

Global Trends, Local Challenges, and What Lies Between

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A methodology focusing on global trends may help to identify early signs of challenges to Israel's national security in the broad sense of the term, be these challenges direct or indirect. This article illustrates the methodology using four general trends that have possible implications for the world order, affecting either Israel itself or its strategic arena. The article proposes improving and incorporating the global trends methodology in the decision making process in Israel as an analytical component of situation reviews and long term, smart political planning.

Keywords: global trends, regional upheaval, Israel, decision making

The regional upheavals of the decade exposed one of the main failures in the process of decision making at the national level: the focus on events that are perceived as having immediate urgency, the “here and now,” with little attention to underlying trends whose importance is not sufficiently recognized or addressed. In this sense, Israeli behavior is no different. The pace of events in the domestic arena, as well as the storms battering the surrounding region, prompts most individuals and institutions to direct attention to what is closest and most urgent. This focus, while natural and understandable, means that powerful global trends, processes, events, and momentum are largely ignored, certainly compared to issues that assume center stage. Ironically, however, the issues in the foreground are generally only symptoms or side effects.

Consequently, we tend to view internal and regional issues as core events, and often fail to link them to broader phenomena that are not in the

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foreground. This article studies the link between local events and processes and the global trends that shape them, and proposes that we identify these profound trends and recognize their impact on us. This understanding should be a basic and essential component of any analysis of reality, and a basis for a methodology that supports creating a fuller and more accurate picture of the situation in planning strategic and tactical moves. If this methodology is incorporated into the decision making process, it will facilitate broader and improved policy planning.

The attempt to attain an accurate forecast of the future in order to make decisions has a structural difficulty. Intuitive thinking about the process of forecasting sees it as an attempt to reach optimum insights about future patterns of behavior of an actor or system (at all levels of analysis), relying on generalizations and identification of patterns that cross borders and disciplines. In other words, the impulse is to construct a theory of behavior and use it to make predictions. However, basic human cognitive lapses make this task almost impossible.

A possible response to this basic difficulty is the addition of a new layer to the decision making process, known as “global trends.” This level of analysis complements a traditional research perspective. Instead of creating a “bottom up” theory that seeks to characterize behavior patterns of the various players or systems, the global trends help identify limits to the room for maneuver of these actors and systems at lower levels, and thus to think “top down.” Identifying and analyzing global trends could help elements in government weigh the priorities and possible courses of action from a broader perspective, as a way of looking at possible future situations. This viewpoint is essential for any process of strategic thinking.

The “need” to focus on what is immediate and urgent is an unconscious choice in face of the intellectual effort required to make unpopular decisions whose outcomes will only be clear to future generations. This is joined by the obstacles at the organizational level. Organizations that research and implement policies have limited resources and defined priorities, so their natural inclination is to address what seems most urgent. This limits the attention they devote to the analysis of long term trends, and above all to the way these two levels affect each other.

The challenge facing decision makers, therefore, is to cultivate and refine tools that can grasp the link between global and local processes, and can support, assist, and deepen understanding and analysis of the contemporary scene. This will facilitate the establishment of criteria for

proportionality while opening up new viewpoints, so that broad global trends can also be included in the equation of strategic planning based on an integrated and balance perspective.

The purpose of this article is to present critical global trends and analyze their possible impact on Israel and on actors relevant to Israel, and from there draw conclusions as to their importance for policymaking. This limited survey deals with the definition of global trends at four layers – economic, demographic, political, and technological – and analyzes the significance of these layers for the Middle East as a whole. The article does not purport to offer a detailed analysis of all the ramifications of global trends and their impact on each country in the region, rather, to derive concrete recommendations for policy. The scope of the article dictates that it suffice with an outline of some basic trends, but since so little attention is paid to this issue in Israel, the very fact of introducing the approach provides a basis for further work.

This article relies heavily on two reports on global trends. The first is a report from the United States National Intelligence Council (NIC) – the body responsible for long term US strategic thinking. This report is issued once every four years (since 1997), and seeks to analyze the influences that will shape the world over the next twenty years, with the aim of helping the elected government plan its policy. The writers of the latest report, published in early 2017, surveyed the views of 2500 people from various fields in 35 countries. The second report was produced by PwC Global, which seeks to understand emerging global trends in order to shape its policies. This article combines the insights offered by both reports in an attempt to paint a coherent picture of the contemporary situation.

Four General Trends

A number of trends can be distinguished that indicate a slow but steady movement within what myopic lenses deem unshakable facts. The first relates to economics. For some time, the traditional leading actors in the global economy, who belong to what is called “the Western world,” have experienced a slowdown in growth, accompanied by a shrinking middle class.¹ At the same time, there has been a steady rise in the importance of large East Asian actors such as India and China, which are becoming the new focus of the global economy. The East Asian share of the global economy has increased from 37 percent in 2000 to over 50 percent today,² indicating a shift from the situation that prevailed for hundreds of years

when the center of the world was in Western Europe and North America. Apart from the economic significance, this change also has considerable political implications, deriving from the rise in the monetary worth of East Asian countries and their need to secure their access to trading routes and energy sources that are relevant to the Middle East. This will be reflected in the formation of new political and economic alliances, as can already be seen in the growing “look west” tendency in India, and the ambitious Chinese Belt and Road venture.

The change in the economic trend is closely linked to significant global demographic changes. In many countries, the rich population is growing older. Many developed countries, particularly in the West, have experienced a consistent sharp decline in birth rates. These societies are rapidly aging, leading to a shrinking population and a greater burden on a limited work force that is required to pay for older people. Against this background, governments will likely face growing pressure to raise taxes to pay for more social services and create jobs, particularly for older people and weaker social groups. In response, robots will be developed to compensate for fewer workers.

On the other hand, the poor are young. Developing populations are young and growing, creating an ever larger work force and consumer market. The combination of more young people in developing countries and

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awakening markets, together with limited economic opportunities and limited access to education, is likely to lead to unrest. This pressure stands to be reinforced by trends of rapid urbanization, particularly in Asia and Africa, where according to UN forecasts, by 2030 some five billion people will live in an urban environment,³ leading to overcrowding and more strain on the infrastructures of already weak countries.

Another factor contributing to demographic pressure, particularly in developing countries, is climate change, whereby sharp climate changes are expected to make it harder for governments in developing regions to meet the basic needs of their citizens, such as clean water, housing, and food security. The outcomes, some of them even in the short term, include natural disasters such as droughts, floods, and rising sea levels, leading to political agitation as

well as massive waves of migration among developing countries and from them to developed countries that are relatively nearby. These challenges will change patterns of life, and they demand a comprehensive response that is apparently becoming harder to achieve.

These trends are joined by political change at the domestic level in many countries and at an international level. Internally, demographic pressures, together with increased national and religious tensions between minorities, will affect politics in both the developing and developed worlds, potentially leading to violent conflicts. In some cases, the weakness of the sovereign state (particularly in overcrowded urban areas) will spur the emergence of political alternatives, including terror groups and organized crime.

At the international level, the change in the center of economic gravity and the shift of the focus of geopolitical importance from the West to East Asia is expected to lead to friction between forces on the rise and those that are declining, and in certain cases even to violent clashes. In such a situation, smaller actors must adopt strategic hedging: on the one hand put them at the center of any emerging political/economic world order, and on the other hand protect their medium and long term interests that are bound up with the old world order. All these factors combine with what looks like consistent devaluation of the status of globalization, as the existing world order is hit by internal political changes and by changes in the global balance of powers.

Finally, it is impossible to ignore global trends in technology. Technological breakthroughs in fields such as artificial intelligence, robotics, miniaturization, and nano-technology increase creative potential and offer opportunities for investments in completely new industries. These technologies accelerate the rate of change in terms of both behavior and perception. A prominent example is the development of the cyber dimension, which in recent years has forced decision makers to rethink a range of issues, from economics and commerce, regulation, individual rights, and protection, all the way to strategies for the battlefield of the future and the war on terror and crime. One of the possible consequences of technological development is interference with the ability to govern. Corporations and even individuals will have the ability to block or divert the actions of governments in their favor, and sometimes contrary to the public good.

These are some general examples of a number of trends that must be introduced into thinking processes; otherwise, what seems like a solid reality may suffer from structural deviation. Moreover, these trends are inter-

connected: economic trends affect birth rates, and both have consequences for political developments in the domestic and international arenas, which in turn affect demographics and economics, and so on in an endless cycle, and over all of them looms technological development.

The Impact of Profound Trends on the Middle East

These global trends have implications for the Middle East. The emerging shift in the center of global economic gravity, for example, has a direct effect on all actors in the region, for two reasons. One is the direct outcome of the change, and the other concerns the security and political implications, and the consequent threats. The growth of Asian countries such as China and India is accompanied by their growing economic intervention in the Middle East, particularly in the energy sector, and they are joined by Russia, which is also exploiting the growing US turn to the east. For example, Chinese economic involvement has increased in the Middle East in general, and in the Gulf in particular, even beyond the energy aspect; China and Russia labor to play a part in Syria's reconstruction; and there is growing cooperation between Russia and OPEC.

Global economic changes naturally have diplomatic and security consequences, given the actors' needs to protect their respective economic interests. Examples include the Chinese port under construction in Gwadar, Pakistan, at the entrance to the Strait of Hormuz; the Chinese base up in Djibouti, providing control of the Bab-el-Mandeb Strait; construction of the Indian port in Chabahar, Iran; and the rivalry between the powers over control of the strategic port under construction in al-Duqm, Oman. Similarly noteworthy is Russia's growing political and military involvement in Middle East arenas such as Syria and Libya and even the Gulf, partly derived from economic interests, including those concerning the energy market.

At the demographic level, the emerging trend in the Middle East reflects increasing pressure due to high birth rates, overcrowding due to urbanization, and absence of the infrastructures required by the growing population. In the Middle East, the legitimacy of a ruler generally rests mainly on his ability to provide the people's basic needs.⁴ Therefore serious challenges for Middle East regimes are emerging, even for the oil kingdoms of the Gulf that still depend on a volatile oil market. This can be seen, for example, in the riots in early 2019 in a number of Arab countries – protests against the economic situation in particular and political situation in general, which

showed that the basic facts that led to regional upheaval essentially have not changed, and in certain cases have become even worse.

As in the political sphere, the weakening regional status and influence of the United States has created a vacuum that attracts increasingly brazen regional and international forces. These regional struggles also have domestic implications for Middle East regimes. The struggle for control of the power vacuum left by the United States and the difficulty of creating stable agreements require regional and international players to recruit allies from the countries they wish to influence. External involvement in Middle East countries reinforces existing ideological, ethnic, and religious rivalries, and whips up violent clashes, as in Libya, Yemen, Iraq, Syria, and Lebanon. These tensions compound the economic and demographic pressures mentioned above, all contributing to instability and the lack of effective levers to create regional balance and calm.

Ultimately, it is impossible to ignore technological changes and their significance for the region. Cyberspace, which has developed at an amazing rate over the past decade, is a new field that poses unprecedented challenges to regimes in the region. On the other hand, new technologies in the fields of medicine, water, energy, and food can make a significant contribution to the survival of regimes that are threatened by domestic problems, if they can muster the resources, access the relevant technology, and pay attention to the people. It appears that the lack of quality manpower in most Middle East countries deprives them of the ability to develop technologies themselves in the foreseeable future. The richer Gulf states can purchase technologies and experts, which is an important advantage, but this widens the gap between them and the others, and thus increases the threats they face. In the short and medium terms, regional and international players with access to technology have a lever to exert pressure. In the long term, the future of these countries depends on their ability to develop an educated population that can deliver technological and economic independence (as shown for example in the ambitious Saudi “Vision 2030”), and enable them to compete with regional elements.

Implications for Israel

The Global Level

A review of these global trends is the basis for the attempt to build a set of insights that are relevant for Israel. However, there is a structural problem in translating the trends that shape the international system to the operative

level. The global trends described above are evidence of threats facing Middle East actors, but it is hard to know where the next crisis will occur, within what time frame, and with what consequences. Nor is this necessarily the result of a particular Israeli policy, but part of broader trends. Alternatively, the choice remains whether to try to take part in and influence processes, or sit on the fence and tiptoe gingerly around them, based on narrow security needs.

In addition, while it is possible to distinguish the shift of the economic and perhaps also political center of gravity from Europe and North America to the Asian arena, it appears impossible at this stage to determine which actors will be the big winners and which the clear losers. Therefore, Israel must diffuse risks, while refraining from a gamble on one central actor, however promising it may seem (such as India or China). At the same time, it must avoid burning bridges with respect to Western players that could prove to be essential in the short and medium terms, and perhaps even in the long term, such as the European Union, and this should be reflected in Israel's allocation of its political resources and in the balance of strategic risks and opportunities.

The signs of trends toward political isolation, economic difficulties, and demographic slowdown severely reduce European bargaining power in the long term. Therefore even if Europe still holds important means of exerting pressure, or alternatively provides political support for Israel, these must not be taken for granted when planning twenty or thirty years

ahead. At the same time, the emerging cracks in the European front open a window of opportunity for Israel to bypass the EU as a united player with strong bargaining power, and to reinforce its bilateral links with individual European countries, which naturally have less bargaining power.

The other side of the coin concerns the Asian theater. Even if in the short term there appears to be a political price for rapprochement with the East (as shown for example by the Israel-China-US relationship), in the long term this arena offers considerable diplomatic and economic opportunities

for Israel. Despite its small size, Israel can exploit its relative advantages in the field of technology, and leverage them into areas such as food, water, and energy technologies. These fields will become more and more relevant as

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demographic pressure grows, and as climate change and natural disasters become more acute for the billions in Asia and Africa. If Israel continues to maintain its superiority in these fields, it will accumulate enormous bargaining power, even against far larger players.

The Regional Level

At the regional level, global trends appear to represent mainly threats for Israel, although there are also some opportunities. In the short, medium, and long terms the emerging trends create ongoing pressure that threatens the internal stability of many countries, and therefore regional stability as a whole. Accordingly, Israel must maintain a realistic approach in which the reliance on security regimes, international institutions, or established alliances should assume lower priority, if only due to the inability of fixed frameworks to adjust to the pace of change. However, in view of the growing involvement of foreign powers in the region, Israel must maintain an ongoing dialogue with each regarding relevant local issues, even as it avoids too much reliance on any one element, based on an understanding that the regional balance of rising and falling powers will continue to be dynamic.

In this situation, Israel must create bargaining power vis-à-vis as many local actors as possible, while seeking ways of acquiring guarantees from powers whose long term future in the region, like their ability to help, is unclear. This strategy has another benefit, namely, the spread of regional investments based on the assumption that sooner or later every local ally will face a real risk of falling due to interfacing pressures described above. Therefore, considering that further regional shocks are unavoidable, this will allow Israel to minimize the damage they could cause. Such bargaining power could work according to the “Jordanian model,” whereby the Hashemite regime is to a large extent dependent on the water it regularly receives from Israel. If Israel is able to develop its superiority in water, energy, and food technologies, the dependence of other countries in the region facing climate problems and demographic pressures could make Israel an essential regional element whose security is a central interest of its neighbors.

Conclusions

This article presents a methodology, an extra level in the decision making process, whose purpose is to shed light on trends that are not necessarily part of the inter-community discourse in Israel and that could affect its future. It is grounded in the understanding that decisions must consider

various future possibilities, and not only the current situation. In this framework, the Ministry of Intelligence set up an inter-agency and inter-ministerial voluntary forum in late 2017, with the aim of establishing a mechanism to “horizon scanning,” while taking into account, *inter alia*, global trends.⁵ However, identifying the trends is the “easy” part, because after that it is necessary to determine their degree of relevance for national security, that is, if, when, and how Israel will encounter them, and what is the required response.

When attention is mainly directed toward ad hoc responses to immediate challenges, it is harder to take a panoramic view of global trends, far from immediate and urgent needs. But recognition and understanding of these trends, and highlighting their possible consequences could be important when outlining long term policy. Moreover, understanding the link between global processes and local challenges, along with their reciprocal effects and significance is essential for planning policy. For that purpose, at the thinking stages, it is recommended to involve elements from outside the government system, the academic world, and think tanks – a change in the accepted way that Israeli government entities usually act.

Perhaps Israel is not directly included in the demographic trends found in the Middle East. However, even if at first glance it appears that global trends could bypass some countries, including Israel, it is ultimately impossible to exclude them from the situation analysis and their impact on policymaking.

Israel is a small country with a unique character, and some global trends are not relevant to it. Growing demographic pressure, for example, leading to megaurbanization and waves of migration in the Middle East has not found similar expression in Israel, for various reasons (although Israel was indirectly affected due to the massive demographic pressures that had security, political, and social implications on its immediate neighbors and on Europe). Similarly, climate changes reflected in droughts and food and water shortages all over the region should not significantly affect Israel, if only because of the advanced desalination knowhow and agro-technology available to it. Is Israel not implementing a policy that takes account of global trends and looks to the future? It is possible that the construction of water

desalination facilities along the Mediterranean coast in order to deal with water shortages, and the construction of smart fences along its borders to deal with migration and refugees are signs of this – certainly since

construction of this response only began when these trends were already knocking at its door.

If this argument is raised, it misses the rationale underlying the global trends methodology. The idea is not to present political, economic, and social changes that have a direct and simultaneous effect all over the world, even in a limited regional framework. Rather, in places where the trends are making a direct impact (even if it is not overt and clear), their influence is sufficiently important for all players in the regional or international system to taken them into account when considering long term policies.

Perhaps Israel is not directly included in the demographic trends found in the Middle East. Perhaps it can limit the waves of migration into its territory by means of fences and walls, or minimize the effects of climate change using the wonders of technology. However, fences or technology alone cannot isolate Israel from the reality of instability and instability when these occur in its close environment. The conclusion therefore is that even if at first glance it appears that global trends could bypass some countries, including Israel, it is ultimately impossible to separate their impact from the process of analyzing the situation and making decisions for the medium and long terms.

Notes

- 1 *Global Trends: Paradox of Progress* (Washington: National Intelligence Council, 2017), p. 11.
- 2 "Competition, Disruption and Deception: Global Trends 2018-2023," Global Business Policy Council, 2018, p. 6.
- 3 "Five Megatrends and their Implications for Global Defense & Security," PwC, 2016, p. 12.
- 4 Kobi Michael and Yoel Guzansky, *The Arab World on the Road to State Failure* (Tel Aviv: Institute for National Security Studies, 2016), pp. 17-24.
- 5 Noam Alon, "Scanning the Horizon: A Process to Help Decision Making Processes at the National Level," Intelligence Heritage Center and the Institute for Research into Intelligence Methodology, July 2018, p. 1.