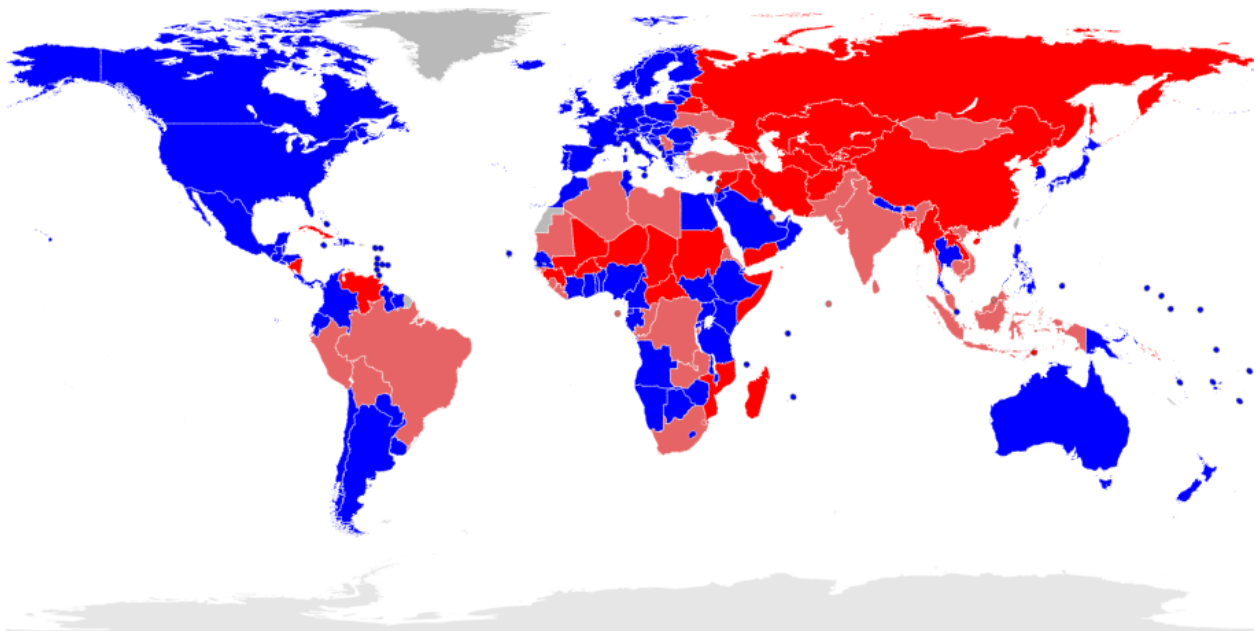


A Guide for WWII

At this point, I do not expect any immediate ceasefire in Gaza or the Middle East. Quite the contrary, everything points to further escalation. Iran, together with Russia, North Korea and China, the so called “Global South”, is continuing its expansion and the Ukraine War will probably be seen as the beginning of the 3rd World War in not so many years from now. The West is losing influence, but importantly, the West still has most of the world’s money and is far exceeding the “Global South” in innovation. I’ve always liked Ray Dalio’s study of cycles and how he believes that we are at the turn of the long-term 100-year cycle, which usually brings about a new empire. This transition would still take years, if not decades, and might not happen at all. But conflict is expected to accelerate, and the US maintains its far superior economic (capitalism), political (democracy) and rule of law model, which enabled the rise of China and brought so many countries out of poverty. This note is taking a look at some of the current power shuffles going on in the world.

World map of powers: blue states = West, red = Global South, light red = in between

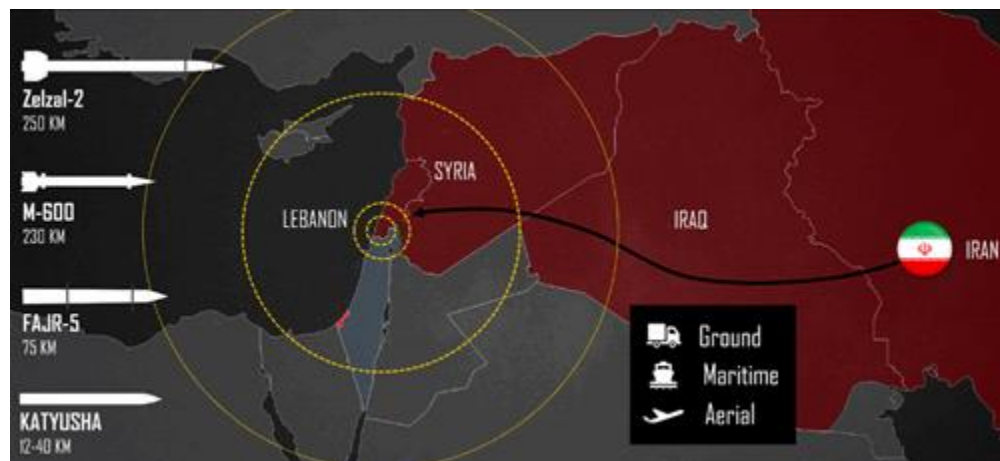


Source: geograf.in, own estimates, likely got a few countries wrong, purely indicative

The Middle Eastern Power Shuffle

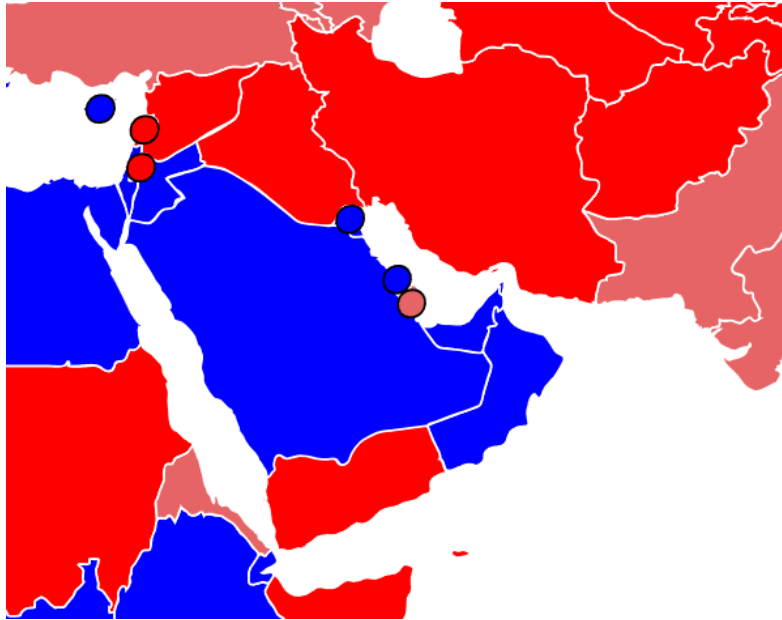
The 7 October 2023 terror attack on Israel marked the beginning of a resurgence of violence in the region. While the press's focus is on Gaza and the death toll, it really is a war between Iran and the US/Israel for influence in the Middle East. Crucially, Iran is gaining influence rapidly. During the Soviet-Afghanistan War in 1979-80, Hezbollah Afghanistan was founded. Then, during the Iran-Iraq War between 1980 and 1988 Hezbollah (in Lebanon) and Hamas (in Gaza) were established, as well as Al-Qaeda. After the 1990-91 Gulf War against Iraq's invasion of Kuwait, the Houthis and Taliban were founded, as well as the first seedlings of what is today known as ISIS. Since Saddam Hussein was overthrown in Iraq in 2003, Iran then funded and trained the Kataib Hezbollah in Iraq. And finally, with the Syrian war from 2011 onwards multiple new groups were established that mostly fought each other. What becomes clear is that most of these terror groups were trained and funded by Iran's IRGC. Oftentimes, they were started by students, had a religious component and ultimately sought to seek power in politics (Hezbollah, Hamas, Houthis). And all these groups are against American (& Israeli) influence. While the US has military bases all over the place in the Middle East, if the US were to be kicked out of Iraq as well, Iran would have influence from Afghanistan all the way to the Mediterranean Sea.

Iran's influence provides land and air corridor to Mediterranean Sea with direct hit on Israel possible



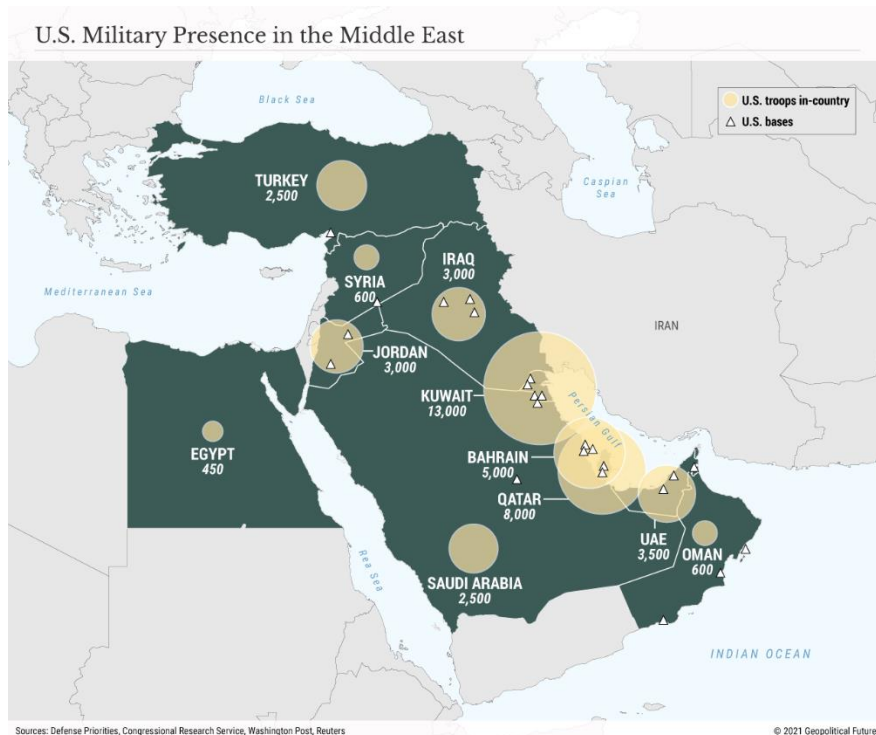
Source: <https://www.idf.il/en/mini-sites/hezbollah-and-lebanon-an-in-depth-examination-under-hassan-nasrallah-s-leadership/>

US (blue) vs. Iranian (red) influence



Source: geograf.in

US military presence in the Middle East



Source: diffbw.com

Some of the main Middle Eastern Terror Groups

Group	Fighters	Region	Founded	Main allies	Main opponents	Comment
Hezbollah Afghanistan	4,000	Afghanistan	1980	Iran	US	Set up to spread the ideas of the Iranian Revolution. Are allied to the Taliban
Hezbollah	30,000 - 100,000	Lebanon	1985	Iran, Syria, Lebanon, North Korea	Israel, Turkey	Created by IRGC to expel US, French during Lebanese Civil War, has absolute parliamentary majority since 2018, now focus is on liberating Jerusalem and establishing an Islamic Caliphate
Hamas	30,000 - 40,000	Gaza	1987	Iran, Qatar, Turkey, North Korea	Israel, US, UAE	Originated from Egypt's Muslim Brotherhood, started with suicide bombs against Israel, has absolute parliamentary majority since 2006
Al-Qaeda	12,400 - 23,400	Somalia, Syria, Yemen, Afghanistan, Sahel regions	1988	Afghanistan, Iran, North Korea, Saudi Arabia, Qatar	Everyone else	Offspring of the Taliban. Involved in bombings of US embassies
Houthi	20,000 - 200,000	Yemen	1994	Iran, North Korea	Israel, US, UK, Saudi Arabia	Began as a youth movement to revive Shia Islam (Zaydism) with Hezbollah chief as speaker on events. Similar to revolutionary Iran, their slogan also includes "Death to America, Death to Israel"
Taliban	168,000 - 378,121	Afghanistan	1994	Iran, Qatar, China	US, NATO	Armed and trained by Iran. In 2015 formed a strategic alliance between Iran and Russia to receive arms and training
ISIS	30,000 - 200,000	Syria, Iraq	1999	Iraq, Syria	Everyone else	ISIS is an offspring of Al-Qaeda, formed after Iraq invasion by US and the De-Ba'athification, or de-nazification of Saddam's party
Kataib Hezbollah	30000	Iraq	2003	Iran, Russia, North Korea, Syria	US, Israel, Saudi Arabia	Part of PMF, attacks US bases in Iraq
Al Nusrah Front	10,000	Syria	2012	Turkey	Iran, Syria, Lebanon, Iraq, Russia	Goal to overthrow Assad's regime in Syria and to establish an Islamic emirate under sharia law
Harakat Hezbollah al-Nujaba	8,000 - 10,000	Iraq	2013	Iran, Iraq, North Korea	US	Has sent fighters to Syria. Allied with Iran
Liwa Zainebiyoun	800	Syria	2014	Iran	Pakistan	Formed from Hezbollah Afghanistan & Pakistan, trained by IRGC to fight ISIS. Closely associated with Hezbollah Afghanistan
Popular Mobilization Forces (PMF)	60,000 - 230,000	Iraq	2014	Iran	US	Formed by Iraqi government to fight ISIS. Supported and funded by Iran

Ajnad al-Sham, Katibat al-Tawhid wal-Jihad, Ahrar al-Sham, Ajnad al-Kavkaz, Imam Bukhari Jamaat	thousands	Syria	2014	-	Everyone else	Similar to ISIS and other Syrian rebel groups to create an Islamic state
Tahrir al-Sham	15,000 - 31,000	Syria	2017	Turkey, Qatar	Everyone else	To overthrow Ba'athist regime and Hezbollah in Syrian territory
Islamic Resistance of Iraq	70,000	Iraq	2020	Iran	US, Israel	Formed to support Hezbollah in a war against Israel. Attacked US bases in the Middle East

Source: Sources found via individual Wikipedia pages

Can Israel & the US win this war?

Israel on its own is beginning to lose its power compared to Iran and its proxies. While the IDF has air supremacy, in terms of submarines and combatant ships Iran is ahead – at least in terms of numbers. Of course, Israel is far ahead in terms of technology, but is outnumbered by Iran and its proxies when it comes to active military personnel as well as reserves. Budget wise, Israel is on par with Iran. However, when including the US, Iran would not stand a chance. The problem is that Iran has established so many terror groups over the years. Solely in Iraq, it is estimated that Iranian backed Iraqi militias number between 189,700 – 272,000¹. Hamas, Hezbollah and the Houthis have shown that ultimately these groups enter politics and exercise control over the whole country. It will be key for Israel to obtain the Dragonfire laser, as it could protect them from the ever more threatening drones from Hezbollah and the Houthis². If Israel were to lose this war, Iran would have influence over the entire Middle East, from the Strait of Hormuz to the Red Sea to the Mediterranean Ocean. It is very hard to understand why Obama and the Europeans have signed the Joint Comprehensive Plan of Action (JCPOA), i.e. the Iran Nuclear Deal. It can only be understood that Western politicians wanted peace during their time in office, because after 15 years Iran is able to produce as much enriched uranium as possible. With large control over the Middle East, the 2nd largest natural gas reserves after Russia³ and potentially nuclear weapons soon, Iran would be the equivalent of Russia in the Middle East and the US would have nothing to say in the region.

¹ <https://x.com/Schizointel/status/1714077916865196414>

² <https://www.royalnavy.mod.uk/news/2024/january/19/20240119-laser-downs-drones-in-successful-trial-of-possible-future-naval-weapon>

³ <https://www.worldometers.info/gas/gas-reserves-by-country/>

Israel & US military vs. Iran

Military	Funding per annum	Active Personnel	Reserve Personnel	Tanks	Artillery	Combat jets	Attack Helicopters	Patrol and coastal combatants	Submarines
IDF	\$3.8bn from the US, \$25bn own budget	169,500	465,000	1,370	1,100	241	48	62	5
Iran	\$25bn	610,000	350,000	1,996	1,560	186	13	82	19
US	\$832bn	1,328,000	800,000	4,657	3,556	1,854	1,000	408	64

Source: Multiple sources, including:

<https://www.globalfirepower.com>

<https://www.rferl.org/a/sipri-record-defense-spending-iran-russia-ukraine/31819701.html>

<https://www.aljazeera.com/news/2023/10/11/how-big-is-israels-military-and-how-much-funding-does-it-get-from-the-us>

Israel & US military vs. Iran & Iranian proxies

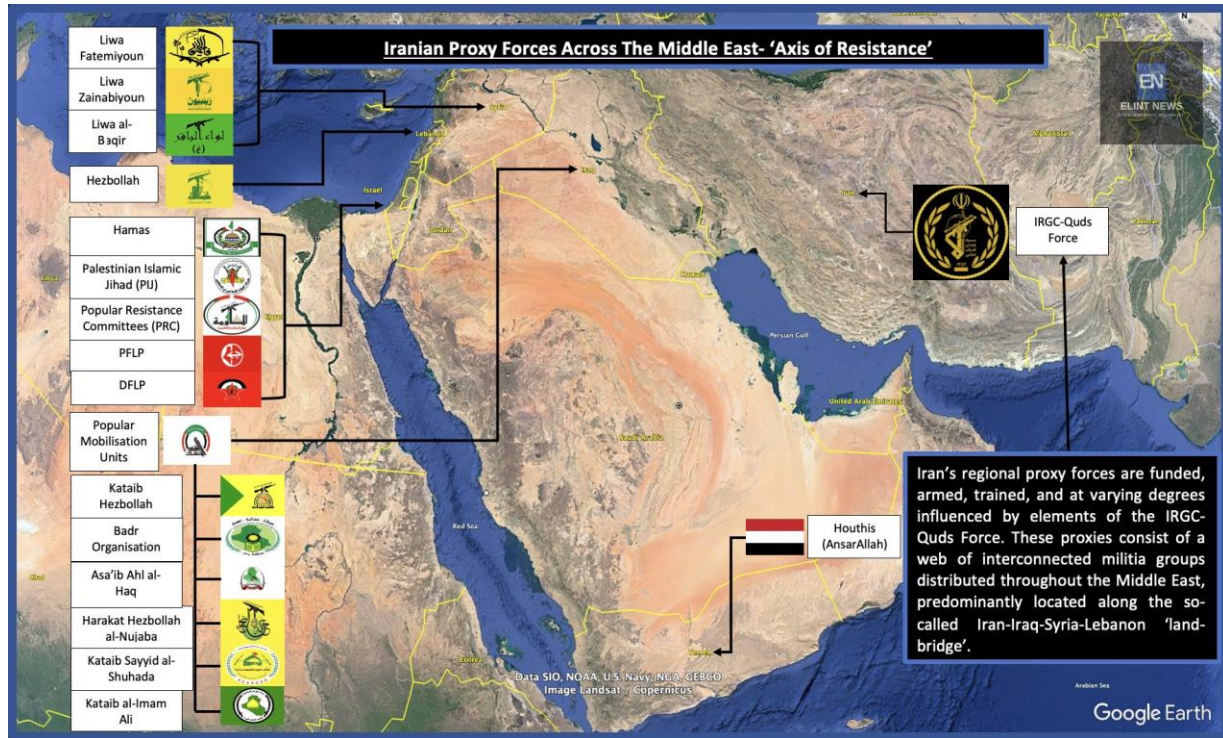
Military	Funding per annum	Active Personnel	Reserve Personnel	Rockets, missiles & drones
IDF	\$3.8bn from the US, \$25bn own budget	169,500	465,000	
Iran	\$25bn	610,000	350,000	
Hezbollah	\$100-200mio from Iran	30,000	20,000 - 70,0000	120,000 - 200,000
Hamas	\$100mio from Iran + other sponsors	30,000 - 40,000	-	5,000 - 20,000
Houthi		20,000 - 200,000		
US	\$832bn	1,328,000	800,000	

Source: Multiple sources, including:

<https://www.csis.org/analysis/coming-conflict-hezbollah>

<https://www.axios.com/2023/10/21/palestine-hamas-military-power>

Iran has trained and funded numerous terror groups over the years



Source: <https://x.com/ELINTNews/status/1714085327701184729>

JCPOA summary of enrichment-related provisions

Capability	Before JCPOA	After JCPOA (for 10-year period)	After 15 years
First-generation centrifuges installed	19,138	capped at 6,104	
Advanced centrifuges installed	1,008	0	
Centrifuge R&D	Unconstrained	Constrained	Unconstrained
Stockpile of low-enriched uranium	7,154 kg	300 kg	
Stockpile of medium-enriched uranium	196 kg	0 kg	

Source: <https://2009-2017.state.gov/documents/organization/245317.pdf>

Russia is gaining influence in Africa

While Iran is capturing more and more of the Middle East, Russia has recently succeeded in convincing West African countries that were ex-colonies of France to join forces with Russia, i.e. Wagner Group, and kick France and the US out of their countries. Mali, Chad, Guinea, Burkina Faso and Niger have all had a Coup D'Etat over the last few years. These countries are rich in gold reserves, which is important for Russia considering the Western sanctions. The loss of Niger is particularly tough to swallow for France, as Niger supplied France with around 20% of France's uranium needs in 2022⁴, although overall "only" supplied 4% of the world's uranium in 2022⁵. In addition, these countries have the CFA Franc as a currency, which is pegged to the Euro and compels them to deposit 50% of their foreign exchange reserves with the French treasury⁶. Around 1/3 of these countries' imports and exports were done with the Euro Area in 2007, and a potential loss of the peg and the currency could lead to a collapse in trade with Europe⁷. It's hard to imagine that Europe would go back to African colonialism. But should Europe just let go of Africa and give Russia free reign?

Ex-French colonies in Africa that have recently seen a Coup D'Etat

Country	Coup D'Etat
Mali	Aug-20
Chad	Apr-21
Guinea	Sep-21
Burkina Faso	Jan-22
Niger	Jul-23
Ivory Coast	?
Benin	?
Mauritania	?
Senegal	?
Togo	?
Nigeria	?

Source: <https://www.aljazeera.com/news/2023/8/30/mapping-africas-coups-detat-across-the-years>

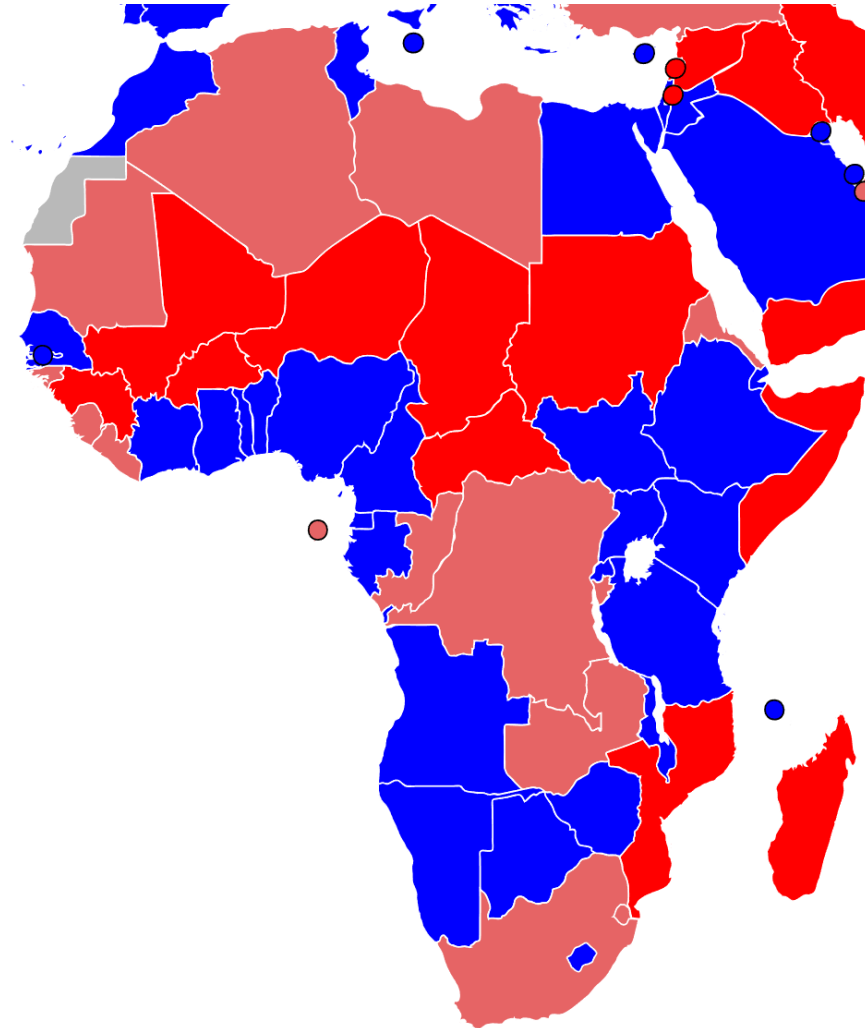
⁴ <https://www.forbes.com/sites/eliasferrerbreda/2023/08/16/how-important-is-nigers-uranium-for-france/>

⁵ https://www.lemonde.fr/en/les-decodeurs/article/2023/08/04/how-dependent-is-france-on-niger-s-uranium_6080772_8.html

⁶ <https://www.cnn.com/2019/12/20/african-currency-used-by-14-countries-could-end-peg-to-the-euro.html>

⁷ https://ec.europa.eu/economy_finance/publications/pages/publication13478_en.pdf

US/French/Western (blue) vs. Russian/Chinese (red) influence



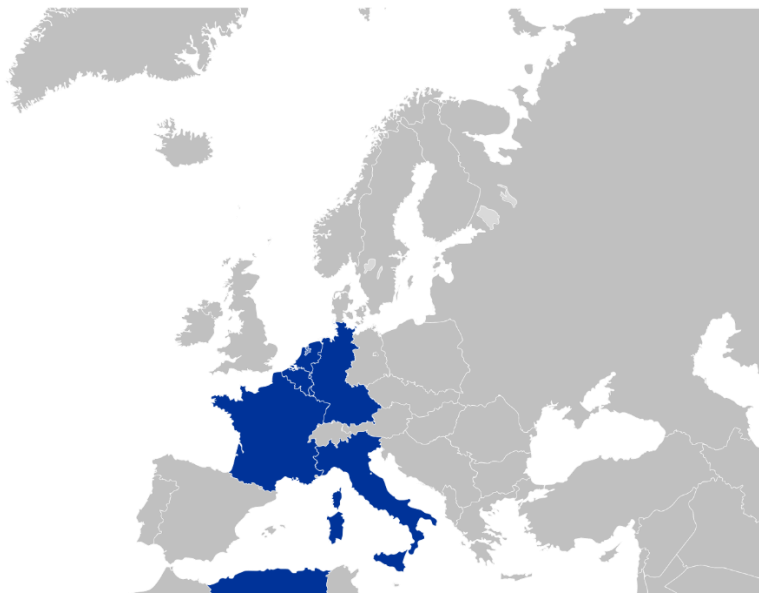
Source: geograf.in

EU's eastward expansion is set to stall, perhaps reverse

The European Union was initially founded by six nations in 1957 via the Treaties of Rome: Belgium, France, West Germany, Italy, Luxembourg and Netherlands. Nearly 70 years later, this union has expanded to 27 member states and even has conversations ongoing with countries as far away as Turkey, Georgia and Ukraine to become members. In a similar way, the Eurozone with its Euro currency expanded by having 20 countries adopting the Euro. And similarly, NATO expanded from its 12 founding partners in 1949: Belgium, Canada, Denmark, France, Iceland, Italy, Luxembourg, Netherlands, Norway, Portugal, UK and

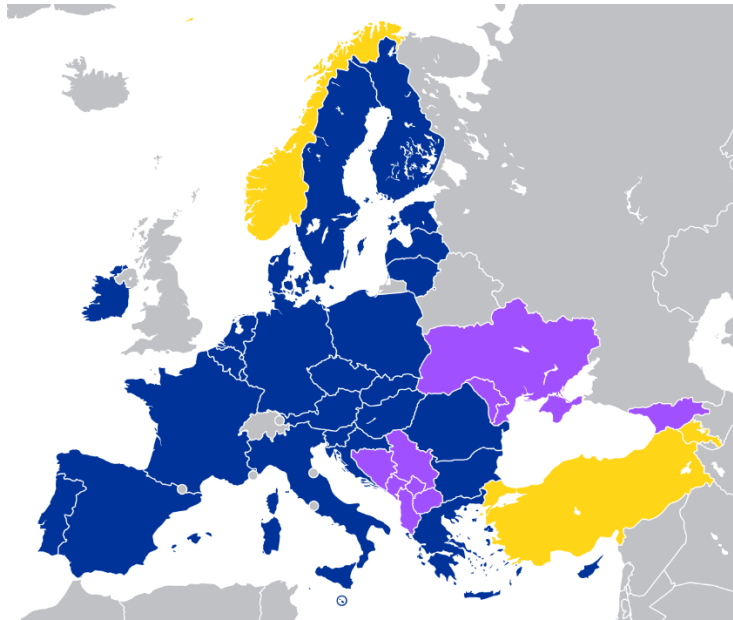
US, to now more than 32 members. This has firmly established the West and its values and powers across Europe and pushed Russia out, which used to count 7 European nations in its Warsaw Pact: Albania, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland and Romania. The Ukraine War has accelerated the expansion for Europe, but it will likely stop expanding any further to the East. However, Europe should be cautious, as just how quickly Russia lost influence during the Cold War and the decade after, Europe can lose influence, too. Brexit was the first warning sign and with a rise of conflict, it could become harder and harder to keep the EU together, especially, as the union has become more and more diverse. If the EU does not succeed in implementing hardline immigration policies, it could likely shrink over the coming years.

EU member states in 1957



Source: European Union

EU member states (blue), non-EU energy contracting partners (purple), observers (yellow)



Source: European Union

China is expanding towards the south

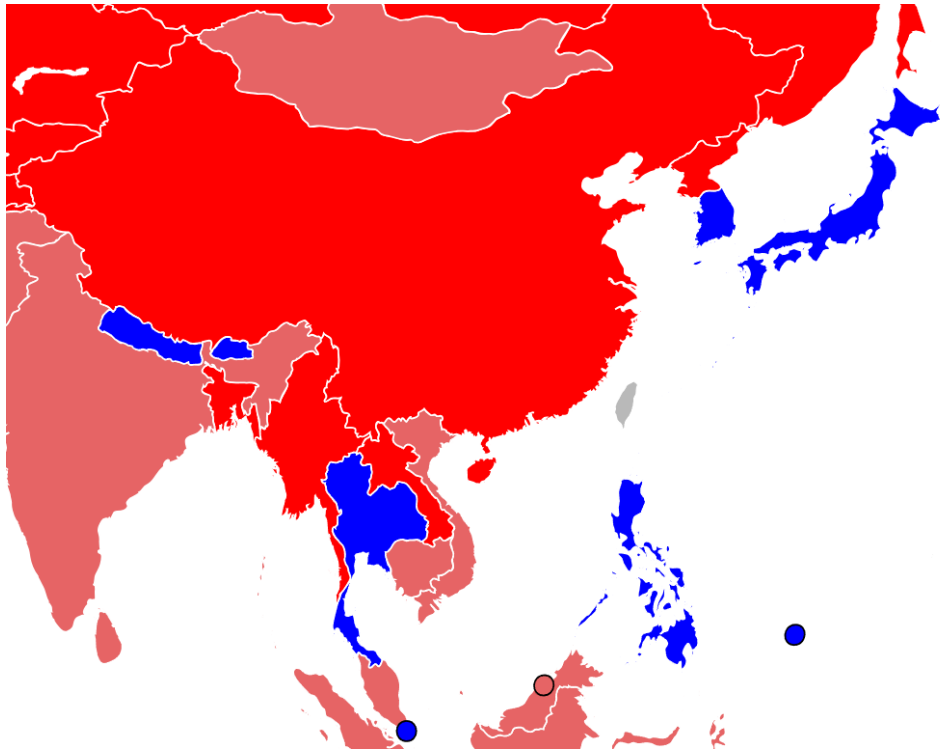
Last but not least, China remains the biggest concern for the US due to its large population, importance to the US economy, and threat of influence, especially over the world's factory of chips, Taiwan. Capturing Taiwan is not easy though⁸, and China might first focus on the Philippines and distract South Korea and Japan via North Korea before going after Taiwan. The Philippines are important due to its proximity to Taiwan and the US has over 9 military bases in the Philippines now⁹. China is always studying history, and I wonder whether the timeline of the “Ten Great Campaigns” of the Qing dynasty could present itself as a compass for China today¹⁰.

⁸ <https://www.cfr.org/article/why-china-would-struggle-invade-taiwan>

⁹ <https://www.defense.gov/News/Releases/Release/Article/3349257/philippines-us-announce-locations-of-four-new-edca-sites/>

¹⁰ https://en.wikipedia.org/wiki/Ten_Great_Campaigns

Asia map: China influence (red), US influence (blue), in between (light red)



Source: Geograf.in, own estimates, some countries might be inaccurate

A repeat of the 10 Great Campaigns of the Qing Dynasty?

10 Great Campaigns of Qing Dynasty	Today	Comment
Three campaigns against the Dzungars and the pacification of Xinjiang (Destruction of the Dzungars/Mongolian and people)	Mongolia, Xinjiang	China controls Mongolia via its coal mines today. China has concentration camps in Xinxiang, in which the Uyghurs are imprisoned today
Two campaigns for the suppression of the Jinchuan hill peoples	Tibet	China is occupying Tibet for over 60 years now. In 2021, the US removed language recognizing Tibet as part of China
Campaigns in Burma	Myanmar	In 2021 began a civil war in Myanmar. Today, Myanmar could establish access to Middle Eastern energy, in case of a closure of the Malacca Strait
Taiwan rebellion	Taiwan	China has publicly stated to annex Taiwan by 2027
Two campaigns against the Gurkhas	Nepal	China has annexed 150 hectares of Nepalese land in 2020
Campaign in Dai Viet	Vietnam	Although China and Vietnam frequently have fishing incidents in the South China Sea, they have formed a strong economic partnership

Source: Wikipedia sources

China's growing global influence

China is not only looking to expand in the South, but also globally via the Shanghai Cooperation Organization (SCO) and the BRICS. The SCO had its first summit in 2001, is headquartered in Beijing and was initially thought to be a NATO competitor/alternative, but has since evolved to become more something like the United Nations (UN) – at least with the potential to become a UN alternative. The first sign of this emergence came in September 2023, when the UN General Assembly approved a resolution titled “Cooperation between the United Nations and the Shanghai Cooperation Organisation”, of which only the U.S. and Israel voted against, while 47 nations abstained (Europe, Canada, Guyana, Botswana, Togo, South Korea, Japan, Australia & New Zealand) and 80 nations voted in favour (everyone else who voted)¹¹. The first successful geopolitical action of the SCO, however, came earlier, in 2005, when SCO members have requested the U.S. to leave their military bases in Uzbekistan, Kyrgyzstan and Tajikistan¹². This was successful, and since 2014 and the withdrawal of troops in Afghanistan, the U.S. currently has no military bases in Central Asia¹³. I can imagine that China could ultimately use the SCO as a “UN vehicle” to potentially remove all US bases in the world – see the map below.

The BRICS (Brazil, Russia, India, China and South Africa) had its first summit in 2009, its development bank is headquartered in Shanghai, and is seeking to become a replacement of the IMF and World Bank, with a potential common currency that is backed by gold¹⁴. The BRICS have since expanded with four additional members, Iran, Egypt, Ethiopia and UAE, and invited two more members to join: Malaysia and Saudi Arabia. Together BRICS (+6 nations) control 46% of the world's population, over 30% of global GDP, 45% of global foreign exchange reserves, 20% of global merchandise trade and 12% of global services trade¹⁵. China is the dominant force in the BRICS by funding \$41bn of the \$100bn BRICS development bank and 62% of the BRICS+6 GDP.

In conclusion, if the US and Europe do not want to be ruled by a system formed by China, it would appear logical to bring China's economy down, as this could eliminate any hopes of SCO and BRICS. In my opinion, the only way to achieve this is by home-shoring production to countries that abstained or vetoed the UN General resolution titled “Cooperation between the United Nations and the Shanghai Cooperation

¹¹ <https://digitallibrary.un.org/record/4020262?ln=en>

¹² <https://www.cfr.org/background/asia-us-military-bases-central-asia>

¹³ <https://www.rferl.org/a/u-s-military-bases-in-central-asia-part-two-/31219781.html>

¹⁴ <https://www.forbes.com/sites/nathanlewis/2024/01/24/brics-making-good-progress-on-their-golden-path/>

¹⁵ <https://economictimes.indiatimes.com/news/international/world-news/brics6-to-control-30-of-global-gdp-46-population-note/articleshow/103181021.cms?from=mdr>

Organisation” and as a result would lead to a complete de-globalisation of trade, i.e. un-do the last 30 years of hyper-globalization. The 1920s & 1930s present themselves as the most useful historical guidance of what’s to come in the years ahead, if that is the case.

The Shanghai Cooperation Organisation

SCO			
Members	Observers	Dialogue Partners	Guest attendees
Belarus	Mongolia	Armenia	ASEAN
China		Azerbaijan	CIS
India		Bahrain	Turkmenistan
Iran		Cambodia	UN
Kazakhstan		Egypt	
Kyrgyzstan		Maldives	
Pakistan		Myanmar	
Russia		Nepal	
Tajikistan		Qatar	
Uzbekistan		Saudi Arabia	
		Sri Lanka	
		Turkey	
		UAE	

Source: Shanghai Cooperation Organisation

The BRICS

BRICS		
Members	Initial commitment	Invited Nations
Brazil	\$18bn	Malaysia
Russia	\$18bn	Saudi Arabia
India	\$18bn	
China	\$41bn	
South Africa	\$5bn	
Iran		
Egypt		
Ethiopia		
UAE		

Source: BRICS-Russia2024.ru, Reuters

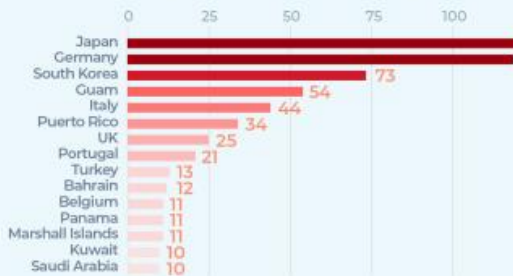
US MILITARY

US military presence around the world

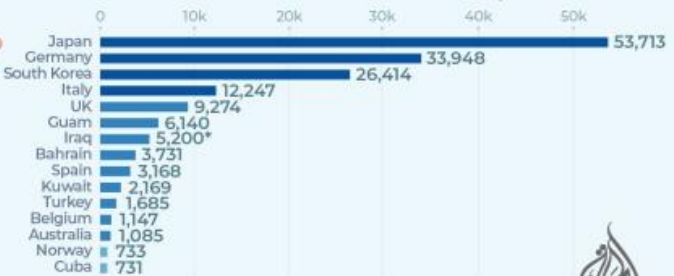
The US has about **750 bases** in at least **80 countries** around the world. It has approximately **173,000 troops** deployed in **159** countries.



Countries with the most number of US bases



Countries with the most number of US troops



Sources:
Allen, Michael A., Michael E. Flynn, and Carla Martinez Machain. 2021. "Global U.S. military deployment data: 1950-2020."
David Vine, "Lists of U.S. Military Bases Abroad, 1776-2021," American University Digital Research Archive, 2021

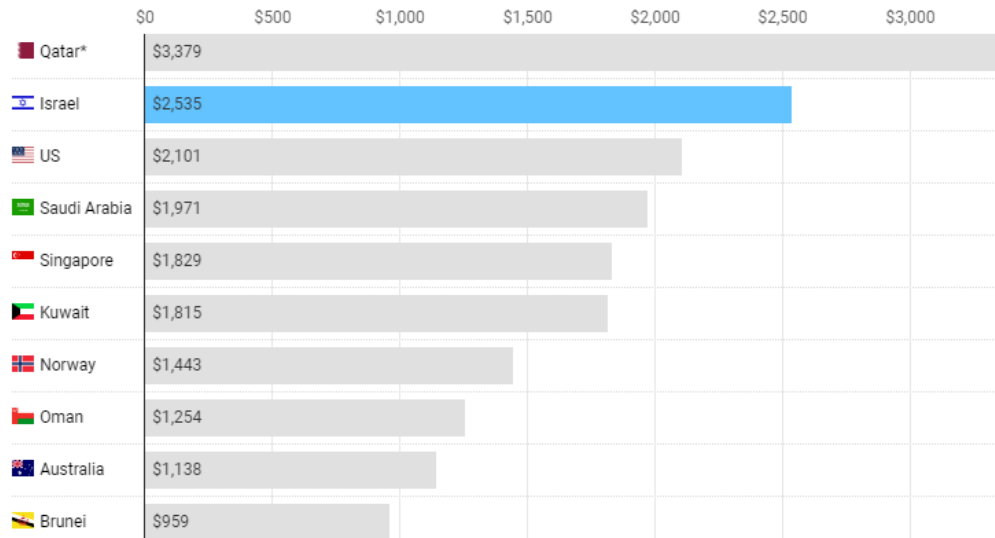
*as of 2020

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Appendix

Top military spenders per capita

Between 2018 and 2022, Israel spent an average of \$2,535 per capita on its military.



* 2020-2022 average

Source: SIPRI | NATO | OurWorldInData.org (2022)

Israel's biggest arms buyers

Between 2018 and 2022, at least 35 countries imported weapons from Israel totalling \$3.2 billion.

Page 1 of 4 >

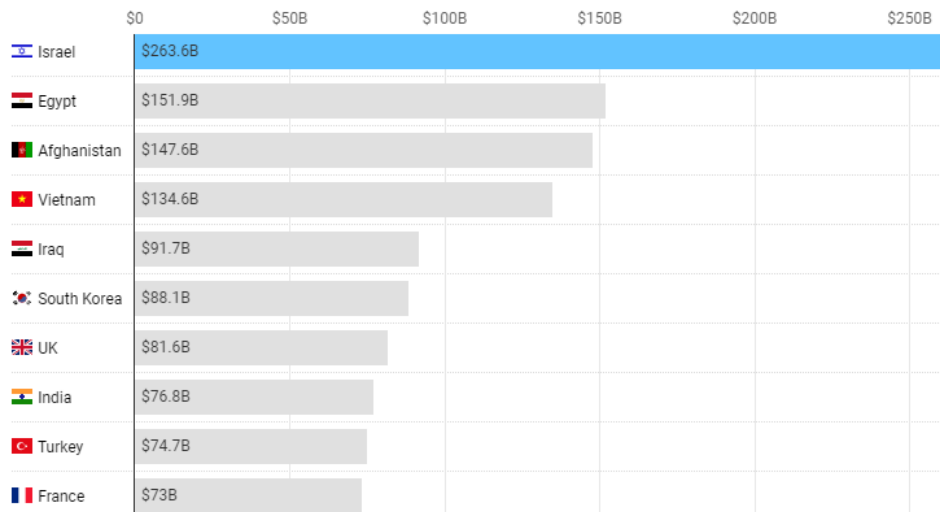
Country	Imports (million USD)
India	\$1,197m
Azerbaijan	\$295m
Philippines	\$275m
US	\$217m
Vietnam	\$180m
Canada	\$131m
Thailand	\$121m
Germany	\$110m
UK	\$90m
Singapore	\$73m

Source: SIPRI (2018-2022)



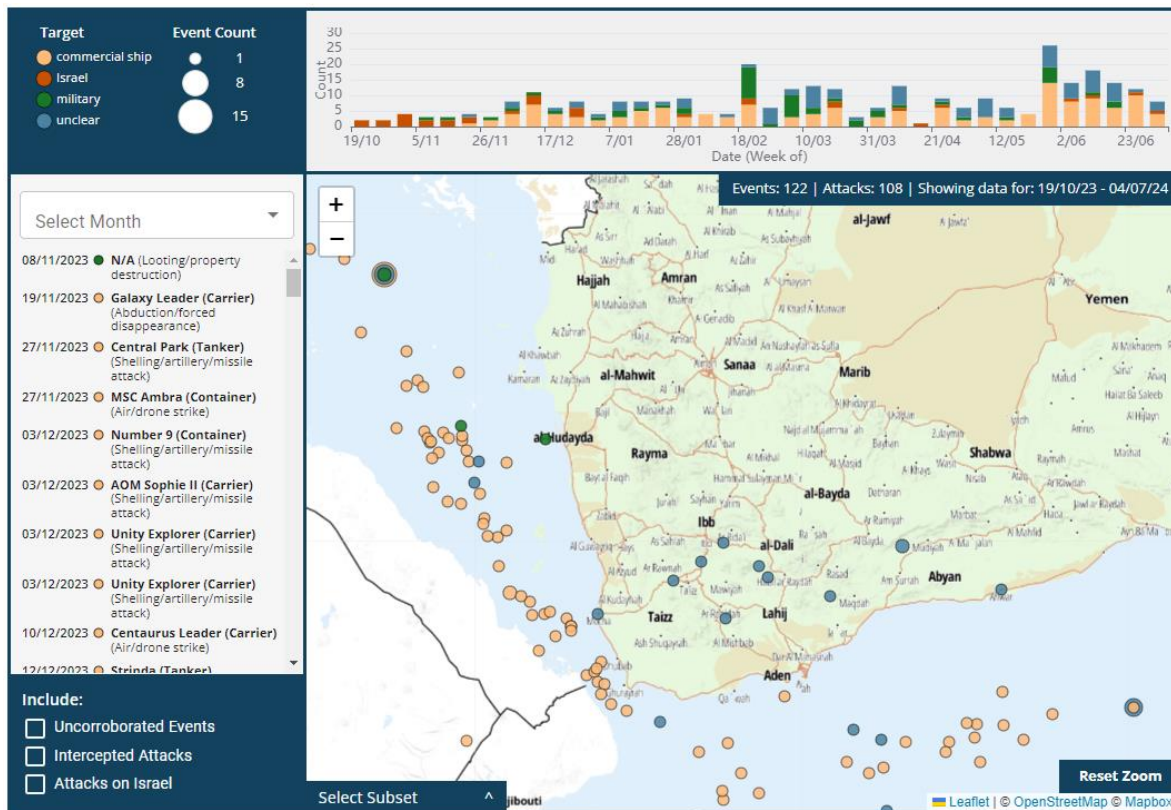
Ten countries have received about half of all US foreign aid since World War II

Between 1946 and 2023, Israel has received about \$264 billion in foreign aid from the US.



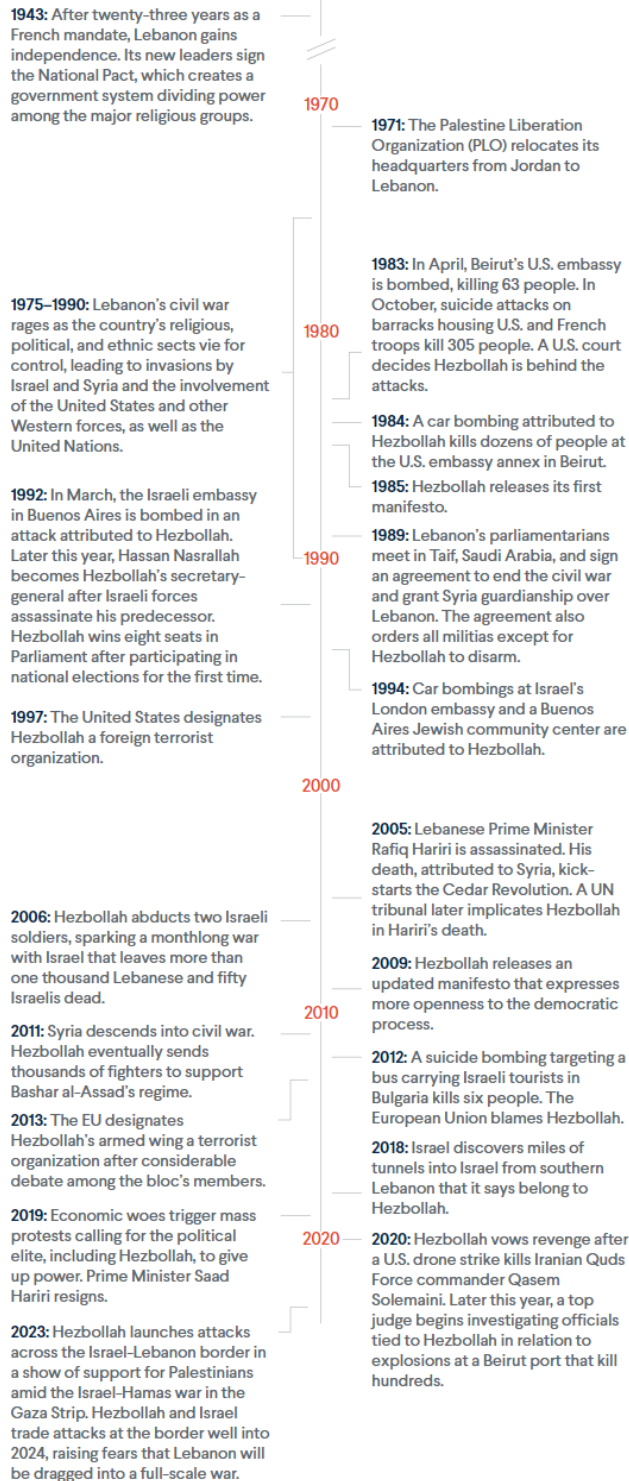
Source: foreignassistance.gov

Houthi attacks on ships are accelerating in recent weeks



Source: <https://acleddata.com/yemen-conflict-observatory/red-sea-attacks-dashboard/>

Milestones in Hezbollah's History



Source: CFR research.

COUNCIL ON
FOREIGN
RELATIONS



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