

As Gaza war rages, waiting for the other shoe to drop

The Israel-Hamas war is now in its sixth week. Like the proverbial landlord, West Asians and much of the world, are currently in suspended animation wondering when and where the "second shoe" will drop and how big a crater it would cause on regional and global geopolitics and the economy.

While West Asia is no stranger to such shoe falls, several aspects of the current scrimmage are familiar, although some are new. We need to dwell on them briefly before making any prognosis of the crisis. It has been just over 50 years since the 19-day Yom Kippur War of 1973, 41 years since Israel invaded Lebanon in 1982 and 17 years since a 33-day inconclusive war between Hezbollah and Israel in 2006.

Israel was forced to leave Gaza in 2005, largely due to Palestinian resistance after a 38-year-long occupation. Since then, it has launched several military campaigns against Gaza: 2008 (lasting 22 days); 2012 (eight days); 2014 (50 days); and 2021 (11 days). Almost all Gaza conflicts involved Hamas firing rockets and the Israel Defense Forces making extensive air raids and missile attacks with occasional forays by armour-tipped infantry. Their ceasefires were always mediated by Egypt, the only Arab country that has a border with Gaza. Of late, Qatar has developed some proximity with Hamas and the Palestine Islamic Jihad (PIJ), a sister militancy in Gaza, through financial support and sheltering their leaders.

Landing a blow on Israel

Counting the differences, this ongoing conflict has proven to be far bloodier and more destructive than all its predecessors. It has already lasted longer than any – except the conflict in 2014. It has been the first time that Israel has suffered a major intelligence and security failure since 1973, denting its fabled impenetrable security and omniscient intelligence set-up. It has resulted in Israel suffering the largest number of war deaths and hostage-taking in a single day. Unlike previous instances of Israel fighting a non-state actor, this time it has had to contemplate the real possibility of a combination of Hamas, the PIJ, Hezbollah and the Houthis with Iran-allied Shia groups harassing the American military presence in Iraq and Syria in tandem. Further, following the "Abraham Accords" and recent progress towards normalisation with Saudi Arabia, the regional geopolitics has shifted from an Arab-Israeli binary set-up to a more complex arrangement now. A prolonged and wider conflagration could risk a reversal of these hard-won diplomatic gains. In addition, it could draw in Iran which has become a more potent existential threat. At the same time, Israel's abject failures on October 7 have dimmed its role as the possible anchor of a



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regional anti-Iran security alliance. While the Israel-Hamas conflict has hogged attention, other distractions such as the Ukraine-Russia war, China-United States frictions and global economic fragility are lurching around.

A re-enforcement of regional tenets

All these weighty new factors notwithstanding, the Israel-Hamas conflict has re-enforced some long-forgotten regional tenets. First, it has dramatically re-established the centrality of the "Palestine Cause", demonstrating that 35 years of U.S.-sponsored peace-making has failed to bury it. An Israeli military solution at huge humanitarian costs could delay and complicate the situation, but may not take it to status quo ante October 6 2023. Second, the conflict has demonstrated that despite all talk of West Asia's growing multipolarity, the U.S. remains the ultimate arbiter of the region's security and stability. Third, thanks to its hydrocarbon assets, trade choke points and the existence of potent non-state terror actors, West Asia's geo-economic importance remains undiminished. Even as West Asian events are often counter-intuitive, the Israel-Hamas war seems to be moving towards a denouement. Israel has gone for broke by besieging the major Gazan hospitals by alleging that Hamas uses them as human shields. It is a high-risk gambit: if the information is correct and the siege succeeds, Israel would achieve its twin objectives of breaking the back of Hamas and releasing the hostages. Otherwise, it would have to eat a humble pie at home and face a public relations disaster abroad.

For several reasons, Israel does not have time on its side after six weeks of tumult. According to an Israeli newspaper, even if war remains confined to Gaza, it could be financially ruinous, with cost estimates running to \$51 billion, or a tenth of the national annual GDP. A rough Indian equivalence could be a war costing \$350 billion. Israeli rulers are already on notice domestically, in abeyance due to the national crisis, for their various lapses. If the Gaza conflict goes awry or expands into a "forever" regional war, public support for the "national" government could easily evaporate. Israel's iron fist pursuit of its war aims may be popular at home, but the serious collateral damage is a hard sell abroad, particularly to Arabs and Muslims. In recent days, the tide of global sympathy has perceptibly shifted away from the Israelis' anguish after the October 7 outrage towards the suffering of the Gazan civilians. Most Arab regimes have no love lost for Hamas – long shunned by them as part of "political Islam" that could stir up the masses. However, by waging a protracted, no-holds-barred asymmetric conflict, Israel is pushing the Arab regimes towards Hamas, much

to their chagrin. Arab regimes' evident failure to prevent mass death and destruction in Gaza discredits them in the eyes of the putative Arab street. Thus, Israel's single-minded pursuit of a military solution has a huge accompanying cost for the moderate Arab regimes – and they do not like it. Even the U.S., Tel Aviv's ultimate protector, has gone beyond the usual "bad cop, good cop" routine and publicly distanced itself from Israel by calling for a "two-state" solution and "humanitarian pauses" in Gaza.

It is still too early to predict the eventual outcome of the conflict. In the worst-case scenario, it could be a Greek tragedy involving the killing of the hostages, conflict expanding to envelop first the non-state actors and, eventually, Iran. The World Bank predicted on October 31 that in the war's worst-case scenario, oil prices could rise to \$157 a barrel. Many Wall Street honchos foresee such eventuality upending the fragile post-COVID-19 pandemic economic recovery into a global recession. Further, Israel still seems to be thinking aloud about its exit strategy, abjuring the adage, "The longer you stay, the more chaotic the exit". It appears to have no good options to extricate itself from the messy aftermath of October 7.

For India

India needs to be on its toes watching the Israel-Hamas conflict, which could do considerable harm given our huge exposure to West Asia. Resultant high oil prices would be bad for our economy. The current account deficit and inflation would surge. If global growth is impacted, our exports and investment inflows may suffer. The geopolitical instability may pose a threat to the security of our nine million-strong diaspora in West Asia, and raise questions about the India-Middle East-Europe Economic Corridor launched with great fanfare in September. With both Russia and Israel, India's two most important defence suppliers, being currently mired in wars, our defence procurement may face uncertainty. A protracted conflict may also fan international terrorism. On the positive side, high oil income may raise prospects for higher investment and remittances from the Gulf countries. India would need to be careful to leverage putative job openings in Israel, lest it put its citizens in harm's way. Besides, replacing Palestinian workers with Indians may further stereotype India. The conflict has already subjected Indian diplomacy to some inelegant shifts, although we quickly regained our traditional balance. All in all, New Delhi should keep its ear close to the ground and wait for the second shoe of the Gaza conflict to drop, hopefully, without any further seismic convulsions.

With the Israel-Hamas war dragging on, the world wonders how big a crater it would cause on global geopolitics and the economy

EVASIA

The Nobel in economics as a need to course correct

As we celebrate Claudia Goldin's well-deserved Nobel Prize win in Economic Sciences, for her pioneering research on the gender dynamics of labour markets, we are left pondering over this question. Why did it take over half a century for the Nobel committee to recognise economic research addressing gender inequalities in the economy?

A simplistic response is to blame economics being a male-dominated discipline, which in turn sidelines questions of gender inequality and fails to give them due importance. While the under-representation of women in economics—and even here it is only the work of only a few women that is acknowledged—is cause for concern, one has to refrain from making a superficial assumption that women economists think differently than men or have different interests.

Drop the androcentric biases

Feminist economists have argued for the need to revisit economic theory to overcome the limitations posed by its masculine nature. The critique of feminist economists is not to strip economics away from its objectivity but to push for an economic theory free of its androcentric biases. Here, androcentric bias refers to the economic theories that fail to question the hierarchy of gender relations, take it as a given, and form assumptions that facilitate the existing hierarchies. This is illustrated by the duality of an economic man in the assumptions of economic theory, one who is self-interested in the marketplace and an altruist in the household. It is as if his self-interest is seemingly set aside at the doorstep, allowing an 'altruistic' man to know what is best for everyone in the family.

In both instances, the economic man is a rational being, who is both all-knowing and detached from his emotional self. The prototypical individual is attached to a world of one's own without the ability to be empathetic to another. The power wielded by a patriarch to solely make decisions for other individuals is subsumed under an assumption of altruism, setting the foundation for most economic theories concerning the household.



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Recognition of Claudia Goldin's work points to the need for accommodation in economics and economic theories

Much like an economic man, economics as a discipline has remained detached from the gendered experiences of individuals. A survey of economic models of the labour market tells us that these theories are not only ignorant of gendered experiences but also go on to invisibilise them. These models fail to account for the contributions of women as unpaid workers, who reproduce labour for the firms. If we were to examine upper-class households in India that employ domestic workers, we would find that these workers, trapped in 'hire and fire' verbal agreements, bear the brunt of extending their care work to multiple households, including their own. In such cases, these households effectively transform into a distinct labour market, that is complicated by the role of caste networks and migration. Economic theories perceive non-markets spaces such as the household similar to firms or markets. As such it fails to accommodate individuals occupying multiple social identities. For example, the well-being of domestic workers remains understudied in economics.

Julie Nelson and other feminist economists have documented how social meanings associated with gender influence the building blocks of economic theory. While it is reasonable to associate masculine bias with the prominence of male economists, feminist economists argue that the direction of causality runs opposite. That is, there is something well within the nature of economics as a discipline that excludes individuals with lived experiences that fail to fit into its theories. It is partly the failure of economics to correct for its theoretical limitations that exclude non-male economists.

Effect of biases

Biases inherent in economic theory can affect even the most sophisticated statistical methods. Empirical results may either reflect unrealistic assumptions of economic theory or remain unexplained by them. Even when most credible methodologies are employed, it is economic theory that provides the framework for interpreting empirical findings. The primacy of economic rationality, in theory, overlooks social

mechanisms that may drive certain empirical findings.

Consider the example of women's employment and its relation to spousal violence. Economic theories regarding households suggest a negative correlation, as a wife's employment, especially when she earns more, means more income for the household. It is assumed to put the husband in a better position than without the wife's income, thus reducing the occurrence of spousal violence. However, evidence from recent studies in India directly contradicts this theory. These studies show that employed women, particularly those earning more than their husbands, are at a higher risk of experiencing spousal violence. In sociology literature, this phenomenon is known as the presence of "male backlash", wherein the challenge posed to traditional gender roles by women's employment is sometimes reasserted by husbands through the use of violence.

Rethink the discipline

The masculinity of economics as a discipline is further strengthened by the importance given to causal methods of inference over other methods of empirical analysis. Though the former can offer better precision in identifying specific effects, relying solely on empirical data without considering the social context can lead to a misinterpretation of results. In particular, unique social dynamics tied to caste and gender norms often go unnoticed due to the lack of data to empirically investigate them. To overcome these limitations, economists can adopt a mixed methods approach, by finding a balance between different ways of doing research and giving due attention to findings of other disciplines.

What is ahead for economists and economics is to contextualise economic theory to make it truly reflective of reality. The tools of objectivity in economics only go so far as they can account for the existing lived realities of individuals in society. Taking Professor Goldin's win as a move in the right direction, economics needs to pave the path for accommodation, be it among economists, their method, and, most importantly, in economic theories.

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