

Threaten Or Deal

Peace at War

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The old-fashioned ‘threaten’ game prevails over ‘deal’ in peacemaking effort due to the fact that economics is global, capital is global, trade is global but politics is local

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“Every gun that is made, warship launched, every rocket fired, signifies, in a final sense, a theft from those who hunger and are not fed, from those who are cold and are not clothed.” — General Dwight D Eisenhower.



Israeli and Palestinian leaders have been trying to negotiate a peace deal for 64 years. From time to time, bitter wars have broken out; at other times, acts of terrorism. Leaders on both sides generally use threat tactics – “stop building in the settlements or I will break off talks” (Palestinian Authority Chairman Mahmoud Abbas), or “accept Israel as a Jewish state, or else” (Israeli Prime Minister Benjamin Netanyahu). The talks have stalled. Similar threat tactics are pervasive globally, as in the recent conflict over oil revenues between South Sudan and Sudan.

While Abbas and Netanyahu dance their foxtrot of futility, Israelis and Palestinians from the ranks are doing deals, quietly and off-camera. They are building businesses together to create jobs, income and economic security for the benefit of both. These deals build trust and goodwill, slowly but surely. Some 90 per cent of the cross-border trade of the West Bank Palestinian Authority is with Israel, despite calls for a boycott. The “threat” game is going nowhere. But the “deal” game is far more hopeful. A wide variety of business initiatives are taking shape that offer hope to moderate Israelis and Palestinians who long ago gave up believing any good would come from their political leaders.

In general, if political leaders would pause and learn from history, they would understand that empirically the most effective paradigm for peacemaking among nations is not legal, or political, but economic and business. France and Germany spilled each other’s blood disastrously three times, between 1870 and 1945, despite several “peace” agreements. The process came to a halt, when people of vision said, let French and Germans do business together, grow wealthy together – and lose all interest in war, because the price tag is simply too high. The European

Single Market is the outcome of this logic. While the EU is currently struggling, there is no question of a future war, or armed conflict, between France and Germany. And the EU, in turn, was sparked by the pragmatism of US Secretary of State Herbert Marshall, who, in a brief commencement address at Harvard University in 1947, offered generous aid to Europe – but only if France, Britain, Germany and other nations could agree on how to divide it. That win-win cooperation ultimately led to the EU.

Here is how, behind the scenes, people of good will, Israelis and Palestinians, are building trust and confidence through business. These initiatives rarely get into the headlines or the news, because in general news outlets look for conflict and rancor, rather than cooperation and harmony.

Business for Peace

At an impressive ceremony in Oslo, Norway, on October 18, 2010, Israeli industrialist Stef Wertheimer was one of seven global business leaders to win a Business for Peace award. Wertheimer, who is 86, works tirelessly for peace. He founded Iscar, now one of the world's largest makers of carbide cutting tools, acquired by Berkshire Hathaway Chair and CEO Warren Buffett for over \$4 billion.

At Tefen, the Galilee industrial park Wertheimer initiated, Jews, Arabs and Druze work and study together. Wertheimer has proposed a Marshall Plan for the Mideast. America's Marshall Plan aid for Europe ended a century of bloody wars between French and Germans, who used the money to build businesses and to trade with one another. A Mideast Marshall plan can do the same, Wertheimer says.

"When people work together," he says, "they're too tired at night to commit terrorist acts. They work together, not against each other." Wertheimer funded a study showing that societies with per capita Gross Domestic Product (GDP) over \$6,600 do not normally harbor terrorists. Today, West Bank residents' per capita GDP is only half that. Yet West Bank GDP growth exceeded seven per cent in 2009 and terrorism has declined overall, validating Wertheimer's view.

This Fish Story is True:

Five Tel Aviv University students from four countries (Turkey, Ireland, Israel and America) have teamed together to develop a model project inspired by Wertheimer's New Marshall Plan vision. Their "Nets of Peace" plan, conceived in 2009, involves launching an industrial park in Gaza based on fish farming. Their business plan calls for starting "an international fish-farming company... to effectively own and manage the facility while a minority equity stake would be granted to a (local) trust". The goal is to "create a foreign business successfully operating from Gaza and benefiting both its shareholders and the Palestinian community". The fish from the fish farm would supply vital protein for Gazans. A profitable operation, the students believe,



might draw other investments. Many will be amused at the very notion that Gaza is a high-potential site for foreign investment. Nobody laughed, though, when the five students presented their vision last April to the inaugural meeting of “Spirit” (an acronym for Students Participating in Resolving International Tensions), at the United Nations in New York. Their idea drew high praise.

Bridging the Cultural Divide

The late Babson College Professor Ted Grossman and I designed a program that brought 20 young Israelis (Jews and Arabs) and 20 young Palestinians to Babson in the summer of 2011 for two months to study entrepreneurship. (Grossman died tragically and suddenly, several months after the program ended). The goal, according to Grossman, is “to help (each group) to better understand each other’s culture, perspective and aspirations”. Babson is located in a suburb of Boston, MA., and ranks first in the world in undergraduate entrepreneurship education. Initial chilly relations between the two groups thawed as they worked and studied together and went on weekend field trips to local businesses, synagogues and mosques, and worked together on projects.

Information Technology (IT) is IT!

Each year, some 3,000 Palestinians complete undergraduate degrees in computer science. Many cannot find jobs. Jonathan Levy, general manager of Winbond, an Israeli chip manufacturer, helped launch Asal Technologies, an IT outsourcing company based in Ramallah. “Better to hire a Palestinian engineer to develop our less complex products”, he says, (than outsource to India and China). Asal’s clients now include Intel and Cisco – and Mellanox.

CEO of the Year, Idea of the Year

Eyal Waldman is CEO of Mellanox, a 10-year-old Israeli company, employing 500, that sells \$100 million annually worth of connectivity solutions for data-center servers and storage systems. Waldman was chosen CEO of the Year in January by the Israeli Center for Management. He has opened an outsourcing center in Ramallah, employing five Palestinian engineers, through Asal Technologies, who perform quality assurance and verification tasks. A shortage of Israeli engineers has made their cost very high. Opening an R&D center in Asia is also expensive. Why not Ramallah? Waldman said. The Palestinian engineers are undergoing a training program. If everything goes well, Waldman says he will expand the number of Palestinian engineers he employs to 15 or 20. Perhaps other high-tech CEO’s will emulate him.

New Generation Technology

Entrepreneur Davidi Giloi’s startup, DSP Communications, was bought by Intel in 1999 for \$1.6 billion, then Israel’s largest exit. Giloi has since founded NGT New Generation Technology, a business incubator in Nazareth. NGT’s goal is to “accelerate technologies in both the Jewish and Arab sectors, with a focus



on life sciences". Gilo says "NGT is the only project that is a pure, true partnership between Jewish and Arab businessmen in Israel". It could serve as a model for similar Israeli-Palestinian joint ventures. Two successful NGT products so far are D-Herb, an herbal formula that counters diabetes, and Nutrinia, an infant formula with proteins so far found only in mother's milk.

A G.ho.st of a Chance!

On Tuesday July 14, 2009, Israeli entrepreneur Zvi Schreiber partnered with Palestinian engineers in Beit Jallah, near the southern edge of Jerusalem, to launch G.ho.st (Global Hosted Operating System), said to be the only true Israeli-Palestinian startup. G.ho.st uses cloud computing to provide "a Web-based operating system that recreates the attributes of a personal computer's desktop from any computer with an Internet connection". Mideast peace envoy Tony Blair attended the launch. Schreiber told the business website YNet: "I always wanted to do something to help resolve the complete mess that we've all made of this part of the world". G.ho.st engineers collaborate through video-conferencing; Schreiber himself has never been to company headquarters in Ramallah, though it is just nine miles from his Jerusalem home. G.ho.st recently shut down its cloud-computing business for personal computers but continues to market its corporate version.

Psychologist Anatol Rapoport once defined "threat" and "deal" precisely. "In a threat system, each party would prefer it if the other were not there," he wrote. Some Israelis and some Palestinians behave in this manner. They are misguided. Israelis are not going to disappear and neither are the Palestinians. Deep down, both sides know it.

"In an exchange (deal) system," Rapoport added, "each party needs the other, not as a hate object...but as a source of satisfaction of 'normal' needs."

Let Israelis and Palestinians launch innovative businesses together, because we need each other and complement each other. Let us deal, not threaten. If we do enough mutually-beneficial deals, one day our stubborn visionless leaders who know only how to threaten may themselves learn the language and logic of deal. And let us pray that globally, the paradigm of business (I win, you win) ultimately overcomes the failed and dismal paradigm of politics (I win, you lose, you retaliate, and hence ultimately I lose, too).



The fundamental stumbling block to implementing a win-win business approach to peacemaking was defined most clearly by former US Secretary of State Henry Kissinger. In a commencement address, he once noted that "economics is global, capital is global, trade is global...but politics is local". Therein lies the problem. The mechanism for peacemaking is by definition managed by political leaders. Yet politics has become fragmented – from about 75 nation states in 1914, the world now has over 240 countries and that number is growing. Political leaders focus on increasingly narrow 'local' goals. In contrast, business leaders

understand that only a broad global vision can drive the scale needed for growth and profit. Win-lose quickly becomes lose-lose, through retaliation. Only win-win endures.

In a highly critical 1999 review of Thomas Friedman's book *The Lexus and the Olive Tree*, Nobel Laureate Paul Krugman derisively mocks Friedman's simplistic geopolitical analysis: "Old-fashioned power politics is becoming increasingly obsolete because it conflicts with the imperatives of global capitalism. We are heading for a world that is basically democratic, because you can't keep 'em down on the farm once they have Internet access, and basically peaceful, because George Soros will pull out his money if you rattle your saber."

In the ensuing 13 years, since Krugman derided Friedman, Friedman's peace-through-business view has competed with war-through-politics. It still is. The future of our world rests, perhaps, on this crucial, fateful and difficult clash of ideas. May peace-through-business prevail. If we are to see world peace break out, it will occur when 'threat' gives way to 'deal'. And this, in turn, will occur when political leaders abandon old obsolete paradigms and adopt the language and logic of business.

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