



2016 Integrated Net Assessment

1. Geopolitics

A series of developments in the past year contributed to an improvement in the geopolitical situation of Israel, even if only in the short term of the next few years. Together with this, gathering clouds are on the horizon that could point the geopolitical gauge in a negative direction in the mid to long range.

Among the positive developments, in the face of worrying security and political challenges, we find:

- Israel is not facing any conventional military threats, as in the past.
- Iran's march to nuclear weapons is blocked and has even been set back for the coming years.
- Hezbollah is exhausting itself in Syria in order to preserve the Assad regime, while Hamas is isolated and weak.
- Security cooperation with Jordan and Egypt is deepening and Egypt is diligently working to stop arms smuggling into Gaza.

- The upcoming change of U.S. administrations affords an opportunity to turn over a new page in relations between the two countries.
- Deepening relations with the Sunni world, which is increasingly open to Israel given the threats from Iran and radical terror groups.
- Increasing momentum in developing economic and strategic relations with Asia's rising powers, especially China and India.
- Leveraging gas reserves for regional relations and influence (Egypt, Jordan, Turkey, and the Palestinians) as well as with countries further away (Russia, China, and India).

Together with this, one cannot ignore the negative factors that threaten Israel's strategic balance and that may eventually become actualized into direct threats. These include.

- The nuclear agreement with Iran was characterized by Israel's prime minister as "a

mistake of historic proportions.” The deal grants legitimacy to Iran as a threshold state and does not prevent it from achieving nuclear weapons in the long-run.

- The nuclear deal raises the possibility that Iran will escalate its regional subversion, and gain greater political, economic, and military power.
- The danger of security deterioration – On the northern front (Hezbollah and Syria) and on the southern front (Hamas and terror groups in Sinai).
- Palestinian terror - The “lone-wolf intifada continues and further violence could erupt at any time and take different and more virulent forms.
- Continued tensions with the U.S. threaten the triangular relationship: Jerusalem – Washington – U.S. Jewry, and Israel is increasingly a partisan issue in America.
- The erosion of U.S. interest in playing a central role in the Middle East, as others with whom Israel is less comfortable fill the void.
- Continued weakening of the Palestinian Authority until it ceases to function at all, harming security cooperation with Israel, and further complicating an already chaotic succession struggle as Abu Mazen exits the stage.
- The push to alter the diplomatic process between Israel and the Palestinians from bi-

lateral negotiations to multi-lateral ones, or an enforced solution under UN auspices.

- Attempts to degrade Israel's international standing through BDS and de-legitimization campaigns.

2. Demography

2015-16 saw slight changes to the size and demographic trends of the Jewish people worldwide. We especially note the growth of the Jewish population in Israel (including those of "no religion" covered by the Law of Return) by 130,000 individuals, the growth of immigrants to Israel (a continuation of the trend we observed in the previous two years), and the stability of the high fertility rates of over three children per Jewish woman in Israel. **Therefore, we decided to keep the Demography gauge unchanged from last year.**

3. Bonds between Jewish Communities

The following table briefly describes developments in 2015-16 that contributed to strengthening\weakening of bonds between Jewish communities in the world – with an emphasis on Israel-Diaspora bonds.

Developments Strengthening Bonds		Developments Weakening Bonds
1	Growing fears of anti-Semitism (anti-Israel and anti-Semitic trends appear to be converging) strengthen the sense of shared destiny, and dependability on global Jewish unity.	Anti-Semitic incidents on campuses and elsewhere make public identification with Israel/Jewish causes less appealing.
2	Continued Israeli initiatives to bolster Israel-Diaspora relations (Diaspora Affairs Ministry, GOI Kotel decision etc.)	Israeli policies on many issues still not in line with views of Diaspora communities (mainly in North America) – and vice versa: Diaspora political and cultural sentiments not in line with those of the Israeli public.
3	Growing instability in the Middle East somewhat reduces the level of criticism of Israel's inability to advance a peace agreement to resolve the conflict with the Palestinians.	Continued criticism aimed at Israel, and clashes between the GOI and other countries' governments, especially on Israel-Palestine, makes Israel less appealing to young liberal Jews.
4	Continued Israeli excellence in different fields (notably hi-tech) contributes to its positive image among Jews.	Demographic, political, and cultural trends in Israel (highlighted in the 2016 Pew report on Israel) seem alien to many Diaspora Jews.
5	Certain demographic trends in the American Jewish community, among them, the strengthening of the Orthodox community (which has strong ties to Israel), and increasing organization of the large Israeli expat community in America.	Israel as a political football in the upcoming U.S. presidential elections forces Jewish voters to "take sides" "for or against" things Israel represents. This on the heels of a fierce debate last year over the nuclear agreement with Iran, which made Israel a divisive issue within the U.S. Jewish community.

Jewish bonds in 2015-16 did not dramatically change from the previous year. Long-term trends recognized in previous years are still in place in the Jewish world and in Israel. In the last year there was a growing worry about the future of Jewish communities because of the rise of anti-Semitic sentiments in several places – a double-edged

sword when it comes to Jewish bonds. On one hand it causes some Jews to lower their "Jewish profile." On the other hand, it evinces a sense of a shared Jewish destiny and the dependability of Jewish communities to come to each other's aid. A similar double-edged sword can be found in the way Jews respond to the BDS movement. As

the American Jewish community increasingly polarizes, not all developments can be analyzed in binary terms of increasing or decreasing solidarity. BDS fosters a degree of in-group solidarity for some Jews and alienation for others.

Another phenomenon worth noting is the confusing message that Israel sends to Diaspora communities: it pushes plans and funding aimed at strengthening Israel-Diaspora bonds, yet it doesn't always execute these plans coherently and efficiently. A notable example is the GOI Kotel expansion plan to include an area for non-Orthodox practice, which was approved by the cabinet but halted because of political handwringing.

As a result, JPPI has kept the Bonds gauge unchanged from last year, slightly above “Maintaining.”

4. Identity and Identification

This year, because of the publication of the *JPPI Pluralism Survey* of Israeli Jews and the Pew Center's report on the attitudes and values of Israelis, *A Religiously Divided Society*, **the identity and identification gauge will focus on Jewish Identity in Israel.**

Our analysis begins with the components of Jewish identity. According to the JPPI survey, three out of four components are especially meaningful – culture, religion, and nationality. Over two thirds of the Israeli Jewish population find these components somewhat or very meaningful. (Less than half found ancestry somewhat or very meaningful.) Among these three leading

components nationality stands out: **55 percent** of the total Jewish population found this component very meaningful, which is significantly more than those who found religion or culture very meaningful (42 and 45 percent).

This finding is also echoed in the Pew Survey. According to Pew, fully 88 percent of Israeli Jews find being Jewish to be a matter of nationality or culture, or religion and nationality or culture. This finding is also consistent with an international survey of 700 Jews connected to organized Jewish life conducted as part of the 2016 JPPI Global Dialogue Process. In that survey 69 percent gave a high score of 4 or 5 (on a 1 to 5 scale) to peoplehood/nationality as a primary component of Jewishness; 68 percent scored culture similarly.

The Pew Report also indicates the strength of Jewish identity among Israeli Jews:

88 percent said they had a strong sense of belonging to the Jewish People

93 percent said they are proud to be Jewish

90 percent said being Jewish is at least somewhat important to them.

We believe that the strength of Jewish identity and Jewish identification in Israel (where over 40 percent of the world Jewish population reside, and which has the highest birthrates - among non-intermarried families - and a rapidly growing population) **more than compensates for the reported decline in Jewish identification in the United States. As a result we are moving the needle slightly to the right in the direction of Prospering.**

5. Material Resources

Positive Factors

- Israel's economy continues to follow a moderate course of growth, lower than in the recent past but still avoiding the devastating troughs that appeared elsewhere in the developed economies.
- Indicators of Arab and Haredi participation in Israel's work force and in skill training are modestly increasing.
- Issues ranging from educational access, differentials in wealth, shares and pricing of mineral resources, and regulation and protection in domestic markets have become topics of active policy discussion.

Negative Factors

- In the U.S., indicators of generational change possibly leading to large changes in philanthropy toward Jewish causes and Israel.
- From data reported by the Bank of Israel, it emerges that the growth of the economy slowed in the past year, among other reasons, because of limits to the supply of trained personnel in the hi-tech sector. According to the report, it is quite possible that this limited supply was among the causes of the decline of Israeli exports.
- Israel's housing crunch puts a squeeze on the young and those in the lower and middle portions of the income distribution, with effects going beyond issues of housing alone.

Setting the gauge for this year's Annual Assessment: Unchanged

Within Israel, the balance of sources of wealth and its uses for domestic and Jewish people purposes remains unchanged from last year.

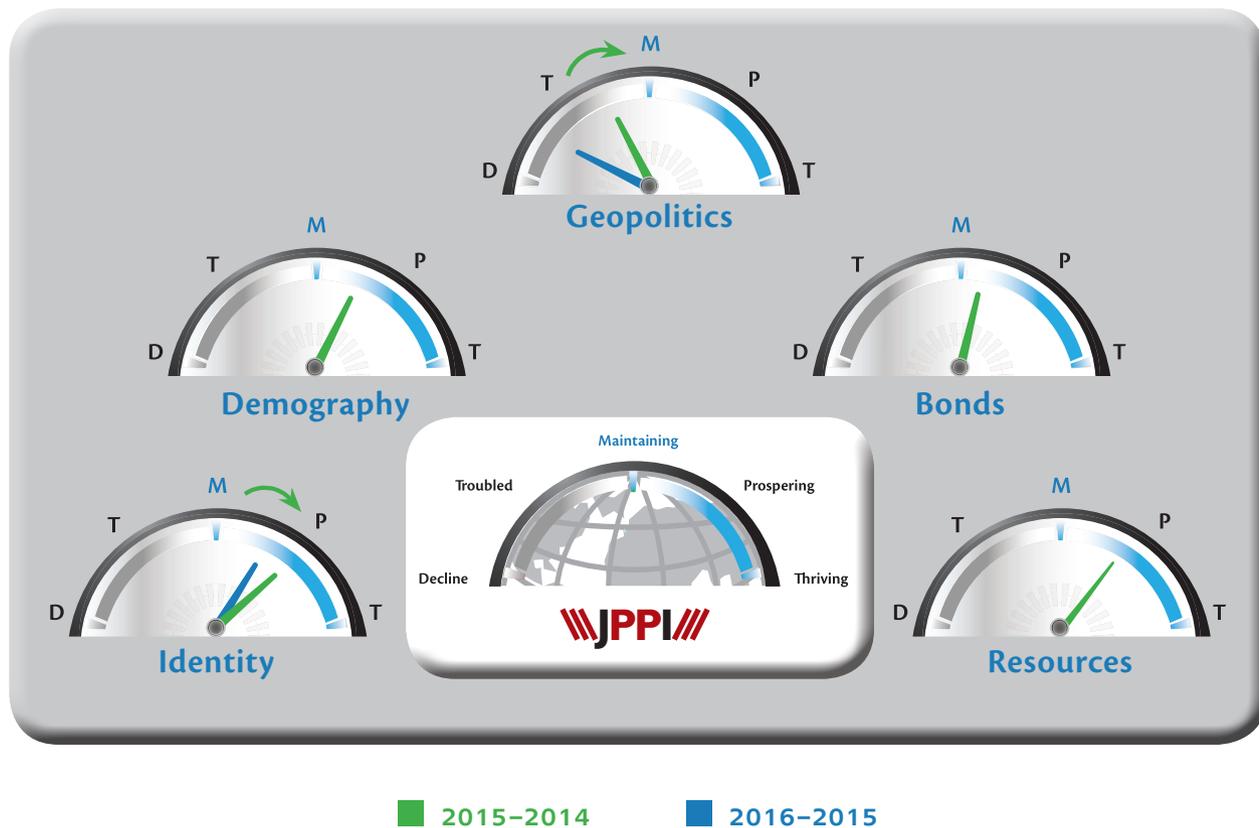
Israel continues to be a source of innovation and punches well above its weight in educational attainments, albeit not evenly across the entire population. The Technion is opening a joint educational and research facility in China's Guangdong province, one of the most highly productive industrial regions in the world. The national economy, while having shifted to lower levels of growth has still managed to weather the storms of the past decade in a manner that would be envied by many in the developed world. The transition of Israel's economy to global importance was accompanied by rising inequality among economic sectors and social classes. Dealing with Israel's long-term problems with enhancing productivity overall may put pressure on employment in low productivity sectors, which could be problematic if not accompanied by sound policy to ease this transition.

In the Jewish world as a whole, the past year saw no major transitions or events. Over the longer term, the nature of Jewish philanthropy and the sources of its wealth may be affected by several factors. One is the generational change at the heads of some of its leading philanthropic families and foundations. There are indications that this generation may either be less attracted to Jewish people giving or more inclined to seek performance-based funding opportunities over more traditional giving patterns. It remains to be

seen what effects may also attend emigration from settled Jewish communities to either Israel or the wider world due to the perception of increased anti-Semitism. Much depends on who is leaving, where they are going, and what they are able to reconstruct of their former lives in their new

locales. They may find themselves forced into a lower socioeconomic standing than they formerly enjoyed or possibly less affiliation with the Jewish community in their new locale. It is an issue that Israel and the wider Jewish world should recognize and address.

Figure 1. Characterization of Key Drivers Affecting the Jewish People in the Year 2015-16



6. People of the Book

Many regard education and knowledge as a key determinant of the future position and status of nations. This is even truer for the Jewish people, in Israel and throughout the world. An excursion into history shows that in every century and every country where Jews enjoyed a measure of religious, cultural, or economic success, they achieved it by superior knowledge, including apt governance. They learned languages, professions, trade routes, diplomacy, financial and other skills, and in some countries even military arts. Since the 19th century they have excelled in science, innovation, finance, and general culture, which irritated their enemies but impressed the rulers of the day and made some Jews indispensable. Israel's thriving high-tech sector and its excellence in science and technology are not a revolution in Jewish history, but a culmination of Jewish history.

Every country promotes education and culture, and all want to excel in science and technology. Can the "People of the Book" hold its place? Surely there are many reasons to worry, particularly in Israel. Notwithstanding the great difficulties of finding and evaluating the necessary data, it is important to add a sixth gauge to the currently five Annual Assessment gauges that attempt to measure the overall situation of the Jewish people from year to year: the "People of the Book gauge."

The proposed assessment will use the "hard power – soft power" paradigm coined in the 20th century. It will evaluate the "knowledge base" of different types of Jewish competitive strength.

Hard Power I: Economic Strength

The analytical starting point is OECD's 1996 *The Knowledge-Based Economy*, one of its most widely read and politically influential publications. Israel's productivity rates are low and half of Israel's exports are from its high-tech sector and generated by ten percent of its working population. These are reasons for concern that must be addressed. Jewish wealth in the Diaspora is also intimately connected with knowledge. Continued Jewish excellence in regard to educational, scientific, professional and cultural achievement will also form an important part of this assessment.

Hard Power II: Military Strength

Recently a senior military officer spoke of Israel's education gap and warned that the IDF's demand for engineer officers exceeds the supply. This could sap Israel's long-term military strength.

Soft Power: Cultural Achievements

Defining and measuring cultural achievements objectively is problematic. Yet the importance of soft power cannot be overestimated because it shapes international public opinion and even politics. In May 2016, the historian Niall Ferguson wrote: "I am a philo-Semite. The disproportionate Jewish contribution to Western civilization – not least to science and arts – is one of the most astonishing achievements of modern history." At the same time, a rising wave of global anti-Semitism denies the Jews and Israel any commendable achievements.

The Jewish people's contributions to humanity has been peculiarly significant in relation to its size. Throughout history Jews have been committed to education and achieving excellence, and have thus helped make some of the greatest advances in the fields of science and technology. However, the Jewish people's ability to maintain its qualitative intellectual edge could be challenged by technological developments predicted to take place within the next few generations.

Looking at contemporary science today, substantial evidence suggests, and many prominent experts predict, that the world is on the cusp of a dramatic technological revolution. Advances in artificial intelligence (AI) and biotechnology could potentially change human existence and the global order as much as the agricultural or industrial revolutions in previous eras.

A miniscule population relative to the vast population of our planet, the Jewish people will not be able to shape the larger societal and cultural forces that may be unleashed as a result of scientific developments.

This has led JPPPI to initiate a new project based on a consultation process bringing together cutting edge scientists along with sociologists, philosophers, ethicists, and rabbis to discuss how new advances may impact and shape the Jewish people and the society around us.

What is already clear is that the advances taking place in AI and biological engineering could have a profound impact on the ability of the "People of the Book" to maintain its qualitative intellectual edge.

While quantity is certainly a concern of the Jewish people, qualitative excellence becomes even more critical to its thriving survival.