

STOCK MARKET PLUNGE TRIGGERS MASS SELLING OF ISRAELI SHARES

THE KLAU LIBRARY

TEL AVIV, Oct. 20 (JTA) -- A frantic selling spree and a bomb scare shook the Tel Aviv Stock Exchange Tuesday as fearful investors reacted to Monday's crash of the New York stock market.

It was probably the most tumultuous day in the history of the Tel Aviv bourse and could not have come at a worse time for the country's financial markets and the economy as a whole.

Tuesday was the last day that holders of government-backed Israel bank shares had to decide whether to redeem them or hold out for a higher return payable in 1989. Treasury officials had estimated Monday that about \$700 million worth of bank shares would be cashed by the public and, hopefully, re-invested in other shares or in saving plans.

But the news from Wall Street and its reverberations in financial markets around the world apparently triggered a mass dumping of all securities, an event the Finance Ministry and the Bank of Israel had hoped to avoid.

Many bank-share holders who had indicated only a day ago that they would hold on, decided Tuesday to sell out and buy durable or consumer goods. This, economists fear, will set off a new round of runaway inflation, with devastating effects on the government's long and generally successful efforts to hold the line against inflationary trends. An estimated \$1.2 billion worth of bank shares could be cashed in by the end of the month.

Shareholders Opted Out

By noon Tuesday, the banks reported that 50 percent of their shareholders had opted to sell out for cash.

The present situation stems from the wave of panic selling in October 1983 when holders of bank shares -- a major form of savings in Israel -- converted to cash following reports that the country's largest banks had been systematically inflating the value of their shares to keep prices up.

The Treasury intervened to bail out the banks -- most of whose directors were forced to resign -- and offered shareholders incentives not to sell. The Finance Ministry promised that every \$100 worth of shares they held in 1983 would be redeemed at the shekel equivalent of \$112, payable Oct. 28, 1987. Oct. 20 was the deadline to decide.

Investors who agreed to hold their shares for another two years would receive the shekel equivalent of \$134 per \$100, payable in 1989. The shares, however, would be negotiable at current prices, starting Nov. 1, 1987.

But all bets seemed to be off when the bottom dropped out of the New York market Monday. The Dow Jones average declined by 508 points, its worst fall in history, raising the spectre of a worldwide depression such as was triggered by the stock market crash of October 1929.

At one point Tuesday morning, trading was halted temporarily on the Tel Aviv board. The exchange managers said the reason was technical,

to allow their computers to catch up with the frantic trading.

But before this occurred, an investor, not identified, telephoned to say he would blow up the stock exchange unless trading was stopped. The bomb squad was called in, but no explosives were found.

Most shares were registered as "sellers only," which means under exchange rules that they will be automatically marked down by 5 percent when the exchange opens Wednesday.

Yossi Nitzani, director of the Tel Aviv exchange, told reporters later than there was no logical connection between the rush to sell in Israel and the precipitous drop on Wall Street because the Israeli economy is in good condition.

Nevertheless, Israel's economy is tied to the United States. Defense Minister Yitzhak Rabin said Tuesday that events there could affect U.S. military aid to Israel.

"I was among those who believed we faced uncertainties from the economic situation in the U.S.," Rabin said, referring apparently to the serious American budgetary and trade deficits. He said that is one reason he favored abandoning the Lavi jet fighterplane project which was financed by American military grants.

"I hope the U.S. will overcome its economic difficulties, and especially that they will not have any effect on American foreign policy, in which foreign economic aid is one of the major components," Rabin said. He added that he hoped American efforts to balance their budget would not be at the expense of foreign aid.

SOME HARM FOR JEWISH AGENCIES FORESEEN DUE TO STOCK DECLINE

By Andrew Muchin

NEW YORK, Oct. 20 (JTA) -- Jewish agency professionals generally were of two bents Tuesday when asked to evaluate the effect of the rapid decline of the stock market this week on their agencies, which depend on financial gifts.

Most told the JTA that fund raising would likely be impaired, but they noted that the suddenness of the drop in stock prices and the market's subsequent volatility made accurate predictions impossible. But one pointed specifically to likely short-term cash-flow problems.

And they all hastened to add that operations would not be diminished and that there was no panic among their major givers.

At issue were two major considerations: gifts by individuals; and philanthropic and endowment funds that have been invested in stocks.

"The collapse of the stock market is a matter of concern, but it is too early to make any prediction," said Dr. Steven Nasatir, executive vice president of the Jewish Federation of Metropolitan Chicago.

He acknowledged that the federation's stock investments probably lost value, "but I cannot tell you to what extent. We will know better in a few days." A New York stockbroker and Jewish lay leader who asked to remain anonymous noted that the stock fluctuations would have "significant implications on giving. There were people wiped out. I met people who lost a third of their life's

savings." He added that "if people lose money, they give less."

Ernest Michel, executive vice president of the UJA-Federation of New York, seemed to be less alarmed. He said he anticipated that many major givers would be temporarily forced to pay their contributions late, but he didn't observe panic.

"I foresee over the next several weeks a cash-flow problem that will affect our agencies," he said. That means the beneficiary agencies domestically and abroad of the agency's \$150 million allocations budget all may receive less funding than expected in the short term, he explained.

But, he added, "I'm sure we're not alone in that, and I'm sure not only Jewish philanthropy, but philanthropy in general -- hospitals, museums, everybody -- will be affected by it."

Michel is more concerned about philanthropic funds. He declined to describe the size of those of the UJA-Federation, but conceded that a portion of its funds, which provide "a large amount of income to the organization," were invested in stocks.

"Those portfolios have been reduced on paper," he said. "It is worth much less than it was last week." However, because some of the income derives from dividends per share of stock, Michel seemed certain that "the income will continue ... Hopefully companies will maintain their dividends."

He said that the lay leaders who invest these funds "eventually will deal" with the stock ramifications.

"We have no plans to do anything other than going on with our activity," he said. He expressed relief that the UJA-Federation held major fundraising campaign functions last week and two weeks ago, and scheduled others for mid-November and December.

Beyond next month, he looked for the economy to recover.

Endowment Damage Possible

It's too early -- and probably impossible-- to assess the damage to the \$2 billion held in philanthropic and endowment funds of North American Jewish federations, according to George Kessler, director of the endowment department of the Council of Jewish Federations, the umbrella organization of North American Jewish communal federations.

"There's no way to quantify it, no way to prove it," he explained.

If the market doesn't recover, endowment giving may be harmed, he noted, with "the same impact on endowment gifts as on annual campaigns."

"There are a lot of other factors here," he explained. Citing Jewish communities in oil-producing areas, he said "there are an awful lot of people who are individually very well-to-do whose companies aren't doing well," meaning that their giving continues at high levels despite business arrears.

As for the philanthropic and endowment funds, the degree of harm will depend upon how heavily they are invested in stocks, he explained.

"The smaller the federation, the less likely they are to have been involved in any of this area. Conversely, the larger federations are more likely to be involved in such equities, but as a rule they have balanced portfolios. They are also very conservative," Kessler said. Federation

philanthropic fund investment in stocks can range from nil to 50 percent of the total, according to Norman Sokoloff, a former CJF staffer who now serves as executive vice president of the Jewish Communal Fund of New York, an independent endowment organization allied with the UJA-Federation of New York.

Thus, he saw the stock market decline as potentially harmful for some federations. Of course, he said, "it's all according to what they're invested in." His fund has about 13 percent of its \$218 million invested in stocks, he said.

Sokoloff said despite the stock market debacle, he is confident of economic recovery, because of the relative strength of other leading economic indicators -- the inflation and unemployment rates and corporate growth. If the economy does recover, the fund will likely grow and any new Jewish philanthropic problems in general will decline.

UJA Effuses Optimism

The United Jewish Appeal, which channels federation contributions to Israel, released an optimistic statement Tuesday: "We follow, as do others, developments concerning the stock market, but we have no immediate indications that we would be affected. Our campaigns have continued to increase each year for many, many years, regardless of the fluctuation of the stock market. Historically we have continued to show increases, and we are optimistic that this will continue to be the case."

A spokesman noted that the 1987 campaign, which will end in December, has amassed an estimated \$725 million. He added that most gifts reaching UJA were in cash, not in stocks.

Regarding American investments in Israel, the stock market decline will have no "direct and immediate" effect, according to Karen Chaikin, public relations director of AMPAL-American Israel Corporation, which finances and invests in Israeli economic enterprises.

Israeli stocks on U.S. exchanges fared in a variety of ways Monday, from no change for Elscint to a loss of 35 percent for Etz Lavud.

Initial reports from continental Europe, meanwhile, indicated that Jewish communities and individual Jews there were likely to escape relatively unscathed from the stock exchange turmoil.

Contrary to Wall Street, Jews play only a minor role as stock brokers and investors in the financial markets of France, West Germany and Switzerland.

(JTA correspondents Yitzhak Rabi in New York and Edwin Eytan in Paris also contributed to this story.)

WOMEN'S LEAGUE WARNED ABOUT REAGAN'S SOCIAL AGENDA By David Friedman

WASHINGTON, Oct. 20 (JTA) -- The Reagan administration will try to push through by executive action the "right wing" social agenda it has been unable to get Congress to adopt, a Jewish spokesman warned Tuesday.

Rabbi David Saperstein, co-director and counsel of the Religious Action Center of Reform Judaism, told the 200 women attending the 20th biennial World Affairs Conference of the Women's League for Conservative Judaism that the administration has given up on trying to achieve its goals through legislative means. "They will now turn to executive fiat and administrative regula-

tions to win victories in such areas as abortion, school prayer and immigration, in which they have the full support of the nation's right wing forces," Saperstein said. As examples, he pointed to the continued reduction of federal support for family planning and the order to public funded health facilities not to provide information on abortion.

He urged the Women's League members from across the nation to "be ever vigilant" to prevent this effort from succeeding.

The Women's League cited its 1982 resolution opposing any move to stop funds or services on abortion.

"Reverence for life is the cornerstone of our Jewish heritage," the resolution said. "Since abortion in Jewish law is primarily for the mother's physical or mental welfare, we deplore the burgeoning casual use of abortion. Abortion should be legally available, but ethically restricted... and must not be undertaken lightly."

The two-day conference opened Tuesday with a call to the Democratic and Republican parties to launch an educational campaign to ensure that women will have an equal opportunity with men to seek elective office, including the presidency.

"We are deeply disturbed by the American political candidate selection process which fails to exercise fair consideration of female candidates," Evelyn Auerbach, president of the Women's League, said in letters to Frank Fahrenkopf, chairman of the Republican Party, and his Democratic counterpart, Paul Kirk.

The letter read to the conference participants stressed that women would seek the presidency "if they felt they would be given an even chance by those who choose candidates."

POLICE DEPLORE OLD-CITY VIOLENCE By David Landau

JERUSALEM, Oct. 20 (JTA) -- Violence by Jewish and Arab youths in and around Jerusalem Monday drew a strong response from police. Tear gas and baton charges were used to disperse Arab high school students who hurled rocks and debris at Israeli vehicles near the Givat Zev suburb and Ibrahimiye College on Mt. Scopus.

Three yeshiva students were arrested in the Old City after a fracas in the marketplace that put four Arab youths in hospitals. Eyewitnesses said at least seven yeshiva students engaged in a pushing and shoving match in the crowded area. Five of them reportedly bludgeoned Arab youths with clubs and were chased by police through winding streets and alleyways before three were caught.

Border police reinforcements were called in to help restore order. The police described the incident as "hooliganism" of a serious nature. The Jewish youths are students at the Shuva Banim yeshiva near the Moslem quarter of the Old City. Its student body has been involved in violent clashes with Arabs in the past.

Last winter, the fatal stabbing of one of the students, Eliahu Amedi, allegedly by an Arab, triggered several weeks of assaults and vandalism against local Arabs and their property. It spread from the Old City to a suburb of west Jerusalem where the victim had lived.

The yeshiva, which specializes in the religious training and rehabilitation of delinquent youths, has long been considered a trouble spot by police. Nevertheless, local authorities describ-

ed Monday's outbreaks in Jerusalem as mild compared to disturbances in the administered territories in recent weeks.

SIX LONG-TERM REFUSENIKS GET PERMISSION TO EMIGRATE

NEW YORK, Oct. 20 (JTA) -- Six more long-term refuseniks, some of them denied exit visas on grounds they possessed state secrets, have been granted permission to leave the Soviet Union, and one of them, a much decorated World War II hero, has already left, the National Conference on Soviet Jewry (NCSJ) reported.

According to the NCSJ, Col. Lev Ovsishcher, who fought with the Red Army, departed for Israel Monday. He had been denied a visa for 15 years on secrecy grounds and was stripped of his rank when he first applied.

Ovsishcher is expected to be followed shortly by Leonid Yusefovitch, Mark Shifrin, Andrei Lifschitz, Boris Fridman and Evgeny Yakir, all with their families.

Yusefovitch, whose wife, Ekaterina, is a Hebrew teacher in Moscow, refused to report for military reserve duty two months ago because he considered himself a citizen of Israel. The couple was first refused exit permits in 1981 because Leonid allegedly was privy to state secrets.

The same pretext was given Fridman, engineer and an activist from Leningrad, when he first applied in 1978. His wife, Ludmilla, suffers from cancer and is an invalid.

Shifrin and his wife, Slava, first applied to emigrate in 1981. Lifschitz was first refused in 1978 and has since worked as a janitor. He and Shifrin are both engineers and religiously observant.

Alleged "secret" work as a mechanical engineer deprived Yakir of a visa when he applied in 1974. His wife, Rimma, is a computer engineer. Yakir's father and uncle were generals in the Red Army, killed when Stalin purged his officers' corps shortly before World War II.

The Yakir family was adopted by Congregation B'nai Jehudah, in Kansas City, Mo., on Yakir's 54th birthday, June 8, 1985. The Mayor of Kansas City proclaimed "Evgeny Yakir Day" at the time.

But while more refuseniks are being granted exit permits, all is not well for the family of Anna Kholmiansky, wife of former Prisoner of Conscience Aleksandr Kholmiansky. She began a hunger strike Sunday to protest the continued refusal of Soviet authorities to grant them permission to leave the USSR, the NCSJ reported.

In the case of the Kholmianskys, refusal is based on a rule requiring anyone seeking to emigrate to obtain a statement from his or her parents that the applicant has no financial obligations toward them.

"These parents who wish to prevent emigration of their children may do so by refusing to issue such a document," Anna Kholmiansky stated in a letter to the authorities announcing her hunger strike.

"No other proofs are accepted and the authorities wash their hands, claiming the problem to be purely a family one. Thus, this ingeniously designed clause allows the authorities to hold people here for generations without affecting the image of a new Soviet liberalism," Kholmiansky said in her letter, which was made available to the NCSJ.

**CONFERENCE FOCUSES
ON 'DEMOGRAPHIC CRISIS'**
By Gil Sedan

JERUSALEM, Oct. 20 (JTA) -- Israel, which faces serious demographic problems because of the disparity between the Jewish and Arab birth rates, is responsible nevertheless for offsetting demographic losses among diaspora Jews, according to material presented here at a conference on the demography of the Jewish people.

Some 200 scientists and Jewish community leaders from 20 countries are attending the conference, which opened Monday.

Conference participants were told that it is doubtful how long Israel can hold the line in the "demography crisis," which is aggravated by the high incidence of intermarriage and assimilation in the two largest diaspora communities -- the United States and the Soviet Union.

At present, the world Jewish population is about 12,881,000 including 3,521,000 Jews living in Israel. But by the year 2000, the global Jewish population is expected to decline to 12,212,000 and regress to the growth rate of the 1960's.

If these trends are not reversed, the demographers warned, the limited natural increase of Jews in Israel will not suffice to compensate for losses in the diaspora communities.

Prof. Mordechai Altshuler of the Hebrew University told the conference that close to half of Soviet Jews marry non-Jews and the vast majority of the children of these mixed marriages choose to register as non-Jews.

Altshuler estimated the number of Jews in the USSR as no more than 1.5 to 1.6 million. Higher numbers often cited reflect either wishful thinking or politics, he said. In fact, Soviet Jewry has entered a period of accelerated decline, according to Altshuler. It is now decreasing at an annual rate of 1.5 percent compared to 1 percent in the 1970s.

Jewish emigration from the USSR since the early '70s has left behind a Jewish population with a low birth rate, a high percentage of old people and a high proportion of mixed couples, Altshuler said.

The situation is not much better in the United States, according to Prof. Sidney Goldstein of Brown University in Providence, R.I. He said that intermarriage has been increasing among American Jews in the past decade, fewer of the non-Jewish partners have converted to Judaism and fewer of their children are being raised as Jews.

Journalists attending the conference were skeptical when one of its organizers, Prof. Roberto Bachi, said its "main purpose was to find out what is happening inside the Jewish people." Reporters wanted to know how the crisis could be solved by discussions in a conference room.

Goldstein replied, "The first step in developing population policies is to understand what is happening." He said, "In that respect, we know less about ourselves around the world than many other peoples know about themselves, including developing countries." One practical measure the conference is proposing is to conduct a census of world Jewry every decade, starting in 1990.

Bachi suggested that Jews "learn from the lessons of other countries that have succeeded in coping with the (demographic) challenge." He said that France, West Germany and Eastern bloc countries provide examples of how correct government policies caused positive change.

He noted that whereas fertility rates in both West and East Germany were stagnant 10 years ago, the rate in East Germany has since increased by 36 percent due in part to incentives given large families, such as a year of paid leave for working mothers after birth.

Dr. Baruch Levy of the government demography center here said all Israeli governments since 1967 have discussed the problem "but leaders did not really deal with it." More recently, the gloomy forecasts have led to an awareness by decision-makers that the problem must be dealt with. He said he hoped the conference would spur action at the government level.

Israel Singer, secretary general of the World Jewish Congress, suggested that the issue was not simply one of numbers but the need to inject more Jewish content into Jewish life. That can be done by developing and improving Jewish education in the diaspora, he said.

NAKASH EXTRADITION BAN TO END
By Hugh Orgel

TEL AVIV, Oct. 20 (JTA) -- The Jerusalem rabbinical court backed away Tuesday from its halachic ruling that the extradition of William Nakash be delayed for six months or longer out of consideration for his wife.

After a lengthy session Tuesday, the court announced its ban would end on Dec. 1. The Supreme Court has already ordered Nakash's extradition to France, where he was convicted in absentia for murder and sentenced to life imprisonment. The French authorities, however, have agreed to a second trial.

The rabbinical court intervened to protect Nakash's pregnant wife from the status of agunah -- an abandoned woman -- should her husband have to serve a lengthy sentence abroad. Religious law prohibits an agunah from remarrying.

The rabbinical court said it would continue its efforts to persuade Nakash to grant his wife a provisional divorce which she could invoke at any time.

DU PRE DEAD AT 42

PARIS, Oct. 20 (JTA) -- Jacqueline du Pre, whose distinguished career as a cellist was cut short when she was stricken by multiple sclerosis 14 years ago, died of the disease in London Monday night at the age of 42. She had been married since 1967 to Israeli conductor and pianist Daniel Barenboim, who presently heads the Paris Orchestra and the Bastille Opera.

TEL AVIV (JTA) -- The death toll caused by the fierce storm that thundered into Israel last weekend has risen to seven. Two soldiers originally reported missing in the Negev were found and rescued by helicopter Monday morning.

Two passengers in a car overturned and washed away by a flash flood in a wadi near Beersheba were drowned, and a young Druze army officer who went to their rescue was also torn away by the raging waters.

Two young men and a woman from the Gaza Strip township of Khan Yunis were killed by lightning strikes while working in fields, and an 18-year-old Bedouin boy was found dead after a search in Beersheba.