

Arafat is not alone in facing a restless populace looking for a scapegoat. Hosni Mubarak's pro-Western Egyptian government also appears to be on weak footing. Anti-Israeli protests have become a regular thing in Egypt. On Wednesday, Egyptian protestors along the Israeli border were confronted by the Israeli army. The "intelligence consulting firm" Stratfor.com has predicted that next Wednesday's (October 18) Egyptian elections could be disastrous for the ruling National Democratic Party (NDP), in large part because of its history of pro-Western, pro-Israel policies. In an October 12 "intelligence briefing," Stratfor put it this way:

Because of the growing anti-Israeli sentiment, Cairo has now shifted its stance. Egyptian Information Minister Safwat al-Sherif announced Oct. 11 that his government would not participate in a summit between the Palestinians and Israel unless Jerusalem withdraws its troops from the Palestinian territories. He also stipulated Israel accept an international commission of inquiry to investigate the alleged use of excessive force by Israeli troops during recent conflicts.

Despite Egypt's new hard-line stance, the government still faces a serious challenge in the upcoming elections. The [radical] Islamic party, the Muslim Brotherhood, is one of the most vocal critics of the government and enjoys wide support from the Egyptian population.

In its Wednesday (October 11) edition, *The Washington Times* cited a "recent survey of Lebanese, Jordanians, Palestinians and Syrians [that] concluded that the vast majority viewed the peace process as a temporary truce — not a real acceptance of Israel." According to the study, undertaken by Hilal Khashan, a professor at the American University of Beirut, "the majority [of Arabs] seemed convinced that Israel would disappear sooner or later."

In short, then, Arab populations are large, young, poor, and generally restless. They need a scapegoat on which to focus their aggression, and Israel and her allies provide the perfect such foil.

And so, while we believe the current "hot" hostilities between the Palestinians and Israelis will be short-lived, we think the unrest portends a larger resurgence of anti-Israeli, anti-American sentiment in the Middle East. As was evinced by yesterday's attack on the USS Cole, the highly charged climate will, in turn, lead to the resurgence of terrorism.

In our opinion, the best outcome of all of this might well be a return to the old pre-Camp David doctrine of “No War, No Peace.” This phrase, popularized by a friend of Mark’s from those days, Middle East expert Joe Churba, contains what was, for many years, conventional wisdom on the best path to Middle East stability. Lack of a formal peace with Israel placated the Arab masses, who would, it was assumed never accept such a settlement. At the same time, a strong Israeli military ensured stability by acting as a deterrent to armed provocation. Given the events of the past several weeks and the growing tide of anti-Israeli unrest in Egypt in particular, we suspect that it may be time to reassert this long dormant doctrine.

In any case, the bottom line in all of this is that the next American administration will have a tremendous mess with which to deal in the Middle East. Unlike the current administration (and, for that matter, the previous Democratic administration) the next one will be unable to conduct its foreign policy in the region with one eye on the history books and the other on the Nobel Peace Prize. It matters not whether the next president is George W. Bush or Al Gore; whoever runs the show next will have to clean up after eight years of self-serving “peacemaking.”

THE POLITICAL FORUM

Copyright 2006. The Political Forum. 8563 Senedo Road, Mt. Jackson, Virginia 22842, tel. 540-477-9762, fax 540-477-3359. All rights reserved. Information contained herein is based on data obtained from recognized services, issuer reports or communications, or other sources believed to be reliable. However, such information has not been verified by us, and we do not make any representations as to its accuracy or completeness, and we are not responsible for typographical errors. Any statements nonfactual in nature constitute only current opinions which are subject to change without notice.