



# Daily News Bulletin

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86th Year

## TOP NEWS IN BRIEF

### Official: Israel safer after Iraq war

The war in Iraq has greatly improved Israel's security, an Israeli intelligence official said.

"There is no Eastern front" following the war, Maj. Gen. Aharon Ze'evi-Farkash told Israel's Channel 10 Television on Sunday. In addition, the war has weakened Syrian President Bashar Assad and Hezbollah, Farkash said.

### Sharon: Won't boycott meetings

Israeli Prime Minister Ariel Sharon said he is committed to reaching a political settlement with the Palestinians. Sharon's remarks Sunday at the weekly Cabinet meeting came as he was due to consult with defense officials on confidence-building measures to boost the standing of Palestinian Authority prime minister-designate Mahmoud Abbas.

In a related development, Sharon and Finance Minister Silvan Shalom decided Sunday that they would not boycott meetings with international leaders who visit Israel and also meet with P.A. President Yasser Arafat.

### Abbas: Let Arafat go

The Palestinian Authority's prime minister-designate said he would not travel abroad to discuss peace until Israel allows Yasser Arafat to travel freely again. Mahmoud Abbas' comments are seen as an attempt to raise his standing in Palestinian eyes.

Meanwhile, Israel said it would allow Palestinian legislators to travel to Ramallah on Tuesday to ratify Abbas' Cabinet.

### Sexual allegations surround rabbi

The newly elected chief Ashkenazi rabbi of Israel has been linked to sexual misconduct.

The disclosures prompted some Israeli legislators to call on Chief Rabbi Yona Metzger to suspend himself from his duties until the attorney general investigates the allegations.

Israeli Justice Minister Yosef Lapid told Israel Radio on Sunday he would not instruct the attorney general to launch a probe until a formal police complaint is filed. Lapid was responding to allegations in weekend news reports that Metzger had been accused of sexually harassing male youths in the past.

No police complaints have been filed. Metzger's aides denounced the allegations as a smear campaign.

## THE SLUMPING ECONOMY

### It's not business as usual for most family foundations

By Joe Berkofsky

SAN JOSE, Calif. (JTA) — In the past two years, the Manuel & Rhoda D. Mayerson Foundation of Cincinnati has plummeted in value by some \$4 million.

Yet the \$20 million foundation this year is expanding its Jewish giving, which amounts to about one-third of its total grants.

The foundation, launched 15 years ago, funds such local efforts as Dor L'Dor, which brings seniors to Jewish day schools to lecture, and Keshet, a network for Jews with disabilities.

Neal Mayerson, son of the founders, says the foundation has escaped tough economic times in part because the family remains active in the real-estate business.

Thus the group hasn't seen its assets wither in the souring stock market as have many of the estimated 7,000 Jewish family foundations.

"It's business as usual for us," says the foundation's director of Jewish giving, Pam Saeks.

For other Jewish family foundations, however, it's anything but. From the \$180 million Walter & Elise Haas Fund in San Francisco, whose namesakes built the Levi Strauss jeans company, to relatively modest upstarts such as the \$1 million Joshua Venture, Jewish foundation assets are getting buffeted by the bear market.

Many foundations, it seems, are digging in for a long fiscal storm, either limiting their annual grants or narrowing their overall scope.

"By and large, asset bases are way down, and most funds allocate off their asset base," says Mark Charendoff, president of the Jewish Funders Network, which serves as the unofficial clearinghouse for Jewish foundations and the nonfederation philanthropic world.

The declining stock market served as the backdrop to this year's 13th annual conference of the Jewish Funders Network, which earlier this month drew some 300 representatives of Jewish family foundations, large and small, to San Jose, Calif., to peer into the future of Jewish foundation philanthropy.

So far no one has compiled any precise data gauging the economy's impact on the Jewish foundation world.

Yet anecdotal evidence from the conference, one informal survey of participants and one larger study of the wider family foundation world show everyone is hunkering down for tougher times.

And increasingly for Jewish causes, that matters.

The community still relies on the traditional organized federation world for support, but the more entrepreneurial family foundations have become the alternative form of philanthropy.

The United Jewish Communities, the umbrella of 156 federations and 400 smaller communities in North America, raised \$840 million in 2002 in addition to \$328 million for an Israel Emergency Fund, according to Michael Fisher, a consultant for the UJC.

In the federation world, the faltering economy seems to have left little impact. In 2003, the federations have already secured \$566 million in general pledges by Passover, Fisher said.

Despite a "lousy" economy, he says, "when Jews are in need, Jews dig deep and come up with big bucks."

It's a completely different story for foundations. An e-mail survey of conference

## MIDEAST FOCUS

### Sides to see 'road map' first

The United States will show Israel and the Palestinians a draft of the "road map" for peace before unveiling the final version, an aide to Ariel Sharon said Sunday.

Briefing the Cabinet on his recent talks in Washington, Dov Weisglass said the United States wanted comments from both sides before finalizing and publishing the document.

Weisglass said Israel is demanding that the Palestinians issue a declaration recognizing Israel's right to exist, stating their desire to end the conflict and renouncing the demand for Palestinian refugees' "right of return" to the Jewish state, Israel Radio reported.

In exchange, Israel would declare at the start of negotiations that it recognizes a future Palestinian state alongside Israel, the report said.

### King: Conflict harms Arabs

The Israeli-Palestinian conflict prevents the Arabs from implementing democracy, Jordan's King Abdullah II said. Abdullah made his comments Sunday in an interview with CNN.

"With the cloud of the Israeli-Palestinian, Israeli-Arab issue hanging over our heads, we'll never have the secure, stable atmosphere, not only in Jordan, but throughout the region, to be able to develop in the way that we want," he said.

### Slain Israeli to be buried

An Israeli security guard killed last week in a suicide bombing in Kfar Saba will be buried in Israel and not in Ukraine, as his family originally planned.

Alexander Kostyuk, 23, of Bat Yam, was killed April 24 when he blocked the terrorist from entering the Kfar Saba train station. Some 20 people were wounded in the attack. Kostyuk's family initially said he would be buried in Ukraine.

participants by the Jewish Funders Network found that of 180 foundations that replied, 27 of them, representing \$161.3 million in funding in 2002, said they expected their allocations to shrink to nearly \$134 million in 2003, a drop of 17 percent.

When asked how they were dealing with the economy, the highest number — 35 percent — said they would be cutting the number of grants they awarded in 2003, while only 11 percent said they would award more grants this year. The rest said the number of grants would remain the same.

Of those survey participants, 19 percent also said they would be narrowing their philanthropic mission, while 3 percent said they would be expanding their focus.

As Charendoff sees it, foundations are taking two main paths.

"Either you're viewing this as a time of crisis, and you're hunkering down and wondering about preserving, or you're viewing this as a time of opportunity," Charendoff says.

Urging more tzedakah, or charity, Charendoff exhorts foundations to increase the 5 percent portion of their endowments they are legally required to award each year in order to retain their tax-exempt status.

If a foundation has a multimillion endowment, "the difference between 5 percent and 8 percent is huge," he says.

One of those big givers is the Charles and Lynn Schusterman Family Foundation of Tulsa, Okla., which awarded \$12.75 million in 2002 and is planning to give some \$14 million this year.

The foundation awards 75 percent of its grants to Jewish causes such as birthright Israel, which sends young people to Israel and also focuses on problems such as child-abuse prevention.

"This is such a time of need out there, I felt I really needed to step up what we were doing" for Jewish and non-Jewish causes, Lynn Schusterman says.

And the Walter & Elise Haas Fund, which awarded nearly \$11.9 million in grants in 2002, about 40 percent to Jewish causes, is actually raising its annual 5.5 percent giving limit to 6 percent, says Robyn Lieberman, the group's program officer.

"The idea was, there was more need out there, and we were not eating into our corpus significantly," she says, using the term for their total assets.

Meanwhile, the San Francisco-based Koret Foundation, which awards half of its \$15 million to \$20 million annually to Jewish causes, is keeping a tighter rein on its spending, says Sandra Edwards, the group's director of grants.

The Koret family, which made its money in women's fashion, built a \$300 million endowment during the past 25 years that is now approaching a "maturation" phase, Edwards says.

"We're scrutinizing projects more closely," she says. "We've moved to a proactive kind of grant making," and taking a more "business-like" approach.

Yosef Abramowitz, a trustee of the Richard Wortman Family Foundation of Los Angeles, says the economic downturn has actually helped grant seekers like his publishing company Jewish Family & Life, which has built a track record in recent years.

Mega-philanthropist Edgar Bronfman came to Abramowitz with the idea of launching MyJewishLearning.com, a Web portal into Jewish education and ideas. With \$2 million in backing from Bronfman and Schusterman, as well as mega-donor Len Abramson, Jewish Family & Life and Hebrew College President David Gordis co-produced the new Web site.

But Charendoff and others caution that studying the annual charitable fluctuations of family foundations remains only one measure of their health.

In part that's because foundations often award a lump sum of each grant in one year, then continue smaller awards in typical three-year cycles.

Economic turbulence also hits philanthropy in a less visible way, he adds.

The rise and fall of various financial markets also dry up the cash flowing into foundations' various investments. So while a foundation may meet its \$1 million in grant commitments in a given year, Charendoff says, it may have less cash on hand for new projects.

"That new money is the value added that allows not-for-profits to experiment," he says. "That's an impact on the field that's much broader and deeper than you would normally intuit." □



## Daily News Bulletin

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## JEWISH WORLD

### Rabbis can OK mixed marriages

Some British rabbis have been OK'd to offer marriage blessings for mixed-faith couples in synagogues.

The decision, approved by a rabbinic conference of the Union of Liberal and Progressive Synagogues, allows rabbis at their own discretion to bless mixed marriages in public.

But the union made clear that the blessings are not in lieu of Jewish weddings and have no status in civil law either.

### U.S. praised on war criminals

The United States was successful in bringing Nazi collaborators to justice, the Simon Wiesenthal Center said.

Austria was criticized for its failure to track down war criminals, the group said in its annual report on Nazi hunting. Between April 1, 2002, and March 31, 2003, seven convictions of Nazi-era war criminals were obtained — six in the United States and one in Germany.

### SARS kills Toronto Jews

A Jewish couple from Toronto died of SARS.

The elderly couple apparently contracted SARS when the man was hospitalized for an unrelated heart condition and was placed in the same room as a SARS patient, according to the Jerusalem Post.

The man's wife then contracted SARS as well.

### French court: Carpet is kosher

A Paris court dismissed a Jewish group's lawsuit against Bernadette Chirac, the wife of President Jacques Chirac, that claimed she had illegally transferred a carpet stolen from Jews during World War II.

Judge Bernard Velette upheld the Ministry of Culture's argument last Friday that the Jewish Association of War Spoilees had confused a Louis XIV carpet in the presidential Elysee Palace with a 19th-century one at Paris' City Hall, which had been stolen from Jews by the Nazis.

### Saddam auction: real or ruse?

A person claiming to be an Israeli journalist is trying to sell two rocks purportedly from one of Saddam Hussein's destroyed palaces.

The eBay listing shows a hand holding a stone, and the description says the seller is a "reporter from Tel Aviv, Israel" who collected the stones in Baghdad from a palace "demolished by a U.S. rocket." The asking price was \$10; by Sunday the bids had reached \$15.50.

Two Israeli journalists who were in Iraq during the U.S.-led war denied any link to the posting, the daily Yediot Achronot reported.

## Supreme Court hears arguments on state Holocaust insurance law

By Tom Tugend

LOS ANGELES (JTA) — Some 20,000 California residents may find it harder to obtain payments on Holocaust-era insurance policies if the U.S. Supreme Court strikes down a state law meant to aid survivors and heirs of Jews killed by the Nazis.

The Supreme Court heard oral arguments last week on the constitutionality of California's Holocaust Registry Law, which would bar European insurers and their American affiliates from doing business in the state if they refuse to publish a full list of all policy holders between 1920 and 1945.

Many, if not most, of the Jewish policyholders perished in the Holocaust, and their descendants say that the insurance companies have stonewalled demands for payments over some 50 years, often maintaining that they could find no records of the policies.

The insurance companies, joined by the U.S. Justice Department, argued that the federal government has sole jurisdiction in the matter and that all claims should be processed through an international commission established in 1998.

Critics argue that only a trickle of claims have been resolved by the commission, which is funded entirely by European insurance companies.

The court will make public its ruling on the case in late June, but from the tone of the justices' comments and questions, it is widely expected that California will lose.

"The law makes reference to Nazi-controlled Germany and the Holocaust, none of which is California's concern," Justice Anthony Kennedy said during the oral arguments.

Although not all provisions of the California law are at stake in the Supreme Court hearings, attorneys currently litigating related cases believe that if the court rules for the insurance companies and the federal government, Holocaust survivors in California — and in five other states with similar laws — will have an even more difficult time collecting adequate payments in the future.

Following the hearings, California Gov. Gray Davis pledged that his administration would continue to fight for the rights of Holocaust victims and said that "it would be a travesty for the Supreme Court to wipe out this potential tool for survivors to verify their families' insurance policies." □

## Compensation claims in France continue to climb, new report says

By Philip Carmel

PARIS (JTA) — Compensation claims by Holocaust survivors and their families against the French government have doubled over the course of the past year, reaching tens of millions of dollars, according to the latest report by a government commission.

Set up in 1999, the Commission for the Compensation for Victims of Spoliation, or CIVS, is charged with investigating compensation claims resulting from anti-Semitic legislation enacted by the collaborationist Vichy regime during World War II, including the confiscation of property and the freezing of Jewish bank accounts.

The CIVS followed the work of the Matteoli Commission, which was set up by the previous government in 1995.

For the first time since the war, that commission established the role played by the Vichy regime in the confiscation of Jewish property.

In his annual report to Prime Minister Jean-Pierre Raffarin, the CIVS chairman, Pierre Draï, wrote that the CIVS had made an average of 250 recommendations per month for compensation over the course of 2002.

As of March 31, the commission had received 14,400 claims, from which it had made 5,600 compensation recommendations to the government.

The claims have reached approximately \$94 million, of which the state is responsible for around 95 percent of the amount, or \$91 million, to compensate for "material confiscations" such as business properties and apartments.

The remainder of the amount was accounted for by claims against banks for Jewish accounts frozen by the Vichy regime, the report added. □

## BEHIND THE HEADLINES

**Immigrant group sues government as fight rages over Israeli budget**

By Matthew Gutman

TEL AVIV (JTA) — There is an apt Israeli term being used to describe the effect of the cuts proposed in this year's austerity budget: "cutting into live flesh."

Financial wizards and kiosk vendors alike know that the government intends to slice so much fat from the budget that almost every segment of Israeli society will suffer.

But the issue of budget cuts for immigration and absorption has become so acrimonious that the Jewish Agency for Israel, the quasi-governmental authority that handles immigration, took an unprecedented step earlier this month by suing the government for cuts it says will cause the state strategic harm.

The controversial budget proposal, which aims to slice 10 percent from each ministry, lay off thousands of workers and slash public sector wages, is to be debated in the Knesset on Wednesday.

"The cuts send a bad message," said Mike Rosenberg, director general of immigration and absorption for the Jewish Agency. "The government is shooting itself in the foot" by possibly harming immigration, Israel's lifeline.

At issue is the effective revocation of several key absorption benefits for immigrants. Foremost is a \$27 million fund that allocates full scholarships to university students, which the Finance Ministry had intended to cut by more than 90 percent — before ultimately agreeing to cut it by less than 5 percent.

Next came measures to minimize mortgages and terminate housing grants, which most experts consider a primary anchor for new immigrants.

In addition, the Finance Ministry has pledged to terminate many incentives for immigrants, such as tax exemptions on new cars, appliances and other items brought from abroad.

If passed, legislator and former Absorption Minister Yuli Edelstein said, the measures could seriously hamper the absorption of poorer immigrants, especially Ethiopians.

"Without the grants in housing, the Ethiopians would especially be harmed, and stuck perpetually in government-funded absorption centers," he told JTA.

According to Rosenberg, Ethiopians and immigrants from other economic trouble spots such as Argentina depend on the housing grants. For many Ethiopians, the grants amount to about 90 percent of the price of their homes.

Argentines receive approximately 40 percent, "but since they come for economic reasons they also depend on it," Rosenberg said.

In the grant's stead, the government has suggested a \$35,000 mortgage payable over 25 years, something the Jewish Agency consistently has argued against.

On April 14, a day before the housing cuts were to go into effect, the Jewish Agency petitioned the High Court of Justice against the government, the prime minister, the finance minister and the Housing Ministry.

It was one of the only times the Jewish Agency has filed a legal challenge to the government since the State of Israel was founded more than half a century ago.

The petition earned the Jewish Agency and the immigrant community a temporary reprieve, even though other parts of the

austerity package already have taken effect. Justice Mishael Cheshin ordered the government to explain the reasoning behind the cuts, and scheduled a follow-up hearing for May 8.

Immigrant organizations and individual immigrants also have appealed to the court.

Instead of rehabilitating the economy, Rosenberg believes the cuts could debilitate it by reducing the number of homes built and burdening welfare agencies by leaving immigrants languishing in absorption centers.

"Everyone understands that drastic steps have to be taken," Edelstein said, "but it's not a very clever move here on the government's part. The government has to remember that immigration is an investment that eventually pays off."

At the beleaguered Finance Ministry, officials are exasperated.

"There is nothing that is 100 percent effective for all parties, that's obvious," spokesman Eli Yosef said. "There's simply no money in the bank. We sliced from the defense budget; we sliced from housing and infrastructure. All of this hurts, but it's necessary."

Experts consider the austerity plan a last-ditch effort to avert economic implosion. The Jewish Agency is not alone in criticizing the Finance Ministry, with Benjamin Netanyahu at its helm; the Histadrut labor federation and pensioners groups, among others, have done likewise.

The groups fear that the plan will drop some Israelis out of poverty and into outright destitution.

"But out of all, aliyah and absorption are the least harmed, so I don't really understand the complaints," Yosef said.

He also noted that the Jewish Agency and the Absorption Ministry managed a small victory in staving off planned cuts to student grants.

The Jewish Agency, with an annual budget of more than \$300 million, has pledged to double its current funding to the student program by pumping in an additional \$3.3 million a year.

Following intense negotiations, the government promised it would cut student grants — which are provided through the Education Ministry — by only about \$1 million this year.

The Jewish Agency and the Absorption Ministry consider the immigrant scholarships an elemental incentive in attracting young immigrants and helping them break through glass ceilings once in Israel.

They also are somewhat relieved that the primary basket of immigrant benefits — which amounts to about \$10,000 per family for the first year in Israel — remains untouched.

Inside the Finance Ministry, it's feared that the Histadrut or other groups might try to use the compromise agreement on student stipends against the government, even calling for a national strike should the Finance Ministry not yield to other groups' demands.

The Jewish Agency dismisses the arguments of the austerity plan's supporters, who say the original cuts were fair considering that immigration likely will fall below the 35,000 mark this year, down from 77,000 in 1999.

According to Rosenberg, the funds are allocated per individual, and any money left goes back to the government, not the Absorption Ministry.

Netanyahu and his plan might yet be spared the wrath of the public and the Supreme Court.

During a month of intense negotiations, Netanyahu has stuck to his guns. But recently he has shown that he might be amenable to changes in the program. □