

Mega-Trends and their Impact on the Jewish People

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We live in an era of astonishing change; change that is occurring simultaneously in more fields of human endeavor and at a rate never before witnessed in world history. All the traditional moorings to which we have tied our lives seem to be shifting, from family and community to job security. The same is occurring among nations. The first years of the 21st century have seen an unprecedented combination of seismic changes. At one and the same time:

With the end of the Cold War, the brief period of Pax Americana has been replaced by a multipolar world with economic power and global influence shifting from the United States, Israel's closest ally, and Europe, to the nations of the East and South, including China, India, and much of Asia, as well as Brazil, which have little or no historical attachment to the State of Israel, and small indigenous Jewish communities;

An era of Globalization has been born, integrating the fates of nations and peoples in mutual dependencies, powered by Digital Technology, that will change the world as profoundly as the printing press in the 15th century, and which can be put to both good and evil ends;

We live in an era of Terrorism, reflecting as much a deadly internal Islamic struggle for the hearts and minds of the world's one billion Muslim people, as a war between a radical version of Islam and the West, including Israel;

New threats have arisen with Global Warming, Demographic Growth, a Water Crisis with particular impact on the Middle East, and the spread of nuclear weapons capability, with special effect on Israel; and

In the Jewish world, the center of gravity has moved from the United States and the Diaspora to the State of Israel, which has brought a concomitant phenomenon after there was hope that the horrors of the Holocaust would bury anti-Semitism: a new form of anti-Semitism aimed at de-legitimizing the third Jewish Commonwealth.

The Jewish people and the State of Israel are, on one level, in the strongest, most secure position in Jewish history, a genuine golden age. In the U.S., home to the largest Diaspora community, quotas restricting the access of Jews to higher education and professional careers have long been abandoned, and Jews have taken full advantage of the elimination of discrimination. Today a remarkable 85 percent of American Jewish youngsters attend college, twice the national average. Jews are disproportionately represented at the heights of academia, business, finance, and politics. Similar success has been enjoyed by Jews in most European countries, Canada, Australia, and Latin America.

The Jews of Israel have achieved something no other people in recorded history have accomplished: the return to their ancient homeland, after two millennia of exile, with the creation of a sovereign Jewish state. Israel has successfully absorbed waves of Jewish refugees, first from Europe after the Holocaust, then from Arab nations, and more recently from the former Soviet Union and Ethiopia. Israel is a vibrant democracy with a free press. In its six decades since achieving independence, it has grown at a faster pace than any other country that gained independence after World War II, with the possible exception of Singapore. In 2010, Israel joined the elite industrial democracies of the world in the Organization for Economic Development and Cooperation (OECD), a sign of its rising economic status. It has one of the world's strongest and most respected military forces. Not least, it has become a world leader in science and technology and a high-tech hub that attracts investment from the world's leading multinational firms, which have established a major presence there. And in 2006, Israel overtook the United States as the largest Jewish community in the world.

It is in this position of seeming strength that world Jewry and Israel confront these Mega-Trends. The external challenges they present are all daunting--the rise of radical Islamic non-state actors, several poised on Israel's northern and southern borders, supported by a radical Islamic theocracy, Iran, bent on Israel's destruction and the disruption of any peace agreement with the Palestinians; efforts to de-legitimize the Jewish state; and political isolation over its control of the West Bank. But unlike past Jewish history, in which Jews were weak, at the mercy of powerful rulers, and generally isolated, these and other challenges are part of the Mega-Trends that impact not only a much stronger Israel and Diaspora, but the United States, Europe, and many moderate Muslim states as well.

The established order from the end of World War II to the collapse of Communism in 1989, had been two nuclear superpowers, the United States and the Soviet Union, confronting each other directly and through allies and in the case of the USSR client states around the globe. For all of its manifest dangers and tensions, there was a sense of certainty about the world. For the State of Israel, there was no question about which side of the divide to be on, and the Jewish state clearly and unequivocally sided with the “free world,” the West. At the behest of the United States, Israel acted as a bulwark against Soviet expansionism in the Middle East. Yet, there were many times during the Cold War era when U.S. interests in the Arab world and in competition with the Soviet Union caused tense relations with Israel — from the original arms embargo imposed on Israel during its time of maximum danger in its War of Independence to the 1956 Suez invasion, from the U.S. position that Israel withdraw from “territories” captured during the Six Day War to the current disputes over Israeli settlements in the West Bank.

Yet in the space of only two decades after the fall of the Berlin Wall, the world has changed profoundly. The Soviet Union imploded, leaving the United States, for a brief few years, as the world’s sole superpower. But far from a benign *Pax Americana* engulfing the world, fierce forces have been unleashed, forces of nationalism and radicalism suppressed during the Cold War and powered by a combination of old-fashioned economic power and new age digital technology.

These forces are not just “trends” in history, but rather a set of “Mega-Trends,” poised not just to tentatively and gradually push the world community (and thus Israel and the Jewish people) in new directions, but rather to fundamentally alter relationships, economies, risks and rewards. In short, the world is not undergoing evolutionary change, but revolutionary change.

Shift in Global Power to a Multipolar World

The first Mega-Trend, and a primary driver of many of the other Mega-Trends, is the shift in the weight of the world economy, global finance, trade, and, in its wake, political influence, from the United States and America's traditional European allies to nations in the East and South, creating a world of many new power centers -- a multipolar world. This is a shift in power from nations to which world Jewry and Israel have looked for support since the end of World War II, to great new rising powers like China, India, and Brazil, and not far behind, a group of countries like Chile, Indonesia, the Gulf States, Russia and Turkey, who, with the exception of Russia and Turkey, have had little or no historical identification with Jews in general and Israel in particular. The term "BRIC"--Brazil, Russia, India, and China-- was coined to sum-up this newly empowered group of nations.

The most dramatic example of this shift of power is the unprecedented, astonishing rise of China. Napoleon is reputed to have counseled to allow China to slumber, for once aroused the world will tremble. This is not an option in the 21st century. Beginning with the economic reforms of Deng Xiaoping in the late 1970s, China has achieved breathtaking economic gains. In the space of a few decades, China has gone from an economic basket case to a major economic power. With 20 percent of the world's population, China overtook Germany in 2009 as the world's third largest economy. And in mid-2010 it became the second largest economy in the world, passing America's closest ally in Asia, Japan. Most estimates peg mid-century or even sooner as a time China will surpass the U.S. as the world's largest economy in total output. China is number one according to several economic indicators: it has the largest foreign trade surplus and foreign currency reserves; it is the number one consumer of steel and many raw materials; and it has more cell phone users (400 million) than any other place. At one and the same time, it is the biggest user of coal for electricity generation and thus the world's biggest emitter of greenhouse gases, and yet the world's top producer of green energy — wind turbines and solar panels. A 2005 U.S. National Intelligence Council report compared China's rise as a great power in the 21st century to Germany's in the 19th century and the United States' in the 20th century.

The 2008-2009 financial crisis further accelerated this historic shift in economic power, as it pushed the U.S. and the countries of Europe into the Great Recession, while the emerging giants of Asia, especially China, and Latin America slowed less,

and recovered faster, further narrowing the historic gap with the U.S., Europe, and other developed nations. The Great Recession from which the U.S. is emerging only slowly and haltingly, is a watershed event that has exposed American weaknesses that were under the surface: a crumbling infrastructure; an educational system that in the space of a few decades has gone from first in the percentage of college graduates to 12th in the world, and math and reading scores for young American students are at the bottom rung of industrialized countries (Gail Collins, "Waiting for Somebody," September 30, 2010, *New York Times*); income stagnation for the vast majority of Americans for more than a decade with median family incomes five percent lower in 2009 than they were in 1999; a significant rise in the number of Americans in poverty, now 44 million, including one in five children, over 14 percent of households, over 25 percent of African Americans and of Hispanic Americans, 12.5 percent of Asian Americans, and with more than 41 million Americans receiving Food Stamps to afford daily groceries (Erik Eckholm, "Recession Raises U.S. Poverty Rate to a 15-Year High," September 17, 2010, *New York Times*); a growing gap in income between the super-wealthy and the rest of the population, one matched among developing countries by only Israel; budget deficits and a national debt as a percentage of GDP not seen before in peacetime. And these challenges come in the context of a profoundly polarized political environment, in which consensus on anything of consequence between the two political parties is virtually impossible.

It is in this context that the rise of China is even more dramatic. China's rise is not only an economic phenomenon; it has profound political consequences. China is now the number one trading partner with Australia, displacing the U.S., and the number two trading partner with New Zealand, and will soon be the top partner. As the New Zealand Ambassador to the U.S. told me, it is the first time in their history that the major trading partner will not be their major security partner. China has developed a web of free trade agreements with the ASEAN countries, as well as with Australia and New Zealand.

China is using its economic power as a lever for political influence, cutting special deals through large grants and subsidized low interest loans for access to raw materials, with countries with dubious human rights records, to feed its voracious growth. It has become increasingly aggressive in pressing territorial claims to disputed areas in the South China Sea, and in September 2010 won a standoff with Japan, over the release of the captain of a Chinese trawler who was arrested for coming into waters controlled by Japan, but claimed by China. It has launched a sophisticated "soft power" program to tout the benefits of its system.

If, in former Secretary of State Madeline Albright's incisive phrase, America is the "indispensable" nation, China is fast approaching a similar stature, using a very different economic and political model. If there are no major world issues that can be solved without the leadership of the United States, so too, there are few—from the global economic crisis and climate change, to dealing with nuclear threats in North Korea and Iran—that do not also require Chinese cooperation.

Moreover, China is using the contrast of its elevated status and strong growth rates with the economic woes of the United States to argue to developing countries that its model of an authoritarian political leadership and state-dominated capitalism is the 21st century paradigm, more efficacious than the Anglo-Saxon, democratic, free market model, used by so much of the West and Israel. Indeed, Israel stands as a beacon in the post-Great Recession world, of how a free market economy, which encourages entrepreneurial activity and high-tech research, can flourish.

The rise of China has significant impacts on world Jewry and Israel. China has no history of anti-Semitism; indeed, in World War II Shanghai was a refuge for tens of thousands of Jews fleeing Nazi oppression. China admires Israel's technological prowess, and has sent delegations to the Jewish state to learn lessons from Israel's successes. But these facts are overwhelmed by China's dependence on Iranian oil—its third largest source of oil (12 percent of its needs), and its large investments in the energy sector in Iran, Israel's greatest security threat.

With so much global attention paid to China, India has quietly moved to the forefront of emerging economies. Within 25 years, India will have the world's largest population. While lagging behind China, India has had a strong average annual growth rate of nearly seven percent since 2000. It has been translating its rising economic power into greater military strength and has demonstrated geo-strategic ambitions, most well illustrated by its achievement of nuclear status. India's growing global influence is seen in the remarkable improvement of its relations with the U.S. over the past decade. In 2008 the U.S. signed a historic nuclear cooperation agreement with India, despite India's non-adherence to the Nuclear Non-Proliferation Treaty.

India is the most likely new ally of Israel. They share a surprising number of important characteristics. Their colonial histories are intertwined with Britain and both emerged from British colonial rule within nine months of each other (August 15, 1947 for India; May 14, 1948 for Israel). Both are vibrant democracies in regions with checkered, if even existent, democracies. Both have Islamic powers on their borders (in fact India also

has one of the largest Muslim populations in the world within its borders). Both have nuclear weapons capabilities but have not signed the Nuclear Non-Proliferation Treaty, and both have strong militaries, which are increasingly cooperating with each other.

Outside of Asia, Brazil is the other key emerging power of the 21st century. There had long been a wry joke at Brazil's expense that Brazil's future was always in the future. But the future has now come to Brazil, and the world is paying it attention. With skillful political leadership by its two-term president Lula da Silva, a vast land size, large population, enormous and varied natural resources – including newly discovered mammoth hydrocarbon reserves off the Brazilian coast – and a diversified economy, it is well on its way to becoming the world's fifth largest economy sometime in this decade. Brazil, with \$20 billion in investments throughout the region in 2009, will eventually supplant the United States as the largest foreign investor in Latin America, and is already supplanting the U.S. as the largest investor in Argentina. Petrobras, the Brazilian state-owned energy company, is the largest corporation in Latin America. The shift of influence within Latin America is evidenced that in his first foreign visit after election, Colombian President Santos went to Brazil, not the United States, the largest source of its military and foreign assistance. Brazilian foreign and military policy has become more independent and assertive under the leadership of President Lula. Israel, world Jewry and the U.S. have a great stake in seeing Brazil remain a pro-Western country rather than a party to Latin America's anti-Western and anti-Israel bloc headed by Venezuela's President Hugo Chavez.

Brazil recently hosted Iranian President Ahmadinejad, with nary a word against its nuclear program, even though Brazil set an example by abandoning its efforts to achieve nuclear weapons and enshrined in its constitution the prohibition on nuclear weaponry. Brazil, along with Turkey, another rapidly rising power, brokered an unacceptable nuclear deal with Iran just as the United States was trying to muster support for another round of UN sanctions, and in the end both voted against the U.S.-led UN sanctions, even though all members of the UN Security Council, including China and Russia, supported the sanctions. But Brazil has been keen to maintain proper relations with Israel, and has an influential, if small, Jewish community.

Russia is the fourth major power that will have to be reckoned with in the next decade. In contrast to China, India and Brazil, which are new powers on the rise, Russia is an old power on the decline, in desperate need of economic and political reforms. To date, it has failed to diversify its economy and suffers from growing authoritarianism,

with political opponents and independent journalists commonly jailed, harassed or even killed. However, with massive nuclear armaments, enormous energy reserves, a geography that spans 11 time zones, and a continued desire to dominate the former states of the Soviet Union, Russia remains a major world force. Under Prime Minister Putin's leadership it has engaged in serious efforts to regain its old power and prestige.

Regardless of Russia's declining power relative to key emerging countries, its development over the coming decades is crucial to world Jewry and Israel, in part because it is still home to a substantial Jewish community, and more significantly, because Russia's actions in the Middle East have direct impact on Israel. There is little risk that Russia will return to the Cold War era of the Soviet Union, in which it had no diplomatic relations with Israel and provided strong support to Arab states. Russia is part of the Quartet (U.S. UN, European Union, Russia) that has an influence over the Middle East peace process, and has maintained positive relations with Israel under Putin's leadership. However, it has also chartered an independent course, with a clear tilt toward the Arab and Palestinian cause. Russia, for example, has engaged Hamas, despite the Quartet's prohibition, of which it is a part. Russia supported a fourth round of UN sanctions against Iran, and has helpfully postponed delivery of its S-300 anti-missile system to Iran. But in the summer of 2010, Russia, over U.S. objections, went ahead with the transfer of enriched uranium to Iran's Bushehr civilian nuclear facility, officially making Iran a nuclear nation. Yet, while undercutting the U.S. effort to isolate Iran, the deal complies with the terms of the Nuclear Non-Proliferation Treaty since Russia controls the nuclear fuel and can effectively prevent Iran from upgrading it to weapons level status.

The world in general, and Israel and world Jewry in particular, has a great stake in how Russia develops in the next ten years, and whether it will become more confrontational or cooperative with the U.S. and the West. The Russian Jewish community is in no position to be a voice for a more cooperative Russia. It would risk the gains it has made if it gets too far ahead of public opinion and challenges Putin.

Thus, even though Israel and world Jewry will continue to look to the U.S. for support and protection, it behooves Israel to drastically improve its outreach to the key new economic powers. Israel's efforts to increase bilateral trade and expand economic ties with these countries must continue to be vigorously pursued. It is equally important for Israel to strengthen personal relations with the new emerging

powers, especially those home to vibrant Jewish communities, like Brazil. Israel should also continue to nurture ties with Japan, still a major economic power both within Asia and globally, and to foster its unique relationship with Germany. Further, Israel's pursuit of effective domestic policies to support external relations is crucial. Israel needs to carry on toward further and faster economic liberalization and advancement of high technology and to prevent any slide in the sectors that have made the country so successful.

To adjust to the rise of these new powers, the United States and its European allies have wisely widened the circle of global decision-making. The old G-8, the mature industrial democracies who set economic policy for the world, had given way at the end of the Bush administration, and reinforced in the Obama administration, to the G-20, a broader, more inclusive group of newly emerging powers. European nations are giving up voting power at the International Monetary Fund to make more room for China and other new powers. While the U.S. remains the major leader of the Middle East peace process, it now also operates within the Quartet, which has its own representative, former British Prime Minister Tony Blair.

The United States has recognized that in this multipolar world, it must painstakingly put together coalitions of countries to deal with major international challenges, like the Six Power Talks, led by China, in dealing with the North Korean nuclear threat, and the cooperation it has sought from Russia, China, and the EU in enacting sanctions against Iran's nuclear program.

Still, when all is said and done, it is to the United States that Israel and the Jewish people worldwide must look for support across the board in the creation of a world order based upon the rule of law, tolerance, democracy and global prosperity. America's fate and that of the Jewish people are intertwined. It is impossible to overstate the importance of the United States of America to Israel's security, and to the protection of Jews worldwide. No one has more at stake in continued American strength at home and abroad than the Jewish people and the State of Israel. The U.S. remains the bulwark against attacks against Israel, whether in the United Nations or military threats. Whether it is in jointly developing an Israeli anti-missile system to protect against Iranian, Hezbollah or Hamas rockets and missiles; deploying America's own anti-missile system in the Persian Gulf and Europe against the Iranian nuclear threat; taking the war against terrorism with U.S. troops and technology to the radical groups who foment it, from al-Qaeda and the Taliban in Afghanistan and Pakistan to the al-Shabab militias in Somalia, to Yemen

and North Africa; combating the Iranian nuclear threat with tough sanctions; tackling nuclear proliferation, which threatens to put nuclear weapons in the most dangerous hands; protecting pro-Western Arab nations who have already made peace with Israel or who support a peace process with Israel; harnessing the Digital Revolution for its positive impacts and combating its use by terrorist groups for recruiting and planning operations; in all of these and more, it is the United States which is the key, often sole nation taking positions in the U.S. national interests that dovetail with those of Israel.

That is why so much rides on America coming out of the economic trauma it entered into in 2008 and from which it is only slowly, fitfully, and painfully recovering. The Great Recession has exacted a terrible price from which it will take many years to fully recover. In one year alone, from 2008 to 2009, at the height of the trauma, more than 20 percent of Americans, more than one in five, experienced a 25 percent or greater loss of household income. (Bob Herbert, "Long-Term Economic Pain," July 27, 2010, *New York Times*). In the near and medium term there is no imaginable reality other than that Israel and Jews will continue to be dependent upon the leadership of the United States. While other countries, like Germany, may have unique relationships with Israel, only the U.S. is capable of the breadth and depth of political, military, intelligence and diplomatic support Israel requires to avoid isolation on the world scene. Likewise, Jews in the largest Diaspora community in the world, the U.S., have remarkable freedom, influence, and access to the highest levels of the American government, and live in a benign and accepting environment unlike any in the two-millennia-history of Diaspora Jews. More broadly, the type of stable, tolerant, democratic world the U.S. strives to create is one of the best protections for Jews in Europe and around the world. Anything that challenges the dominance of the U.S. in the world can have negative implications for Jews the world over and the State of Israel.

It is important to put China's power in context. It may have the world's second largest economy, but this masks its relative poverty. On a per person basis, it is a tiny fraction of America's and stands 124th in the world; it has one of the largest number of poor people (over 300 million) of the entire globe. China's breakneck growth rate will almost certainly slow down, as its one-child policy is curbing population growth, creating an aging society, and increasing the percentage of elderly citizens dependent upon the government relative to the number of workers. While its military expenditures have rapidly increased and it is the strongest regional military force among Asian countries, it does not have a global capacity to project its military power, and as of now has no aircraft carrier. China faces its own significant domestic strife, with a restive ethnic

population in the Tibet region and an angry Muslim population in its western region of Xinjiang. China's leaders must focus on creating jobs for its population to maintain the domination of the Communist Party, rather than on foreign adventures.

Although there is a clear shift of global power from the West to the East and South, and a new global order, the U.S. will remain *primus inter pares* for at least another generation. It will continue to produce roughly a quarter of global GDP, is still the world's largest manufacturer, and will retain its position as the world's preeminent military power. The U.S. remains the only global military, political, and economic power, and will remain so for the foreseeable future.

At the same time, China's unique global power has already led it to come off the diplomatic sidelines and take a more aggressive role in the international arena. And yet even that has reemphasized the importance of America's global reach. As China has more aggressively asserted its economic and political influence in Asia, many nations in the region are looking to the U.S. to offset China's rising power (Edward Wong, "China's Disputes in Asia Buttress Influence of U.S.," September 22, 2010, *New York Times*). The U.S. has sent a clear signal to China that its territorial claims must be dealt with through diplomatic means, and has carried out naval exercises with South Korea to help it stand up to North Korea's torpedoing of a South Korean ship, all over strong Chinese objection.

The bilateral relationship between China and the U.S. has become the most important in the world, and is vastly different from the confrontational, hostile U.S.-Soviet standoff of the Cold War years. China is clearly a political, economic, and military rival to U.S. dominance, and often plays by its own rules on trade, government procurement, natural resource contracts, intellectual property protection, blockage of a free and open Internet, and on its currency. More broadly, China is openly asserting that its governance model of authoritarian political control married to state-dominated capitalism is superior to the democratic, free market model of the U.S. and its allies.

But the U.S. and China have an increasingly intertwined set of interests. The U.S. is a major destination for Chinese exports, and the U.S. relies upon China to purchase its debt, serving as an international banker for America. And as China has become a member of the World Trade Organization it is forced to comply with international norms. When faced with a showdown between Iran and the U.S. over UN sanctions, it grudgingly followed the U.S. lead, while watering down its impact. Still, to the extent that China and the U.S. deepen and broaden their relationship, Israel and the Jewish world are likely to be net beneficiaries.

Globalization: a More Integrated World

The second Mega-Trend is the globalization of the world economy: vast movements of capital, trade, investment, and, increasingly, workers across national boundaries, creating an interconnection and interdependence among countries never before witnessed in world history. A central feature of this phenomenon is the breathtaking technological breakthroughs of the Digital Age, creating instantaneous global communications at the click of a mouse.

Now, as never before, the fates of countries far and wide are tied ever closer together, most recently punctuated by the global Great Recession which left few countries intact, and which required coordinated action by key countries around the world to avoid a worldwide Great Depression. Most countries in the world now have a mutual interest in the prosperity of the others, and in a tranquil world. Virtually every major product contains components from around the globe. There is no such thing in today's world, as an American, or Chinese, or European product. The iPhone, assembled in China, has inputs from some seven nations. Automobiles are sourced from different continents. The supply chain links the world of commerce into a mutual dependence as never before. A more integrated world is ultimately a safer world, including for Israel and the Jewish people.

The digital technologies of the 21st century likewise have had a profound impact on both nations and individuals, creating boundless connections across national borders and between people. The Digital Age is creating an instantaneous, personalized global village, in which over four billion people around the world, two thirds of the entire population of the planet, including rural villages in Asia, Latin America and Africa, use wireless phones and the Internet.

Because we live with this revolution on a daily basis it is easy to forget how much it has changed our lives. In only 25 years, personal computers replaced typewriters, the Internet began, e-mail became the major mode of written communication, and cell phones were introduced. Increasingly, these mobile phones have become "smart phones," like the path breaking Apple i-Phone, incorporating in one small hand-held device all modes of communication, music and books, an encyclopedia of information, a camera, and much more. New personalized social networks, like Google, Twitter, and Facebook stretch across boundaries of nation, religion and race connecting individuals around the world as

never before. Telemedicine and long distance learning, with such sophisticated software, are bringing healing and learning to remote places in all the regions of the globe now.

E-commerce is the most rapidly growing segment of business, along with online advertising, giving the Internet a functional business model. Broadband networks have made streaming video and video chat rooms possible.

Internet blogs and online news have severely threatened the future of print media, upon which democracies depend for accurate, verifiable information, and investigative reporting to hold elected leaders accountable.

As one digital expert has noted, this “technology revolution has sparked a values revolution,” in which the value of communications is about “connectivity to people,” with instant and total connection to a global network every minute of the day.

The pace of the Digital Revolution will only increase. New discoveries are permitting ever-faster access to information and the storage of and the access to more information. The people of the world are hungry to connect, and from every corner of the world are leading to huge increases in Internet traffic, more and continuous communications, and collaborations across traditional dividing lines. Computing will be done through a so-called “cloud,” an open network that will permit more people and institutions to interact and transact with each other in a virtual world. The Internet has dramatically reduced the cost of new innovations (Stephen A. Carter CBE, Chief Marketing, Strategy & Communications Officer and Senior Vice President, Alcatel-Lucent, September 1, 2010, Paper for Stuart Eizenstat).

There are political consequences as well. The power of the Internet has been a major factor in helping opposition groups coalesce into successful, democratic movements that overthrew the established order in the Orange Revolution in Ukraine, the Rose Revolution in Georgia, and the nascent Green Revolution in Iran, creating virtual communities within countries and garnering support from around the world. The “red shirt” demonstrations in the Spring of 2010 in Bangkok by the rural poor against the government, military and privileged urban class, were inspired by former Prime Minister Thaksin Shinawatra, who has lived abroad since being ousted in a 2006 coup, and has kept in touch with supporters by video hookup and messages on Twitter.¹

1 Seth Mydans, “Protestors Leave Bangkok, With Anger Still in the Air”, *New York Times*, May 21, 2010

Israel and the Jewish people are great beneficiaries of this new globalized, digital world. It has the potential to connect Jews with people of different religions, like Islam, breaking down walls of distrust. Higher education is even more essential in the Digital Era, an area where Jews worldwide excel. Much of Israel's great leap forward economically has been a result of its ability to develop innovative digital technologies. Many major U.S. high-tech companies, from Intel to Microsoft to Motorola, have major facilities in Israel, where some of the most pathbreaking research is performed. Israel has become a high-tech hub, making up in brainpower and creativity what it lacks in natural resources and size. Israel has one of the world's highest levels of per capita exports, much of it high-tech; one of the largest pools of venture capital investments, more than the UK, Germany, and France combined; and the largest number of firms on America's NASDAQ stock exchange of any country except the U.S. itself.

Israeli success is also a product of market reforms that emerged during Benjamin Netanyahu's tenure as finance minister, and the careful monetary leadership of Stanley Fischer, the head of the Israel Central Bank, gleaned onto a culture which fosters creativity, free intellectual exchange, and that has propelled Israel in 20 years from a sleepy, state-dominated economy to its May 2010 admission into the exclusive group of 30 of the world's wealthiest nations in the OECD.²

But there is a dark side to globalization and the technology revolution. In industrial countries, income inequality has increased, nowhere more than in the U.S. and Israel, as the new economy demands and rewards skills of the mind rather than the hand. Crises that were once local or regional, like the Asian financial crisis of the late 1990s, have now become global. Mortgages by the millions on homes in local neighborhoods around the U.S. were bundled together and sliced and diced into exotic instruments that were sold to financial institutions and investors around the world. When the value of the homes behind those asset-backed securities collapsed, the results were hardly local or even within the country that fostered them; a global meltdown occurred, threatening world prosperity. Some 50 million jobs worldwide were lost.

Likewise, the same technology that can bind the world together and break down barriers permits terrorist groups to communicate with each other, plan and finance terrorist attacks and to recruit fighters; allows nuclear technology to be spread far too easily to rogue nations; creates pandemics across the world, like the H1N1 swine

2 Ethan Bronner, "Issues Stand Before Israel in Joining Elite Group", *New York Times*, January 20, 2010).

flu virus; and has fostered a new 21st century type of arms race, this one the race for control of cyberspace, and the potential to invade the privacy of individuals, steal trade secrets of corporations, and disrupt the entire economies and infrastructures of nations through cyber attacks. In the U.S., homegrown terrorists have indicated that they were influenced by radical Islamic websites as far away as Yemen.

Moreover, autocracies like China and Iran have found ways to effectively block open access of their citizens to the Internet and social networks like You Tube, Facebook, and Twitter, replacing them with their own state-controlled social media. China has used its computer prowess to attack companies like Google and to compromise its ability to allow searches for certain information or to target human rights activists using the Google search engine to communicate with their colleagues. Just as print media is strictly controlled in many nations, including the Arab world, to prevent any criticism of the government, so too the Internet is being restricted for the same reasons.

With few exceptions, the Arab world has largely fallen behind in all measures of growth valued by globalization. On the whole, Arab populations have very limited access to print media, some of the highest illiteracy rates and meager numbers of active research scientists. With its prevalence of authoritarian regimes, there is political stagnation. The generally poor level of development is not favorable to Israel and the Jewish people in the long run, as violence and terrorism would have much less appeal in a stable, prosperous, open Arab world.

Historically, change has been threatening to world Jewry. Events that have harmed the world at large, from the Black Death of the Middle Ages to the Depression of the 1930s, have had a uniquely severe impact on Jews. Not only were Jews forced to deal with these challenges like everyone else, but were often also blamed for them.

Might the cataclysmic and disrupting changes wrought by globalization and the technology revolution have a similar impact on Jews, as people who are uniquely injured by the changes and as a group likely to be scapegoated for “causing” the disruptions? I think not, quite the contrary. Despite the enormous pain sustained by so many countries and hundreds of millions of people from the Great Recession of 2008-9 and its aftermath, while anger has been directed against Wall Street banks for their role, it has rarely been conflated with Jews, as it might have been in an earlier era. The horrors of the Holocaust and the rule of law increasingly embedded in societies help protect Jews from threats that might have arisen at a time of such drastic and, in some instances, frightening change.

Moreover, the Jewish people, from centuries of oppression, have adaptability, mobility and creativity built into their DNA, precisely the characteristics necessary in the new Digital Era. Likewise on the national security side, while all countries will be vulnerable to cyber attacks, one face of 21st century warfare, Israel will have an edge over its worst adversaries in using cyber-technology together with a superior intelligence-gathering system to disrupt potential threats directed at it, before they are launched.

Cyber attacks can be launched covertly from anywhere in the world, and can disrupt computer-driven financial systems and infrastructure. Indeed, it appears that the first chapter in cyber warfare has been launched in 2010 against the Iranian nuclear program. The Iranian government's nuclear agency has confirmed that a sophisticated computer "worm," or "malware" in the current lingo, Stuxnet, has infected industrial plants, particularly Siemens' equipment used to run oil pipelines, electric utilities, and the Iranian centrifuge machines that produce the enriched uranium that can be made into an atomic bomb with further enrichment. Security experts with whom I have talked, Stewart Baker, former Assistant Secretary of Homeland Security, and others, believe that the level of sophistication of Stuxnet, and the significant costs of producing it and placing it in Iran, point to a nation-state, such as Israel, the U.S., the UK, or others behind it, rather than a random computer hacker. In 2009, the New York Times reported that the Bush administration had begun efforts to undermine the electrical systems, computer systems and other networks that serve Iran's nuclear program, and that the program has been accelerated by President Obama (David Sanger, "Iran Fights Malware Attacking Computers," September 26, 2010, *New York Times*). The worm attacks computers that are disconnected from the Internet, in which an "infected" drive is plugged into a computer that then spreads to the entire network. An Iranian official indicated that 30,000 computers have been infected and called it "part of the electronic warfare against Iran."

There is an intriguing theory that might connect Israel to the Stuxnet worm used against Iran. The use of the word "Myrtus" in a file buried deep inside the computer, may be an allusion to Esther, who thwarted the ancient Persian plot of Haman to destroy the Jews of Persia, the predecessor to the Iranian state of today. Queen Esther's Hebrew name is Hadassah, similar to the Hebrew word for the myrtle plant, or "Myrtus." Whether true or not, even if only a linguistic exercise, it sends a signal to Iran that its continued nuclear program could cause severe consequences, without an outright military attack. Neither the U.S. nor Israel has made any secret of the priority they place on disrupting the computer systems that control the main Iranian

nuclear enrichment plant at Natanz. The International Atomic Energy Agency has made it public that for many months, Iran's centrifuges at Natanz have had an unusual amount of difficulty, with a drop of almost 25 percent in the number of centrifuges at Natanz producing enriched uranium. Israel has heavily invested in computer, signal and electronic intelligence in an organization known as Unit 8200, within its military intelligence (David Sanger, "In a Computer Worm, a Possible Biblical Clue," September 30, 2010, *New York Times*).

Israel and the Jewish people are reaping great benefits from globalization. It has allowed Jews to connect to people of other religions and has the potential to break down barriers of mutual distrust. Higher education as well as adaptability, mobility and creativity are even more essential in the Digital Age, qualities in which Jews worldwide excel. For Israeli entrepreneurs, who have always been forced to look abroad for opportunities due to the small size of Israel's domestic market, taking the wider world into account is a great opportunity. And by joining the OECD Israel will enhance its influence in global economic institutions.

Of course globalization has brought challenges, it is a central factor in the loss of industrial jobs and rising income inequality in Israel. There is also growing competition from China, India, and the U.S. for the very technical and engineering talent that has boosted Israel's economic success. There are troubling indications that Israel's educational system is not fully up to the challenge of developing a 21st century workforce able to master digital technologies. Nothing is more important to Israel's long-term standing in the new globalized world order than an educated population, not just among elites, but also up and down the economic ladder.

But on the whole, the Mega-Trend of globalization is a net positive for Israel and world Jewry. An interconnected and interdependent world can make the Jewish state and the Jewish people safer. Countries that are mutually dependent upon each other for their economic well being, the key ingredient in a globalized world, are much less likely to go to war or support groups and countries that seek to upset the new globalized world order. The more Israel can be imbedded in the global economy and global economic governance, the more secure it will be.

The Battle for the Mind of the Muslim World in an Age of Terrorism

Israel is no stranger to terrorism. The Egyptian Fedayeen in the 1970s, the Munich attack against the Israeli Olympic team, the bombing of the Israeli Embassy in Argentina, and PLO and later Hamas and Hezbollah attacks, all targeted Israel, before the attacks on the U.S. Embassies in two African countries and the attack on the USS Cole during the Clinton administration, and the September 11, 2001 attacks in the Bush administration put terrorism at the top of the U.S. and world agendas.

But terrorism has now become a global challenge, aimed not primarily at Israel, but at fellow Muslims and moderate Muslim governments, as well as at U.S. and allied troops in the Middle East, from radical Islamic groups that now include al-Qaeda, the Afghan and Pakistani Taliban, and al-Shabab in Somalia.

The third Mega-Trend of the early part of the 21st century is one that impacts directly on the United States and Europe, but with a special vengeance on Jews and the State of Israel: the Age of Radical Islamic Terrorism, the rise of non-state Islamic radical groups like al-Qaeda, and the failed or weak Muslim states, from Yemen and Somalia to Afghanistan and Pakistan, in which Islamic terrorists nest and recruit. This is closely aligned with the transformation of secular Iran, historically a haven for tens of thousands of Jews since the destruction of the First Temple, and during the reign of the Shah of Iran until 1979, a quiet military partner of Israel, into a radical, theocratic Islamic state, pledged to Israel's destruction. Iran today is the chief sponsor of terrorist groups like Hezbollah in Lebanon and Hamas in Gaza, and the almost certain perpetrator of the bombing of AMIA, the Jewish community center in Buenos Aires and the Israeli Embassy there in the 1990s. Iran's pell-mell effort to develop a nuclear weapons capability threatens the United States, the West and Israel on the one hand, and more moderate, pro-Western Muslim states on the other.

But this Mega-Trend is not simply a "war of civilizations," in the words of the late Harvard professor Samuel Huntington, between the Muslim world and the Western world. Indeed, significant parts of the Muslim world, particularly the Sunni states of Jordan, Egypt, Saudi Arabia and the Gulf States, as well as major Muslim countries like Malaysia and Indonesia, are increasingly integrated into the global fabric of nations, and, in the case of the Gulf States and Saudi Arabia have just concluded a mammoth

arms deal in the fall of 2010 to protect against a resurgent, radical Shiite Iran. Iraq, although majority Shiite, will also be dependent for years to come on U.S. support. This is not to say that we are not in a “hot war” against elements of militant Islam in Afghanistan and Pakistan, or that we in the West are not a part of the battle against radical jihadists. However, it is to say that these wars are at least as much a battle for supremacy within the Muslim world, between radical theocratic fundamentalists, who wish to establish an Islamic caliphate, and pro-Western Muslim states, who wish to join the global mainstream; between modernizing Muslim states and terrorist organizations that reject modernization; between Sunni states (Saudi Arabia, the Gulf States, Egypt, Jordan), and Shiite states, principally Iran. The internal divide between pro-Western and anti-Western Muslim states is even more complex. Syria directly supports Hezbollah in Lebanon, one of the most radical Islamic groups, yet has recently taken dramatic action to reduce the influence of conservative Muslims and radical groups to preserve its own secular state. Remarkably, Syria, much like France, is seeking to ban the niqab, the traditional Islamic veil for women, in universities and elsewhere. (Kareem Fahim, “Syria’s Solidarity With Islamists Ends at Home,” *New York Times*, September 4, 2010).

The direction the Muslim world takes during the next decade will have a profound impact on the U.S. and Europe, and even more acutely, on the State of Israel. This is an historical shift. For much of modern history, it was the relationship with the Christian world that impacted most directly on Jews. Today, it is the complex confluence of factors that are shaping the one billion people of the Muslim world.

The course the Muslim states take sits on a knife’s edge. Politically, many derive their authority from sheiks (the Gulf States) or kings (Saudi Arabia, Jordan, Morocco); some are secular autocracies, supported by heavy police, military, and intelligence services, with little popular legitimacy, like Egypt and Syria; others, like Afghanistan, Pakistan, and Lebanon have fledgling but weak democracies that have great difficulty delivering basic services to their people; some Maghreb countries like Morocco, Tunisia and Algeria, and the West Bank, as well as post-Saddam Iraq, have democratic elements, but are not fully developed democracies; still others, like Yemen and Somalia, have virtually no functioning government, and are wracked by internal strife.

The prospects in much of the Muslim world are not nearly as bleak as the headlines of the day suggest. All is certainly not lost in terms of the future of the Arab and Muslim world. Muslim countries outside the Middle East, like Indonesia (the world’s largest

Muslim state) and Malaysia, have become thriving, modern, moderate nations. Saudi Arabia and the Gulf States have made major educational reforms, creating universities with Western curricula and equal education for women and men, and now have a major presence of American universities. Indeed, it is closest to home for Israel that the most important progress is being made. Salam Fayyad, the Palestinian Prime Minister, had been an economist at the International Monetary Fund in Washington, and returned to the West Bank to help create the foundations for an eventual Palestinian state. And he has made great progress with the backing of Palestinian Authority President Abbas. He has put able technocrats into key jobs, tried to root out corruption, instituted economic and educational reforms, and cooperated fully with U.S.-led efforts to train Palestinian police to deal with Hamas. And they have done so, surprising even the IDF, rooting out Hamas cells, and taking over control from the IDF of areas like Jenin, which had been hotbeds of terrorist activity. The newly launched Middle East peace process certainly requires major Palestinian compromises, not the least being acceptance of Israel as a Jewish state, security arrangements to prevent a Palestinian state from becoming a launching pad for attacks against Israel, and in how to handle Hamas in Gaza. But its success would be in Israel's supreme national security interest, and would strengthen pro-Western governments in the region.

Many Muslim countries are fighting back fiercely, often with U.S. help, against radical Islamic groups. If only, and it is a big if, key countries in the region can fully embrace modernization and greater political openness, combat corruption, provide security for their people against terrorists and deliver basic services to lift living standards, the radicals can be defeated. They are a minority and their very extremism has turned much of the population against them.

As the radical Islamists have targeted their regimes, the pro-Western Muslim states have begun to fight back to protect themselves. And many of the Arab states, particularly Egypt, Kuwait, and the Gulf States, see the threat of Iranian hegemony in the region and its nuclear appetite every bit as much a danger to their national security, as does Israel and the United States, offering at least the possibility of actions to combat Iran and, more generally, radical Islam, which can help all these states. Even Syria recognizes a threat to its secular system, and is banning the niqab for women in public, as if it were France.

Radical Islamic groups have imbedded themselves in those Muslim states which are weakest, like Lebanon (Hezbollah), Gaza (Hamas), Afghanistan and Pakistan (al-

Qaeda, the Taliban), Yemen and Somalia, and post-war Iraq. The situation in Pakistan is particularly troubling, having been exacerbated by the 2010 flood. The Pakistani security service has supported the Afghan Taliban, which is killing American soldiers, at the same time that the United States has become a major military and economic supporter of Pakistan. As a nuclear weapons state, the fact that Islamic terrorists could take control of Pakistan's nuclear arsenal is a real danger.

Success against the Taliban in Pakistan and Afghanistan will require a combination of military, economic, diplomatic and nation-building programs, along with the long-term political will of the U.S. and America's NATO allies to stay the course. It is critical to win the hearts and minds of local inhabitants and to convince them that if they turn against the Taliban, they will be protected. A failure in either Afghanistan or Pakistan, or a reversion to chaos and violence in Iraq, would encourage jihadists all over the world, as well as their Iranian sponsor.

The challenge facing the U.S. and its allies in Afghanistan and Pakistan underscores the complexity of the battle for the direction of the Muslim world. It is not a simple battle between pro-Western Arab states and radical groups supported by Iran. In Pakistan, for example, the powerful Inter-Services Intelligence Directorate (ISS), supported by the military, has used the Afghan Taliban as a lever to assure that Pakistan has a friendly government in Afghanistan, and as another front in their ongoing contest with India. The infamous Haqqani Network in Afghanistan, one of the most dangerous threats to U.S. and allied forces there, has long been supported by the ISS and has refused U.S. entreaties to confront rather than support them (Greg Miller, "CIA Acts on Fear of al-Qaeda Plot to Hit in Europe," September 29, 2010, *Washington Post*), at the very time the U.S. is pouring billions of dollars of military and economic assistance into Pakistan. While the Pakistani army and government finally turned their guns against the Pakistani branch of the Taliban when they took over the Swat Valley and were headed toward the Pakistani capital, they remain unwilling to go after al-Qaeda or the Afghan Taliban in their own mountainous border region.

Iran stands by itself as a non-Arab, Shiite-dominated theocratic terrorist state, the strongest supporter of terrorist groups against Israel and the West. Iran seeks to become the regional hegemonic power, to restore the glory of the ancient Persian Empire. But it is increasingly isolated. UN sanctions, and follow-on U.S. and European sanctions, particularly financial sanctions led by the Obama administration, are

taking a toll. Iran cannot conduct dollar denominated business. Any major financial institution that wishes to have access to the U.S. financial market is barred by new U.S. congressional legislation. The EU countries have targeted many Iranian state-owned banks involved in supporting Iran's nuclear industry, and have precluded European businesses from any transactions with them. It is difficult and costly to get insurance for ships going to and from Iran. Major American corporations have shut down their Iranian affiliates, and major European oil companies, like Shell, Total, Statoil, and Eni have agreed to end all their investments in Iran. The Iranian leadership is facing a stark choice: continue its nuclear weapons program or face growing economic distress, in a country already wracked with internal dissent.

Turkey is a key to the direction the Muslim world will take, and recent developments are cause for concern. Turkey, going back to the Ottoman Empire, has had a long-standing relationship with Jews and with Israel. Since 1492, when Jews were expelled from Spain and Portugal, and throughout World War II, Turkey offered a haven for Jews. The modern Turkish state founded by Ataturk in the early decades of the 20th century, was based on fierce secularism and modernism. Turkey was the first Muslim state to recognize the new State of Israel, and stood alone until the Egyptian-Israeli peace agreement in 1979. Turkey's strong military, which saw itself as the defender of secularism, has had a close relationship with the IDF for decades, sharing military intelligence, being a major purchaser of Israeli arms, and engaging in joint military exercises.

Turkey's military has had a strong, sometimes controlling hand in Turkey's democracy. But with the election of Prime Minister Erdogan, and his re-election in 2008, Turkey got its first Islamic government. AKP, the prime minister's party is openly Islamic. Gradually, but perceptively, Turkey, under Erdogan's leadership, began to distance itself from Israel. At the World Economic Forum in Davos in 2008, Prime Minister Erdogan walked off the stage of the main Congress Hall to protest President Shimon Peres' defense of the Gaza War. The 2010 Gaza Flotilla attack by Israeli commandos, which killed nine Turkish nationals, inflamed relations almost to the breaking point. U.S. intervention to encourage Israel to accept an independent UN investigation has tempered but not ended the crisis. Prime Minister Erdogan has demanded an Israeli apology. But the longer-term implications of Turkey's move toward the Islamic side and away from its historic secularism is deeply troubling.

Turkey has become a strident defender of Iran, and, along with Brazil, as indicated, tried to strike a deal with Iran over its nuclear program decidedly in Iran's interest,

and against America's position. A 2010 constitutional referendum gives Prime Minister Erdogan the power to put Islamists on the Turkish Supreme Court, one of the last bulwarks of secularism. But Turkey is by no means a lost cause. It has a robust democracy, which was actually brought closer to European Union norms through the constitutional referendum. Its NATO membership gives the U.S. continued leverage. And it should be remembered that Erdogan took great pride in attempting to mediate the Syrian-Israeli dispute in 2006, with the agreement of both sides, and was furious that only days before the Gaza invasion, then Prime Minister Olmert, in Istanbul for another round of negotiations, gave him no forewarning of the coming conflict. The Gaza War was the only way to stop the incessant Hamas rocket attacks, following Israel's total withdrawal from Gaza, and has temporarily de-fanged Hamas. But clearly, one of the casualties of the conflict was the critically important relationship between Israel and Turkey.

The outcome of this battle for the hearts and minds of the Muslim world will speak volumes about the state of the West in general, and Jews and Israel in particular. While this conflict is only tangentially about Israel, and would exist even if there were no Jewish state, Israel has a role to play. The Palestinian-Israeli conflict is a rallying cry to attract jihadists. Peace with the Palestinians is in Israel's national security interest, and would help undercut Islamic militancy. It would strengthen the moderate, pro-Western states in the Arab world. Israel should take every step possible, both in its dealing with the leadership of the Palestinian Authority and its relationship with the Arab world in general, to strengthen the moderates and isolate the extremists. Thus, in 2002, and reasserted since, all the nations of the Arab League extended the Saudi Peace Plan to Israel. It called for full normalization of relations with Israel. Certainly, its conditions were absolute and unacceptable in many ways. But in others it offered room for flexibility. For example, it did not call for a "right of return" of Palestinian refugees to Israel, but rather a "just solution" to the problem. Israel to this day has never responded by offering to sit down without pre-conditions, or by setting forth its own.

Non-Traditional Security Challenges

A series of non-traditional security challenges comprise a fourth set of Mega-Trends, including nuclear proliferation, environmental threats such as global warming and a looming water crisis, and demographic challenges as the world will grow in the next four decades from 6.2 to over 9 billion people. Some of these trends hit Jew and non-Jew alike, such as global warming. Others, like nuclear proliferation, are threatening to the whole world, but pose a special threat to Israel. Still others, like the water crisis, will have particular impacts on Israel and the Middle East. Jews face a different kind of demographic crisis -- the problem is not that there are too many, but that there are too few. Jews are one of the only major groups in the world that are at risk of numerical decline or at best of remaining constant, rather than gaining population in the decades ahead.

Since the end of the Cold War, a number of states have acquired nuclear weapons or the technology necessary to produce them. The paramount threat to the security of Israel and the West, but also to U.S. moderate Arab allies in the Middle East, comes from Iran's moves toward nuclear weapons. Iran becoming a nuclear weapons power would tip the balance of power in the Middle East, emboldening Iran to be even more provocative in supporting terrorist groups, more belligerent to the West and to moderate and pro-Western Arab states, and more aggressive in trying to scuttle the Middle East peace process. Furthermore, a nuclear-armed Iran would undermine what is left of the non-proliferation efforts led by the U.S. for decades and would likely spur some pro-Western Arab states, which fear Iranian hegemony in the Middle East, to pursue their own nuclear programs. There are three main options to induce Iran to abandon its nuclear program – engagement, sanctions and military action, but most significant is the genuine opportunity for a regional alliance against Iran in the Middle East, together with the U.S. Progress by Israel toward peace with the Palestinians would give pro-Western Arab governments more running room to align their policies toward Iran with the U.S.

The Obama administration and the EU initially offered engagement and a package of incentives to induce Iran to abandon its nuclear enrichment program. But a tentative package, to which Iran initially agreed, was ultimately rejected by Tehran.

The 2010 UN sanctions, enhanced by strong U.S. and EU financial sanctions, are having a real impact on the Iranian economy, and its nuclear program. Its centrifuges, needed

to enrich uranium, are performing poorly, and it is increasingly isolated in its efforts to develop a nuclear weapon. There is a meaningful, if brutally suppressed democratic opposition, which may be willing to sacrifice Iran's nuclear weapons ambition if they ever take power. The opposition candidates may have actually won the June 2009 presidential elections, but the crackdown by the regime and the Revolutionary Guard quashed a legitimate vote count. I believe it will eventually lead Iran back to the bargaining table. At the same time, Iran already has enough low-enriched uranium to make two atomic bombs, if enriched to weapons grade. But this would be a conspicuous action, which the inspectors from the International Atomic Energy Agency could promptly detect. Still, time is not on the side of the U.S., the West, and Israel.

Military action by Israel is highly problematic, both from a purely logistical basis, because Iran has dispersed and deeply buried its nuclear facilities, and given the potential economic and political fallout. But it must remain on the table as an option for both the U.S. and Israel if all else fails.

Global warming is the greatest environmental threat to the planet. Rising temperatures, surging seas and melting glaciers will directly impact the interests and security of countries throughout the world. Climate change could cause up to a billion people to fall back into poverty and lead to a multiplicity of conflicts over scarce resources.

Global warming is likely to severely worsen Israel's chronic water problem, causing it to have forty percent less water by the end of the 21st century. Interestingly however, there is an opportunity for Israel within the challenge of global warming. Compelled to deal with scarcities of water and other basic resources from the time of independence, Israel has pioneered revolutionary green technologies, especially with respect to water supplies and solar energy. It can build upon its comparative technological advantages, creating "green collar" jobs and promoting a wider environmental economic sector, and place itself at the forefront of the fight against climate change. In doing so, meeting the challenge of global warming will open a way for Israeli scientific and technological expertise and innovations to shine, and possibly serve as a cultural and diplomatic bridge, enhancing Israel's ties with other countries.

A concomitant environmental challenge is the growing scarcity of water. The dramatic decline in the levels of the Dead Sea underscore this crisis. Competition for water is one of the sub-themes of the Israeli-Arab problem, and will have to be a component of any peace agreement. Israel's drip technology, adopted decades ago, when the water

crisis was less clear, can help lead the world toward more stringent water conservation to meet the demands of a rapidly growing world population.

Another non-traditional challenge that has come to the forefront of global concerns in recent years is energy security. The U.S. and other Western states rely heavily on imports of fossil fuels from the Middle East, a situation that affects their national security and interests, and participates in shaping their foreign and defense policies. Expanded oil revenues give suppliers greater flexibility in adopting policies contrary to Western interests, from Iranian nuclear ambitions, to Russia's move back toward authoritarianism, to Venezuela's troublemaking in Latin America and embrace of Iran. Few things would provide more security for world Jewry and for Israel than a long-term, concerted effort by the Western democracies to free themselves from energy dependence on one of the world's most unstable regions. Additionally, the problem of energy security is inextricably connected to that of climate change. Weaning the U.S., Europe, Israel, and possibly China and India from dependence on imported fossil fuels and moving toward alternative energy sources, like solar, wind, and geothermal power, will help reduce the threat of global warming while increasing security. But this is a long-term process. In the U.S., for example, most experts estimate that by 2020, only around 10 percent of the country's energy needs could be satisfied by alternative energy sources.

Here again, Israel can transform a challenge into an avenue of international leadership. Already, an Israeli entrepreneur has teamed up with Nissan-Renault to try to make Israel the first fully "plugged-in" nation for electric cars.

De-Legitimization of Israel as a Jewish State

The last Mega-Trend has a unique and particular impact on Jews and the State of Israel: a new form of anti-Semitism, which seeks to discredit and de-legitimize the Jewish state. This is not the old, Church-based, stereotyped anti-Semitism of Europe in centuries past. On the whole, the modern Catholic Church since the Second Vatican Council, opened under Pope John XXIII, has done an admirable job of de-demonizing Jews, and fostering Catholic-Jewish reconciliation. There remain troubling reminders that deep-seated European anti-Semitism is never far from the surface. Recent anti-Semitic statements like those by a member of the board of the Bundesbank, that Jews share “common genes,” and by the Trade Commissioner of the European Union, who complained that Jews always think they are right, whether secular or religious, and cannot be reasoned with on Middle East issues, surface from time to time and must be combated immediately. In each case, political leaders in Germany and the EU headquarters criticized the remarks. There are also troubling combinations of xenophobic skinheads, growth of far-right wing parties in countries like Austria, and an increasing population of disaffected, mostly unemployed young Muslims, frustrated by their failure to integrate into European society and radicalized by the Israeli-Palestinian conflict. Apart from these anti-Semitic sentiments, general public opinion in Europe is far less positive toward Jews in general and Israel in particular than in the U.S. Over one third of Europeans, twice the U.S. level, adhere to negative Jewish stereotypes, and about a quarter say their unfavorable view of Jews is affected by Israel’s actions. These perceptions have all too often been translated into anti-Semitic attacks, notably in France and the United Kingdom.

But the more significant threat is an effort to undermine the foundation of the Jewish state, to falsely equate Israeli actions toward Palestinians with those of Nazi Germany against the Jews or of whites against blacks during South African apartheid, and to hold Israel to a double standard compared with the rest of the world. Serial human rights abusers from Cuba and Sudan to Zimbabwe and China go without citation in the UN Human Rights Council, while some two-thirds of the UNHRC’s resolutions involve Israel.

A major American cartoonist, Pat Oliphant, has used evocative images of Israeli troops dealing with Palestinians in ways seemingly meant to create a comparison to Nazi treatment of Jews. These are even more explicit in the Arab press. Indeed, even the few Arab states that have diplomatic relations with Israel, teach their students and

citizens to hate Israel. I had State Department approval when I was Under Secretary of State during the Clinton administration, to protest with then Egyptian Foreign Minister Moussa (now the head of the Arab League) the use of clearly anti-Semitic figures of Jews, with distorted hooked noses and dollar signs around them, and with Israeli troops with Swastikas on their uniforms. Mr. Moussa's response was that these were unfortunate, but Egypt had a free press--even though these caricatures were in their official, state-controlled news organs. Arab maps of the world and the region uniformly do not include Israel, even within pre-1967 borders. Schools throughout the Arab world teach children highly distorted facts about Jews in general, and Israel in particular. Turkish Prime Minister Erdogan's statements against Israel go far beyond objections to particular policies, belittling the state itself, and indicating that it is "good at killing." In the process, Erdogan has become widely popular throughout the Middle East.

British Prime Minister Cameron is by no means anti-Semitic, but in his first visit to the region, he declared that Gaza was a "prison" under Israel's boycott of Hamas, language that can evoke Jews imprisoned in another era. And in his country, the largest teachers union has voted on several occasions to stop all educational exchanges with Israeli universities to protest Israel's control over the West Bank. And, the most egregious example is Iranian President Ahmadinejad's call to erase Israel from the face of the earth.

It is important to keep all of this in context and not overreact. Israel is a sovereign state. Its actions must be subject to the same criticism as any other nation-state, however disagreeable those differences may be. There are several tests that can be applied.

First of all, it is critically important not to throw around the accusation of anti-Semitism too lightly, lest the risk of debasing it when it is genuinely deserved. The so-called "three Ds" articulated by Natan Sharansky propose a good test for distinguishing criticism of Israeli policies from anti-Semitism:

- Is Israel being demonized by having its actions blown out of proportion?
- Is there a double standard, by which Jews or the Jewish state are treated differently from other religious groups or countries?
- Delegitimization: Is the attack an effort to undermine the legitimacy of the Jewish state?

It is crucial to point out misstatements about Israel and to arm Jewish students and activists with facts and strategies to counter these false allegations.

It is also critical to make clear that the charge of excessive Jewish influence over U.S. policies in the Middle East is a fallacious assertion.

There is a Jewish lobby for causes important to the Jewish community, but this lobby is itself diffuse and divided and its influence is counterbalanced by other lobbies, in particular by the Arab oil lobby. Additionally, U.S. support for Israel does not depend only on successful Jewish lobbying, but rather derives from the large support of the American public for a state that shares common values with the U.S. and is widely viewed as an ally against radicalism and terrorism. Furthermore, U.S. support for Israel is far from boundless: every U.S. administration since Israel's establishment has supported policy positions and actions that have at times been in severe disagreement with Israeli policy (particularly on the settlement issue).

The response to anti-Semitic challenges facing European Jewry is more complex. European Jews do not have the numbers or the comfort level to engage in overt action of the caliber practiced by U.S. Jewish groups. The following courses of action should be pursued:

- American Jewish organizations should work together with European Jewish leaders to increase their strength and have more direct contact with the European Union and the leaders of key European states to take action against radical elements of the Muslim community and both radical right and radical left anti-Semitism.
- European Jewish communities should engage in interfaith dialogue with moderate Muslims and their religious leaders.
- Jews should be at the forefront of combating discrimination against European Muslims and advancing their economic well-being.

Recent wars conducted in Lebanon and Gaza have been a basis for justifying and advancing anti-Israeli and anti-Semitic activities. It is crucial for Israel to take into consideration the collateral impacts abroad of the conflicts it engages in, and to work out appropriate tools and responses to meet this challenge.

The expansion of settlements isolates Israel and increases Israel's difficulty in rallying U.S. and world support against the unfair attacks it receives.

Despite the bitter attacks and the efforts of de-legitimization, I am optimistic. For all its faults, and, at times, misguided policies, Israel is such a remarkable success, such a resilient democracy, such a premier economic success story and military power, that its future is secure. Israel has finally been permitted, after 50 years of efforts, to join the European regional grouping in the United Nations, critical because much of the business of the UN is undertaken in these regional groups. In the spring of 2010, Israel was elected to join the elite industrial democracies in the OECD, a testimony to its democratic and economic progress. Baldly anti-Semitic remarks are quickly condemned. Iranian President Ahmadinejad's anti-Israel rants have helped convince European nations and others that Iran cannot be trusted with nuclear weapons.

The modern State of Israel is the Third Jewish Commonwealth in recorded history—the first destroyed by the Babylonians in 586 BCE, and with a remarkable gap of two millennia between the destruction of the Second Temple by the Romans and the creation of the new Jewish State of Israel in 1948. The Jews of Israel have accomplished what no other people has achieved: the return to their ancient homeland, after two millennia of exile around the globe, forming a new self-governing state that embodies the Prophetic vision of the ingathering of the exiles from the four corners of the world.

Jewish success is also nothing short of remarkable in its largest Diaspora community, the United States. An astounding 44 members of the U.S. Congress are Jewish — more than four times greater than the proportion of Jews in the American population. The Congressional calendar takes into account both Jewish and Christian holidays. In 2004, Fortune Magazine reported that nearly 10 percent of the CEOs of the leading one hundred companies were Jewish. Similar success has been enjoyed by Jews in most European countries, Canada, Australia and Latin America. Jews are barely two-tenths of one percent of the world's population, but represent 54 percent of world chess champions, 27 percent of Nobel Physics laureates and 31 percent of Nobel laureates in medicine. There is hardly a field of endeavor — in science, the arts, medicine, law, literature, or government — in which Jews are not disproportionately prominent.

Most important, in our era Jews are not flotsam and jetsam in the great sea of change, tossed about by great waves they cannot control. Jews are no longer

alone and isolated and subject to the whim and caprice of despotic rulers and violent anti-Jewish populations. Virtually every major challenge facing Israel and the Jewish world, such as Islamic terrorism, also threatens Western nations and moderate Arab leaders themselves. Jews are integrated into the affairs of their own countries, which by and large observe a rule of law that protects all minorities, and a disproportionately large and integral part of local, national and international institutions. Despite all these successes, world Jewry and Israel itself face enormous challenges, and surmounting them will require the same vision, leadership, courage, and strength Jews have summoned to survive the forces of destruction in the past.

From my perspective, the Global Mega-Trends are interrelated. The obstacles to both Israel and world Jewry over the next decade are significant, but Israel and the Diaspora can meet these threats with proper foresight, leadership, and diplomacy working together and within the nations in which they live.

Internal Challenges

Yet, I have greater confidence that Israel and the Jewish people can meet the external challenges posed by these Mega-Trends, both because of their own strengths, and because the United States, and other countries share many of these challenges, than I do that the insidious, less visible internal challenges can be overcome.

For the Diaspora and for the State of Israel, these internal challenges are in significant part demographic. In virtually all Diaspora communities, the demographic crisis consists of declining numbers; an erosion of identity; a rapidly aging population and disaffiliation from Jewish communal and institutional life, much of this the result of assimilation; low birthrates and growing intermarriage. The demographic problem is particularly pronounced in Europe, where the Jewish population is projected to drop from 1.3 million to barely over a million in the next 25 years. This decline will have a greater political impact than in other Diaspora communities because it comes alongside a massive increase of European Muslim populations, now totaling fifteen million, which will gradually become more active and influential in politics. This could create a less friendly attitude by European governments toward Israel.

While Jewish populations in the Diaspora are declining, Israel's is increasing, essentially the result of higher birthrates and immigration. However, Israeli Jews will be an increasingly smaller percentage of the world's population and, a matter of even greater concern, of the Israeli-Arab and Palestinian populations, which are growing much faster. This is likely to eventually threaten the democratic and Jewish character of the State of Israel.

There are only 13 million Jews in the world, fewer than the number in 1939, before the Holocaust. There are some 6.2 billion people on our planet today, and there will be over 9 billion by 2050, but it is difficult to believe the Jewish people will increase much beyond our current numbers. We are an ever-smaller percentage of the countries in which we live, with the potential for a loss of influence. Numbers do matter. In the United States, there are some 5 million Jews out of a population of 300 million, and this tiny percentage, some 2 percent, will certainly shrink.

This demographic crisis is caused by a combination of factors:

- the lowest birthrates of any major ethnic or religious group in the U.S. and Europe, on average less than two children per couple, and therefore below levels just to

maintain a stable Jewish population, at already low levels;

- full acceptance in American society, and consequent rampant disaffiliation and assimilation, with over 50 percent of all marriages involving a Jewish spouse an intermarriage, with less than 10 percent of non-Jewish spouses converting to Judaism;
- lack of Jewish education and identification.

There are positive developments. A substantial core of American Jews, across denominational lines, are intensely engaged in Jewish life. Creative outreach programs to intermarried couples have been created in Boston and other places.

But the Jewish community in the U.S., the largest Diaspora community by far, is like a corporation, with both a healthy division and a struggling one that threatens the strength of the overall enterprise. In other Diaspora communities, the situation is even more dire, with younger Jews often leaving European countries for lack of a Jewish future. There is a genuine problem of a lack of critical Jewish mass.

There are several options available to stem the tide of disaffiliation and assimilation. One is a turn to Orthodoxy, where there is a more insular religious life, and strikingly smaller rates of intermarriage. The other is aliyah to Israel, where Jewish continuity is more assured and intermarriage is virtually non-existent. A third option is a major effort directed at Jewish education in every dimension, with a massive infusion of funds and talent to reach the younger generation and teach them about the beauty of Jewish life, values and tradition. Even young adults with a Jewish day school background or from homes with strong Jewish identification are not immune to Jewish “drift” and intermarriage. But intermarriage rates among Jewish day school graduates are lower than those in public or secular private schools, and conversion by non-Jewish spouses is more prevalent.

The biggest barrier to day school education is its high cost. It is here that American and European Jewish philanthropy should be focused, to subsidize the cost of full-time Jewish education. The other options are unlikely to appeal to large numbers of Jewish young people. How does the Jewish Diaspora deal with this challenge? Is it sufficiently understood to motivate action?

For Israel, the internal challenges are also severe. Demographically, Israeli Jewish birthrates are at healthy levels (just under three children per family), 50 percent higher than Jewish Diaspora rates. But these birthrates are well below the rates for

Israeli Arab citizens, and even further below birthrates for the Palestinian population under Israeli control. This means that over decades, if Israel maintains control of the entire West Bank, it will have difficulty remaining a majority Jewish state. Even now, over 50 percent of first graders in Israeli schools are either Israeli Arabs or Haredi children, but with questionable commitments to the Zionist enterprise Herzl, Ben-Gurion and mainstream Israelis of all political stripes have envisioned, and for which they have fought, died, and sacrificed for six decades.

Equally troubling, Israel is one of the few major nations in the world without internationally recognized boundaries, due to the number of wars Israel has been forced to fight and the territory acquired as a result. But more broadly, there is no internal Israeli consensus on what they want their borders to be, and how they wish to relate to their Palestinian neighbors. Part of this is driven by justifiable fears that for many Palestinians only the elimination of Israel as a Jewish state is acceptable. But the Messianism of a minority of Jewish settlers, and the desire to control all of the West Bank for Biblical and religious reasons, poses an enormous internal challenge to Israeli cohesion, particularly if there is ever a peace agreement with the Palestinians requiring the relinquishment of a large segment of the West Bank for a Palestinian state. Scores of settler outposts, well outside major established settlements likely to be included within Israel in any peace agreement, continue in contravention of Israel's own laws. No sooner are some removed than they sprout up again.

The Assyrian Empire destroyed Israel and scattered the ten tribes of Israel throughout its vast empire, leaving only a weakened Judea. The Babylonian Empire destroyed the First Temple and exiled the Jewish population to its own country. The Roman Empire destroyed the Second Temple and led to the Jewish Diaspora around the four corners of the globe. The Spanish and Portuguese Inquisitions forcibly converted or expelled their Jewish populations. Pogroms in Czarist Russia, and discrimination and degradation was the lot of European Jewry for much of its recorded history. In our time, the Nazis killed two-thirds of the Jewish population of Europe and one-third of the world Jewish population. And yet, it was the Jewish people who ultimately survived, and those powerful forces who were destroyed. There is no Assyrian or Babylonian or Roman or Nazi state. There is a Jewish State of Israel. I believe the Jewish people and Israel, who have survived so many external threats, can and will overcome the insidious internal challenges, as well. Only time will tell.