



Israel's Fragile State: Reality Behind the Gaza Peace Plan, Ceasefire & Economy

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Zain Raza (ZR): Before I begin this interview, I would like to update you on the latest figures on our crowdfunding campaign. On December 1st, 2025, we launched our crowdfunding campaign with the goal of reaching 80,000 euros. And the final crowdfunding update is 79,600 euros thanks to 2024 donors. People of all backgrounds donated. From pensioners, students, single parents, even unemployed. We received small amounts to large amounts and it was a collective effort that ensured that we can continue with our independent and non-profit journalism going forward until next year's crowdfunding campaign. I'm in awe because of the dire economic situation in Germany that we were able to reach and come so close to our target and fell short only by a few hundreds. Your efforts have proven that journalism that aims to provide a critical and alternative perspective to what we hear in the mainstream media can operate without advertisement, corporate and state funding, and that citizens, when coming together collectively, can strengthen one of the most important pillars of our democracy, namely the role of independent journalism. My team and I want to thank you for not only giving us the necessary resources to continue with our work, but also for inspiring us going forward. Today I'll be talking to independent economic researcher, journalist and author Dr. Shir Hever on the latest developments surrounding Israel and Gaza. Shir, welcome back to the show.

SH: Thanks for having me, Zain.

ZR: I want to start with the situation in Gaza and briefly recap some of the developments for our viewers. Since October 2023, Gaza has suffered a catastrophic human toll as more than 71,600 Palestinians have been killed by Israel. These figures have been repeatedly cited by the United Nations and humanitarian agencies and were recently also acknowledged in Israeli media. Since the so-called ceasefire of October 2025, cited under President Trump's so-called peace plan, Israeli attacks have continued unabated. According to the Washington Post, more

than 550 Palestinians have been killed since then, including around 100 children. Israel has now allowed a restricted opening of the Rafah crossing into Egypt. According to the World Health Organization, around 18,000 civilians in Gaza are in urgent need of medical treatment outside the territory, while Israel is only permitting around 50 people per day to cross, including patients and accompanying relatives. According to Trump's so-called Board of Peace, the plan has now moved into phase two, which calls for Hamas' disarmament as a prerequisite for reconstruction and a full Israeli withdrawal. Can you give us your assessment of the ceasefire so far, and then also talk about Trump's so-called Board of Peace? Do you think it is even realistic to expect Hamas to disarm under these conditions?

SH: So let me just start by saying that when you said that the Israeli media acknowledged the fact that more than 70,000 Palestinians, the overwhelming number of them civilians, were killed, it's not exactly accurate. It's the Israeli military that officially acknowledged this number, but the media is actually reporting almost nothing about what is happening in Gaza. Maybe we can talk more about the internal discourse in Israel, but just to put this into perspective. So, of course, the situation in Gaza is very dire, and a lot of Palestinians in Gaza are saying that they don't feel that there's a ceasefire. There's still bombing and there's still attempts by Israel to restrict, not just attempts, but successful attempts, to restrict and deny humanitarian aid to enter. The organization Doctors Without Borders was forced to leave and stop its operation in Gaza because Israel made unreasonable demands at the organization to allow complete surveillance of its workers in Gaza, something the organization was not able to accept. So the Rafah border is now operated on one side by Egypt, but on the other side it is operated by the Al-Shabaab militia. At least this is what I'm hearing from Palestinian witnesses on the ground, who are saying that this militia, which is funded and armed by Israel, is deciding who gets to cross and checks people as they cross the crossing. This is part of the Israeli very colonial, imperialistic method of causing divisions within the Palestinian society. So what I'm hearing also from the Israeli media and from the Israel intelligence reports, so of course we need to take this with a grain of salt, but they're saying that Hamas is rebuilding its power within Gaza, that it is actually able to attack the al-Shabaab militia and other pro-Israeli forces within Gaza and reestablish its power, and that there is absolutely no chance that Hamas is going to accept disarmament. From the statements that Hamas itself was making, they say that they are willing to disarm from their heavy weapons, but not from their light weapons. And there's a whole conversation about what counts as a heavy or light weapon. I think that we are now living in a world where everything is really at the whim of decisions by President Trump, which can change them from hour to hour. And this brings me to the second part of your question about the Board of Peace, because Trump has used Gaza as a launching point for a new global strategy, what he calls the Donroe Doctrine, where the idea is actually to replace the United Nations. And I think this is a horrible realization when he established this board of peace. And if you look at the charter of the Board of Peace, the word Gaza is not even mentioned or the word Palestine is not even mentioned. It's actually an organization which is supposed to be a kind of world arbitration forum, which is exactly what the UN was established to be. And the same countries, especially the Western governments, which is part of the Security Council went along with Trump's crazy ideas of the Board of Peace, because they thought this is what's going to create a ceasefire in Gaza, are now

realizing that what they did is actually cut the branch that they were sitting on, because their ability to vote in the Security Council will mean nothing if Trump tries to create this new world order, which is headed not by the United States, but by him personally.

ZR: Can you talk more about these militia? I think Reuters and even Haaretz report about that. And they say that they've confronted Hamas fighters and presented themselves as an alternative authority. What does it reveal about Israel's military state that they have to employ these militias? Is it a way for Israel to get its job done by employing proxy forces while, in a way, appearing in front of the media that they are respecting their boundary or what they call the yellow line?

SH: Well, if I start to list to you all of the historical cases in which Israel recruited some kind of militia, armed them and trained them within the occupied Palestinian territory or within Lebanon, or in other countries as well, we will run out of time. There are so many cases like this, and Israel didn't invent this method. The British Empire did it, of course, and other empires as well. I think it's worth mentioning that when an empire or a colonial force is starting to arm the indigenous people in order to create divisions and to create a kind of local police or enforcement forces that are loyal to the empire rather than to the indigenous population, they are going into a very dangerous territory. And we've seen this in Lebanon. In Lebanon this whole policy collapsed completely when the South Lebanese Army, which was an Israeli creation, collapsed in the year 2000. Hezbollah defeated them utterly. Then Israel was in a situation in which they had no choice but to accept Lebanese citizens into Israel and give them Israeli citizenship, something that Israel never wants to do, to give citizenship to non-Jews, but they had no choice, and of course they lost all of their fortresses and holdings within Lebanon. So, this is considered one of the greatest failures of Israeli imperialism. In the West Bank, Israel had been more successful by using the Palestinian Authority as a kind of proxy force, something which is extremely controversial, of course, from a Palestinian point of view, because the Palestinian Authority itself will say we are not a proxy for the Israeli occupation, but from the Israeli perspective, from the Israel military command, they consider the Palestinian Authority to be their underlings. This is how they talk about them. And the idea to create this al-Shabaab militia in Gaza is the same kind of policy, but the difference is that if you look at the South Lebanese Army, Israel built it over years, trained it and armed it and funded it, if you look the Palestinian Authority, here Israel really built an ongoing strategy with international cooperation to give legitimacy to the Palestinian Authority as a representative of Palestinian political factions, which are legitimate political factions and political parties. But with Al-Shabaab, this is not what they're doing. They're doing it haphazardly, quickly, without a plan, just to be able to get some of the soldiers out, because this is what they really want to do. They want to take out the soldiers from harm's way because of all the protests inside Israel and because of all the problems that these soldiers are facing, mental problems, suicides and disobedience.

ZR: Let's now focus on Israel and Iran and I'd like to recap some of the latest developments for our viewers here as well. In January 2026, Israeli Prime Minister Benjamin Netanyahu publicly commented on the protests inside Iran, praising the protests' struggle for freedom

and condemning the killing of civilians. On January 29th, Reuters reported that President Trump was weighing possible strikes on Iran. In that same Reuters report, a senior Israeli official said that airstrikes alone would not be sufficient to topple the Iranian system and that boots on the ground would be required if regime change were the objective. Then, recently in February, Reuters also reported that US and Iranian officials were preparing for talks in Istanbul, with officials on both sides stating that the immediate priority of these talks was to avoid military escalation and prevent a wider conflict. Even though tensions now appear to be simmering down, they can explode at any time as we saw a similar approach before. Last year, the United States carried out airstrikes on Iran's nuclear sites at a time diplomatic efforts were underway, with European foreign ministers having met just a day earlier with Iran. Given these developments, do you believe Israel is gearing up for another war with Iran? And do you think Israel's military and air defense systems are actually prepared for another round?

SH: Okay, well, everything that is connected to what can happen in Iran, I'm not qualified to say. I'm not an expert on the Iranian military capabilities, nor of their political system and how powerful are the protesters. But I can say that from the Israeli side, there is this fantasy that the Iranian regime will fall and there will be a pro-Israeli, a friendly regime coming to power in Iran, maybe in a similar fashion to what has happened in Syria. But I think that this fantasy is in fact fabricated by the Israeli government, especially by Netanyahu himself, as a way to project power. So as the former commander of the Israeli military intelligence, Tamir Heyman, said two days ago, Israel's best strategy in order to achieve that the Iranian regime will fall is to do nothing. And the best thing that could happen is if there is no agreement, no nuclear agreement, according to him, because a nuclear agreement would actually give legitimacy and international support to the Iran regime. So Israel should diplomatically oppose an agreement, as Israel has always done, but any kind of military intervention will achieve the opposite result. But I think that this is not the consideration of the Israeli government. The Israeli government considers – and more than anything, this is a personal matter for Netanyahu. Because before Netanyahu was part of Israeli politics, Iran was not such a domestic question for the Israeli population. And during the ten years in which Netanyahu was out of Israeli politics for a while, Iran was also a non-issue. So it's really connected to him. He needs Iran, but he needs Iran as a real threat, because if it's just about making a one-sided attack like Israel did in Doha, in Qatar, or even a bombing in Gaza this is something that captures the Israeli attention, the media attention, for a few hours at most. But in this attack in June, which lasted for 12 days, it was absolutely something that grabbed the attention of Israelis because Israelis thought they're going to die, because they thought Israel is going to lose because they were absolutely not prepared for a real confrontation with Iran. Iran is bigger than Israel. Iran has more soldiers and a lot of missiles and so on, and the Israelis are simply not willing to pay the price. The Israelis have options; many Israelis can leave, many Iranians cannot.

So the point of attacking Iran is to terrify the Israeli public and to completely silence any kind of protest within Israel. So Netanyahu needs this as a sort of a card. And if you are asking me, what is the likelihood that Israel will attack Iran, my answer would be, it all depends on how secure Netanyahu feels in a particular moment. Right now, actually, Netanyahu is in a

relatively powerful position. The trial against him is a mockery, and there's really no sign that there's any chance that he would be convicted. He has growing support among the right wing inside Israel. The left, or I don't want to call them left, but let's say the oppositional forces, are bickering with each other and are trying to say that they, even if they oppose Netanyahu, they will never make a coalition with Palestinian citizens of Israel, meaning they have no chance to form a majority anyway. Under these conditions Netanyahu can postpone the elections or hold the elections and win them or do whatever he wants. There's no need for him to start a war. If the situation changes, then it could happen exactly as it did on June 13th last year because it was a non-confidence vote in his government that was going to pass and he prevented that by attacking Iran. So this is my answer. It's not about the missiles.

Nevertheless, you did ask me about the Israeli air defense systems, and I think that we need to remember that it wasn't the Israeli air defense systems that played a major role in protecting Israeli airspace during the 12-day war with Iran last year. It was the American. And it was because the Aegis cruisers and the FAD systems and the Patriot systems and so on that the US deploys and apparently also on Jordanian territory, something that was also very controversial within Jordan – why should Jordan protect Israel from an Iranian attack? – but then again, Jordan said that there's always a risk that the missiles will fall on Jordanians soil, and so they have to protect their own people, but they are also doing it with American weapons, not with Jordanian weapons. So it's complete dependency on the United States. And this dependency has its limits as well. And even if the United States would say, we're willing to spend an unlimited amount of money and we will do anything for Israel and it's not America first, it's Israel first, even if they say this, some missiles will certainly fall on targets within Israel as they have. And this is something that Israelis are terrified about and it has an economic damage and it has a psychological damage. So it's not that Israel really can go into some adventure like this haphazardly, it's not in the interests or the national interests of Israel. It may be, under certain circumstances, in the personal interests of Netanyahu.

ZR: Let us now turn to the Israeli economy. After more than two years of war and sustained regional tensions since October 2023, there is some discussion about whether Israel is now genuinely experiencing an economic recovery. According to the Bank of Israel, on January 5th, 2026, their report stated that the economy grew by 2.8% in 2025 and is expected to grow by around 5.2% this year. At the same time, the IMF, the International Monetary Fund, projects that Israel's economy will grow by 4.8% this year, following a lower rate last year. There also appears to be a broader narrative that Israel has emerged as a geopolitical winner with the Iranian influence weakened and facing domestic unrest, Hezbollah sidelined and Hamas severely weakened militarily. Given this context, do you think these reports of Israeli economic recovery accurately reflect what is happening on the ground or is there something important missing from this narrative?

SH: I'll start with a moral statement, because there is a kind of logic to all of these arguments that why should people invest in Israel? Why should people believe that the Israeli economy can recover? It's based on a kind narrative that the Israelis are somehow more resilient than other people, more resourceful. They can fight a war and at the same time grow their

economy. They can produce and innovate where no other people can do so. So if you compare Israel to countries in other places where there is no war, then Israel would still have the advantage because they are some kind of Übermensch. And I'm using the word, because I think this is a racist idea. It's simply immoral to think that Israeli resilience is a real thing. It's based on a very nationalistic, very racist narrative. So let's put this aside and talk about actual economic indicators. And what we actually see in the Israeli economy is that there is a tremendous amount of hype. There is a concentrated effort to conceal information. The credit agencies like Moody's, which increased Israel's credit projection, or and they they fall into the trap very easily, as they always do, but behind it you have to look at the actual reports and make a comparison. The Israeli Accounting General, which is part of the Ministry of Finance, so it actually belongs to the Smotrich ministry. Smotrich who said about the Israeli budget, government budget, this is a war budget, and with the help of God, we will win. So he's not a Minister of Finance. He's the messenger of God. And any other Minister of Finance in any other country who would say something like this would cause an immediate run on the currency. But this is not happening in Israel. And instead, you have the General Accountant publishing a report every year about how the budget has actually been spent. And in this report, it shows that Israel is accumulating debts in tens of billions of dollars by buying weapons mostly from Western arms companies; tens of billions on credit. So they're buying the weapons, but they're saying, we won't pay you right away, we'll pay you a year later. And then in English, they also published a report which focuses on the Israeli debt. And in this report on the Israeli debt, they forgot to mention that they're buying weapons on credit. So they're only talking about the debt that they accumulate through selling bonds, government bonds. So if you have a gap between the government bonds and this credit worth tens of billions of dollars, this is an extra debt of the Israeli economy. Meanwhile, the interest rate on the Israeli debt is increasing because speculators who are buying Israeli bonds are not idiots. Well, some of them are idiots because they're buying Israeli bonds, but some of them think there might be a chance that Israel will pay back its debt, and so they demand an extremely high interest rate to compensate for the risk. So that's another serious problem for Israel to be able to repay its debts in the future.

And then you have this absurd situation that the Israeli stock exchange is actually doing very well, and the Israeli currency is doing very well in exchange to the dollar, the Israeli shekel is doing. And these two have very obvious reasons because of the war. Because the reservists, who I mentioned before, Israel has a shortage of soldiers, really has a serious problem to deploy enough soldiers in Gaza. And especially when the soldiers are recruited for reserve duty for extremely long periods of time, that they lose touch with their family and their workplace doesn't exist anymore, in order to get the soldiers to agree to serve like this, Israel has bribed them with very high rates of payment, basically creating a mercenary army and paying them more than twice the average wage and more than four times the minimum wage for reserve duty. Now they're trying to cut down because they ran out of money. But if you think of these soldiers who are spending 100 days, 200 days, 300 days in Gaza, getting tremendous amounts of money, which the Israeli economists are estimating is over 70 billion Israeli shekels, this money pours into their bank accounts, but they don't know what to do with it. So they invest it because they're in Gaza. They don't have expenses. So they spend the

money by investing it in stocks. And the stock exchange is flourishing when in fact, people instead of working and consuming and being part of the normal economy, they're killing people in Gaza. So that's why the stock exchange is flourishing. And the second issue with the currency also has a clear explanation because what has been happening in the last three years or so is that Israel's high-tech sector, which is the most important sector of the Israeli economy, the big high-tech companies creating the revenue that is the biggest part of the Israeli GDP compared to any other sector is no longer the biggest sector because now the arms sector is becoming even bigger. But it's not just because the arms sectors grow so much because of the war, it's also because the high-tech companies are escaping. And the way that they're escaping is by making exits. So you have a company and instead of starting a business and selling their product and as tech companies are supposed to do, they wait for some US company to buy them out so that they can leave Israel. And in this process, an Israeli company becomes an American company and this American company is paying a lot of dollars which are exchanged into Israeli currency and this floats the Israeli shekel very quickly and very strongly upwards, but it's certainly not an indication of prosperity.

ZR: There was this perception that certain things are changing towards Israel. And when you look at last year, a global consciousness was growing, boycotts were happening, governments were becoming critical of Israel, especially in Europe. There was a lot of talks and even implementation of not supplying certain weapon parts to Israel from different European countries. Even in the US, you saw, for example, a consciousness growing within the American right, becoming more critical of Israel. And since the ceasefire, I have this perception that this has sort of been dampened, that Israel has proven to become immune. And there's this movement that was also very prominent in the Global South, emerging from certain Latin American countries that were becoming more and more vocal about breaking relationships with Israel as sort of backtracked. Can you update us whether this is a fact and whether there are certain things still taking place on the global or local level that is still moving in the direction of trying to punish or hold Israel to account for what it's done and is still doing in Gaza.

SH: Well, I think you're getting the impression that the global pressure against Israel is decreasing because the international media is not focusing on it. But this impression is not accurate because the Israelis are certainly feeling it. And I have seen dozens of articles in the Israeli press where they say, how is it possible that we're still being boycotted if there's a ceasefire? Of course, from their point of view, there is a ceasefire. They think that everything is fine because no Israelis are being killed, but Palestinians are still being killed, and they don't want to know about it, and then they are surprised that they are still being accused of genocide, and there are still boycotts and embargoes. And still I can see the Israeli arms companies are scrambling to find companies who would sell them the materials and the components and the ammunition for the weapons. And it's not easy because there are some countries that continue to violate international law. So let's not call it punishing Israel because the punishment for committing genocide is not that people will not send you weapons. This is part of the responsibility and the obligation of third states not to be complicit in the act of genocide. So the accountability is demanded not from the Israelis, this is something that will

come later in tribunals. Now it's the accountability of the government and international corporations that are breaking the law by providing Israel those things. And even if newspapers are not really talking about it as much and you're not noticing it, they are still very concerned about it. They know that legally speaking, they're not protected from complicity in war crimes, in crimes against humanity, if there's no headline in the mainstream media saying that Israel is still violating the ceasefire. So this is absolutely still happening. Maybe you should interview Orly Noy, who wrote a fascinating article where she gathered together a lot of those comments by Israelis that are so surprised; that: Oh, there's still academic boycott and cultural boycott, and artists don't want to perform in Israel, and you don't want exchanges with Israel. And she says to them: Well, you know why you're being boycotted? Because you are committing genocide. But Orly Noy is only able to publish an article like this in the alternative media in Israel. No mainstream Israeli channel is willing to address those things, because of this illusion. As if there is a ceasefire, as if the war is over, as if everything is fine and the economy is recovering, is extremely important for Israeli society. It's not just important in order to protect the Netanyahu government, but it's also important for the Israel public to be able to hold on to this illusion that the past two years can be forgotten and that they have no responsibility and no guilt for what has happened. So they're very eager to buy into this illusion, to believe those lies, just to be able to mentally sustain themselves.

ZR: And I also want to say that there's a price for occupying Gaza and for expanding settlements and annexing territory in the West Bank and basically telling people to shoo off from there and using military force to implement all of these policies. How do you think Israel will be able to maintain all of that, the apartheid system within the Israeli state, the policies in the west bank of annexation and the occupation of Gaza? Trump's peace plan has this vision of making Gaza into this new sort of a Dubai-Rivera state where there'll be a lot of investment and there'll be like high rise buildings and all of that. But is that even possible within the current state that we're seeing in Gaza and the price that Israel will have to pay to maintain all of that which I described in my question?

SH: By price, you mean the cost of operations, because we're not talking about the moral price, or we're now talking about punishment. We're talking about how Israel can maintain regional hegemony and expand its colonization of more territory, even as its own economy is collapsing internally. 2024 was the first year in Israel's history where the life expectancy has gone down. And the reason for this is not that a lot of Israelis were killed but the reason is that the health system in Israel is not able to cope with the drug abuse and the drug addiction that is spread within Israeli society. It's part of the of the mental trauma which has spread in Israeli society because soldiers have learned or were taught from a young age that Israel is supposed to be a democracy, Israel is suppose to have learned something from the Holocaust, here is the definition of genocide and then they themselves commit genocide. So this causes a traumatic breakdown for a lot of soldiers and there is drug abuse, drug addiction as a result of this. And the standard of living of Israelis is declining as well, except for those reservists who made a lot of money, because as I mentioned before, but in fact about 40% of all households in Israel are spending every month more than their income. So their personal debt increases

every month. I'm not talking about government debt. I'm talking about the personal debt of this 40% percent of the population, which is really a serious threat to their future. And this can cause a financial collapse inside Israel as well. So under these conditions, is it possible for Israel to continue to exert its power and to launch periodical attacks against Lebanon and continue to change the engineering structure of Gaza by paving entire neighborhoods and building concentration cities, concentrating camp cities? I think that it is possible if the West is willing to pay for it and the willingness of the West to pay for it is limited. As you mentioned, also in the right wing in the United States there are voices that say that they are not willing to endlessly cover the bill for Israel. And what I can say from the Israeli side, they are talking as if they believe it will last forever. They talk about the United States as their ATM machine. You know, they will get as much as possible. And let's remind ourselves that the Memorandum of Understanding that Obama signed, you in 2016 about the FMF, the Foreign Military Financing, the United States gives to Israel every year – it was a ten-year Memorandum of Understanding, signed in 2016, okay? – it will end, the last year of it is 2027. And according to this Memorandum of Understanding the US will give Israel \$3.8 billion in free weapons, not in money, in free weapons every year. And this is going to come to an end. And Netanyahu knows that the chance that Trump will agree to extend it is very low. So instead, he says, let's wean ourselves from the United States support, and instead of getting FMF, which is just free weapons, we will have joint ventures in weapon development. But this means that Israel will have to buy all these weapons from the taxpayer money of Israelis. And how are they going to do this after they've already increased their debt to the maximum possible and then also have the secret debt for the weapons that they bought on credit and then also have the internal debt of the 40% of households that are not able to make ends meet? So I don't think that's a possible scenario, which means either the US will once again decide they're going to bail Israel out and decide to just give the weapons for free again, or there's going to be a serious crisis for the Israeli military power.

ZR: Dr. Shir Hever, we will have to leave it here. Thank you so much for your time and insights and I hope to have you back soon on.

SH: Thank you, Zain.

ZR: And thank you for tuning in today. If you like the journalism that we undertook in this video and would like to follow us going forward, then make sure to click on the subscribe button below. And if you did not participate in our crowdfunding campaign, then it's still not too late. You can still donate today and have a major impact on our capacities going forward. You will find the details to how you can donate in the description of this video below. I thank you for your support and for tuning in. I'm your host, Zain Raza. See you next time.

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