

The Jewish People Policy Planning Institute



Special in-depth chapters:

The economic crisis and its impact on the Jewish People

Changes of administration in the U.S. and Israel

Global geo-strategic trends and their possible implications for the Jewish People



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The Jewish People Policy Planning Institute

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2009

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Special in-depth chapters:

The economic crisis and its impact on the Jewish People
Changes of administration in the U.S. and Israel
Global geo-strategic trends and their possible implications
for the Jewish People

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FOREWORD

The Jewish People Policy Planning Institute (JPPPI) has carved out a critically important role in the Jewish world, as the only think tank dedicated solely to examining in-depth and providing policy recommendations for the full range of internal and external challenges and opportunities facing the Jewish people everywhere around the world, as well as in the State of Israel. The 2009 Assessment, its sixth, is in many ways its most diverse and ambitious, in significant part because 2009 has been such a dramatic year.

This past year saw the conclusion of the Gaza War, which has largely silenced the rockets from Hamas, but at a significant cost to Israel's standing in a world that failed to focus on the years of provocation and attacks by Hamas against innocent Israeli civilians, and which saw sensationalist coverage by much of the international news media. The Goldstone Report, authored by a respected jurist and member of the South African Jewish community, but mandated by the highly anti-Israel United Nations Human Rights Commission, was one of the most damaging, inflammatory, and imbalanced international reports on Israel since its founding as a State. The Israeli government is still coming to terms with how to deal with its one-sided, and often erroneous conclusions, including whether to undertake a thorough civilian review of the War, as called for by the Goldstone report, and as was done by the Winograd Commission following the 2006 War in Lebanon.

The year 2009 also saw the threat of an Iranian nuclear weapons program come into full focus. The International Atomic Energy Agency (IAEA) has made clear what Israel has been saying for years: Iran's uranium enrichment program is not for civilian use, but rather is designed to provide Iran with a nuclear weapons capability, together with a much improved medium range missiles that can reach Israel and parts of Europe. The 2009 Assessment incisively reviews the implications of this development, including its potential impact on the power balance in the Middle East, its threat not only to Israel, but to the US and to the moderate Arab world, and provides recommendations. But this is a prelude to 2010, which may well be the decisive year in dealing with the Iranian threat.

Israel is not alone. The Obama administration has been trying to, mobilize support for strong UN Security Council sanctions against Iran together with America's European allies, mainly the UK, France and Germany, and the tacit support of pro-western Arab nations too. Israel too has been active and creative, reaching out not only to its most important ally, the United States, but also to Russia and China, which are bound to play a critical role in the outcome of these efforts.

The 2009 JPPPI Assessment also takes a trenchant and wide-ranging look at the implications of the global financial crisis and the “Great Recession” on the Jewish world and Israel. The Assessment looks carefully at the substantial fallout the economic trauma has had on Jewish philanthropy, major Jewish organizations, and on the State of Israel. Due to excellent economic management, Israel has come out of the Great Recession with less damage than the United States. This will put a great emphasis on a trend the Institute has been the first to recognize: Israel, with the world’s largest Jewish community, will need to become the leader in reaching out to the Jewish Diaspora, not, as in the past, simply for support, but rather to help Jewish communities around the world, deal with the economic crisis, and the demographic crisis of declining numbers. But we are only just now coming to terms with the wreckage the crisis has caused, and the 2009 Assessment is the first to take a comprehensive examination of its implications for world Jewry.

Most uniquely, with new governments in place in the United States and Israel, JPPPI looks at how the changes in government impact on the unique and special relationship that has developed in the past few decades under Republican and Democratic administrations. Will the special relationship become more distant? Will the very different views on Israel’s inexorable expansion of settlements lead to a change in the relationship? What are the implications for Israel and the Jewish world of President Obama’s outreach to the Muslim world? Will the low poll numbers for the president in Israel have implications for the relationship? The Assessment takes a clear-headed look at these tough questions.

Finally, the Assessment does not leave any room for doubt: with all the major global changes, the destiny of the Jewish people and Israel is still dependent, to a large extent, on the triangular relationship between the U.S., Israel and the American-Jewish community. There is a sound base for the hope that in spite of differences on policy in a number of issues, this relationship is bound to stay firm, based on mutual confidence and cooperation, as it has been for the last four decades. While there are differences on issues like settlements, the interests of the United States and Israel largely coincide on major issues, as demonstrated by the consensus against Iran’s nuclear threat, the enhanced defense cooperation, and a two state solution for the peace process, however stalled it remains.

This Assessment, like its predecessors, is a unique contribution to the continuity and vitality of the Jewish people, and to making us recognize that we share a common destiny wherever we will.

Ambassador Stuart E. Eizenstat

Introduction

When written in Chinese, the word “crisis” is composed of two characters – one represents danger and the other represents opportunity.

John F. Kennedy, Remarks at the Convocation of the United Negro College Fund, Indianapolis, April 12, 1959 (a year and a half before he was elected the 35th president of the United States of America).

Danger and opportunity are not new concepts. In fundamental ways they have always been the core challenges of politics and economics: how we understand and respond to new or evolving risks, how well we assess the opportunities of alternate courses of action, and how prepared we are to tolerate uncertainty and adjust to evolving realities are among the key criteria by which to judge public policy.

2009 was marked by convergence of tectonic political shifts, the threat of continuing and escalating armed conflict, and a global economic crisis of complex origin and unknown duration. In the Jewish world these pressures have been felt in special ways, with dramatic changes in Israeli and American governance, the ticking clock of Iranian

nuclear ambitions coupled with stagnation in resolution of the Arab-Israeli conflict, and financial turmoil that has affected many aspects of Jewish life. It has certainly been a year of danger and, one hopes, opportunity.

This year’s Annual Assessment continues the tradition of summarizing key demographic aspects of Jewish life worldwide, and then has two main sections. In the first section we begin with an overview of major developments in Israeli and American governance, with emphasis on the significance of the Obama and Netanyahu administrations for their respective polities and for relations between Israel and the United States. Although it is much too early to offer definitive conclusions about the effects of changes in the U.S. and Israeli political alignments on long-term relations, we offer some preliminary observations along with questions to guide policy and planning. We then turn to a discussion of the dynamic geopolitical environment in the Middle East, with emphasis on the growing threat from Iran as the principal impediment to stability and peace and implications for international political and military order.

Finally, we offer a capsule summary, in the

form of a timeline, of key events affecting the Jewish world in the past year. If there is a single impression to be gleaned from this synopsis it is that notwithstanding the remarkable – some would say disproportionate – challenges and threats faced by the Jewish People, it remains a civilization of enormous resilience, scientific and technological progress, and extraordinary cultural and spiritual wealth.

This year's special section, the second main part of the Assessment, focuses on economic issues affecting the Jewish People. It would be presumptuous and more than a bit naïve to attempt a comprehensive treatment of a topic so broad and complex in a document of this size, and so we have chosen to highlight three overlapping issues of significant concern: indicators of the economic status of Jews in Israel and the Diaspora, with emphasis on wealth, income, employment, and economic opportunity; trends in philanthropy, and how charitable giving by Jews (for Jewish and general causes) and charitable giving (by Jews and others) in support of specifically Jewish causes has been affected by the economic recession of 2008–09; and a discussion of “the economic costs of living Jewishly,” in Israel and elsewhere.

Our goal in this abbreviated economic assessment is to present relevant data and analysis that might inform policy making and planning by Jewish leaders, in government and the private sector, in Israel and in the major centers of Jewish life in the Diaspora. As this Assessment goes to press there are new indications that the global recession may soon end, but we realize that predictions about the economy are always highly debatable and it is too early to uncork the champagne. Regardless of the exact timing and magnitude of the anticipated recovery, however, we believe that asking the difficult questions now will have long term value: illuminating trends and exploring alternative policy responses can help the Jewish People turn last year's crises into this year's opportunities.

We would like to give special thanks to Bezalel Cohen, Steve Hoffman, Alisa Rubin Kurshan, Morlie Levin, Steven Nasatir and David Pollock, all of whom gave generously of their time, extensive knowledge and sage advice during the preparation of this year's Assessment.

Einat Wilf and Michael Feuer

2 Strategic Agenda and Policy Directions

JPPPI's assessment for 2009 focuses on a number of major changes that could affect the future of the Jewish People, the willingness of Jews wherever they are to identify as Jews, to preserve that identity and their commitment to the thriving of Jewish civilization in an era of openness and multiple choices:

- a. The implications of the global economic crisis of late 2008 for the Jewish People, Jewish philanthropy and the principle of mutual guarantee (*Kol Yisrael Arevim Zeh Lazeh*) in Judaism.
- b. The significant progress of the Iranian nuclear program – which aggravates the threat to the largest Jewish community, which is concentrated in the state of Israel, and heralds an era that combines the capability of mass destruction with intentions of annihilation repeatedly stated by an authoritarian fundamentalist regime.
- c. The stalemated political process, which may serve Islamic ambitions to change the character of the State of Israel from a Jewish and democratic state into a

bi-national state, while contributing to the ongoing de-legitimization of Jews in general and of the State of Israel in particular.

- d. The triangular relationship between Jerusalem, Washington and North American Jewry – the challenges posed by administration change in both the U.S. and Israel to the special relationship between the two and its possible impact on the relationship between the world's two largest Jewish communities.

At the beginning of 2010, these new challenges require a robust and in-depth examination of the available opportunities for addressing the situation, including an analysis of the soft and hard power available to the State of Israel and the Jewish People. Such activity demands the reinvigoration of a common vision, unity and maximal coordination between Israel and the Diaspora and between the various Jewish organizations and streams, exploiting new technologies and applying strategic in-depth thinking to support long-term planning.

The State of Israel, which according to all

indicators is emerging from the economic crisis more quickly than the Jewish organizations that were badly hit last year, must intensify its involvement in securing the global Jewish future and act on its responsibility to the cultivation and education of the younger generations, not only in Israel, but around the world.

Jewish organizations, too, should deploy strategically for the new challenges. The emergence of groups and movements of young people who identify as Jews but opt out of the existing Jewish establishment, and the rise of new generations lacking the direct experience of the traumas of the Holocaust, the establishment of the State of Israel and the Six Day War, necessitate the adaptation of the organizational structure to modern requirements and the integration of young people into the leadership with due consideration given to the new sentiments and ideas among them.

THE GEOPOLITICAL ARENA

The two key issues on the geopolitical agenda of the Jewish People are the threat of Iranian nuclearization and the Israeli-Palestinian conflict, whose complexity increased enormously in 2009, as a result of elections in Israel, the U.S. and Iran; the internal conflicts within the Palestinian Authority between Fatah and Hamas; and the inter-generational struggle within Fatah itself.

The annual assessment for 2009 detects fissures between Israel and the U.S. on three levels:

1. The close relationship between the two

countries, which has enjoyed great momentum during the last 16 years especially in the Clinton and George W. Bush administrations, which were characterized by an especially warm attitude towards Israel.

2. The cultivation of interests shared by Israel and the U.S. in the world in general and the Middle East in particular, in terms of the war against terror and intelligence cooperation. This is based on their shared values in terms of culture, democracy, and common historical roots that have drawn wisdom and inspiration from the Bible.
3. The intimate relationship between the world's two largest Jewish communities, which has been based on an almost automatic mobilization of American Jewry in support of Israel in times of crisis and the perception of Israel as the core country of Jewish civilization.

The dilemma in which Israel finds itself vis-à-vis Iran – whether to take independent military action, in light of international impotence and U.S. policy so far – will intensify during 2010, forcing Israel to weigh carefully and responsibly the potential cost of an offensive and its impact on:

- a. Increased Iranian motivation to complete its military nuclearization plan.
- b. Terror attacks by Iran and/or its proxies as retaliation for such a strike, directed against Israel and/or against Jewish and Israeli targets abroad with a further consolidation of a broad coalition

including Hizbollah, Hamas in Gaza and possibly Syria too.

- c. Closing of the ranks of the ruling leadership of Iran and cooperation with its opposition, headed by the ‘Green Movement’.
- d. Possible crisis in the relationship with the U.S.
- e. Possible crisis in the global oil economy and its aggravation of the global economic crisis.

Juxtaposed with these points is the question whether Israel can afford and should consider adapting to the reality of life in the shadow of a nuclearized Iran, a regional nuclear proliferation and the threat of a nuclear bomb transferred to irresponsible actors, along with an erosion of its deterrence power.

Developments in the Palestinian Authority will also have a concrete effect on life in the State of Israel and its relations with the U.S., world Jewry and leading and influential countries in Europe, the Middle East and the world over.

The possible stagnation of the conflict could lead back to life, in the southern region of Israel, under rocket fire from Gaza and force Israel to undertake another military operation similar to Operation Cast Lead. A possible renewal of the fire could, on the one hand, intensify Israel’s deterrence against Hamas and bring back peace into the region, but on the other hand, it could raise again, and more forcefully, the voices charging Israel with war crimes, thus exacerbating the trend to de-legitimize Israel as the state of the

Jewish People, Israel’s leaders and the IDF.

It is already clear that a possible failure by Washington to design an acceptable and viable outline for the renewal of the peace process could put an end to the ceasefire that is thus far being successfully maintained both vis-à-vis Gaza and the Judea and Samaria region, putting the Palestinians back on the terror track and forcing Israel to opt for military action.

Such a situation would build up the internal debate about the conflict’s solution in general, and the issue of illegal settlements in particular, and may threaten internal unity in Israel and the fabric of its relationship with the Diaspora. Among the Jews of the world, and especially those living in the U.S., dilemmas may arise regarding their support for Israel, the issue of Jerusalem, and the level of solidarity the Jewish People feels for the State of Israel.

Dilemmas of this nature could place the Jewish community in the U.S. in a tight spot, in light of the claims by unfriendly elements that the influence exerted by Israel with the support of the North American Jewish lobby is causing the U.S. to endorse a Middle East foreign policy that is contrary to its own interests.

In light of this geopolitical picture, there is an increased need in 2010:

- To reassess, a year after the change of administrations in the U.S. and Israel, what unites and what separates the two governments, focusing the effort on locating points of intersection in the joint interests of both, and addressing the two countries’ most vital issues.

The common denominator that unites American society, Israel and world Jewry, is still broad enough to address the fissures, and even deepen mutual cooperation in consolidating a policy that would serve their joint interests.

- Towards the Congressional elections in November 2010, when some erosion in the power of the Democrats is expected, Israel and the Jewish leadership in the U.S. must use discretion and avoid any activities and utterances that may be construed as oppositional to the Democratic administration. This principle should apply in general, and is certainly crucial in light of the fact that the Obama administration is secure at least until late 2012, and until then its impact on U.S.-Israel relations and on Israel's interests will persist.

Geopolitical developments and global mega-trends compel Israel to make an effort to strengthen its understandings with European countries, chiefly Britain, France, Germany and Russia, and with the European Union as an umbrella organization with considerable influence on its member states.

- The growing economic power of the BRIC (Brazil, Russia, India and China) countries compels Israel to invest thinking and resources in reaching out to these countries. A special effort, which requires fresh thinking, is needed in order to formulate Israel's policy vis-à-vis emerging superpowers such as China

and India (and to a certain extent, Japan as well) where the Biblical tradition does not form an integral part of the national and cultural ethos, and where Jewish communities have always been small or even tiny.

- The State of Israel should base its policy on the basic assumption that the Jews of the U.S. and Europe are an organic part of the life and culture of their countries, and the majority of them do not wish to change this dynamic, certainly not at present. Nevertheless, their Jewishness is still a major factor in their national identity, and they regard 'Zion' and the State of Israel as the origin of their roots and heritage. Their attitudes as well as their identity will be consolidated along these two key axes.
- The dialogue between Israel and the large Jewish communities of the U.S. and Europe must be strengthened, based on the understanding that Israel's weight as the 'gatekeeper/safeguard' of Jewish civilization is increasing, and that the duty of Diaspora communities is to serve as central partners in augmenting their shared deep roots with Israel, the existence and thriving of the Jewish civilization, and securing the continuation of Jewish life, while acknowledging and preserving the status of the Jews as equal, active and involved citizens within their home countries.

RECOMMENDATIONS: THE ECONOMIC ARENA

The global economic crisis has had an immediate effect on the economic infrastructure of Jewish life, but it is also expected to have major long-term effects. It is therefore vital to continue ongoing processes, where along with the risks there are also important opportunities for improving the economic status of Jews in Israel and in other countries.

THE GROWTH OF IMMIGRANT POPULATIONS

The vast majority of Jewish immigrants in recent decades came from the Former Soviet Union. Most of them were absorbed in Israel, while others settled in European countries, mostly in Germany, as well as in the U.S. and Canada. Most immigrants in Israel, the U.S. and Canada found employment and were absorbed quickly, but in Germany their absorption has been more difficult.

In order to further improve the absorption and acculturation of the immigrants in their host countries in tandem with their Jewish identity, it is recommended:

1. To identify areas that support the quicker integration of FSU Jews in the economy of their new country and assist in developing these areas, with special focus on immigrant absorption;
2. To include immigrants to Israel in processes aimed at improving the Israeli education system;

3. To look for ways to integrate Jewish immigrants residing in the Diaspora in organized frameworks of Jewish community life and admit the largest possible numbers of younger immigrants into Jewish educational institutions and frameworks.

INCREASING THE STATE OF ISRAEL'S RESPONSIBILITY TO THE JEWISH PEOPLE

The state of Israel must increase the priority given to activities aimed at securing the thriving of the Jewish People and to enhance its relationship with Diaspora communities. For that purpose, Israel must increase its economic investment in support of these priorities, in the following ways:

- Creating coordination and synergy in the resources of the Jewish organizations, including a special Israeli budget, based on the joint priorities of the Jewish People.
- Adjusting the Jewish budgets in the Diaspora to new priorities, which focus on long-term preservation of Jewish identity among the young.

THE PHILANTHROPIC ARENA

- The global economic crisis has caused severe damage to private and institutional philanthropic bodies. In order to mitigate the intensity of the damage, closer coordination than ever before is

needed among the various foundations, Jewish federations and the government of Israel, whose relative weight and need to join in the general effort has increased considerably in the wake of the downturn.

- Regular investment policy review procedures must be established in order to strengthen the line of solid investment based on the leaders' personal responsibility and accountability, and to require all organizations to introduce transparency, which will be manifested, among other ways, in furnishing universally accessible data regarding their investment policy.
- Fundraising mechanisms, created over the years on the basis of an atmosphere of ongoing prosperity and thriving, must be adapted to the current realities. New mechanisms for fundraising and resource distribution must be developed, which would take into account the nature of the Jewish People's distribution of capital, the level of economic recovery in the relevant countries, and the economic success of Israel.
- Technological advancements, especially in the area of the Internet, expand the range of possibilities to generate and distribute/allocate funds, as well as opening the ranks of donors to include

younger and less affluent people, whose donations would be smaller. Such an effort would also encourage and deepen the Jewish tradition of giving within the community.

- Israel's growing involvement in the life and future of Jewish communities abroad calls for expanding the role of the Israeli government in aiding philanthropic and financing initiatives that are geared to the betterment of the Jewish People. In this framework, it is recommended that a committee be appointed to shape the government's desired policy for philanthropy in Israel, including the role of Jewish-Israeli philanthropy in influencing public policy.
- The new generation of donors and would-be donors, especially those residing in Israel and in the U.S., FSU immigrants and entrepreneurs who have accumulated their wealth based on global activities, should be encouraged in various way to donate to Jewish philanthropic causes, while extending the donors' options to become more involved in the activities to which they donate.
- Act to decrease the costs involved in maintaining Jewish life and Jewish education, especially in view of the lifestyle changes of the 21st Century.

3 Selected Indicators of World Jewry – 2009

Country	Jewish Population Core Definition			GDP per capita, PPP U.S. \$	Jewish Day-school Attendance Rate (%)	Recent Out-marriage Rate (%)	Ever Visited Israel, % of Jew. Pop.	Aliyah
	1970 ^a	2009 ^b	Projected 2020 ^c	2006 ^d	Most recent ^a	Most recent ^a	Most recent ^a	2008 ^e
World	12,633,000	13,309,000	13,827,000 ⁱ	60,228–667				13,681 ^f
Israel	2,582,000	5,569,000	6,453,000 ⁱ	25,864	97	5	100	—
North America	5,686,000	5,650,000	5,581,000	41,890–33,375				2,281
United States	5,400,000	5,275,000	5,200,000 ^g	41,890	25 ^h	54	>35	2,019
Canada	286,000	375,000	381,000	33,375	55	35	>65	262
Latin America	514,000	391,000	364,000	17,297–1,663				955
Argentina	282,000	183,000	162,000 ⁱ	14,280	50–55	45	>50	188
Brazil	90,000	96,000	90,000 ⁱ	8,402	71	45	>50	208
Mexico	35,000	40,000	42,000	10,751	85	10	>70	83
Other countries	107,000	72,000	70,000 ⁱ	17,297–1,663	75	15–95	>50	476
Europe non-FSU	1,331,000	1,149,000	1,070,000	60,228–5,316				2,598
France	530,000	485,000	482,000	30,386	40	40–45	>70	1,562
United Kingdom	390,000	293,000	278,000 ⁱ	33,238	60	40–45	>75	505
Germany	30,000	120,000	108,000	29,481	<20	>60	>50	86
Hungary	70,000	49,000	34,000	17,887	<15	60	..	54
Other EUj	171,000	149,000	134,000	60,228–15,871	10–25	33–75	>50	262
Other non-EUk	140,000	53,000	34,000	41,420–5,316	5–20	50–80	..	227
FSU ^l	2,151,000	339,000	173,000	15,478–1,356				5,603
Russia	808,000	210,000	130,000 ⁱ	10,845	<15	80	..	2,600
Ukraine	777,000	74,000	25,000 ⁱ	6,848	<15	80	..	1,310
Rest FSU Europe ^l	312,000	36,000	15,000 ⁱ	15,478–2,100	<15	65–75	..	590
FSU Asia	254,000	19,000	3,000	7,857–1,356	<15	50–75	..	1,103
Asia (rest) ^m	104,000	19,000	21,000	31,267–930				134
Africa	195,000	77,000	60,000	16,106–667				1,892
South Africa	118,000	71,000	57,000	11,110	85	20	>75	257
Oceania	70,000	115,000	105,000 ⁱ	31,794–2,563				119
Australia	65,000	107,000	97,000 ⁱ	31,794	65	22	>65	109

^a Source: Division of Jewish Demography and Statistics, The A. Harman Institute of Contemporary Jewry, The Hebrew University of Jerusalem.

^b Source: DellaPergola, *American Jewish Year Book* (2008). Provisional data.

^c Source: adapted from DellaPergola, Rebhun, Tolts (2000), medium variant.

^d A measure of a country's

development based on health, educational attainment, and real income. Source: United Nations Development Programme (2007).

^e Source: Israel Central Bureau of Statistics (2008).

^f Including country not specified.

^g After downward reduction following NJPS 2001.

^h Based on adjusted response from NJPS 2001.

ⁱ Revised population projections for 2020.

^j Without Baltic states, Romania, Bulgaria.

^k Including Turkey, Romania, Bulgaria.

^l With Baltic states.

^m Without Israel, FSU and Turkey.

Part I

2009 – Change of Government in the USA and Israel

4

2009 – Change of Government in the USA and in Israel

ARE WE ENTERING A NEW ERA WITH CONSEQUENCES THAT COULD AFFECT THE FUTURE OF THE JEWISH PEOPLE?

Barack Obama's election, almost coincident with the second election of Benjamin Netanyahu as Prime Minister of Israel, could place the two countries on a collision course. Before solidifying their own political positions, both leaders must demonstrate success on the domestic front.

Recovering from the economic crisis and introducing healthcare reform have been higher on Obama's list of priorities than a solution in the Middle East. Netanyahu also faces major internal challenges in the economy, education, governance and personal security spheres, in light of the persistent terrorist threat and the escalation of violence and crime. Yet these cannot overshadow the Iranian nuclear enterprise, which is perceived as an existential threat that could negatively impact on the willingness of Jews to live in Israel. This threat leaves the Middle East peace process as a main issue to resolve in both Jerusalem and Washington.

In parallel, attention should be paid to the internal changes in both countries. The

election of the first African-American president and leader of the Democratic Party represents a liberal shift and a sociological transformation in American society; Netanyahu represents the victory of conservatism and caution that characterizes the current Israeli frustration after sixty years of struggling to obtain regional recognition and international legitimacy as the core state of the Jewish People.

American Jewry is trapped in between. Loyal to their homeland, the U.S., the majority were torn between the conviction that candidate Obama was bearing a new message and a chance to lead their country out of a state of crisis back to prosperity, and the concern that as president, Obama would allow –guided by his liberal mindset and ethnic roots – to garner the support of moderate Islam using Israeli currency. The election campaign and its culmination in sweeping Jewish support for Obama has proved, once again, that despite their commitment to the existence of Israel, for American Jews, naturally and obviously, the U.S. comes first. They were also convinced, through a brilliant campaign, that President Obama's success would promise a stronger America and

a better world, which would ultimately benefit the State of Israel as well.

At the same time, the different courses of the two leaders pose some challenges to the American Jewish establishment through some pro-Israel groups that oppose Israeli policies. At the margins of the Jewish community

are even arising some fringe groups that identify Jewishly but consider the necessity of states based on religious ideologies, including Israel, to be anachronistic in the 21st century.

The Jewish side in this triangle of relationships, Jerusalem, Washington and North American Jewry, is also burdened by the concern

that the self-image of Jews may suffer following the recent disclosures of egregious misconduct of Israeli leaders and by trusted Jewish community figures in the U.S.

Both Obama and Netanyahu have inherited problematic starting points for establishing a close personal relationship

WASHINGTON – JERUSALEM: AN ATMOSPHERE OF CRISIS

Both Obama and Netanyahu have inherited problematic starting points for establishing a close personal relationship. The American president, who regards the engagement of moderate Islam as a major factor in accomplishing U.S. withdrawal from Iraq and the elimination of the Pakistani, Afghani and Iranian threats, is burdened with the legacy of a pro-Israel bias leftover from the Bush administration. Netanyahu, pressured to pay the Palestinians with hard Israeli currency,

regards Ehud Olmert's proposals to Abu Mazen as too pricey a starting point for the renewal of the peace process.

These constraints, which have tactically driven both leaders in opposite directions, have helped to create an atmosphere of impending crisis which has characterized the relations between the two governments from the outset: Obama with his initial demands to proceed with a diplomatic process based on the two-state solution and a total settlement freeze including East Jerusalem, contrary to certain understandings reached with the Bush administration; and Netanyahu expressing resistance from which he later backed away, regarding the two-state solution and the freezing of settlements beyond the Green Line. This was complicated by a number of key appointments made by the two, which were not perceived as overly friendly to the other party, and the new American administration's apprehension that Israeli Foreign Minister Avigdor Lieberman might promote a new policy of rapprochement with Russia.

Difficulties between the two capitals have been compounded by several additional factors. To a certain extent, the Obama administration has chosen to entangle the labyrinthine Washington system even more deeply. Following his election, many new centers of power were created in each of the areas requiring quick presidential intervention: the economy, defense, foreign policy, homeland security, the legal system, etc. Sometimes this creates internal competition, produces divergent messages, makes it difficult for foreign bodies and lobbies to influence policy, leaving the central decision-making power to the

White House and strengthening the inner circle surrounding the president. The Israeli coalition system, too, does not operate smoothly and is adversely affected by diverse ideologies, partisan interests and personal agendas.

The coalition government Netanyahu forged is perceived in the U.S. and the West as firmly right wing, despite its inclusion of the Labor Party. This is due, on one hand, to the power of Israel Beiteinu, positioned as a nationalist party, and its leader Avigdor Lieberman, and on the other hand, the participation of the religious parties, led by Shas. While it is understood in Washington that a nationalist government has a better chance of marketing a compromise agreement to the Israeli public, the difficulty of reaching such an agreement with a government thus composed increased foreign resentment towards it.

In Jerusalem, and among some Jewish leaders in the U.S., an impression arose that the Obama administration leans towards the Arab side, at the expense of certain Israeli interests. This impression was further complicated by some signs that the American president's inner circle plans to address the Israeli public directly, bypassing the government, as happened during certain periods of the Clinton administration, in order to advance its agenda. The Israelis have responded with a weakened trust in the new U.S. administration.

COMMON GROUND

Regardless of their differences, Obama and Netanyahu may still be able to develop a common language. Obama graduated from Harvard Law School; Netanyahu is an M.I.T.

graduate. Both of these Boston institutions of learning are at the top of the American academy. They are both regarded as somewhat arrogant. Obama, who radiates charisma and warmth in public appearances, knows how to keep his distance in intimate meetings, even with his cronies.

Netanyahu, on the other hand, becomes clearly irritated once he loses interest in his interlocutor. Both are politicians to the core. Both were deeply influenced by their fathers' legacy, albeit in different ways. Both see their roles in terms of assuming a tremendous personal responsibility. As politicians, one of the most daunting challenges for both is win-

ning the next elections. Obama must face the possible changes midterm elections may bring, while Netanyahu must work hard just to preserve his precarious coalition.

In addition, the two leaders' timetables are constrained. Obama saw the flattering polls when he entered the White House, and yet knew he must not rest on his laurels. In a few months' time he will face a significant political test with the upcoming campaigns for both houses of Congress. In the 2009 gubernatorial races in Virginia and New Jersey, the two Republican candidates were victorious. The most painful blow of all was in Massachusetts where the Republican senatorial candidate won the seat held for decades by the late Edward Kennedy, destroying the Democrats filibuster-proof majority of 60

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and with it the dream of pushing through legislation with no Republican support. Any failure to preserve the power of the Democratic Party in the November 2010 elections may be regarded as a personal shortcoming of Obama. Netanyahu has a similar problem.

Israelis' faith in Obama's friendship dropped sharply, and over 50 percent of the Israeli public thinks he is leaning towards the Arabs

He experienced first-hand the power of the extreme right back in 1999. He also remembers vividly where the crisis with the U.S. led Yitzhak Shamir and the Likud Party under his leadership in the early 1990s.

The Jewish factor still carries considerable weight, especially in the upcoming congressional elections. Under the Obama administration, meetings in the White

House with representatives of the Jewish community are also attended by liberal left-leaning groups, such as J-Street and Peace Now. This has occurred during Democratic administrations in the past and does not change the basic picture.

The influence of North American Jews does not derive from their relatively small electoral weight, but mainly from their standing in society and their amazing organizational and fund-raising skills in service of their favored candidates. This capability, for at least the next decade, will continue to be concentrated in the hands of major organizations, such as AIPAC, which are usually located at the center of the political map. Newer Jewish bodies like J-Street (which is trying to build the capability of an oppositional lobby to the Jewish mainstream

and is promoting an agenda that challenges Israeli governmental policies), could accumulate power mainly if the Jewish self-image, especially among youth, is damaged, if Israel's image continues to suffer from media attacks as a result of the continued wars with Arab countries, and if the links between the memory of the Holocaust and Zionism and the enthusiasm about the founding of the Jewish state are blurred.

THE SHIFT

On June 16, 2009 an opinion poll sponsored by the Jerusalem Post was published showing that Israelis' faith in Obama's friendship dropped from 31 percent to 6 percent in just one month, and that over 50 percent of the Israeli public thinks he is leaning towards the Arabs. There was also erosion among American Jews – albeit to a lesser extent – in their support of the new president, not only due to his attitude towards Israel but as a result of his difficulties – so far – in achieving the domestic goals he articulated in his campaign.

Senior American officials have begun to digest that the situation has changed. In Israel in 2009, (following the trauma of the violent Intifada of the 2000s, the electoral victory of Hamas, and the missile attacks on the south in the wake of the unilateral withdrawal from Gaza) the enthusiasm for the peace process is a far cry from the fervor that Israelis felt after the Oslo Accords in the mid and late 1990s.

This was compounded by several factors: the continuation of the dialogue between the parties; the decrease in the approval rating of the American administration; the realization

that the demands pressuring Netanyahu regarding a total freeze on Israeli construction in the settlements and East Jerusalem is not feasible and even strengthen public support for him; and the recognition that the U.S. cannot rescind the understandings the Bush administration had with Israel. All of these factors have led the American administration to soften its tone and make an effort to build a relationship with the government of Israel based on mutual trust.

Indeed, a turning point was reached during the last week of July. Four high-ranking U.S. envoys – Secretary of Defense Robert Gates, National Security Adviser James Jones, Adviser to the President Dennis Ross, and Special Mideast Envoy George Mitchell – have all conveyed a clear message to Netanyahu: We want to work together in order to try to use the window of opportunity created by the increasing Iranian nuclear threat for promoting a regional peace. Such a complex scheme could only be advanced through careful planning, well-coordinated among all parties, and based on cooperation and mutual confidence building. Since then we have witnessed ups and downs in the relationship of the two administrations, which may continue if their leaders neglect building a better relationship based on mutual trust and respect.

THE SEA CHANGE IN THE U.S. AND OBAMA'S NEW ADMINISTRATION

Although as the November 2008 elections approached, a clear victory for Barack Obama was evident, the scale of that victory was surprising. The American public held

President Bush responsible for failures in several key areas which negatively affected both the domestic situation and international status of the U.S.: (a) the economic crisis, perceived as the worst since 1929; (b) the Iraq imbroglio; (c) the trend of declining U.S. status as the world's single superpower.

The Republican Party also contributed to the victory of the Democratic candidate. It failed to find among its ranks a young, charismatic leader who could sound a new and significant message to compete with a candidate of Obama's caliber. John McCain's choice of running mate, Alaska Governor Sarah Palin, backfired. Palin failed to convince the Americans that she was worthy and capable of leading America if and when the time came for her to replace McCain, who was regarded as an aging and possibly unwell candidate.

A decade ago, none of this would have been enough to bring about the victory of an African-American presidential candidate. But American society is currently undergoing major shifts in fundamental patterns of identity and belonging, along with extremely significant demographic changes affected by immigration waves and demographic patterns among minorities. The Jewish People Policy Planning Institute has addressed this phenomenon in its previous annual assessments and has stressed the need to encourage the Jewish community in

The Jewish community in America must reach out to Hispanics and Asians, whose numbers are on the rise, as is their political power

America to reach out and initiate collaborative projects with ethnic groups such as Hispanics and Asians, whose population numbers are on the rise in the U.S. as is their political power.

It is still too early to conclude that Obama's victory heralds a post-racial era in the U.S. In an article published on August 24, 2009 by Salim Muwakkil, senior editor of *In These Times* (a newsmagazine that skews left) and host of *The Salim Muwakkil Show* on WVON, Chicago's historical black radio station, he emphasizes that "Barack Obama navigates a world where color still matters" and "racism persists." Muwakkil analyzes a series of incidents, including Obama's reaction – and the reactions to Obama's reaction – to the arrest of Henry Louis Gates, Jr., professor of African and African-American studies at Harvard. Obama's reaction to police conduct in this incident was criticized by two popular TV commentators, one of whom said that Obama's comments were a case of "a black president trying to destroy a white policeman." Another said that Obama's words revealed a "deep-seated hatred for white people or the white culture."

How then did Obama prevail, first over Hillary Clinton and then over John McCain? He conveyed integrity and focus, symbolized the turnaround so needed after what was viewed as Bush's failure, galvanized the youth who wanted change, mobilized the minorities to his side when he began to prove that he had a chance to win. At the same time, he often referred to his white ancestry on his mother's side and the fact that he was raised by his white grandparents, careful not to over emphasize discrimination against

blacks during the campaign, so as not to put off white voters.

Muwakkil is concerned that "a black president with a progressive agenda also provides the right-wing with a potent symbol of opposition." He quotes a warning issued last April by the Department of Homeland Security: "The economic downturn and the election of the first African-American president present unique drivers for right-wing radicalization and recruitment." Muwakkil concludes that Obama "must walk a narrow tightrope slick with cultural biases. As America's first black president, he must downplay black Americans' specific needs or he'll lose his political balance." Obama will be closely scrutinized not only because of his ethnic origin, but because of the high hopes and expectations he has raised among his followers. His African roots add yet another responsibility to his shoulders, to make sure the 'racial demon' is not resurgent in future election campaigns.

OBAMA'S BEEHIVE

The quick hops and skips that characterized Barack Obama's political career before he reached the top job raised fears, even among his staunchest proponents, that in the beginning of his term, his inexperience would affect his performance, which could be ridden with errors that carry a high price tag, both on the home front and in the international arena. It was therefore unsurprising, especially in view of the global crisis that accompanied Obama's entry into the White House, that the whole world waited with bated

breath for Obama's key cabinet appointment decisions.

And indeed, Obama chose for his administration's pivotal roles a host of highly capable figures with proven track records in previous administrations, with a view to obtaining the best policy alternatives to assist him in decision-making:

- **Economy and Budget:** Secretary of the Department of Treasury Timothy Geithner, who served as president and CEO of the Federal Reserve Bank of New York, and during the Clinton administration served as Under Secretary of Treasury reporting to Robert Rubin; Larry Summers, former Under Secretary of Treasury and Secretary of Treasury under Bill Clinton; Chair of the President's Economic Recovery Advisory Board Paul Volcker, a former Chairman of the Federal Reserve in both the Carter and Reagan administrations and a renowned investment expert; Office of Management and Budget Director Peter Orszag, a high-ranking Treasury official under Clinton, was the Director of the Congressional Budget Office when nominated to his current office.
- **Department of Justice:** Attorney General Eric Holder served as deputy attorney general for the Clinton White House.
- **Homeland Security:** Secretary of Homeland Security Janet Napolitano was governor of Arizona.
- **National Security and Foreign Affairs:** Secretary of the Department of Defense

Robert M. Gates, former CIA director who kept his job having been appointed by President Bush in November 2006; Secretary of State Hillary Rodham Clinton, who lost the Democratic Presidential nomination to Obama, served as New York's senator and was Obama's most formidable rival in his party; National Security Adviser General James (Jim) Jones, USMC (Ret.) and SACEUR/EUCOM (Supreme Allied Commander Europe) under Bush; Tom Donilon and Dennis Ross (NSC), both were senior officials at the State Department during the Clinton administration; Leon Panetta, CIA director, a former member of Congress, White House chief of staff under Clinton; Ambassador to the United Nations and cabinet member Susan Rice, former Assistant Secretary of State for African affairs under President Clinton, and one of Obama's closest advisers during his presidential campaign.

Obama chose for his administration's pivotal roles a host of highly capable figures with proven track records in previous administrations

Despite this impressive list of personalities, David Rothkopf, a visiting scholar at the Carnegie Endowment for International Peace, and author of the books: *Superclass: The Global Power Elite and the World They are Making* (2008), and *Running the World: The Inside Story of the National Security Council and the Architects of American Power*

(2005), criticizes Obama's administration for the establishment of an apparatus of 'czars,' overseers who have been appointed to control problem areas demanding urgent intervention, from energy and climate to urban policy. He argues that this policy entailed the establishment of new power centers employing overlapping teams from existing administration agencies entrusted to deal with these issues, creating redundancy and bureaucratic bottlenecks.

In foreign affairs involving the Middle East and Israel, four different power centers exist: around Vice President Biden, at the National Security Council, at the State Department and at the Pentagon. Among those entrusted with Middle East affairs are also three special envoys – Middle East peace process, Afghanistan and Pakistan (AfPak), and Sudan; an adviser on Iran; an Under Secretary of State who is involved in every issue; deputies at the Defense and Energy Departments who coordinate operations in the region; an Under Secretary of Defense for policy issues, and above them, the higher-ranking officials and cabinet members.

The new administration's fingerprints are everywhere. While some analysts claim that Obama has reverted to Bush administration policies, others believe that national security policy has undergone a revolution since his election. The foreign policy trend has changed. Cooperation with U.S. allies has increased. American diplomacy now calls for rapprochement and reconciliation. Attitudes have changed fundamentally in other areas as well. Erecting these new 'intervention centers' often encourages internal rivalries, inconsistent messages and leaks, hampering

the lobbying efforts of external bodies, and leaving most of the decision powers in the White House at the risk of violating checks and balances.

The system ultimately concentrates the power to govern and the decision-making process in the hands of the inner circle surrounding the president. This inner circle consists mainly of people who played major roles in Obama's campaign and are intimately connected to him: it includes White House Chief of Staff Rahm Emanuel; Political Adviser David Axelrod; Chief of Staff for the National Security Council Mark Lippert, and the Council's Director of Strategic Communications Dennis McDonough. The circle of senior advisers also includes Valerie Jarrett, White House Spokesperson Robert Gibbs, Vice President Joe Biden, UN Ambassador Susan Rice, and to some extent, Secretary of State Hillary Clinton. This group is the forum in which policy alternatives are presented and discussed and decisions are made. Recently, a need was felt to improve integration among the various areas, and the administration is making an effort to improve its performance. The nature of the American presidential regime also makes the cabinet redundant, as it is not formally required to make decisions. During the first six months of his tenure, Obama convened his full cabinet just twice.

GOALS AND SETBACKS

His remarkable victory did not provide the new president with a magic wand to wave away the formidable challenges awaiting him. Despite the excitement of his

inauguration speech, Obama underwent a transformation from being on the stump to commander-in-chief with the entire responsibility of the office resting on his shoulders.

Obama's priorities, which have been mostly focused on domestic issues, may be derived from his first speech before a joint session of Congress on February 24, about a month after his inauguration:

- a. **Economy:** The economic crisis, which to a large extent tipped the electoral scale in Obama's favor, has dictated his agenda. The goal is to bolster the economy and put it back on track with a major inflow of stimulus funds and investments in infrastructure: roads, bridges, upgrading and modernizing public buildings and schools. In this way Obama hopes to channel cash into the economy, create new jobs and stimulate consumption. He is aware of the price involved – an unprecedented increase in the government's deficit, currently estimated at 9 trillion dollars although some calculate it to be closer to 12 trillion.
- b. **Healthcare Reform:** To reduce insurance premiums while offering affordable programs for the uninsured, and removing restrictions like pre-existing condition disqualifications for new enrollees, in order to correct the fact that the U.S. is the only Western country in which a third of its citizens lack health insurance.
- c. **Education:** To make America a country of learners and curb the dropout rate

from institutions of higher education, so that future generations can cope with the technological and scientific challenges of a globalized world. Obama stresses that currently, three-quarters of the fastest growing occupations require more than a high school diploma, whereas just over half of U.S. citizens achieve that level of education.

- d. **Energy and Climate:** Obama pledged that by 2012, 10 percent of all American power will come from renewable energy sources, and that by 2025, the rate will increase to 25 percent. He has also promised a program to reduce greenhouse gas emissions 80 percent by 2050.
- e. **The Middle East:** Withdrawing from Iraq, increasing involvement in Afghanistan, promoting the Israeli-Arab peace process, addressing the Iranian nuclear threat, and calling upon the Arab and Muslim world to open a new page in the U.S.'s relationship with the world.
- f. **New Moral Norms:** Closure of the Guantanamo Bay detention center as part of the wish to project a new ethical transparency.

Although in presenting his order of priorities Obama turned inwards, he did not neglect his foreign policy goals, as they are reflected in the geo-strategic section of this report. The disappointment with Obama's administration so far is due to the pace of progress in domestic affairs, with the fear that the economic crisis is far from over, despite some encouraging signs, and the traditional American distrust in pouring money

into the economy while expanding the machinery of government and increasing centralizing trends.

Another issue that contributed to the sharp decrease in the president's popularity is the foot-dragging regarding healthcare reform. Obama encountered a recalcitrant front of insurance companies, pharmaceutical manufacturers, doctors, Republicans, and some members of his own party. But In March 2010 Obama had his most significant achievement thus far when both houses of

Congress approved a compromise healthcare bill.

In early September 2009, support for Obama dropped to 50 percent. A report published by Gallup in late August, which looked at the time lapsed between the inauguration of various presidents and their drop to a 50 percent approval rating, indicates that Obama's drop

has been the fastest since World War II, except for Gerald Ford who was in a similar situation after only three months in office (but it should be remembered that he was not elected), and Bill Clinton, whose approval rating fell to below 50 percent four months into his presidency.

The decline in the administration's popularity weakens it and jeopardizes the achievement of its stated goals. The polls do not necessarily suggest that Obama's position in the public's opinion is irreversible. (Clinton, for instance, was re-elected for a second term by a landslide majority, despite his standing in the polls early in his

first term). The prevalent view in Washington and among Obama's supporters across the U.S. is that in order to hang on to the White House in less than three years, the president must order his team to reassess the goals he has set forth and prepare operational plans to introduce the necessary political and methodological revisions to allow a renewed take-off and to preserve the supremacy of the Democrats in the 2010 Congressional elections.

THE TURNAROUND IN ISRAEL AND NETANYAHU'S GOVERNMENT

The fall of the Kadima government following the resignation of Prime Minister Ehud Olmert in September and the subsequent call for new elections to take place on February 10, 2009, once again proves the difficulties of governance and government stability in Israel. Since the assassination of Yitzhak Rabin in 1996, five prime ministers have taken office in Israel. Such frequent changes of government are a hindrance to achieving goals, both domestically and in terms of the peace process.

Voters in Israel are traditionally divided into five major groups: Orthodox Jews, Arabs, FSU immigrants, conservative-leaning secular, and liberal-leaning secular. While voting is not totally homogenous, this division makes assembling any government under the current coalitional power structure an extremely difficult task. The election results usually lead to the formation of two blocs – right and left – and balance tipping is reached through the formation of a 'blocking majority,' stitched

Obama's drop in popularity since his inauguration was one of the fastest since WWII

together by one of the leading secular parties.

Previous turnarounds have occurred following developments of two kinds: public perception that the outgoing government was a major failure, and/or elections in which a centrist party emerged as the deciding factor. The establishment of Kadima changed the rules of the game. In 2006 Ehud Olmert enjoyed the prestige of Ariel Sharon and rode his coattails to victory, marking the defeat of Likud; in 2009, Kadima managed to maintain its power and position itself as a viable political alternative.

TZIPI OR BIBI

In the 1996 elections, voting was done according to a different method: using two separate ballots, one for party seats in the Knesset and the other for prime minister. This made it easier for right-wing candidate Benjamin Netanyahu to prevail over Shimon Peres, thanks to the right-leaning tendencies of Orthodox and FSU immigrant voters. This method enabled them to cultivate their factional interests through a separate vote for their party while securing the premiership for their favorite candidate. Eventually, this temporary revision of the election method was rescinded following an intensive campaign against it by the Israel Democracy Institute.

Although this year's voting was by single ballot, the failure of the unilateral disengagement from Gaza, missile fire by Hamas over southern Israel, the results of the Second Lebanon War, the plethora of criminal investigations and legal cases against Olmert and high-ranking officials in his government, and

the erosion of Labor as a result of Kadima's ascent, all worked together to secure Netanyahu's already almost certain victory. In an attempt to reverse the trend, Kadima ran a campaign that focused first on the Labor leader and only later turned against the Likud leader, as if the elections were still being conducted with the double ballot method.

The major surprise was Avigdor Lieberman, who cut his political teeth in Likud and abandoned it; he was widely perceived as a nationalist right-winger in the midst of a criminal police investigation into his affairs. His party, Israel Beiteinu, won 15 Knesset seats placing third, in front of Labor. About two thirds of their votes came from the FSU immigrant population, and the rest were protest votes.

The "Tzipi or Bibi" campaign, designed to scare the left about a possible Netanyahu victory, indeed augmented the support for Kadima. It brought the party 28 seats, one more than Likud (which grew 2.5 times, rising from 12 to 27 seats), but it also meant that Labor lost about 40 percent of its power, Meretz has almost vanished from the map, and Livni was left without any soldiers to assemble a coalition. The victory of the Likud-right-Orthodox bloc on February 10 was clear: 65 seats vs. the 55 seats of the center-left and Arabs. Livni's refusal to

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join forces with Netanyahu placed Kadima in the opposition, having first courted Lieberman, thereby legitimizing him and paving the road for Ehud Barak to enlist most of his Labor partners to join the Likud government.

THE COALITION PATCHWORK

During the election campaign Netanyahu stated his wish to form a broad unity government. He also managed to bring back to the fold several former Likud members who had previously defected because they felt that the party had turned either too far to the left or to the right. What seemed on the eve of elections to be a certain success also enabled Netanyahu to recruit some new faces without preconditions.

After his election, when his attempt to enlist Kadima failed, Netanyahu decided to focus instead on rallying the right and the Orthodox in order to secure a coalition government under his premiership. He did, however, make every conceivable effort to exclude HaIhud Haleumi (National Unity), the extreme right-wing party, which won four seats. This move made it easier for him to conduct quiet negotiations with Labor, which ultimately led to its joining his coalition.

Thirty-nine days after President Peres charged him with forming a coalition, the Likud chairman presented his government to the Knesset. Its 30 ministers make Netanyahu's government the largest in the history of Israel, but the situation he created ensures a period of political quiet. Every one of the coalition members has something to lose if

elections are called early, and only Israel Beiteinu has the political power to break up the coalition.

Three additional factors improve the coalition's chances of survival: (a) trust in the financial structures and a feeling that the economic crisis has passed; (b) the state's approval of a budget for the next two years; (c) the establishment of a small cabinet team composed of six senior ministers with Netanyahu at the center, Ehud Barak and Dan Meridor on his left and Moshe (Bogey) Ya'alon, Benny Begin and Avigdor Lieberman on his right. This ensemble enables in-depth discussions on issues such as Iran, Syria and the continuation of the diplomatic process. Netanyahu's most impressive achievements, however, are the establishment of effective working relationships and securing President Peres' support. The result: a broad spectrum of political cooperation with Shimon Peres on the moderate end and Benny Begin on the hawkish end. Although, obviously, each of the participants may push in a different direction or try to manipulate the others, on the whole it projects an air of seriousness, unity and power. It has undoubtedly led the Americans to the conclusion that they'd better bridge the gaps with Netanyahu, as his government could survive for a long time, and without him they would find it very difficult to advance their goals within a reasonable timeframe.

THE THIRD SIDE OF THE TRIANGLE – THE JEWISH–AMERICAN COMMUNITY

To the Washington–Jerusalem axis there is a third leg: the Jewish community in the U.S. Regardless of the core attitudes and ideologies of the Jewish leadership in any given organization, the ascent of a rightwing government in Israel does raise the anxiety level. This is caused by the potential collision course with the American administration regarding the peace process and Israel's approach to the occupied territories. The victory of Benjamin Netanyahu, less than a month after the victory of a new American president with a distinctly liberal worldview and an alleged linkage to Islam, has put the Jewish community on alert.

Nevertheless, the sweeping Jewish support of Obama (78 percent vs. 22 percent for McCain) indicates once more that when they go to the polls, Jewish voters are more concerned with the American agenda than the Israeli one. This is despite the fact that in Democratic Party primaries, Jews were more inclined to vote for Obama's rival Hillary Clinton. They knew her as first lady in the White House, she was perceived as friendly towards Israel, and New York Jews supported her in her senatorial race.

Clinton's losing to Obama did alarm the Jews, but they were mostly disillusioned with the Republican administration, and the thought that the inexperienced governor of Alaska tapped as the running mate of the 72-year old John McCain with his problematic health history, could end up at the helm, sent shivers down their spines.

The majority of older American Jews feels

a deep connection to Israel and is committed to its existence. To them, the memory of the Holocaust is still fresh and compounded by resentment at the failure of their community leaders during WW II to do more to save their European relatives. The excitement that gripped the Jews in 1948 when the State of Israel was established, and less than 20 years later in 1967 when the Jewish state was perceived to be in existential danger has been passed on to their children.

But America's Jews are naturally loyal, first and foremost, to America; otherwise, they would have chosen to live in Israel. They realized that Obama does not possess the warm emotional attitude towards Israel that characterized Bush Jr., Clinton and Reagan before him, but they believed that he was bringing a new gospel to their country, and that a strong

America and a better world would also benefit Israel. Their commitment to the existence of Israel as a Jewish democratic state is deep-seated, but interwoven with American interests. Neither the settlements nor the vision of Greater Israel are at the top of their agenda. Obama's advisers realized that, and tailored a campaign that fit perfectly with these sentiments among the Jews.

In addition, Obama's candidacy emerged at a time when America's demographic composition was changing, increasing the weight

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of ethnic minorities. These changes have helped the Democrats. Several other factors added to his advantage. Obama spoke to the younger generation. His cosmopolitan nature appealed to Jewish youngsters. His rebellious, defiant style, his community spirit and message of social justice conveyed integrity.

He was perceived as anti-establishment at a time when the establishment was bitterly disliked.

Obama's approach played into the hands and was consistent with the prevailing trends in the young, under 40, generation of American Jews who tend to distance themselves from Jewish organizations and institutions and identify much less with

their ethnic roots and especially with Israel. Analysts are warning that along the margins of the Jewish community are emerging more groups and individuals who consider themselves Jewish, but for whom, in the 21st century, a state built on the foundation of religion is anachronistic. In their view, Israel falls into this category. This trend should sound the alarm to the Jewish leadership in Israel and the Diaspora who must heed and address this ominous development for the sake of the future of the Jewish People.

New liberal Jewish bodies, such as J-Street, which were invited to the White House to attend the meetings of the Jewish leadership with the president, fall into a different category. The organizational resentment towards them is based on their opposing view to the

organized Jewish system and Israeli policies. If they are authentic, if they represent real sentiments, and are financed by supporters who identify with their ideology, then they should be included in the community. Perhaps they hold some answers to those troubling trends at the margins among some Jewish youth.

It is necessary to point out that among significant parts of the Jewish community, especially among many of those who actively supported Obama's election, there is considerable worry and disappointment resulting from their perception of an alienating attitude on the part of Obama. These feelings found their clearest expression after the president canceled his planned appearance at the UJC's (now the United Federations of North America) annual conference in Washington. The explanation for his cancelation was that he wished to participate in the memorial service for the victims of the terrorist attack at Fort Hood in Texas, but many Jewish leaders found it hard to believe that there was no other window of opportunity that would have allowed Obama to speak to them in person.

Although Obama's candidacy was met with reservations and suspicion in Israel, the fact cannot be ignored that since he has assumed the presidency there has been no erosion in the military cooperation between the two states, and that there are many Jews in his administration who care about Israel. Accusing some of them, like Rahm Emanuel and David Axelrod, of being 'self-hating Jews,' as was allegedly done by unauthorized persons speaking in

American Jews under 40 years old tend to identify much less with their ethnic roots and especially with Israel

Netanyahu's name, has outraged too many in the Jewish community and especially their friends and acquaintances. Writing in *The New Republic* on August 26, 2009, Leon Wieseltier rejects this sentiment by saying: "If Emanuel is a self-hating Jew [because he believes that Israeli settlement in the West Bank should finally cease], then I, too, am a self-hating Jew."

CONCLUDING REMARKS

The alerts sounded in this analysis about the future of the triangle of relationships between Jerusalem, Washington, and the Jewish communities in Israel and the U.S. should not be ignored, but it is important to note that they are manageable and it is even more important to coordinate united action in response.

- The major factors that are at the foundation of this triangular relationship such as common morals based on biblical values and deep human traditions along with contemporary democratic and global interests continue to unite American society, Israel, and world Jewry.
- The feared collision course that has created an atmosphere of tension between the new American administration and the new Israeli government is avoidable. Both sides are in the process of recovering from early missteps and efforts to build a workable relationship are underway.

- The commonalties and tangential interests of Obama and Netanyahu may help to build confidence and trust between the two leaders despite their ideological differences.
- Israeli Jews should better understand that North American Jewry is first invested in the society of which they are a part. Judaism is an essential feature of their American identity and Israel is conceived as a sister community with deeply shared roots. Israelis should limit their expectations accordingly. Certainly, an American who has different political views from the government of Israel shouldn't be tarred as a self-hating Jew.
- The American Jewish community should better appreciate the price Israelis pay to safeguard the core state of the Jewish People and the Jewish civilization. While Israelis believe that they are living in the most exciting era of Jewish history, they also feel isolated in a hostile neighborhood. They consider North American Jewry to be their most significant ally. This in itself places a burden and responsibility on

The alerts about the future of the triangle of relationships between Jerusalem, Washington, and the Jewish communities are manageable; it is extremely important to coordinate united action in response

the shoulders of the North American Jewish community in the event of an existential threat to Israel.

- Identified American Jews, even those opposed to the Jewish establishment and Israeli policies, should be part of and included in a major and united effort to contribute to the thriving of the Jewish civilization with Israel at its core.

This background paper aims to deepen the discourse between the two communities in an era of rapid change. Both communities need to better understand the constraints that exist on each side in order to take a strategic approach to the challenges facing the Jewish People and join forces for unified action.

Part II

Developments in the Geopolitical Arena and their Possible Implications for Israel and the Jewish People: 2009

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Geopolitical developments within the last year leave Israel and the Jewish People facing difficult dilemmas. In addition to developments in ongoing, familiar strategic challenges and the emergence of new and daunting realities, above all the global economic crisis, last year saw changes of government in Washington and in Jerusalem, changes that may affect the direction of geopolitical developments relating to Israel and the Jewish People.

The two most central issues on the Jewish People's geopolitical agenda – the Arab–Israeli conflict and the efforts to resolve it, and the threat of Iran reaching a military nuclear capability – are linked to another critical strategic dimension: the complicated triangle of relations between Jerusalem–Washington–U.S. Jewry. Here too, the coming year could be marked by significant developments in these strategic foci, with substantial and far-reaching implications for the future of the Jewish People.

In the U.S., the election of the Democratic candidate suggests the American public's resentment of Bush's tenure in office, but it is also the first time in history that an

African–American candidate has been elected, and as such, it also reflects shifts taking place in American society. In light of these changes, the clashes between Israel and the U.S. in recent months raise a question that may be answered in the coming year: Are these merely passing incidents, or are such conflicts symptomatic of deeper processes, indicating negative shifts in the very infrastructure of Israel–U.S. relations?

The Washington–Jerusalem relationship is not conducted in conventional bilateral fashion; U.S. Jewry comprises a major, triadic component and has a substantial influence on the relationship's content, and is itself affected by the dynamics occurring within it. The unprecedented political and economic thriving of the Jewish People in recent decades is significantly linked to the United States, both as the home of nearly half of the Jewish People and as a strategic and supportive partner of the State of Israel. Therefore, fissures in the infrastructure of the triad could signal a weakening of the robustness of the Jewish People overall, and in turn necessitate a thorough assessment, followed by, if necessary, the formulation and implementation of updated policies.

THE OBAMA ADMINISTRATION

Despite complex internal challenges, primarily the economic crisis, the new American president signaled right from the beginning of his term, that he intended to assume an active role in leading American foreign policy; in his first six months in office he has visited no fewer than 13 countries (Canada, England, France, the Czech Republic, Turkey, Mexico, Spain, Saudi

Arabia, Egypt, Germany, Russia, Italy and Ghana). In his visits Obama sought to convey a fundamental shift in U.S. attitude towards the international community, and in so doing attempt to rehabilitate and restore his country's international image and prestige.

Obama presents a foreign policy that – at least in theory – does not presume to force the U.S.'s values on other countries, is realistic in defining its goals, prefers

diplomacy to the use of force, and chooses to conduct itself in the international arena through cooperative multi-national structures and processes rather than as a single 'super-player.'

Up to now, Obama indeed seems to have registered some achievements in his efforts to alter the anti-American sentiments that arose and increased over the course of the Bush presidency. (Even though increasingly in the Arab world disappointment is expressed that Obama is not following through

on his promises on the Palestinian issue). While such changes in mood and atmosphere are not to be underestimated, they are by themselves insufficient to secure success in the difficult tests threatening global stability. Chief among these are the economic crisis, the environmental crisis, poverty, disease, the proliferation of nuclear weapons, Iran, North Korea, the Arab–Israeli conflict, extremist Islam, terror, Pakistan, Afghanistan, and the list goes on.

There is no guarantee that America's adversaries will heed Obama's call to shake the hand he offers in peace. The events and processes fueling crises around the world do not derive solely from the substance and style of U.S. policy, but rather are grounded in the will of political actors elsewhere and in long-term processes not easily amenable, if at all, to immediate control. Theoretical definitions of 'soft power' and 'smart power' will not provide an effective and automatic solution to the emerging practical dilemmas and future challenges sure to surface in the international arena.

Thus, for example, celebratory proclamations regarding a desire to 'reset' relations with Russia are not going to change Moscow's (or Washington's) strategic considerations overnight. If Washington wishes to enlist Russia in the effort to prevent Iran from obtaining nuclear weapons, it must fully grasp the benefits Moscow derives from its favorable relationship with Teheran, Moscow's fear of a deterioration in this relationship, and the 'compensation' it expects in return, such as recognition of its dominance over 'the near abroad' – its enveloping countries (which in practical terms means, for

Obama presents a foreign policy that does not presume to force U.S. values on other countries and prefers diplomacy to the use of force

instance, the U.S. refraining from deploying anti-missile systems in Poland and the Czech Republic). The actual implementation of the U.S.'s foreign policy thus involves adaptation to the constraints of the international arena, reprioritization, and many painful and sobering compromises. Indeed, there is already in the foreign policy community an emerging school of thought that maintains that, in fact, there is no radical difference between the U.S. foreign policy exercised under Obama and that of the Bush administration. Obama's Nobel Prize speech, a year into his presidency, expresses acceptance of this reality: "For make no mistake: Evil does exist in the world. A non-violent movement could not have halted Hitler's armies. Negotiations cannot convince al Qaeda's leaders to lay down their arms. To say that force may sometimes be necessary is not a call to cynicism – it is a recognition of history; the imperfections of man and the limits of reason." Be that as it may, the difficulty of achieving success in a complex and recalcitrant international arena, along with the recent decline in Obama's popularity in the polls and the sometimes vitriolic domestic criticism directed at him in the healthcare reform debate, leave open the question of just how high foreign policy issues will be on the president's agenda in the near future.

A CRISIS-RIDDEN GLOBAL ARENA

The last year saw critical developments in several arenas directly relevant to the robustness and future thriving of Israel and the Jewish People. There is no immediate or certain end-point to any of these developments

and indeed under different conditions they could lead to contradictory scenarios, for instance: will the civil disobedience in Iran soften or harden Teheran's positions on the nuclear issue? Will the economic crisis lead to long-term U.S. weakening, or to renewed and reformed economic power?

THE ECONOMIC CRISIS

President Obama recently stated that "the worst part [of the economic crisis] may be behind us," and that the 787 billion dollar stimulus plan is bearing fruit, as are the reforms introduced in the capital markets. The president naturally takes care to hedge his assertions and warns that hard times, especially as reflected in unemployment figures, will continue for some time before the economy fully recovers. Among economic commentators, opinions are divided. Some see a positive shift and believe that "the worst is behind us," while others argue that a real recovery will only come in a year or two, and that at least some of the positive changes merely reflect the gradual abatement of crisis processes, not a complete reversal. Thus, for example, while there is a decrease in the growth rate of unemployment in the U.S., the actual number of unemployed is still on the increase. More pessimistic forecasters caution against the outbreak of more painful crises before the global economy can return to a path of stability and growth, and debate whether the recovery curve will take the shape of a 'V', a 'U', or a 'W'. The failure of most economists to foresee the present crisis casts genuine doubt on their ability to really grasp the current situation; this in

turn adds another dimension of uncertainty to the economic system as a whole, and has engendered calls – from inside and outside academia – to rethink the whole science of economics.

More broadly, does the economic crisis mark a watershed moment in the international standing of the United States? Again, opinions are divided. As expected, the crisis

Israel's economy seems – at least up to now – to be coping successfully with the global economic crisis, but elation may be premature

adds support to those who argue that the U.S. is on the course of historical decline. The proponents of this approach argue that the unipolar moment, which characterized the period immediately following the collapse of the USSR and the end of Cold War, has passed, and that the geopolitical arena is being refashioned into a new, multi-polar world order. (Some even claim that until such a new world order is operative, the inter-

national system will continue to be marked mostly by disorder, which would make coping with the current challenges even harder). According to this view, the economic crisis, the most severe in 75 years, has dealt a body blow to the West's geopolitical standing and is accelerating the continued shift of economic power from the West to the East, as the economies of China and India continue to thrive and seem to lead the way out of the crisis. (This should increase the interest of Israel and the Jewish People in deepening relations with the Asian world.)

According to this view, the global center

of gravity is drifting away from the U.S., which will be unable to muster the necessary resources to maintain a worldwide strategic presence. Indeed, Dennis Blair, the U.S. Director of National Intelligence (DNI) publicly stated (in February 2009) that the global economic crisis and its geopolitical consequences is the U.S.'s primary concern and the single greatest potential threat to American strategic primacy.

This 'declinist' school has its opponents, of course, who argue that the basic variables determining the power equation in the geopolitical arena (demography, geography, science, technology, natural resources, culture, education, etc.) have not changed significantly as a result of the economic crisis, and that it is too early to lament the passing of U.S. centrality. Moreover, they argue the candidates to replace the U.S. at the world's helm, or at least be a part of its leadership team, are currently coping with extremely severe internal problems (in India, for instance, 400 million citizens live without electricity), lack an ideology of mass appeal, and are unable to compete with the appeal of the American ethos and culture; nor are they eager to assume a global leadership role. Some of the domestic hardships still facing these emerging super-powers have surfaced in the last year; for instance, the violent ethnic upheavals that broke out in Urumqi, a region in China inhabited by Muslims, leaving hundreds dead.

Turning to Israel, the economy seems, at least up to now, to be coping successfully with the global economic crisis. Recent figures released by the Central Bureau of Statistics (August 16, 2009) indicate that after two

quarters of decline in GDP, which classified Israel as ‘an economy in recession,’ the index of total economic activity rose by 1% in the second quarter (following a decrease of 3.2% in the first quarter and 1.4% in the last quarter of 2008). Based on these figures, there are those who already declare Israel to be out of the recession and economic crisis; but others warn that elation may be premature, inasmuch as a continuing decline in investment may lead to a rise in unemployment.

Outside Israel, the economic crisis has found the Jewish People at a time of what is probably unprecedented prosperity. While reliable data is still scarce, several impacts are discernable. The first is a sudden decline in communal and personal wealth. Initial estimates indicate an average 30% loss of value in communal funds and foundations, even though some of that may have been recovered since the peak of the crisis. In addition, the high concentration of Jewish professionals in the financial and real-estate sectors, particularly hard hit by the crisis, has led to job loss and decline in wealth and income, and in some cases to a possible permanent ‘career loss.’ Community leaders describe that, in most cases, personal savings have served to cushion the blow, but should the crisis continue for much longer, those who have lost their jobs may find themselves in greater trouble than they anticipated.

The second impact, which is directly related to the first, is increased pressure on the philanthropic sector, both as a result of declines in asset value and contributions, and a rise in assistance requests – mostly for scholarships to enable participation in Jewish life. Even if the economic crisis proves

short-lived, the philanthropies might continue to feel pressure for a while, due to a ‘lag effect’ in giving, whereby donors and foundations only find the confidence to resume giving once the memories of the sudden loss of wealth begin to fade.

Finally, the third impact has to do with matters of image and values, as a result of the disclosure of the Madoff and the New Jersey Rabbis scandals. While the Jewish community has distanced itself in no uncertain terms from these individuals, beyond the loss of money and sense of shame, there has been a discussion and questioning of the manner in which the Jewish community could send a clear signal about the unacceptability of such actions.

Taken together these effects have served to raise initial questions about possible changes in community structure, as well as its power within American society and politics. Should the economic crisis prove short-lived, these effects might be no more than a blip, but if not, a deeper restructuring and repositioning may become necessary.

The crisis put increased pressure on the philanthropic sector, both as result of declines in asset value and contributions, and a rise in assistance requests

GLOBAL AXES OF INSTABILITY

In the arenas most threatening to world stability – aside from the economic crisis and the ongoing ecological threats – there were no signs of positive changes signaling calm in the near future. Some commentators were

quick to laud certain positive developments as examples of the ‘Obama effect’ in the international arena. According to these analysts, we are witnessing the beginning of an historical shift marking a decline in the power of extremist Islam. To support this claim, they point to the success of the American

The American public is unenthusiastic about the continued U.S. involvement in Afghanistan, and there has been no apparent erosion in the Taliban’s capacity to harbor al Qaeda troops

strategy in stabilizing Iraq and weakening al Qaeda (this assessment is of course contested by other analysts), the civil disobedience in Iran which has eroded the regime’s legitimacy and its aspiration to serve as a role model for others, and the victory of the West-oriented coalition in the recent elections in Lebanon (a victory which has already been jeopardized by the defection of Druze leader Walid Jumblatt from the coalition and his courting of Damascus along with the difficulties of Prime Minister Sa’ad Hariri to assemble a broad-based coalition government by the inclusion of Hizballah in the

Lebanese unity government, the veto power given to pro-Syrian ministers and the acceptance of the reality of Hizballah’s separate military forces).

The centers of attention for Israel and the Jewish People – the Arab–Israeli conflict and the Iranian issue (which are discussed in more detail below) – are part and parcel of a broader regional context and influenced by its dynamics:

Iraq

True to his promise during the presidential campaign, Obama announced on February 27, 2009 his intention to pull out most of the U.S. soldiers stationed in Iraq by the end of August 2010 (50,000 will remain for special assignments and training, but these too are expected to return home by 2012). In this spirit, and according to the agreement with the elected government of Iraq, in July the U.S. began the withdrawal of its forces from Iraqi towns. Opinions regarding the future of Iraq are divided. One view is that the pessimists were wrong – that Iraq is stabilizing not disintegrating, and has not deteriorated into a civil war between Sunnis, Shiites and Kurds. The other view is that it’s too early to declare a victory in Iraq. Terrorism is still rampant (on August 19, October 26 and December 8, some hundred civilians were killed in a series of terror attacks in Baghdad), and, once the U.S. departs, deterioration – including civil war – is a possible scenario, one that could destabilize the entire region.

Afghanistan – Pakistan

The task assigned to Ambassador Richard Holbrooke, appointed as the U.S. special envoy for Afghanistan and Pakistan (Afpak), is a highly intricate challenge, which no one expects to be successfully addressed in the foreseeable future. Obama made clear (on March 27, 2009) that the U.S.’s objective is to defeat al Qaeda in Pakistan and Afghanistan and prevent it from returning to these countries in the future. This objective necessitates fighting the Taliban, who are

harboring and aiding al Qaeda and thwarting the efforts of the central government in Kabul to exercise some measure of control over the country. In Obama's view, the threat to U.S. security lies in Afghanistan more than in Iraq, and he regards such fighting as a 'war of necessity.' Although the high command has been refreshed and the forces augmented (the addition of 21,000 combat soldiers and instructors brings the total number of U.S. forces in Afghanistan to 60,000), doubts remain regarding the likelihood of victory in Afghanistan and the ultimate value, not to mention cost, of the military enterprise there. Some warn that Afghanistan could become "Obama's Vietnam"; the American public is unenthusiastic about the U.S.'s continued involvement there, and there has been no apparent erosion in the power of Taliban fighters and their capacity to destabilize Afghanistan, while continuing to harbor and assist al Qaeda troops. Against this background and following an extended process of deliberation and consultation the president decided on December 1, 2009 to dispatch 30,000 additional troops, thereby bringing the American troop level in Afghanistan to 100,000. The surge is scheduled to commence in January 2010 and the drawing back of the troops is expected to begin in July 2011. The plan is for the Afghan security forces, by that time, to accept responsibility for the mission. The small number of Afghan forces, their low quality and the level of local corruption raise doubts regarding the chances of success.

Instability continues to characterize Pakistan as well; in addition to the continued presence of al Qaeda warriors in the tribal

regions near the Afghan border, Pakistan is weighed down by severe economic problems, internal disputes, and long-term tensions vis-à-vis India. These factors drive fears of Pakistan's nuclear arsenal falling into the hands of radical Islamic terror groups. In this context, the U.S. National Intelligence Assessment, presented in April 2009, is – and should be – cause for continuing alarm. According to this assessment, al Qaeda and other terrorist groups continue to seek to acquire non-conventional weapons and materials (chemical, biological, radiological and nuclear – CBRN), and, should they acquire them, will not hesitate to use them.

North Korea

In view of the potential generational change of leadership in North Korea, signs of instability and defiance are increasingly evident in Pyongyang's behavior. It carried out a nuclear experiment on May 25, 2009, and continues to test the missile systems it is developing, ignoring the protests of the U.S. and the international community. Obama's administration is proceeding cautiously with respect to the North Korean challenge, and currently rejects the recommendations of those in the U.S. calling for a military punitive response that would convey a clear message well beyond the Korean Peninsula, to Teheran and other rogue capitals. Hardliners argue that a soft approach to North Korea encourages Iran and others to regard Washington as merely a paper tiger.

Signs of instability and defiance are increasingly evident in North Korea's behavior

Iran

International intelligence bodies are divided in their assessments of the time frame in which Iran will possess nuclear weapons. Some maintain that Iran is already technologically capable of manufacturing an atomic bomb and is equipped with the missiles required for its delivery. They argue that from the point at which a political decision is made it will only take one year to finish the enrichment of enough uranium and complete the production of the weapon itself. An opposing assessment, arguing that Iran will not be able to produce adequate materials for a nuclear bomb before 2013, was offered by Dennis Blair, the U.S. Director of International Intelligence, at a congressional hearing in April 2009. He further said that Iran's leaders have not yet made the decision to produce a bomb, and they are not expected to do so as long as their nuclear program is under international scrutiny.

Since the beginning of his presidency, President Obama has worked to implement his preference for negotiations with Iran, taking a number of occasions to send positive signals to Teheran. Thus, on the eve of the Iranian New Year (March 19, 2009), he sent a videotaped message in which he expressed his desire for dialogue and rapprochement. In the same vein, in his Cairo speech (June 4, 2009), Obama presented almost symmetrically Iran's and the U.S.'s transgressions (when in 1953 the U.S. covertly took part in ousting the "democratically elected Iranian government"), and made clear that he understood those around the world who protest against a reality in which "some countries

have weapons that others do not." He also declared that he accepted the principle that every country, including Iran, has the right to benefit from peaceful nuclear energy, as long as it complies with the Nuclear Non-Proliferation Treaty.

The civil disobedience that broke out in the wake of Iran's mid-June election added new dimensions and more dilemmas to the Iranian nuclear issue, including the question of whether it's possible that the public demonstrations could ripen and effect a regime change in Tehran before it actually acquires nuclear weapons.

In truth, Middle East and Iran watchers failed to foresee the magnitude of the civil unrest in Iran, so we should be especially skeptical of "expert views" on this issue. The Iranian authorities for their part also failed to estimate the power of the opposition; otherwise it is hard to believe they would have allowed 500 foreign journalists to enter the country to cover the elections.

Future scenarios for Iran following the post-election unrest essentially focus on three potential outcomes:

- Ousting the Ayatollahs' regime and transferring power to the reformists.
- The Ayatollahs' regime survives despite the blow to its legitimacy (President Ahmadinejad may have to be 'sacrificed' and forced to resign at some point).
- Actual control (and possibly full authority) will be transferred from the Ayatollahs to Ahmadinejad and the military forces within the Revolutionary Guards.

The uncertainty in the internal Iranian arena makes Obama's Teheran policy difficult to implement. Iran's leaders are preoccupied with domestic problems and their own survival, and there is no unequivocal answer to the question whether the fragile internal situation might radicalize Iran's nuclear stance, or perhaps push the regime into greater transparency and even a willingness to be more flexible.

However, at this point Iran's worrying actions are not signaling flexibility:

- Exposing the building of an additional Uranium enrichment site close to the holy city of Qom.
- Tehran's renegeing on the deal to send its enriched Uranium to Russia and from there to France for additional enrichment for medical research, but not military purposes.
- Iran's declared intention to build ten additional enrichment sites.

Against the backdrop of President Obama's declaration that without Iranian willingness to negotiate, he will reassess American policy with respect to Iran in September, Tehran declared its willingness to open such talks, currently scheduled for early October. In the absence of Iranian response, the United States is expected to lead in the near future the call for tougher sanctions against Iran.

Experts are divided regarding the efficacy of sanctions as means of effecting a change in Iran's nuclear policy. The proponents of sanctions explain that curbing fuel supplies to Iran (although Iran is one of the world's

largest oil exporters, about half of its oil consumption is imported, because its ability to refine crude oil is very limited) could put considerable pressure on Iran's economy and threaten the regime. Yet others argue that Russia and China will not join in such a move, and that Iran can easily bypass the sanctions by using neighboring countries such as Turkey, Iraq, Azerbaijan and Turkmenistan. When the negotiation process opens between Washington and Teheran, it is likely to be fraught with difficulties, not least because the Iranians' starting point will focus on their claim that their nuclear program is not for military purposes, and that it is within its rights – as signatories to the NPT – to enrich uranium. Moreover, Israel's name is likely to come up, as it is regarded as already possessing nuclear weapons.

President Obama's overall conception of the nuclear issue will be relevant to any dialogue with Iran. It bears noting that in his Cairo speech Obama painted a vision of a world without nuclear weapons. While this may at first glance seem to be utopian wishful thinking it is in fact backed by the support of leading (and definitely security-minded) figures such as Henry Kissinger, George Shultz and other former high-ranking officials, and may, under certain circumstances, evolve into an actual policy that would affect Israel. A striking hint at this possibility was revealed in the utterances of U.S. Assistant Secretary of State Rose Gottenmoeller, who on May 6, 2009, explicitly named Israel – along with India, Pakistan and North Korea – as countries that should be made to adhere to the NPT. Gottenmoeller stressed that this was a fundamental objective of the U.S.

Uncomfortably, from Israel's point of view, the issue could be on the agenda in the coming year, due to international pressures on Israel to sign the NPT, a move avoided by Israel – with a tacit support by the U.S. – for more than 40 years.

For the foreseeable future, Israel will continue to face the dilemma of whether to act militarily and unilaterally against Iran, or to wait for the international effort led by the U.S. to bear fruit.

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From Israel's point of view, Iran's continued striving to obtain nuclear weapons is working to change the regional strategic picture beyond recognition, because it will drive other countries in the region to obtain nuclear capability (primarily Saudi Arabia, Egypt and Turkey) and ensnare the region in an arms race with potentially grave consequences.

Even under the assumption (which is far from certain) that Israel is capable of causing significant damage

to the Iranian project and significantly delaying its completion, Israel must carefully consider the possible costs of such an attack, which may include:

- The strengthening of Iran's leaders' motivation and resolve to obtain a nuclear bomb.
- The positioning of Israel as an even more likely target of Iranian nuclear retaliation.

- The strengthening of the Ayatollahs' regime and the rallying of public support in response to an attack.
- A possible crisis in the relationship with the U.S., if an Israeli attack is launched despite U.S. opposition and is deemed to endanger U.S. soldiers, citizens and interests.
- A conventional military counter attack by Iran against Israel.
- Terror attacks against Israel and Jewish institutions around the globe.
- Igniting the northern front, which has been largely calm in the last year, through Hizbollah, who have compensated for their damages during the Second Lebanon War and have increased their rocket arsenal to 40,000 or more.
- Driving Hamas into attacking southern Israel with missiles and mortars fired from Gaza. Obviously, the different ways in which the danger of Iran's nuclearization is perceived and defined, and as a result, the different senses of urgency for action to remove that threat, expose a potential chasm between Israel and the rest of the international community, the U.S. included.

Israel–USA

From the earliest days of his term, President Obama has made it clear that achieving a resolution to the Israeli–Palestinian conflict is central to his foreign policy. The prompt appointment of former Senate Majority

Leader George Mitchell (January 23, 2009) as the President's special envoy to the region, illustrated the high standing this issue holds in Obama's set of priorities. In his view, resolving the Israeli–Palestinian conflict serves fundamental American interests in stability and international credibility. To a large extent, Obama has adopted the key conclusions of the Iraq Study Group, a bipartisan commission that deliberated during Bush's tenure and was co-chaired by former Secretary of State James A. Baker III, a Republican, and Lee Hamilton, former Chair of the House Committee on Foreign Affairs, a Democrat. The recommendations of the Baker–Hamilton report reflect the positions of many in the U.S. foreign policy community:

- A preference for acting within multilateral frameworks (such as the UN and other international bodies).
- A relaxation of the restrictions and preconditions to relationships and communications with extremist regimes (e.g. Iran, Syria).
- Seeing a direct link between the Arab–Israeli conflict and key issues throughout the Middle East of concern to the U.S.: Iraq, Iran, terrorism, extremist Islam, etc. This is accompanied by the unequivocal declaration that “the U.S. will not be able to achieve its goals in the Middle East unless it deals directly with the Arab–Israeli conflict and regional instability.”

President Obama's view of the conflict and the importance of its resolution is part of a broad conceptual framework and an overall

strategic picture. It is not merely the product of one man's thinking, but a reflection of deep trends and broad consensus in America regarding its foreign policy, and may even, as argued by some, represent deep shifts occurring in American society. These shifts relate to demographic trends in the U.S., including the incorporation of a new generation of Asians, Hispanics and others into American elite groups. For this new generation, less shaped by historical memories of the Holocaust and the Cold War and the longstanding “special” relationship between the U.S. and Israel, Israel is just one country among many that have a relationship with the U.S., and attitudes towards Israel are determined by considerations of American interests, rather than sentimental or religious disposition. According to this interpretation, the phenomenon is part of a trend of decreased influence of both Israel and the Jewish community in the American decision-making process.

The conceptual shifts in U.S. foreign policy, along with the reaction to Bush's policies, were apparent in the president's speech in Cairo (June 4, 2009). Obama made clear his desire to open a new page in the relationship with Islam. He acknowledged the sins of the colonialist West towards Islam and presented his personal history as part of his effort to pay tribute to Islam. In referring to Israel, he emphasized for the Muslim world to hear: “America's strong bonds with Israel are well-known. This bond is unbreakable. It is based upon cultural and historical ties and the recognition that the aspiration for a Jewish homeland is rooted in a tragic history that cannot be denied.” Obama condemned

the denial of the Holocaust and the murder of six million Jews. Concurrently, and in a nearly-symmetrical manner that enraged some of his Jewish listeners, he referred to the sufferings of the Palestinian people in practically the same breath and declared the right solution to be two states for the two peoples. In calling upon the Palestinians to abandon violence he advised them to learn from the experience of the non-violent civil disobedience of black people in America.

The UNDP report: the Arab world is marked by a basic lack of personal security – both physical and psychological – necessary to safeguard human existence and development

These celebratory declarations cannot, however, stitch together deep intra-Palestinian divisions overnight, nor alleviate the political and coalition constraints on Israel's government, and they fail to impress the basic elements of the Middle East and the Islamic world. Thus, this year's UNDP report on the state of human development in the Arab world paints a harsh picture. According to the report, the Arab world is marked by a basic lack of personal security – both physical and psychological – necessary to safeguard human existence and development. The document, prepared by dozens of Arab researchers, depicts a deeply disturbing reality: water shortages, desertification, lack of representative institutions, violation of human rights, deprivation of women's rights, unemployment, hunger, malnutrition, underdeveloped economies, poor education and healthcare

systems, failing countries, violent conflicts and external military involvement. Natural growth rates promise that in five years' time, the Arab world will count 395 million people (compared to 150 million in 1980). Sixty percent of the population in the Arab world is under 25, necessitating the creation of 51 million new jobs in the next ten years, without which millions of Arab youngsters are sure to become easy recruits for terrorist and extremist groups.

Operation Cast Lead (December 27, 2008 – January 18, 2009)

The Operation dealt a major blow to Hamas, created deterrence and, at least for now, stopped rocket fire on southern Israel. Egypt is investing much more effort in curbing arms smuggling into the Gaza Strip, but Hamas remains stable and continues to be a security threat and a political obstacle. The operation, that led to the killing of many Palestinian civilians, caused considerable damage to the Gaza Strip as well as undermining Israel's international reputation. (The Goldstone Report which blamed Israel of crimes of war further fueled international condemnation).

The damage to Israel's international image, as well as the later establishment of a right wing government combined with little progress towards resolution of the Israeli-Palestinian conflict are creating a context of increasing demands for a coerced solution and expressions of de-legitimization of Israel.

The operation has also marked a turning point in Turkey's attitude towards Israel. Starting with the incident in Davos between

Turkey's Prime Minister Erdogan and President Peres, up to Turkey's exclusion of Israel from a long-planned, mid-October joint air force exercise with the U.S. and NATO, the relations between the two countries have been in decline. It is quite likely that this decline reflects a strategic change in Ankara's foreign policy which is working to strengthen its relations with other Muslim countries.

The Continuation of the Peace Process

The press conference following the first Obama–Netanyahu meeting in Washington on May 18, 2009, exposed significant gaps on key issues:

- Iran – the President rejected the linkage posited by Netanyahu, according to which, as long as there is no solution to the threat posed by Iran, the Israeli–Palestinian conflict cannot be resolved. In fact, Obama posited an opposite linkage: The resolution of the Israeli–Palestinian conflict would facilitate the consolidation of a moderate regional front which would help the effort to thwart Iran's nuclearization plans.
- The establishment of a Palestinian state – while Obama presented the two-state solution formula as the basis for the resolution of the Israeli–Palestinian conflict, Netanyahu refused to agree to that. His position changed a month later, and the change was announced during the Prime Minister's speech at Bar-Ilan University on June 14, 2009.
- Continued building in the settlements – Netanyahu did not accept Obama's demand to a total construction freeze in the settlements, insisting on Israel's right to keep building in order to satisfy what he defined as needs arising from natural growth. In the months following the Obama–Netanyahu meeting, an effort has been made to bridge these gaps between Washington and Jerusalem, in order to pave the way for a renewal of the peace process and formulate its diplomatic architecture and terms of reference. The tripartite meeting between President Obama, Prime Minister Netanyahu and President Abbas in New York City on September 22 did not yield a clear decision regarding the restarting of the peace process. No agreement has been reached yet regarding the settlement issue and the principles that would guide the process and its relation to the Road Map and the Annapolis process. The most acute dispute seems to focus on the building in Jewish neighborhoods in East Jerusalem, an issue with grave domestic political implications for any Israeli government, particularly a right wing government like Netanyahu's.

The most acute dispute between Israel and the U.S. focuses on the building in Jewish neighborhoods in East Jerusalem

In this context it is important to mention that the Annapolis Conference in November 2007 marked a significant change in the general outline of the Israeli–Palestinian political process. Until Annapolis, this outline was defined in the Road Map as a sequential, goal-driven, phased process: progress from one phase to the next was conditioned on the fulfillment of the requirements by each of the parties, as specified in the program’s three parts. Based on this logic, the Road Map stipulated that negotiations over the permanent status agreement, as specified in the third phase, could only begin upon the completion of the first two phases of the program.

At Annapolis, Israel relinquished this demand. The sequential logic of the Road Map was removed, and both parties agreed to a plan that would be executed along two parallel channels: implementing the requirements specified in phase 1 of the Road Map, while conducting simultaneous negotiations to reach a permanent status agreement. These negotiations, conducted by the Olmert government, have not been completed, but it turns out that fairly concrete positions regarding all of the core issues of the agreement, including the fate of Jerusalem, were presented, and that the parties have made some progress towards narrowing the gaps. In an interview in *Newsweek* on June 13, 2009, Prime Minister Olmert described the positions he presented to Abu Mazen, the President of the Palestinian Authority, in the closing weeks of his term in office, on the issue of a permanent status agreement:

- The territory of the Palestinian state would comprise 93.7 percent of the

West Bank and Gaza territories, with an additional compensation of 5.8 percent to be deducted from Israel’s sovereign territory in a land swap, along with a safe-passage corridor linking the West Bank and Gaza.

- The Holy Basin of Jerusalem would be under no single-state sovereignty and instead be administered by a consortium of Saudis, Jordanians, Israelis, Palestinians and Americans.
- Israel rejected the Palestinian demand for the right of return and instead, was prepared, as a humanitarian gesture, to absorb a small, symbolic number of returnees.

Netanyahu’s government is by no means committed to Olmert’s positions, but it is hard to ignore the fact that even a negotiation process that did not ripen into a signed agreement has residual implications for its eventual resumption, both in terms of the positions presented and for the outline of the future process.

The changes of government in Washington and in Jerusalem, along with the difficulties stemming from the geographic and ideological divisions of the Palestinian side, have created a political reality that requires a renewed assessment. Indeed, in the months that passed since the appointment of Special Envoy to the Middle East George Mitchell, the Americans have been trying to formulate, in consultation with both parties, a revised outline for the process.

The Palestinian side maintains that the negotiations over the final status agreement

should resume from the point at which it stopped, that the work of the negotiating teams is now completed and it is time for the leaders to make historical decisions that would bridge the remaining gaps. The Israeli side sees no point in reaching a permanent status agreement that the Palestinian side is unable to implement ('a shelf agreement'), and fears a situation in which a slippery slope is created, along with the temptation to exert pressure on Israel to begin implementation while the Palestinian side is still not ready and has not fulfilled its obligations (especially due to Hamas' control of the Gaza Strip). The Americans are aware of these difficulties, and are examining possibilities to overcome the division in the Palestinian camp by encouraging an accord between Fatah and Hamas. The obstacle that Hamas presents was evident in the President's Cairo speech. In the speech, Obama refrained from defining Hamas as a terrorist organization, admitted that the movement had won the support of the Palestinian people, and called upon the organization to play a role in the fulfillment of Palestinian hopes by putting an end to violence, accepting previous agreements and recognizing Israel's right to exist.

Despite declarations by Hamas officials during the last year to the effect that they would accept the reality of a Palestinian state within the 1967 borders – albeit without recognizing Israel – attempts by Egypt to broker an accord between Hamas and Fatah have not yet been successful.

Operation Cast Lead (December 27, 2008 – January 18, 2009) dealt a major blow to Hamas while at the same time causing considerable damage to Israel's international

image. (The establishment of a right wing government in Israel and the appointment of Avigdor Lieberman as Minister of Foreign Affairs have also exacerbated criticism of Israel.) Nevertheless, in practical terms, the operation did create deterrence and, at least for now, has stopped rocket fire on southern Israel. Egypt is investing much more effort in curbing arms smuggling into the Gaza Strip, but Hamas remains stable and continues to be a security threat and a political obstacle.

As part of the Washington's efforts to revive the peace process, the administration is now working with Arab countries to consolidate, alongside the Israeli-Palestinian path, a regional track designed to bring about a gradual normalization in the relations between Israel and the Arab world; while the final peace accords are to be signed along with the Israeli-Palestinian permanent status agreement. This track is meant both to lend pan-Arab legitimacy to the moderate Palestinian camp, and to encourage and convince Israel that the returns it would receive from being forthcoming in negotiations will be of great strategic importance.

The main target of this American move is Saudi Arabia, but Riyadh's leaders are in no hurry to respond to the American appeals. Obama's journey to Saudi Arabia on June 3, 2009, was not a resounding success. On July 31, 2009, Saudi Minister of Foreign Affairs

Operation Cast Lead dealt a major blow to Hamas while at the same time causing considerable damage to Israel's international image

Prince Saud al-Faisal declared in Washington that “incrementalism and the step-by-step approach has not, and we believe will not, achieve peace. Temporary security, confidence-building measures will also not bring peace.”

In this context it should be emphasized that based on Phase II of the Road Map, the Arab world is committed to revive the multilateral engagements with Israel that first began as part of the Madrid process (i.e. five working groups: arms control, economic development, environment, refugees and water resources), and to reopen trade offices that were closed (Morocco, Oman, Qatar, Mauritania and Tunisia). The Council of Foreign Ministers of the Organization of the Islamic Conference, (OIC), which convened in Damascus in May 2009, while sharply criticizing Israel, also reaffirmed in its resolutions both the Arab peace plan and the Road Map.

Recent months have exposed disagreements and tensions between Israel and the U.S. The first dispute focused on the refusal of the Israeli government to accept the principle that the solution of the conflict is based on the establishment of a Palestinian state. This dispute was settled, as mentioned above, when Netanyahu accepted this principle in his Bar-Ilan speech on June 14, 2009. Another serious argument arose in response to the U.S. demand that settlement activity be totally frozen, including construction to accommodate natural growth.

The Israeli side argued that this demand violated previous understandings between the American administration and Jerusalem. Secretary of State Clinton rebuffed the Israeli claim as fallacious, but Elliott Abrams, who

headed Near Eastern Affairs at the National Security Council during George W. Bush’s presidency, argued that, in fact, Israel and the U.S. had reached certain understandings. These include: no expropriation of additional Palestinian land, no economic subsidies or incentives provided by Israel to the settlements, no new settlements to be built, and no further construction beyond ‘the built-up line.’ Taken together one can infer that according to these prior agreements, construction within settlements was not totally frozen.

This dispute was settled with a compromise. Israel announced on November 25, 2009 that it would freeze settlement in the West Bank for ten months. The freeze does not include Jerusalem and allows the completion of buildings and apartments already under construction. The Palestinian side has dismissed the Israeli step (even though the prime minister came under strong attack by the settlers).

As this document goes to print it appears that the United States is moderating its demands on Israel with respect to the settlement freeze, and does not wish discord over this issue to prevent the renewal of Israeli–Palestinian negotiations towards a final agreement. Assuming that an understanding is reached that would allow the renewal of the peace process, The sides have several options for renewal of the process:

(1) continued negotiations over the permanent status agreement; (2) focusing in the beginning on a single core issue: the permanent border lines; (3) reverting to the sequential outline of the Road Map, and in this framework, the establishment of a

Palestinian state within provisional borders; (4) some combination of the these three alternatives. Both parties have their reservations, of course. For example, the Palestinians object to the establishment of a state with provisional borders, while Israel objects to negotiations yielding a ‘shelf agreement.’

The challenge for Washington now is to design a plan that would be both acceptable to the parties and viable. For any alternative chosen, the U.S. expects the Arab world to play a supportive role. It is likely that the U.S. plan would regard the integration of Syria and Lebanon into the process in a positive light. The U.S. has recently sent high-ranking diplomats, including Mitchell, to conduct talks in Damascus, and has announced its intentions to reinstate its ambassador to Syria.

Testimony of the developing attitude in the U.S. is to be found in the Secretary of State Hillary Clinton’s declaration that was published in parallel to Netanyahu’s declaration of the temporary settlement freeze:

“We believe that through good-faith negotiations the parties can mutually agree on an outcome which ends the conflict and reconciles the Palestinian goal of an independent and viable state based on the 1967 lines, with agreed swaps, and the Israeli goal of a Jewish state with secure and recognized borders that reflect subsequent developments and meet Israeli security requirements.”

The U.S. goal of restarting the peace process has become more complicated given Abu-Mazen’s declaration on November 5, 2009 that he will not run again for the Palestinian Authority chairmanship. Even though the elections scheduled for January 2010

have been postponed – the threat remains that Abu Mazen will retire leaving political instability in his wake that will make it difficult to renew negotiations with Israel. Abu Mazen explained his decision by blaming Israel for paralyzing the negotiations for a final settlement and the absence of a worthy American effort to change this situation. The Palestinian leader conditions the renewal of the negotiations on a complete freeze of all settlement activity, including in Jerusalem and on Israeli recognition that the 1967 borders are the basis for a Palestinian state.

It is to be expected that strengthening Abu Mazen’s status will be a major focus under any scenario. Parallel to the foreign policy muddling, in recent months, positive developments have occurred in the West Bank. Israel has removed blockades that encumbered freedom of movement, and the local economy is showing healthy signs (7% growth in the past year). The Palestinian security forces, trained and supervised by Lieut. Gen. Keith Dayton, U.S. Security Coordinator for Israel and the Palestinian Authority, have achieved good results in the areas they control, and do not hesitate to engage in violent confrontations with Hamas elements. Personal security in Palestinian towns has improved, and armed militant gangs have disappeared from the streets. These processes are led to a large extent by Prime Minister Salam Fayyad, who is promoting a strategy of building a fully functioning state and civil society even

The West Bank’s economy is showing healthy signs – 7% growth in the past year

before the formal proclamation of its establishment. These achievements coincide with the success of Fatah's conference, which took place in Bethlehem on August 4–10, 2009. Abu Mazen was strengthened by the conference and his leadership won further legitimacy. Many new faces were elected to the executive committee; the older generation, led by Abu Ala (who failed to be re-elected) suffered a devastating defeat; Fatah is able to claim that it is now on the road to rejuvenation and recovery. However, these positive developments have given way to additional crises and damage to Abu-Mazen's standing:

- His consent to delay consideration of the Goldstone Report by the Human Rights Council in Geneva has generated strong criticism at home and in the Arab world, even portraying him as a “traitor.”
- The U.S. willingness to modify its demands on Israel regarding the settlement freeze.
- The imminent release of hundreds of Palestinian prisoners in exchange for Gilad Shalit – this deal is considered by the Palestinians as a major achievement for Hamas and proof of Abu-Mazen's weakness and the futility of his path.

It is difficult to estimate whether this process will survive intra-Palestinian divisions and rivalries, also in part because the stifling of Hamas's power in the West Bank relies on an IDF presence in the area.

PROGRESS IN THE PEACE PROCESS AND THE JEWISH DIMENSION

The possibility of the renewal of negotiations for an Israeli–Palestinian permanent status agreement raises highly sensitive issues that are close to the heart of the Jewish People in Israel and the Diaspora: securing the safe existence of the State of Israel, the nature of the agreement regarding Jerusalem, the future status of the holy places and historical sites in Judea and Samaria, the evacuation and dismantling of settlements, preserving the Jewish majority in Israel, and the Jewish–democratic nature of the state. All these strain and threaten internal solidarity in Israel and the Diaspora.

An indication of this is reflected in the survey conducted by J-Street among U.S. Jews in March 2009. The survey found a majority (57% for vs. 43% against) regarding the question: “Would you support or oppose the United States playing an active role in helping the parties to resolve the Arab–Israeli conflict if it meant the United States exerting pressure on Israel to make the compromises necessary to achieve peace?”

A similar question (albeit without the reference to “pressure on Israel”) was part of an ADL survey conducted in April 2009. 44% responded positively to the statement: “Peace between the Israelis and the Palestinians will never take place without the continuing leadership and involvement of the U.S. government,” while 47% preferred the statement: “It is up to the Palestinians and the Israelis to solve their problems; any LASTING agreement between them must be reached with

the U.S. only playing a role as a facilitator.”

It is no coincidence that as the political negotiation process draws nearer to addressing the sensitive core issues, the intra-Jewish debate is becoming increasingly heated, not just regarding the opportunity or the danger inherent in the process, but also around the question of whether (and how) world Jewry should take part in historical decisions which could affect the future of Jerusalem, Israel, and the entire Jewish world. (The mere establishment of J-Street which is perceived as a lobby group trying to send an alternative message to AIPAC’s is testimony to this internal Jewish debate in the U.S.) If, indeed, the talks ripen in the coming year towards the possibility of reaching an Israeli–Palestinian agreement, the U.S. may exert pressure on Israel to agree to some last-moment concessions in order to enable

the parties to sign. As a result, tensions may appear in the Washington–Jerusalem relationship and within Jewish communities themselves. Tensions may of course rise in the case that Israel appears to be the party hindering the progress of the process. Such a reality may put the Jewish community in the U.S. in an awkward position, especially in view of the familiar published claims that American foreign policy in the Middle East is influenced by Israel and the Jewish lobby in a manner that is contrary to U.S. interests.

The Iranian threat and the Arab–Israeli conflict are the two main themes that currently dominate the dynamics of the Washington–Jerusalem–American Jewry triad. The developments that will take place in these areas in the coming year might have a substantial impact on the stature of Israel and the Jewish People.

Part III

A Review of Selected Developments in World Jewry in 2008–2009

6

A Review of Selected Developments in World Jewry in 2008–9

The following is a selection of significant developments in the Jewish world over the past year. It is not exhaustive, but designed to provide the reader with a sense of the volume and diversity of activity and events in the Jewish world over the past year.

OCTOBER 2009

FACING TOMORROW

The second Annual President's Conference, Facing Tomorrow, took place in Jerusalem, bringing together, among others, Jewish leaders and activists from around the world. U.S. President Barak Obama sent a video message that aired in Jerusalem at the October 20 opening event. In the three and a half minute address, Obama characterized the relationship between the U.S. and Israel, Obama as, "a deep and much abiding friendship . . . a bond that is much more than a strategic alliance."

JPPPI SUMMIT

During JPPPI's October 12–13 Glen Cove,

New York brainstorming gathering on the triangular relationship between Jerusalem, Washington and North American Jewry, mounting concerns of Jewish leaders that President Obama had not yet done enough to speak directly to the North American Jewish community and the people of Israel were voiced to administration representative, Dan Shapiro, currently Senior Director of Middle East and North Africa at the National Security Council, and a veteran Obama adviser on Middle East and Jewish community issues. Obama's planned keynote address at the General Assembly of Jewish Federations of North America scheduled for November 10, 2009 in Washington was cancelled because Obama's presence was required at the memorial service for those killed in a terrorist attack on the U.S. military base in Fort Hood, Texas, White House Chief of Staff Rahm Emanuel spoke in his stead.

J STREET

The 18-month-old J Street, a lobby and political action committee that describes itself as "pro-Israel, pro-peace," held its first annual convention, Driving Change, Securing Peace

– in Washington, October 25–28. 1,500 people attended the conference and U.S. National Security Adviser James Jones delivered

Israeli Scientist won the 2009 Nobel Prize in chemistry for her work in deciphering the structure and function of ribosomes – the cell’s protein factories

a keynote address in which he reiterated that “nothing is off the table” with respect to Iran, and told the conference organizers and the audience that “You can be sure this administration will be represented at all future conferences.” Apart from a letter of greetings sent by opposition leader Tzipi Livni, no official representative of the Israeli government, including Jerusalem’s Ambassador to Washington, Michael Oren, participated.

UJC BECOMES JEWISH FEDERATIONS OF NORTH AMERICA

United Jewish Communities (UJC) changed its name to the Jewish Federations of North America as part of a rebranding effort initiated to draw a clearer association with its affiliates: 157 Jewish Federations and 400 independent network communities across the continent. Jerry Silverman, Jewish Federations of North America’s recently appointed president and CEO said, “. . . this change enables us to work with our partners to create stronger positioning of the Jewish federations for the future.”

ISRAELI WOMAN WINS 2009 NOBEL PRIZE IN CHEMISTRY

Israeli Professor Ada Yonath of the Structural Biology Department at The Weizmann Institute of Science won the 2009 Nobel Prize in chemistry for her work in deciphering the structure and function of ribosomes – the cell’s protein factories. She shares the prize with Venkatraman Ramakrishnan of Cambridge, and Thomas A. Steitz of Yale. Solving the ribosome’s structure has given scientists unprecedented insight into how the genetic code is translated into proteins, the building blocks of life.

SIGNS OF LIFE

Gilad Shalit, the Israeli soldier held captive by Hamas in Gaza since he was seized in a cross-border raid on his army base in June 2006, appeared in a “proof of life” videotape that Israel received in exchange for the release of 20 female Palestinian prisoners.

HUMAN RIGHTS WATCH TAKEN TO TASK BY ITS FOUNDER

Robert L. Bernstein, founding chairman emeritus of Human Rights Watch, in an October 20, 2009 New York Times op-ed criticized the group he chaired for more than 20 years: “. . . Human Rights Watch had as its original mission to pry open closed societies, advocate basic freedoms and support dissenters. But recently it has been issuing reports on the Israeli–Arab conflict that are helping those who wish to turn Israel into a pariah state.”

TURKEY

Tensions between Israel and Turkey intensified after the state-owned Turkish television channel broadcast a drama in which IDF soldiers were portrayed as callous, sadistic murderers of women and children. Turkish President Abdullah Gul, in a televised interview, said that his country would not remain silent in the face of the “injustices” carried out by Israel. Tensions were further exacerbated when Turkey excluded Israel from a long-planned, mid-October joint air force exercise with the U.S. and NATO. A number of Israeli trade unions announced that they would discourage their members from vacationing in Turkey. In an attempt to defuse the situation, Turkey announced its plan to send a new ambassador to Israel, and deputy Prime Minister Bulent Arinc went on the record saying, “relations between Israel and Turkey have always been strong and we are certain that they will remain strong.”

HUNGARY

Oszkar Molnar, a Fiedsz party (Hungary’s main opposition party) member of the Hungarian parliament accuses Jews of trying to take over the country. “I’m a Hungarian nationalist. I give primacy to Hungarian interests over those of global capital – Jewish capital, if you like – which wants to devour the entire world, especially Hungary,” he said. His statement was widely denounced inside Hungary, but curiously, no official disavowal was offered by his political party, which is likely to take power when elections are held next spring. Also in October, the Jewish

Agency announced that construction has begun on the Israel Cultural Center in Budapest, a pilot project that may lead to opening similar Israel–Diaspora centers elsewhere in the world.

ROME

Pagine Ebraiche (Jewish Pages), Italy’s first monthly national Jewish newspaper aimed toward non-Jewish readers, began publication with an initial run of 30,000 (which also happens to be the approximate number of Jews in Italy out of a total population of 60 million). Guido Vitale, the newspaper’s director said, “Pagine Ebraiche’s role will be to speak to the external world, not the internal Jewish world.”

Turkey excluded Israel from a joint air force exercise with the U.S. and NATO

SEPTEMBER 2009

THE GOLDSTONE REPORT

The 574-page Goldstone Report, officially the Report of the United Nations Fact Finding Mission on the Gaza Conflict, was released on September 15 to the consternation of Israel and Jews around the world. The fact-finding mission and its subsequent report were commissioned by the UN Human Rights Council (UNHRC) as per the resolution it adopted – by a recorded vote of 33 to 1, with 13 abstentions – during a special session held in January 2009 in Geneva, while the Gaza conflict was still in progress.

The original mandate of the fact-finding

mission made no mention of investigating any possible violations of international law perpetrated by Hamas or other Palestinian armed groups, which contributed to the initial difficulty UNHRC encountered when seeking someone to head the mission. South African Jurist Richard Goldstone accepted UNHRC's appointment as mission

**Goldstone's
Report: Israel's
blockade
of Gaza is
a collective
punishment**

head only after its mandate was broadened on April 3, 2009 "to investigate all violations of international human rights law and international humanitarian law that might have been committed at any time in the context of the military operations that were conducted in Gaza during the period from 27 December

2008 and 18 January 2009, whether before, during or after."

In addition to the general perception within the Jewish world that the UNHRC has a deep and pervasive anti-Israel bias, Professor Irwin Cotler and others have argued that the mandate's reformulation was the result of an oral agreement between Goldstone and then UNHRC President Ivo Hromádka, and therefore does not formally supersede the original one-sided UNHRC resolution. It has also been argued that mission member Professor Christine Chinkin of the London School of Economics, expressed opinions with respect to the Gaza conflict prior to her appointment to the mission that belied her impartiality.

Israel declined to cooperate with the inquiry believing that its mandate was "one-sided and shameful," and that it would not be

treated fairly by any investigation dispatched by UNHRC – even one headed by Goldstone, a Jew and professed Zionist with a distinguished record pursuing justice within the international system. Goldstone, *inter alia*, was the first chief prosecutor of the International Criminal Tribunal for the former Yugoslavia, served as a member of the International Panel of the Commission of Enquiry into the Activities of Nazism in Argentina and chaired the Independent International Commission on Kosovo.

The main part of the Goldstone Report's findings deals with accusations against Israel and the IDF of having committed war crimes and possibly crimes against humanity in its prosecution of Operation Cast Lead. It places particular emphasis on the blockade of Gaza, which it considers collective punishment; the destruction of civilian infra-structure, such as the bulldozing of agricultural fields, the destruction of Gaza's only flour factory, and severely damaging Gaza's water and sewage facilities; the deliberate targeting of civilians (perhaps the most shocking charge of all), such as during the daytime bombing of the al-Maqadmah mosque; the reckless use of white phosphorus; the use of Palestinians as "human shields" and more.

On the Palestinian side, the report stated that armed groups under Hamas command committed war crimes and possible crimes against humanity by deliberately targeting Israeli civilians and civilian structures with rockets and mortars fired into Israel. It also concluded that executions and abuses of Fatah members by Hamas amount to a "serious violation of human rights."

The report calls on both sides to conduct

good faith internal investigations, and recommends that the UN Security Council refer the matter to the International Criminal Court (ICC) if transparent, properly conducted internal investigations are not carried out. Should the Goldstone Report be transferred to ICC jurisdiction, Israeli soldiers and leaders might be subject to arrest outside Israel.

On September 24, 2009 Israel issued its initial response criticizing several aspects of the report, and refuting them point-by-point.

UNHRC endorsed the report on October 16, 2009 with 25 nations, including China and Russia, voting in favor; 6 against, including the U.S., Hungary, Italy, Netherlands, Slovakia and Ukraine; 11 abstentions, Japan and Mexico; and 5 nations, including France and the United Kingdom, not voting at all.

Judge Goldstone himself criticized UNHRC's resolution endorsing the report for its monocular focus on Israel and its failure to include Hamas. Goldstone said, "This draft resolution saddens me as it includes only allegations against Israel. There is not a single phrase condemning Hamas as we have done in the report."

While the debate in Geneva preceding the UNHRC vote has been characterized by UN Watch as having a "heated, lynch mob atmosphere," it is worth noting that the testimony of the former commander of British troops in Afghanistan, Colonel Richard Kemp was strongly supportive of Israel and the IDF. He said, on October 16, "... based on my knowledge and experience, I can say this: During Operation Cast Lead, the Israeli Defense Forces did more to safeguard the rights of civilians in a combat zone than

any other army in the history of warfare".

The U.S. position vis-à-vis the Goldstone Report, as articulated by Secretary of State Hillary Clinton, is that the issues it raises regarding both Israeli and Palestinian behavior during the Gaza conflict should be dealt with within the international system under the exclusive auspices of UNHRC, effectively signaling that the U.S. would use its veto power if the report is referred to the UN Security Council, the body with the authority to forward it to the ICC – a stance welcomed by Israel.

The U.S. House of Representatives overwhelmingly (344–36) passed House Resolution 867 calling on the President and the Secretary of State to oppose unequivocally any endorsement or further consideration of the Goldstone report.

Prime Minister Netanyahu, on October 25, 2009, asked Justice Minister

Ya'akov Ne'eman to form a small task force charged with devising a set of recommendations on how Israel should deal with the Goldstone Report across the legal, diplomatic and public relations disciplines. Netanyahu emphasized that the task force will not be a committee of inquiry and will not investigate IDF soldiers and officers citing the numerous internal investigations already underway by the Israeli military establishment.

Professor Jonathan Sarna: "Young American Jews today often view Israel through the eyes of the contemporary media: they fixate upon its unloveliest warts"

IS THE YOUNGER GENERATION OF AMERICAN JEWS INCREASINGLY DISTANCED FROM ISRAEL?

Indications that the public debate in the U.S. regarding Israel and the Middle East is becoming more similar to its European counterpart have multiplied, including calls for boycotts, divestments and sanctions. The

100 Hollywood personalities: “Anyone who has seen recent Israeli movies knows they are in no way a propaganda arm for any government policy”

American professor, currently on sabbatical in Israel, Jonathan Sarna, writing in the Forward on September 30, 2009 in response to Jay Michaelson’s op-ed “How I’m Losing my Love for Israel,” also published in the Forward on September 16, 2009, observed: “My generation of American Jews was raised to view the Zionist project through similarly rose-colored [Zionist/utopian] glasses . . . In place of the utopia that we had hoped Israel might become, young

Jews today often view Israel through the eyes of the contemporary media: They fixate upon its unloveliest warts.”

LEBANON, THE MOVIES

Israeli film director Samuel Maoz’s “Lebanon,” won the 2009 Golden Lion, the top prize at the Venice Film Festival. Most of the film was shot from inside a tank, expressing the claustrophobia and fear Maoz experienced as a young soldier during the 1982 war. “Lebanon” is the third Israeli film in

three years (with “Beaufort,” 2007 and “Waltz with Bashir,” 2008) about the first Lebanon war to receive international acclaim.

BOYCOTT AND BUYCOTT IN CANADA

The 2009 International Toronto Film Festival included a special section spotlighting Tel Aviv that became a focal point in the ongoing international debate regarding Israel. Canadian documentary filmmaker John Greyson withdrew his film in protest of the festival’s having chosen Tel Aviv as the first city featured in its new City-to-City Spotlight program which will showcase a different city each year. In his letter of protest, Greyson accused the festival organizers of being in collusion with an Israeli marketing campaign, “Brand Israel,” meant to emphasize Israel’s contributions to the world in the wake of international condemnation of Israel’s actions during Operation Cast Lead and its policies with respect to the Palestinians.

Another open letter, signed by prominent artists including David Byrne, Julie Christie, Ken Loach, Wallace Shawn, Jane Fonda (who later did some backpedaling) and others, claimed that Toronto’s embrace of a sister city program with Tel Aviv was a “celebration” of Israel’s occupation of Palestinian territories and showed complicity with “the Israeli propaganda machine.”

The festival’s organizers did not back down. Cameron Bailey, the City-to-City programmer, responded with an open letter of his own, in which he wrote, “As a festival that values debate and the exchange of cultures, we will continue to screen the best films we can find from around the world.”

A significant counter-protest came in the form of a full-page advertisement titled “We Don’t Need Another Blacklist,” published in *Variety*, the pre-eminent U.S. trade publication of the entertainment industry, and signed by more than 100, mostly Jewish Hollywood filmmakers, actors, writers, producers and executives – including among others, Jerry Seinfeld, Seth Rogen, Robert Duvall, Halle Berry, Sacha Baron Cohen, Lisa Kudrow, Sherry Lansing and Neal Moritz. It read in part, “We applaud the Toronto International Film Festival for including the Israeli film community in the Festival’s City-to-City program. Anyone who has actually seen recent Israeli cinema, movies that are political and personal, comic and tragic, often critical, knows they are in no way a propaganda arm for any government policy.”

A campaign titled “Buycott Israel” was planned and organized by the Canada–Israel Committee in cooperation with the Toronto and Vancouver Jewish federations and the Canadian Jewish Congress as a counter-measure to an increasingly vocal and active boycott, divestment and sanctions (BDS) movement in Canada. “Buycott Israel” set up a website that asks the questions: “Are you fed up with calls to boycott Israeli goods and services? Want to do something about it?” It then invites visitors to sign up for ‘buycott’ alerts. Sara Saber-Freedman of the Canada–Israel Committee explains that the website is an interactive tool allowing subscribers to alert others when they discover an effort to boycott a particular Israeli item – in turn the website notifies subscribers that they should go out and buy that item.

The United Church of Canada recently

considered a boycott of Israel. This time it was defeated, but it was placed on the organization’s 2010 agenda for reconsideration next year. It is also worth noting that there have been three attempts in the last year to launch Canadian boycotts of Israeli wine along with other products.

O SOLAR MIO

Spain excluded Israeli students from Ariel University Center of Samaria from its international competition Solar Decathlon, an example of BDS with particular irony as Israel is on the vanguard of green initiatives including research and development of solar power technologies.

REINVENTING RITUAL AT NEW YORK’S JEWISH MUSEUM

Reinventing Ritual: Contemporary Art and Design for Jewish Life, an exhibition at The Jewish Museum in New York (September 13, 2009–February 7, 2010) curated by Daniel Belasco with work by 55 artists and designers, explored the explosion of new Jewish rituals, art, and objects since the mid-1990s. The show included industrial design, metal work, ceramics, video, drawing, comics, sculpture, installation and textiles from Israel, North America and Europe.

LEONARD COHEN PERFORMS IN ISRAEL

Despite an intense pro-Palestinian campaign aimed at convincing the 75-year-old Canadian master of song, Leonard Cohen, to boycott Israel, he performed before an

enraptured audience at the Ramat Gan Stadium, the largest concert venue in Israel, on September 24. Tickets had sold out in a record 12 hours. Cohen, who supports Israeli–Palestinian coexistence, had offered to also perform in Ramallah, but the plan collapsed under Palestinian pressure.

AUGUST 2009

Netanyahu signed with the words “Am Yisrael Chai” (the Jewish people live) in the guest book at Villa Wannsee, where in 1942 Nazi officials planned the “final solution”

AM YISRAEL CHAI (THE JEWISH PEOPLE LIVE)

Prime Minister Netanyahu visits Britain and Germany where he has meetings with British Premier Gordon Brown, U.S. Middle East envoy George Mitchell, and German Chancellor Angel Merkel about advancing the peace process. While visiting Villa Wannsee, the site near Berlin where in 1942 senior Nazi officials planned the “final solution”, Netanyahu signed the guest book with the words “*Am Yisrael Chai*” (the Jewish People live).

Netanyahu also accepted on behalf of “Yad Vashem” 29 recently discovered blueprints of Auschwitz.

TEL AVIV GAY COMMUNITY CENTER SHOOTINGS

Two people were killed and 15 others wounded when a gunman burst into a gay

community center in Tel Aviv and sprayed bullets into a room where a support group for gay teenagers was in progress. A week later, the evening of August 8, 2009, more than 70,000 people gathered to protest and mourn in Yitzhak Rabin Square in Tel Aviv. President Peres addressed the crowd: “Everyone has the right to be different and proud.” Israel is considered the most tolerant country in the Middle East with respect to lesbian, gay, bisexual, and transgender people. Israel was the first, and to date the only, country in the region where homosexuals are protected by anti-discrimination laws. Although homosexual marriage is not sanctioned in Israel, gay marriages performed elsewhere are recognized under Israeli law. Further, unlike many democratic nations, since 1993 homosexuals have been permitted to openly serve in the Israeli military, including special units. Israeli policy towards gays in the military is often cited by those seeking to undo America’s “don’t ask, don’t tell” rule.

21ST CENTURY BLOOD LIBEL?

An article by Donald Bostrum published in the Swedish daily newspaper Aftonbladet accused the IDF of harvesting and selling organs from the bodies of Palestinians it has wounded or killed. Elisabet Borsiin Bonnier, Sweden’s ambassador to Israel, was quick to issue a statement condemning the accusation, calling it “shocking and appalling,” but the Swedish Foreign Ministry did not back her comments. Several Israeli officials requested an official repudiation of the article, however none was forthcoming.

Claiming that the Swedish Constitution

enshrines freedom of expression, Foreign Minister Carl Bildt refused to condemn the article, as did Swedish Prime Minister Fredrik Reinfeldt. Bildt who was scheduled to visit Israel in September canceled his trip in light of the tensions between the two countries.

Harvard Law School Professor Alan Dershowitz, in an August 26 Christian Science Monitor op-ed, wrote: “The reality is that the Swedish government simply does not want to get into a fight with the Muslim world, much as it didn’t want to get into a fight with the Nazis during World War II. Sweden seems willing to sell out the Jews in the name of neutrality, or in this case, in the false name of freedom of expression.”

Iran’s president Ahmadinejad appoints for minister of defense Ahmad Vahidi, wanted by Interpol and Argentina for his part in the bombing of the Jewish community center in Buenos Aires in 1994

IRAN

Iranian President Mahmoud Ahmadinejad nominated as his defense minister Ahmad Vahidi – wanted by Interpol and the Argentinian law enforcement authorities “for being one of those responsible for conceiving, planning, financing and executing” the 1994 bombing of the Jewish community’s cultural center in Buenos Aires that resulted in 85 deaths and hundreds of injured.

UNITED STATES

President Obama hosted a July 13th White House meeting with 16 leaders of 14 Jewish organizations to discuss and allay concerns that his administration is too unyielding with respect to Israel and too soft on Iran.

FRANCE

Youssef Fofana, 28, leader of the French gang *Les Barbares* (the Barbarians), was sentenced to life in prison for the 2006 kidnapping, torture and murder of young French Jew Ilan Halimi. 26 others were charged in connection to Halimi’s murder. Fofana’s two most involved accomplices received prison sentences of 15 and 18 years. while others received sentences ranging from six months to nine years. Two were acquitted of all charges. Jewish organizations in France called for a mass rally outside the Justice Ministry to protest what they called the too-lenient sentences of Fofana’s accomplices. Halimi’s family expressed some satisfaction that the court acknowledged the anti-Semitic nature of the crime. Their legal representative said: “It was because he was Jewish that Ilan Halimi was killed and tortured. No one can challenge this judicial truth.”

Leader of the French gang Les Barbares sentenced to life in prison for the 2006 kidnapping and murder of French Jew Ilan Halimi

ROMANIA

Radu Mazare, the mayor of the Romanian town Constanta provoked outrage when he performed in a fashion show goose-stepping in a Nazi uniform. Mazare publicly apologized explaining that the uniform was a reference to the film Valkyrie starring Tom Cruise as Col. Claus Graf Schenk von Stauffenberg, the German army officer executed for his role in a failed 1944 assassination attempt on Adolf Hitler.

MACCABIAH GAMES

The 18th Maccabiah Games, sometimes referred to as the Jewish Olympics, took place in Israel July 12–24 with 9,000 athletes from 53 nations participating. The Maccabiah Games are held every four years. 31 sports, ranging from badminton to wrestling, were part of the competition. Israel (367), United States (146) and Russia (34) were the top medal winners.

MELBOURNE INTERNATIONAL FILM FESTIVAL

Ken Loach, the British filmmaker and outspoken supporter of the Boycott, Divestment and Sanctions campaign against Israel, withdrew his film “Looking for Eric,” from the Melbourne International Film Festival to protest the festival’s refusal to reject funds provided by the Israeli Embassy to sponsor Tatia Rosenthal’s appearance at the festival with her film \$9.99, an Australian–Israeli co-production.

JUNE 2009

THE CONFERENCE ON HOLOCAUST ERA ASSETS, PRAGUE

The final session of the conference was held at the site of the Terezin concentration camp where the Terezin Declaration, signed by representatives from 46 countries, was unveiled. The Declaration, which describes the fruits of the Conference, codifies norms for the restoration of private and communal property absconded during the Shoah and considers, for the first time, the importance of using assets without heirs to support the welfare of surviving Holocaust victims.

Ten European Union member countries were singled out for still having not removed obstacles impeding the efforts of claimants who seek restitution of looted art and other property, they include Bulgaria, Germany, Greece, Hungary, Ireland, Lithuania, Poland, Romania, Slovenia, and Spain.

It was also announced that the Czech government is establishing a new institute, the European Shoah Legacy Institute (ESLI), which will be located in Terezin. ESLI will engage in work relating to Holocaust assets, education and the battle against anti-Semitism. JPPPI Chairman Ambassador Stuart E. Eizenstat headed the American Delegation.

TERROR ATTACK AT THE HOLOCAUST MUSEUM

An 89-year-old white supremacist, James Von Brunn, entered the Holocaust Memorial

Museum in downtown Washington on June 10, 2009 and opened fire with a rifle killing an African-American security guard before being shot to death by other security personnel. President Obama said he was “shocked and saddened” by the attack, and that “This outrageous act reminds us that we must remain vigilant against anti-Semitism and prejudice in all its forms.”

BERLIN

The Hildesheimer Rabbinical Seminary in Berlin ordained 2 rabbis, the first to be ordained there since the Nazis closed the seminary in 1938.

MAY 2009

POPE BENEDICT XVI VISITS ISRAEL AND THE WEST BANK

Amid an atmosphere of tension between the Vatican and the Jewish community, Pope Benedict XVI visited Israel May 11–15, 2009. In addition to the controversy that has swirled around the role Pope Pius XII played during World War II, and the Vatican’s plan to beatify him, Pope Benedict XVI outraged Jews in January when he announced the lifting of the 1988 excommunication of Bishop Richard Williamson and three other members of the Society of St Pius X, a conservative, traditionalist group that rejects some of the Church reforms introduced at the Vatican II Council (1962–65). Vatican II paved the way for Catholic–Jewish dialogue in part by issuing the document “Nostra Aetate,”

(Latin for “In Our Age”) which reversed what had been Church doctrine for centuries: that Jews bear collective guilt for the crucifixion of Jesus Christ.

Williamson, mere days before Benedict’s announcement, appeared on Swedish television, denying the existence of Nazi gas chambers and arguing that only 200,00 to 300,000 Jews perished in the Holocaust. Incredibly, when the Vatican got wind of the Jewish outrage revolving around Williamson, it issued a statement that it had been unaware of his views. In a public relations scramble, the Vatican eventually ordered Williamson to retract his remarks on the Holocaust. Williamson did apologize – for having caused the Pope “unnecessary distress and problems.”

To cope with the crisis, Benedict met with a delegation from the Conference of Presidents of Major American Jewish Organizations at the Vatican in February and issued a statement declaring that any denial or minimization of the Holocaust is “intolerable and altogether unacceptable.” He also announced his intention to visit Israel.

During his visit, Benedict drew additional criticism for delivering what was perceived as an impersonal and unemotional speech at Yad Vashem. He made no mention of having once belonged to, albeit forcibly, the Hitler Youth, and for serving in the German army during World War II.

Pope Benedict XVI visited Israel against the background of the controversy around the Vatican’s plan to beatify controversial Pope Pius XII

Charges dropped against former AIPAC lobbyists accused of conspiring to obtain classified information in order to pass it to Israel

CHARGES DROPPED

Charges were dropped against former AIPAC lobbyists Steven J. Rosen and Keith Weissman who were accused in 2005 by the U.S. (under the 1917 Espionage Act) of conspiring to obtain classified information in order to pass it on to Israel and some American journalists.

APRIL 2009

TEL AVIV'S CENTENNIAL

Tel Aviv celebrated and commemorated its 100th anniversary with a variety of outdoor festivals, art shows, concerts, sporting events and historic exhibitions.

DURBAN REVIEW CONFERENCE (APRIL 20–24)

Also known as Durban II, the Durban Review Conference was held at the United Nations Office in Geneva with the mandate to evaluate the implementation of the Durban Declaration and Programme of Action from the 2001 World Conference against Racism, Racial Discrimination, Xenophobia and Related Intolerance that took place in Durban, South Africa and was mired in controversy.

Citing concerns that Durban II would provide a platform for the promotion of anti-Semitism and laws against blasphemy (think Denmark, think cartoons) that could

interfere with Western principles of free speech and expression, the conference was boycotted by Australia, Canada, Germany, Israel, Italy, the Netherlands, New Zealand, Poland and the United States (the Czech Republic aborted its participation during the first day). Decisions by conference organizers to exclude discussion of the discrimination homosexuals face, and to ignore racism and intolerance in the developing world were also criticized.

The only head of state to attend Durban II was Iranian President Mahmoud Ahmadinejad, who on the conference's opening day delivered an incendiary speech condemning Israel and accusing the West of using the Holocaust as a "pretext" for oppressing Palestinians. Delegates representing the European Union walked out in protest.

MARCH 2009

PRIME MINISTER NETANYAHU

President Peres charges Benjamin Netanyahu with the task, following meetings with all political parties, in which Netanyahu won the support of significantly more members of Knesset than Kadima's Tzippi Livni. After a period of intense negotiations in which the Israeli Cabinet was considerably enlarged, Netanyahu's coalition government was sworn on March 31, 2009.

FEBRUARY 2009

ISRAELI ELECTIONS

Kadima, led by Tzipi Livni received more votes than any other party, but a right-wing bloc led by Benjamin Netanyahu won the majority of Knesset seats. Yisrael Beiteinu, Avigdor Lieberman's party, winning 15 seats, out-performed the Labor Party (13) and became the third-largest party in Israel.

LONDON CONFERENCE ON COMBATING ANTI-SEMITISM (FEB. 15–17)

At a time when anti-Semitic incidents, largely in response to the Gaza War, surged across Europe – including an arson attempt at a London synagogue – more than 100 lawmakers from 35 countries gathered in London for the conference. This inaugural conference, sponsored by the UK's Foreign & Commonwealth Office and the Inter-parliamentary Coalition for Combating Anti-Semitism, culminated in the signing of the London Declaration on Combating Anti-Semitism: “. . . to affirm democratic and human values, build societies based on respect and citizenship and combat any manifestations of anti-Semitism and discrimination.”

JANUARY 2009

OPERATION CAST LEAD ENDS

On January 18th, after 22 days of war against Hamas in the Gaza Strip Israel declared a

unilateral ceasefire bringing Operation Cast Lead to a close. Hamas announced its own provisional ceasefire later the same day. In the wake of Operation Cast Lead, the New York Times published an editorial stating that Israel was “facing its worst diplomatic crisis in two decades.”

VENEZUELA

The Jewish community of Venezuela, still reeling from President Hugo Chavez's inciting rhetoric linking the Jews of Venezuela to Israel's military operation in Gaza, saw that rhetoric actualized. On January 30, approximately 15 people stormed a synagogue, held a guard at gunpoint, threw Torah scrolls to the ground and painted the walls with anti-Semitic graffiti, including the slogan, “Death to the Jews.” Chavez denounced the attack. 16 members of the U.S. Congress wrote him a letter demanding an end to “the intimidation and harassment of the Jewish community.”

11 perpetrators, including 7 police officers, were arrested in early February.

Israel's ambassador to Caracas had been expelled from Venezuela on January 6, shortly after Israel commenced its ground assault on Gaza. On that same day, Chavez called for Venezuelan Jews to denounce Operation Cast Lead.

Other Jewish communities in Latin

Venezuela's president Chavez links his country's Jews to Israel's military operation in Gaza; a synagogue in Caracas is attacked

America, especially that of Argentina which has around 250,000 Jews, the largest of all, described heightened levels of anxiety resulting from a steep escalation of anti-Semitic acts of vandalism.

WALTZ WITH BASHIR

The Israeli animated documentary by Ari Folman about his experience in the First Lebanon War won the Golden Globe award in Hollywood.

DECEMBER 2008

CASUS BELLI

In the waning days of the Bush administration, after eight years of bombardment by around 12,000 rockets (in 2008 alone, southern Israel, especially the town of Sderot, was hit by nearly 3,000 rockets and mortar bombs), and after Hamas declared an end to the pause in hostilities agreement (Tahdia) brokered in May 2008 by Egypt, Israel launched Operation Cast Lead (OCL) on December 27, 2008 with an aerial bombardment of Gaza. One week later, on January 3rd, the IDF initiated the ground stage of the operation. Israel declared a unilateral cease fire on January 18 followed 12 hours later by A Hamas announcement of a one-week ceasefire, effectively ending OCL.

Between 1,166 and 1,417 Palestinians, and 13 Israelis died in OCL. Some 400,000 Gazans were left without running water and adequate sewage facilities. Many thousands of homes were demolished or severely

damaged; approximately 80 Hamas government buildings were targeted during OCL.

During OCL Hamas rockets reached further into Israel than ever before, hitting Beersheva, Kiryat Gat and Yavneh.

Mass demonstrations were held throughout the world, some of them supporting Israel, others protesting Israel. It is interesting to note that both sides made use of cyberspace to rally support. Israel utilized Twitter, YouTube, Facebook and other electronic spaces to make its case for Cast Lead. The Immigrant Absorption Ministry set up an “army of bloggers,” composed of Israelis with foreign language skills to represent Israel in unfriendly cyberspaces in English, French, Spanish and German.

Pro-Israelis argued that any country under incessant bombardment has the unequivocal right and duty to defend its citizens. They also pointed to the network of tunnels connecting Egypt and Gaza used by Hamas to smuggle weapons and other goods into Gaza. Those critical of Israel accused it of an unfair and ongoing Gaza blockade, collective punishment, disproportionate use of force, targeting civilians and the use of white phosphorus – an allegation initially denied by the IDF, but later acknowledged with caveat that it had only been used in adherence to international law. (see Goldstone section)

NOVEMBER 2008

MUMBAI TERROR

A crew of Pakistani terrorists laid siege to

the city of Mumbai, India beginning on November 26, 2008 and lasting three days. 173 people were killed, and more than 300 were wounded. The Chabad headquarters at Nariman House was specifically targeted where six people were executed including Rabbi Gavriel Holtzberg and his pregnant wife Rivkah.

According to the Times of India, Azam Amir Kasab, the only terrorist to be captured alive, told police that the Chabad Center was attacked to “avenge atrocities on Palestinians.”

JERUSALEM ELECTS NIR BARKAT MAYOR

In a 3-way mayoral race in Jerusalem, secular businessman Nir Barkat emerged victorious. He defeated his Haredi rival, Rabbi

Meir Porush, and the Russian–Israeli tycoon, Arkadi Gaydamak.

AN INDEPENDENT CONVERSION AUTHORITY

The Jewish Agency Assembly called for an independent conversion authority to shift the responsibility for conversions away from the auspices of the Prime Minister’s Office. Rabbi Haim Druckman, head of the National Conversion Authority, came under attack by Haredi rabbinic judges for being “too lax” in his conversions. The Ashdod Rabbinical Court’s decision earlier in the year to nullify several conversions by Druckman-supervised rabbinic courts, some going back 15 years, was partly the catalyst for the Jewish Agency’s action.

Part IV

The Economic Status of the Jewish People

The Economic Status of the Jewish People

GENERAL TRENDS, THE GLOBAL CRISIS, AND IMPLICATIONS FOR PHILANTHROPY

The global financial and economic crisis of 2008–2009 came at a time when the approximately 13 million Jews living in the world were enjoying, as a group, unprecedented prosperity. Despite the loss of wealth experienced by many individuals and households, the general economic condition of the Jewish People is not likely to change dramatically. The more immediate impact of the crisis, even as it appears to be easing somewhat, has been to force Jewish organizations, communities and individuals to rethink their priorities as resources become more constrained. After an extended period during which it seemed that financial resources were steadily and sometimes rapidly expanding, the economic crisis has meant that the underlying economic infrastructure of Jewish life became again a subject of concern. The crisis will very likely accelerate structural changes already observed in the Jewish world, such as increasing dependence on Israeli government funding and a rise in the relative weight of the Israeli economy in the global Jewish economy, an increased role for a new

class of wealthy Jews from the former Soviet Union and Israel, a shift from real-estate, finance and old wealth to new media wealth, the weakening of mid-West communities in favor of major urban West and East coast communities the weakening of mediating institutions that raise and distribute funds relative to philanthropic e-markets, and an accelerated decentralization of sources and locals of power within the community.

In this 6th Annual Assessment of the Jewish People Policy Planning Institute we turn our attention to the economic condition of the Jewish people, what might be called the “flour without which there is no Torah.” First we examine in broad terms the economic status of the Jewish people around the world, including Israel, with attention to conditions before the economic crisis and, where data are available, at present. We focus on indicators of economic strength of various Jewish communities, with particular emphasis on the United States and Israel, and potential shifts in the balance of economic power among them. Second, we examine long-term trends in Jewish philanthropy, including Israeli philanthropy and the immediate observable impact of the economic

crisis. The goal is to review the history and current status of Jewish and Jewish-related philanthropy, and to consider the possibility of continued changes including increased dependence on the Israeli government and decentralization of fundraising and distribution. In the last part we propose a framework for estimating the “cost of living Jewishly,” which we believe should be part of broader policy discussions regarding barriers and incentives to participation in Jewish life and the formulation of sound community action strategies especially during difficult economic times.

THE ECONOMIC STATUS OF THE JEWISH PEOPLE – A GLOBAL SNAPSHOT

There are currently approximately 13 million Jews living in the world and as a group they enjoy unprecedented prosperity, due in

large part to three major developments: (1) the massive immigration of Jews from less developed to more developed countries that took place throughout the 20th century; (2) the increasing openness of societies where Jews live and where investments in human capital have enabled giant leaps from poverty to affluence; and (3) the establishment and economic development of the State of Israel.

Nearly all of world Jewry lives today in economically affluent, politically stable, and socially attractive environments. In 1988, 55% of the world Jewish population lived in the top 20% of the most developed countries, as measured by the Human Development Index, a measure introduced by the United Nations Development Program that combines measures of life expectancy, educational attainment, and GDP per capita for countries worldwide. These are the countries with the highest living standards, levels of

Table 1: World Jewish population by country in rank order of the United Nations 2009 Human Development Index

Country	HDI Rank	Jewish Population*	Share of Total	Cumulative
Canada	4	375,000	3%	3%
Australia	2	107,000	1%	4%
France	8	485,000	4%	7%
United States	13	5,275,000	40%	47%
UK	21	293,000	2%	49%
Germany	22	120,000	1%	50%
Israel	27	5,569,000	42%	92%
Total		12,224,000	92%	
Total Number of Jews Worldwide		13,309,000	100%	

Source: UN HDI Charts, Sergio DellaPergola, The Hebrew University of Jerusalem

* The Jewish People Policy Planning Institute makes use in all its publications of demographic figures provided by Professor Sergio DellaPergola, a Senior Fellow with the JPPPI, who has been providing the numbers for the Annual Assessments’ table since the first publication. We continue to use the figures provided by Professor DellaPergola with the understanding that, regardless of the precise figures, the statement that more than 90% of world Jewry lives in the world’s most developed countries, stands.

THE GLOBAL ECONOMIC CRISIS: A SNAPSHOT FROM THE U.S. PERSPECTIVE

As 2009 draws to a close there is evidence of impending recovery in the global economy, which has suffered what many experts claim is the worst recession since the Great Depression of the 1930s. International Monetary Fund estimates of the global impact of the crisis, in terms of cumulative losses of banks and other financial institutions, surged from \$945 Billion in April 2008 to \$4 Trillion a year later; historical analyses tend to validate the basic proposition that financial sector crises of this sort are precursors to broader downturns in key economic measures.

In the U.S. the change in gross domestic product (GDP) from the previous quarter, which is a common method for tracking macro level economic performance, exhibited a startling drop starting in late 2008. Starting in the third quarter of 2008 GDP began what appeared to be a freefall, decreasing at first by almost 3% between quarters and peaking at more than 6%. Between the first and second quarters of 2009 the rate of decrease seems to have slowed, to a decline of about 1%, which may be a sign that the recession is bottoming out and that recovery is imminent.

Employment and unemployment statistics are less encouraging: according to the August report of the Bureau of Labor statistics, U.S. employment continued to decline through the summer of 2009, and the unemployment rate reached a new peak of 10.2% as of October, up from 4.6% in January of 2007. Overall, though, the mood in economic and financial circles is more upbeat today (as this report goes to press) than it was a year ago. As reported by the New York Times in early August, the Federal Reserve Bank said that, “the recession is ending and that it [the Bank] would take a step back toward normal policy . . . Though the central bank stopped well short of declaring victory, policy makers issued their most upbeat assessment in more than a year by saying that the downturn appears to have hit bottom and that consumer spending, financial markets and inventory-building by corporations all continued to stabilize . . . The central bank cautioned that the recovery would be slow and that unemployment was likely to remain high for the next year . . .”

This was welcome news, especially when contrasted with the grim predictions of even two months earlier, when the World Bank, for example, slashed its forecast for global economic growth and forecast a 2.9 percent contraction in the world economy in 2009. The somewhat fragile and transitory nature of most economic forecasts makes it hazardous to venture a guess about the magnitude, timing, and distribution of the global economic recovery.

industrialization and modernization, health standards, degrees of education and political liberty. As shown in the above table, by 2001, following the collapse of the Soviet Union and the massive wave of immigration of Soviet Jews to the West, the share of Jews living

in the world's most highly industrialized and affluent countries had risen substantially to the current level of over 90%.

Conversely, the less developed three-fifths of countries now host less than 2% of the global Jewish population, as against 71% of the total world population. And even in countries ranked low on the Human Development Index (e.g., Brazil, Russia, South Africa) Jews typically tend to enjoy living

standards that are higher than the country average. For example, in the late 1990s, 73% of Mexican Jewry belonged to the upper and upper-middle classes compared to 8.3% of the general population while only 5% of the Jews belonged to the lower class (compared to 63% of the national population).

These data reflect an important development in Jewish history: *most Jews today live in societies where they enjoy unprecedented opportunities for better health, higher income, high quality education, and rapid socioeconomic mobility in a general environment of political freedom, technological innovation, sophisticated research facilities, high industrial productivity, modernity, and cultural pluralism.*

American Jews tend to have higher educational levels, higher occupational status and higher earnings than other whites

One of the main factors explaining the relative economic strength of any group or country is investments in human capital generally and education specifically, coupled with the creation of increasingly favorable conditions for industrial innovation, trade, and the application of technology. Since the vast majority of Jews live in countries that fit this profile, they have benefited from these conditions. In addition, Jews have tended to make higher than average investments in human capital and gravitate towards professions that are characterized by innovation and high knowledge intensity. American Jews, for example, tend to have a higher educational level, higher occupational status and higher earnings than other whites, both overall and when education and other variables are held constant.

This phenomenon is not limited to the United States. Throughout the world, very high proportions of young Jews pursue post-secondary education. Moreover the trend to post-graduate university specialization today encompasses very substantial proportions of Jewish young adults. In France, a recent survey suggests that more than 48% of French Jewish heads of households attended university and 63% attained the Baccalaureate degree compared with a national average of 29%. Moreover, in spite of the general improvement of educational standards in Western societies, the traditional gap between Jews and non-Jews in educational attainment has not diminished or disappeared. Even the establishment of the State of Israel did not much change that picture, since Israel's dearth of natural resources means that wealth creation in Israel continues to be

highly dependent on the level of educational attainment of the population.

The high level of educational attainment of Jews is associated with trends in occupational structure and higher than average incomes, even in the wealthiest countries. Despite differences between countries in levels of development and modernization, occupational trends display similarities across different Jewish communities. For example, in almost all countries where Jews live a very small proportion of young Jews are employed as laborers in factories and industry. Employment in the field of commerce and business remains stable or tends to decrease, while the percentage of those employed in professional, technical, managerial and clerical occupations is increasing. In France, surveys show that 25% of Jews are in professional occupations such as doctors, lawyers, and accountants and a disproportionate share of Jews pay the highest tax rate. In all communities, for which such data are available, women have been prominent in these trends, and along with an educational attainment today higher on the average than that of men, their entrance into professional and managerial positions is increasingly visible.

Based on these data, one could speculate that if all the Jewish people outside of Israel were living in a single country, it would likely be one of the world's most developed economies, with education as its main 'natural' resource. The inhabitants of this imaginary country would be engaged mostly in professions that depend on a very high level of educational attainment. It would be a relatively egalitarian country, with above average parity between men and women, and high

rates of employment and productivity. (Of course, it is important to note that in such an imagined country there would still be a need for public, government and municipal service jobs that would have to be filled by Jews, which means a higher share of the population would be employed in mid and low levels jobs than is typically the case for Jews living in most countries of the world.)

ISRAEL

Israel's economic achievements are at once remarkable – given its relative youth, the numerous challenges it has faced, perhaps most significant among them that the vast majority of Jews who immigrated to Israel did so from countries with low levels of economic development. At the same time, on some indicators such as GDP per capita or percentage attaining a first postsecondary degree, Jews in Israel rank lower than Jews in other countries, which raises questions relevant to Israel's long term economic potential.

In any case, it is not an exaggeration to say that Israel's current economic condition is an historical miracle. At the beginning of the 19th century, Jews living in Israel numbered 50,000 or about .5% of the 11 million Jews living in the world. In 1948, the number had risen to 650,000, about 6% of the Jews still living after the Shoah. As the national home of the Jewish People, Israel has absorbed since its rebirth over 3 million new immigrants, the vast majority of whom arrived

In almost all countries, a very small proportion of young Jews are employed as laborers in factories

THE GLOBAL ECONOMIC CRISIS: A SNAPSHOT FROM THE ISRAELI PERSPECTIVE

Starting in 2004, after recovering from the economic downturn that accompanied the second Intifada, Israel's GDP grew at an average annual rate of approximately 5% through the end of 2008. During the first three quarters of 2008, Israel's GDP growth remained positive but slowed each quarter. During the fourth quarter of 2008 and the first quarter of 2009, Israel entered a brief recession as its GDP contracted by an annual rate of 1.5% and 3.2% respectively. During the second quarter of 2009 Israel emerged from this short economic recession, recording an annual growth rate of 1%. At the time of this publication, the Bank of Israel is predicting that Israel will end 2009 with a 0% annual change in GDP and an expected growth rate of 2.5% in 2010. From 2004 through 2008 Israel's unemployment rate dropped steadily from 10.3% to 6.1%. Beginning in the fourth quarter of 2008 Israel's unemployment rate began to rise, and at the time of this publication the unemployment rate is currently at 8%, lower than initially forecasted.

Unlike the U.S. and other major economies, throughout the crisis Israel's banks have remained stable; no complex high-risk products have been developed in the Israeli capital market; no bubble has developed in the prices of real estate; and households in Israel have a relatively high rate of saving. Through the stewardship of the government and Bank of Israel fiscal and monetary steps were taken to thwart the impact of the global economic crisis on Israel's economy. These policies have won praise from economists and financial institutions around the world. Fitch Ratings, Moody's Investment Services, and S&P have all recently reiterated Israel's credit ratings. Fitch noted that Israel would be one of only four A-rated countries that will emerge from the recession in 2009. Israel is also expected to improve its relative standing in terms of its debt to GDP ratio that has remained steady at around 80% while other developed economies have experienced deteriorating ratio.

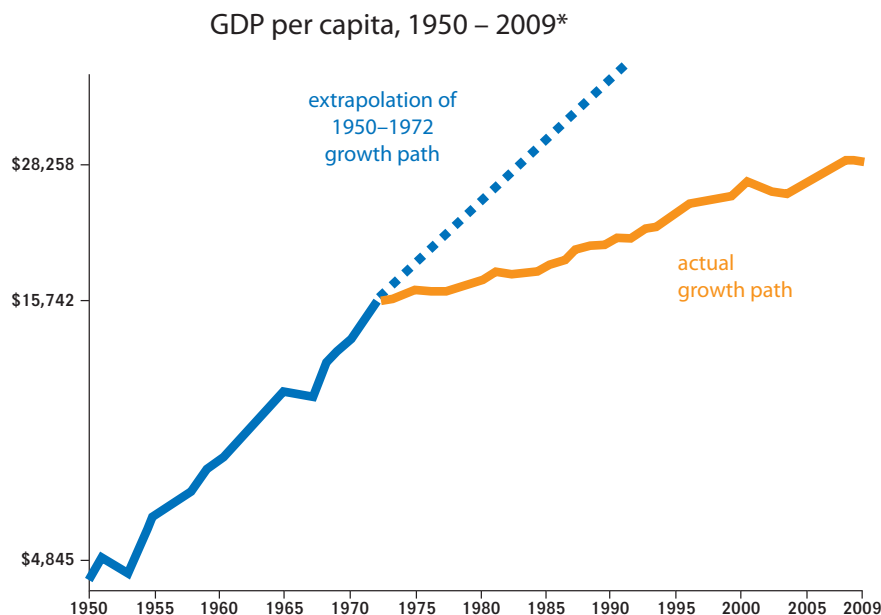
At the time of this publication, the Tel Aviv 100, an index composed of the 100 stocks with the highest market capitalization on the Tel Aviv Stock Exchange, increased by more than 60% this past year, and is down only 15% from its all time high set in 2007. This past summer, Morgan Stanley Capital International announced that, effective May, 2010, Israel will be classified as a 'developed market' rather than its current classification as an 'emerging market'; a change that will likely attract many new investors to Israel's equity markets.

from distressed countries with a substantially lower per capita income than Israel's. For them – and with them – Israel has dedicated itself to an economic and social development project that is (or should be) the

envy of developing countries everywhere.

Today more than 40% of the world's 13 million Jews live in Israel, total GDP approaches \$200B, and on the UN Human Development Index Israel ranks 27th out of 179

FIGURE 1: ISRAEL'S LONG-RUN GROWTH PATH; 1950–2009



* In 2005 International dollars, logarithmic scale
Source: Ben-David and Papell (1998) Review of Economics and Statistics (updated)

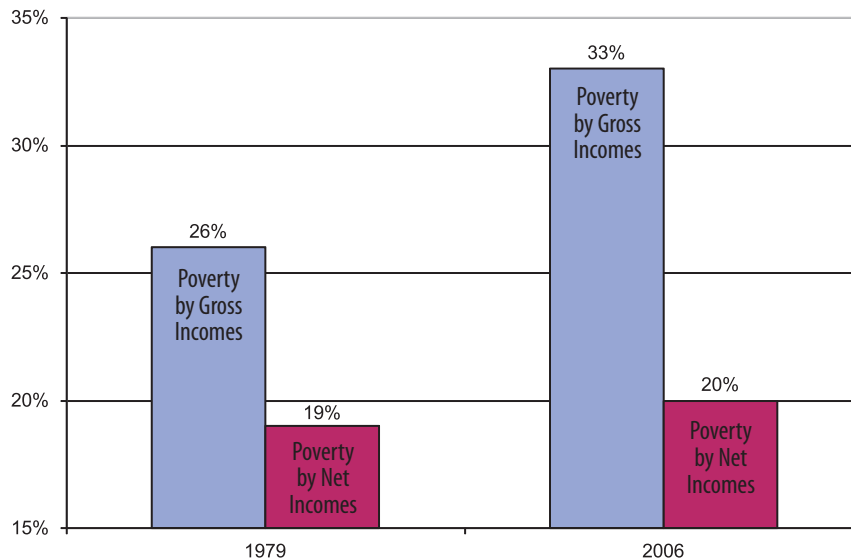
countries. According to International Monetary Fund, Israel's GDP per capita (including the non-Jewish population) was \$28,474 in 2008, which placed it at number 31 in a ranking of 180 countries. In 2010 Israel is slated to join the OECD, which would confer an additional acknowledgement of its advanced economic status and its adherence to a list of criteria that characterize fully developed economies.

Israel has a post-industrial economy, with an increasingly large service sector and in which agriculture, once the mainstay of the new state, now accounts for roughly two percent of total employment. Traditional manufacturing industries have been shrinking, replaced by an extraordinarily robust high-tech sector. Israel has an open economy,

with high import/export rates relative to its national product, and is therefore greatly dependent on international economic conditions. Indeed, Israel's economic achievements are at once remarkable – given its relative youth, the numerous external challenges it continues to face, and the fact that the vast majority of Jews who immigrated to Israel did so from countries with low levels of economic development.

During its first 25 years the Israeli economy grew at a breakneck speed of more than 10% annually; GDP grew at a rate of nearly 6% without compromising the country's relatively high level of economic equality. Following the Yom Kippur War and the economic crises of the 1970's Israel experienced a decade of relatively low growth and

FIGURE 2: PERCENT OF FAMILIES IN POPULATION LIVING UNDER POVERTY LINE



* Old series until 1997 adjusted to new series that includes non-salary workers

Source: Dan Ben-David (2003) Economic Quarterly (updated) Data from Israel's National Insurance Institute

Israel is challenged by relatively low productivity and labor force participation in various segments of the population

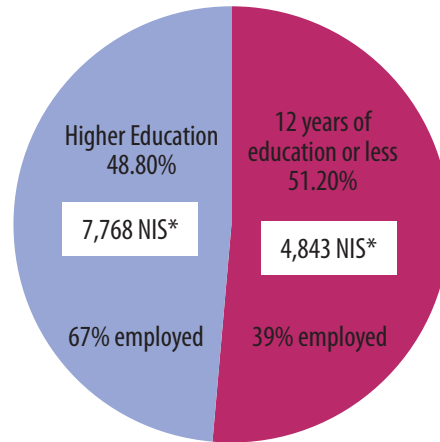
runaway inflation. Following the stabilization plan of 1985 Israel embarked on a path of a smaller government and open economy that has marked its economy to this date. Despite successfully introducing reforms and overcoming the hyperinflation of the time, its per capita growth rate never recovered and grew at an average annual rate of 1.5%. This means that as of the mid 1970s Israel's long-term growth path has been moving it further away from the advanced economies. Had Israel continued its earlier growth path it would have been positioned

today among the world's leading economies.

Israel continues to be challenged by relatively low productivity and labor force participation in various segments of the population. These discrepancies have led to a rise in poverty that has been steadily increasing since the 1970s. In 1979, about one-quarter of families in Israel lived under the poverty line based on their actual income (before the social safety net of welfare payments and taxes). Today, this share has climbed to over one third of the families. In terms of net income, after welfare payments and taxes, roughly one-fifth of the families lived under the poverty line then and now, meaning that the government had to spend increasing amounts of transfer payments merely to maintain the same levels of poverty as before.

FIGURE 3: EDUCATIONAL ATTAINMENT OF THE WORKFORCE IN ISRAEL

Segmentation of Education Level, 2000 in the civil workforce (15+ years old)



* Gross monthly income of salaried employees, 1999

Source: Dan Ben David

Another aspect of these trends has been the rise in disparities in actual income, before welfare payments and taxes. (Welfare payments and taxes reduce net income inequality and dampen the effects of that inequality.) These disparities are among the highest in the West, and have been steadily growing since the 1970s. In this context, it is important to note that Israel defines poverty differently than the U.S. The U.S. currently measures poverty based on a concept of poverty threshold, i.e., a federal government estimate of the point below which a household of a given size has cash income insufficient to meet minimal food and other basic needs (there are long-standing disputes regarding the validity of this measure and some states, as well as the United States Congress are

considering alternatives). Israel defines poverty as a relative measure – it is 50% of the median available income, i.e., after transfer payments and welfare). In this sense poverty in Israel is more closely related to inequality. It also means that while the poverty rate prior to transfer funds has been increasing, the poor today are objectively better off than they were decades ago.

This combination of problems and challenges has created a reality of a dual economy and society, which has intensified in recent years. Israel has an advanced and highly productive sector with globally competitive industries and traditional manufacturing and services sectors in which advanced technologies are underutilized and employees are typically less skilled. This

ESTIMATING GLOBAL “JEWISH GDP”

A basic economic measurement of any country is its GDP (and GDP per capita). While this is a limited measure, it can be useful shorthand for ranking and positioning economies and getting a sense of relative wealth and the resources that countries are able to marshal. While the Jewish People is obviously not a country as such, there are elements of collective solidarity that make it worthwhile to construct a “Jewish GDP” in order to get a broad sense of the overall resources that are available to the Jewish people and how they are distributed across various Jewish communities.

Such research has not been conducted and so we propose the following as a framework that could guide thinking on the matters. For example, in trying to assess the total GDP of Jews worldwide, one could begin with a conservative baseline and assume that the economic status of Jews reflects the average economic status of the population in the countries where they live. Based on this assumption, the total worldwide Jewish GDP would be about \$500 Billion. However, if one makes a more realistic assumption, that the average income of Jews is typically higher than the average (or median) of the general population, the estimate of global Jewish GDP would be different. The question then would be how much higher? Data on the average income of Jews across countries is rare and therefore in this document we make some general inferences, purely for the purpose of demonstrating how such an analytical tool could work. For example, in this chart we make the assumption that for all countries, other than Israel, Jewish GDP per capita is 50% higher than the average GDP per capita – that is, we use a factor of 1.5 to multiply the average GDP per capita to create an ‘estimated’ Jewish GDP per capita and multiply this new figure by the number of Jews in each country to reach an estimated Jewish GDP. Under such an assumption the estimate of global Jewish GDP would jump from \$500 Billion to nearly \$700 Billion, as shown in the chart below.

economic-technological gap explains wage discrepancies and is a factor in the country’s growing economic inequality. A second source of duality and socio-economic polarization is the low rate of participation in the labor force by Haredi (ultra-Orthodox) men and Arab women.

Earnings and wealth data provide indicators of a society’s available resources but do not necessarily determine the targets or goals for which the income is spent. Within Israel, a good first approximation of the society’s choice of how to allocate its economic resources is found in the annual budget of the

Table 2: Estimate of Jewish GDP with and without an adjustment factor

Country	HDI Ranking 2009	GDP per capita (USD)	Jewish GDP (Jews are average assumption) USD Million	Jewish population Core definition 2009	Jewish GDP factor	Estimated Jewish GDP per capita	Jewish GDP (Jews with factor assumption) USD Million
Canada	4	39,098	14,662	375,000	1.5	58,647	21,993
Australia	2	36,918	3,950	107,000	1.5	55,377	5,925
France	8	34,205	16,589	485,000	1.5	51,308	24,884
United States	13	47,440	250,246	5,275,000	1.5	71,160	375,369
UK	21	36,358	10,653	293,000	1.5	54,537	15,979
Germany	22	35,539	4,265	120,000	1.5	53,309	6,397
Israel	27	28,474	158,572	5,569,000	1.5	31,321	174,429
Argentina	49	14,408	2,637	183,000	1.5	21,612	3,955
Brazil	75	10,466	1,005	96,000	1.5	15,699	1,507
Russia	71	15,948	3,349	210,000	1.5	23,922	5,024
Ukraine	85	7,342	543	74,000	1.5	11,013	815
South Africa	129	10,136	720	71,000	1.5	15,204	1,079
Other		36,335	35,208	969,000	1.5	54,502	52,812
Total			502,398	13,827,000			690,169
Weighted Average			36,335				49,915

Naturally, more research would be necessary in order to reach more precise estimates of the proper factor for each and every country. Such research is likely to yield that in some countries the factor should be much higher or lower than used here, and the \$700 Billion assessment would have to be adjusted. In any event, this preliminary figure should provide a helpful framework for consideration of policy options relating to the sustainability and growth of the Jewish people worldwide. We offer this idea in hopes it will spur interest and continued analysis.

government of Israel. The budget that passed for the 2009 fiscal year stands at NIS 327 Billion, or approximately \$86 Billion, of which approximately one third – NIS 111 Billion (\$29 Billion) is debt repayments. The largest items on the remaining budget are Defense – NIS 46 Billion (\$12 Billion); Social security

and pensions – NIS 38 Billion (\$10 Billion); Education – NIS 30 Billion (\$8 Billion); and Health – NIS 16 Billion (\$4 Billion). Beyond the obvious and well-known emphasis on defense it is clear, that like many developed economies, Israel invests heavily in human capital.

It is reasonable to argue that given that the vast share of the Israeli budget goes towards the defense of the state, to the education of its citizens and to securing their welfare and health, it reflects Israel's collective priorities and as such defines the nature of spending

American Jews comprise about 2 percent of the population, but more than 100 of the 400 wealthiest Americans are Jewish

by a Jewish community on its Jewish priorities. Israel, by virtue of its status as a state employs clear mechanisms for collective negotiation in order to determine community priorities.

In Jewish communities outside Israel, however, there is no equivalent of a Jewish sovereignty responsible for collective allocation of funds, i.e., there is no centralized mechanism such as

a budget with elected officials who negotiate its priorities. As will be discussed below, in the context of the U.S. Jewish economic scene, it may nonetheless be possible to provide key economic indicators of Jewish resources and their allocation.

THE U.S.

American Jews continue to enjoy a high standard of living relative to national averages elsewhere and to other ethnic and religious groups in the U.S. Based on an analysis of data from 1998, median wealth for families in the U.S. raised as Jews was \$151,000 (in 2000 dollars), more than three times that of the sample median of \$48,000. Note that wealth is defined as a composite of income, property, and other assets. According to the

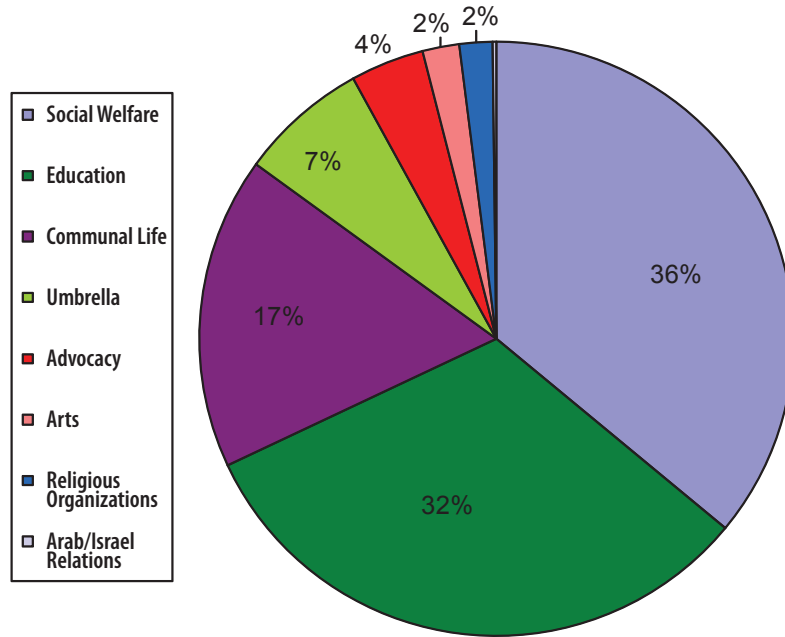
2001 National Jewish Population Survey, the median household income of the Jewish population in the U.S. was about \$50,000, compared to approximately \$45,000 for all U.S. households as reported by the Census Bureau.

American Jews comprise about 2 percent of the population but more than 100 of the "Forbes 400" (a list of the wealthiest Americans) are Jewish. There are of course Jews with lower incomes, especially among the Haredi ultra-Orthodox population, – even if the rate is lower than for the population as a whole.

As noted earlier, the federal budget in the U.S. is not analogous to Israel's budget in terms of its implications for the Jewish parts of the society's choices among spending, employment, and living options. However, by looking at the annual operating budgets of the largest Jewish organizations one could produce at least a first order approximation of a kind of 'Jewish budget'.

Based on a study conducted for the Jewish Week by Mark Pearlman and Gary Rosenblatt, looking at publicly available filings from more than 400 Jewish non-profit organizations, an initial estimate of \$6.7 Billion was put forth as the annual 'Jewish budget' in the U.S. But this number underestimates the total funds that go to support Jewish organizations, since religious organizations are exempt from filing tax reports available to the public. Moreover, these organizations disclose only limited financial data if they report at all, although some resources are available to provide information about the Reform and Conservative movements in the U.S. (For example, the research does

Figure 4: the ‘Jewish Budget’ by categories



not include groups like Chabad–Lubavitch, which is organizationally dispersed, believed to be in the range of a \$1 billion-a-year enterprise, or the Orthodox Union, whose kashrut division is said to generate hundreds of millions for the organization.) This number is also net of financial intermediaries such as the Jewish Federations and various Communal Funds, as they essentially redistribute the funds to other organizations and activities. Adding their revenues and accounting for these organizations’ overhead and other activities would bring the annual Jewish budget to between \$6.7 and \$10 Billion.

To examine the priorities of the Jewish community as reflected through this ‘budget,’ we categorized the revenues data for each organization according to systematic service

groupings like education and communal life. Most funds go to social welfare (36 percent), followed by education (32 percent) – interestingly, a ratio not very different than that of the Israeli budget – 17 percent of services provided go for communal life, with 4 percent for advocacy, 2 percent for the arts, and less than 1 percent for Arab–Israel relations.

In terms of how that money moves through the non-profit system, even though there is no official centralized collection and allocation system, there is still a relatively high level of concentration. More than 25 percent of all funds come through the Jewish federation system, and 30 percent of all revenue is concentrated among the top 10 non-profits, including UJA–Federation of New York, the Jewish Agency for Israel, Hadassah,

American Jewish Joint Distribution Committee, Yeshiva University, FEGS Health and Human Service System, and the Jewish Geriatric Center.

Table 3: Share of Total ‘Jewish GDP’ by Number of Organizations

Organizations	Share of Total GDP
Top 10	30%
Top 20	41%
Top 30	50%
Top 50	62%
Top 100	80%

As one begins to think about the total collective spending in the Jewish world, it is interesting to ponder the proportions between the Israeli budget and the ‘Jewish

budget’. Taking a global Jewish perspective and including the Israeli government spending in the calculation of the global Jewish budget – despite its non-voluntary nature, it could be argued that Israel spends up to 3 to 5 times the amount spent by Jewish communities outside of Israel on the Jewish collective. (This assumes 2/3 of the Israeli budget which are not debt repayments – at \$54 Billion – and a Jewish budget that is at least between \$6.7 Billion and \$10 Billion, but could be twice that if all data were available). If one were to take this reasoning further, it could be argued that

Jewish philanthropy in the U.S. is shifting from giving to projects designed to benefit primarily Jews to projects designed to benefit the general population and the world at large

the budget of the State of Israel is the top document that reflects the collective priorities of the Jewish people and one that should be the center of attention for all Jews, not just those living in Israel.

LONG TERM TRENDS IN JEWISH PHILANTHROPY AND THE ECONOMIC CRISIS

The U.S. Context

Jewish philanthropy in the United States has been exhibiting several major long-term trends. The first is a shift towards decentralization and increasing variation of the players who are allocating philanthropic dollars, evident mostly in the decreasing donor base of most federations and the rise of private and family foundations, donor advised funds and electronic philanthropic marketplaces, among others. The second is the shift from giving to causes and projects designed to benefit, exclusively or primarily, Jews, to projects designed to benefit the general population and the world at large, with this giving at times framed as motivated by Jewish values.

Taken together, the level and targeting of Jewish charitable giving appears to be in line with what one might expect on the basis of Jewish wealth, although it is substantially higher given the size of the American Jewish community. Of the 60 largest individual donors identified by the 2005 *Chronicle of Philanthropy*, at least 15 (25 percent) were Jewish. Between 2001 and 2003, Jews donated 16 percent of the total dollar value of all “mega-gifts” of \$1–10 million. The list of the top five

New York area givers in 2004 included Jews in the top four slots, and of the 100 largest charitable foundations in the United States, eight were founded by Jews.

The range of targets of philanthropy by Jewish donors has broadened significantly, and most Jewish donors contribute to both Jewish and general “universal” causes. Contributions to universities, hospitals, and general cultural institutions have surged. In some cases these institutions are “Jewish-founded.” According to one estimate roughly ten percent of Jews donate \$100 or more to a Jewish federation campaign, 21 percent donate \$100 or more to other Jewish causes, and 38 percent donate \$100 or more to non-Jewish causes. Estimations of average donations to federation campaigns vary widely, from a low of less than \$100 per capita to more than \$200. A different statistic underscores the degree of involvement by the Jewish community in their broader surroundings in the United States: Jews were 11 of the top 20 donors on the “Forbes 400” list in 2004, **but the major donations did not go to Jewish causes.** Between 2001 and 2003, just 21 percent of all gifts by Jewish donors of more than \$10 million – and just 5 percent of the total dollar value of those gifts – went to Jewish causes.

Within the Jewish community, there are differences in giving based on religious observance and other individual characteristics. For example, among Jewish donors who identify as Orthodox, most tend to give almost exclusively to Jewish causes in the sense of organizations and projects designed to serve Jews and their needs. Liberal (in the religious sense) and secular Jews tend to split

their contributions or to favor more general causes. Many Jewish donors view contributions to general causes as expressions of their Jewish identities – as a way to represent the broader Jewish community in a positive light, or as an expression of the Jewish social justice traditions rooted in Prophetic values. The trend at least among younger and less religiously observant Jews is toward giving for general (universal) rather than Jewish (parochial) causes. In fact, Jews who give to general causes would view it as an expression of Jewish values and their Jewish motivations and might not appreciate the distinction between giving to the world and giving to the Jews.

The structure of philanthropy generally, but even more so in the world of Jewish giving, is considerably different today from the one that existed 40 years ago. Jewish federations continue to serve as central institutions for coordination and development at the local, community level, but annual campaigns have stagnated and the base of donors to federations has narrowed. According to a 2009 UJC Leadership Briefing the average age of federation donors has increased, and the number of donors has decreased over the past two decades from nearly 900,000 to less than 500,000. In addition, donors to federations increasingly make targeted gifts and/or contribute to “donor-advised funds” which, although

The average age of federation donors has increased, while the number of donors in the past two decades has decreased from 900,000 to less than 500,000

Table 4: Donations to Federation Annual Campaigns, 2008

	Amount Raised in Annual Campaign* (in Millions)
UJA Federation of New York	\$153.7
Toronto Federation	\$84.0
Jewish Federation/Jewish United Fund of Metropolitan Chicago	\$83.3
Combined Jewish Philanthropies of Greater Boston	\$39.0
UJA Foundation and Jewish Federation of Metro Detroit	\$42.2
Jewish Community Federation of Cleveland	\$31.1
Jewish Community Federation of San Francisco	\$23.0
The Associated: Jewish Community Federation of Baltimore	\$30.8
Greater Miami Jewish Federation	\$22.0
Federation of Greater Los Angeles	\$50.0
Jewish Federation of Greater Washington	\$26.0
Totals	\$501.1

* Note: These figures are for annual campaigns only. Federations raise additional funds through grants, emergency campaigns and donor advised funds. Because different federations have different manners of noting down the types of funds, this table reflects only the annual campaigns, which are recorded in a similar manner across the board.

managed by federations, enable donors to directly supervise their philanthropic allocations. Independent foundations, meanwhile, play an increasing role in funding new projects and shaping community priorities. Giving to Israeli causes has remained robust but the centralized system of fundraising and allocation has given way to more direct forms of philanthropic engagement. Finally, across the board philanthropic practices have become more “results-oriented,” strategic, and professionalized.

The Federation System

The first federation of Jewish charities was established in Boston in 1895 for the purpose of centralizing the raising and distribution of funds for social and welfare purposes,

to achieve higher effectiveness. During the first quarter of the 20th century, federations of Jewish charitable organizations were established in cities and metropolitan areas throughout North America. By mid-century, American Jews had established an unparalleled philanthropic system to support Jewish life in the United States and Canada. Indeed, the federation system of centralized community fundraising served as a model for its secular counterpart, “The United Way,” according to that organization’s official website.

Gradually the federations assumed new responsibilities, including joint fundraising with the United Jewish Appeal (UJA) to support the state of Israel and vulnerable Jewish communities throughout the world. The dollars raised through the UJA annual campaign were split between the Jewish Agency

for Israel, for community development and refugee resettlement in Israel, and the Jewish Joint Distribution Committee, for assistance to needy Jewish communities elsewhere in the world. The number of federations expanded to more than 150, and an umbrella organization, the Council of Jewish Federations (later, the United Jewish Communities), was established. Federations today are responsible for communal planning and for the coordination of social services – education, child welfare, the aged, family services, employment and guidance – in addition to fund-raising and allocations.

On the eve of the 2008 recession, the federation system remained a major player in community development and a fundraising powerhouse. According to recent research in 2005 all Jewish federations together would have ranked number two, at \$2 billion, on the *Chronicle of Philanthropy's* 15th Annual Survey of the 400 Charities (a listing of the charities that raise the most money in the United States) if complete data had been provided. The umbrella organization of the federations, the UJC, received \$534 million from federations and direct donations, mostly for overseas commitments to the Jewish Agency (JAFI) and the Jewish Joint Distribution Committee (JDC). That same year local federations raised impressive sums across their variety of vehicles including the annual campaign, grants and endowment funds: UJA–Federation New York raised \$226 million; Jewish Federation/Jewish United Fund of Metropolitan Chicago raised \$196 million; and the Combined Jewish Philanthropies of Greater Boston raised \$103 million. A total of 11 local Jewish federations made the

Philanthropy 400 list in 2007 with combined donations of \$1.7 billion.

The table above shows the fundraising accomplishments of the eleven largest federations for 2008. However impressive, these figures represent little growth in annual fundraising over the past decade, during which annual campaigns did not increase in real dollars. As noted above, these numbers mask the underlying changes in the composition of the donor base towards fewer donors who give larger gifts. The shrinking donor base reflects, at least in part, a general trend away from giving to umbrella and federated charities. (The United Way registered a similar decline in donors for the same period.) This trend is likely related to increased circulation of information about funding opportunities, which reduces the need for mediating agencies especially among younger age cohorts who are more likely to access information about giving opportunities directly. It is also likely a reflection of increased direct fundraising by Jewish organizations outside of the federation framework, as well as a growing distrust of large umbrella organizations and distaste for what is perceived as impersonal fundraising.

The decline in participation in federation campaigns has been offset in four ways. First, the size of individual donations has increased, as federations have focused on their biggest donors. Raising money from a smaller number of very wealthy donors

The size of individual donations has increased, as federations have focused on their biggest donors

is much less labor intensive, and seemingly much more certain, than raising money from a larger number of less affluent donors. Second, federations have become better at mediating targeted giving and assisting their donors in finding giving opportunities to which they feel a personal connection. Third, federations have invited donors who desire more control over their contributions to establish “donor advised funds” and supporting foundations. These

Foundations and donor advised funds now allocate more money to Jewish organizations than do the federations

funds are structured in a way that the federations officially hold a majority control over the funds and are advised by the donors regarding their future allocation. The donors can in this manner take the tax credit in the year that their contribution was given to the fund, even if it was yet to be allocated. Theoretically, the federations should be able to determine the allocation of the funds. In practice the advice of the donors is followed, as federations are concerned that should they decide to override the advice of the original donors, the donor advised funds would cease to be attractive fundraising vehicles. It is quite rare for federations to be able to exert substantial influence on the allocation of the funds. As a result the contributions from donor advised funds typically go as much, if not more, to general causes as to specific Jewish causes – a pattern that differs from that of typical federation giving. Of course, the general giving is frequently framed in terms of Jewish values and motivations of the donors. In

all, federations manage billions of dollars in donor advised funds. (The UJA–New York Federation’s “Jewish Communal Fund” alone manages more than \$1 billion; Chicago and Cleveland manage more than 800 million dollars each and Boston’s Combined Jewish Philanthropies manages more than \$200 million). Finally, as discussed below, the number of independent foundations established by Jews, and giving to Jewish causes, has surged.

The Growing Significance of Independent Foundations

The 1990s and 2000s were decades of rapid economic development, especially in technology, finance and services. Enormous wealth was created and, partly spurred by incentives in U.S. tax laws, billions were set aside by Jewish Americans in private foundations. U.S. law does not require payment of taxes on money that is set aside in a charitable foundation. The rules that govern such foundations require that a minimum of 5 percent of the total assets be distributed annually. The remainder is sheltered from taxation and revenues from investment (beyond the minimum 5 percent that must be donated) are typically reinvested in the foundation. According to one estimate, Jewish family foundations control assets of \$25–30 billion and serve as vehicles for hundreds of millions of dollars of donations to Jewish causes annually. Overall, foundations and donor advised funds – which typically exhibit allocation patterns that differ from that of the parent federation – now allocate more money to Jewish organizations than do the federations.

Table 5: Top-Tier Private Foundations Giving to Jewish Causes

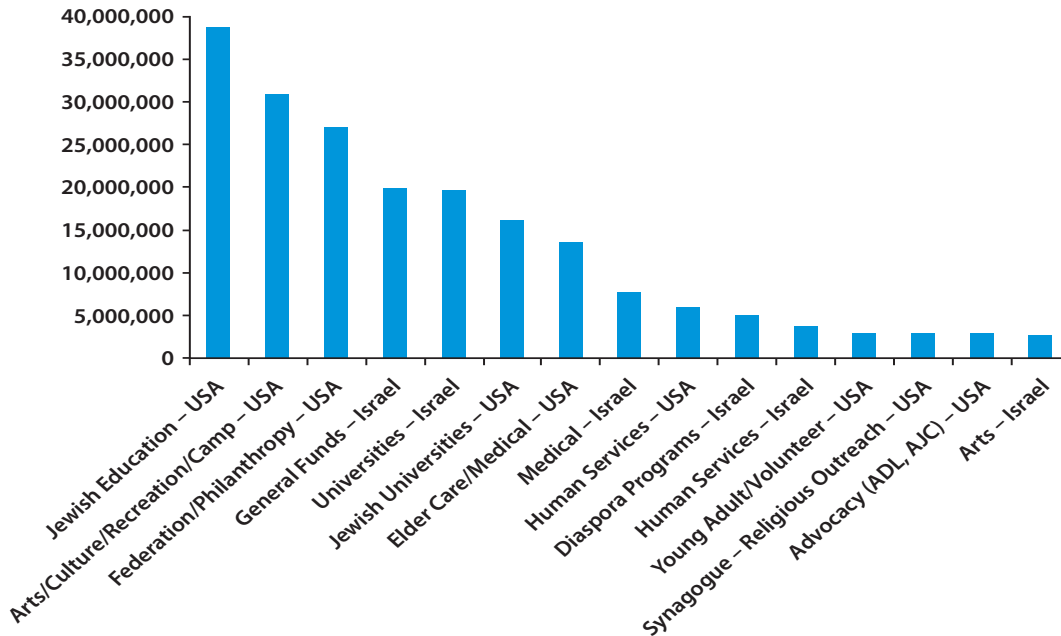
	Gifts targeted to Jewish causes in the United States	Gifts targeted to Israel	Gifts targeted to Jewish causes outside U.S. and Israel	Total gifts to Jewish causes Jewish
The Harry and Jeanette Weinberg Foundation (2007)	28,066,100	9,424,349	17,691,500	55,181,949
Jim Joseph Foundation (2007)	28,755,662	15,105,000	50,000	43,910,662
Avi Chai Foundation (2007)	28,647,875	3,034,000	1,837,000	33,518,875
Jack N. Lilyan Mandel Foundation (2007)	6,645,063	4,664,979	0	11,310,042
Arison Family Foundation USA Inc (2007)	15,400	10,970,415	0	10,985,815
The Russell Berrie Foundation (2007)	10,047,555	476,000	0	10,523,555
Adelson Foundation (2007)	8,478,000	18,000	0	8,436,000
Leslie Wexner (2006)	8,128,750	0	0	8,128,750
Charles E. Smith Family Foundation (2007)	7,265,000	657,500	0	7,922,500
Charles And Lynn Schusterman Family Foundation (2007)	25,983	6,883,539	0	6,909,522
Skirball Foundation (2007)	4,054,305	1,142,000	170,000	5,491,305
Tisch Foundation Inc. (2007)	4,945,770	0	0	4,945,770
Andrea and Charles Bronfman Philanthropies (2007)	46,326	3,452,316	0	3,498,642
Arie And Ida Crown Memorial (2007)	2,344,700	1,096,000	0	3,440,700
The Henry And Marilyn Taub Foundation (2007)	1,813,401	1,576,800	2,500	3,392,701
The Nathan Cummings Foundation (2007)	2,160,600	1,179,600	0	3,340,200
The Ronald S. Lauder Foundation (2007)	18,000	268,472	2,952,067	3,238,539
The Helen Bader Foundation Inc (2007)	0	1,855,500	0	1,855,500
Steinhardt Family Philanthropies	0	1,015,000	0	1,015,000
Totals	141,458,490	62,819,470	22,703,067	227,046,027

Foundation expenditures in either 2008 or 2007 (most recent year on record). Source: U.S. Internal Revenue Service (990) forms. Note that Table 5 and Figure 5 do not reflect the gifts of philanthropists who contribute directly rather than through foundations, and understate the gifts of several key donors such as Sheldon Adelson and Michael Steinhardt who make only some of their contributions through their foundations.

Like Jewish individuals, foundations established by Jews make most of their contributions to general (i.e., not specifically Jewish) causes. According to a study conducted by Gary Tobin and Aryeh Weinberg, based on a sample of large foundations established by Jews, 21 percent of contributions (in dollars) went to Jewish organizations, and the remainder to non-Jewish organizations. Less

than 5% of gifts larger than \$10 million are directed to Jewish causes. Thus, the median of the largest grants made to Jewish organizations was about half as large (\$700,000 versus \$1.5 million) as the median of the largest grants to non-Jewish organizations. Jewish family foundations often make large contributions to universities, including those attended by the foundations' sponsoring

FIGURE 5: JEWISH GIVING BY TOP-TIER PRIVATE FOUNDATIONS, BY CATEGORY*



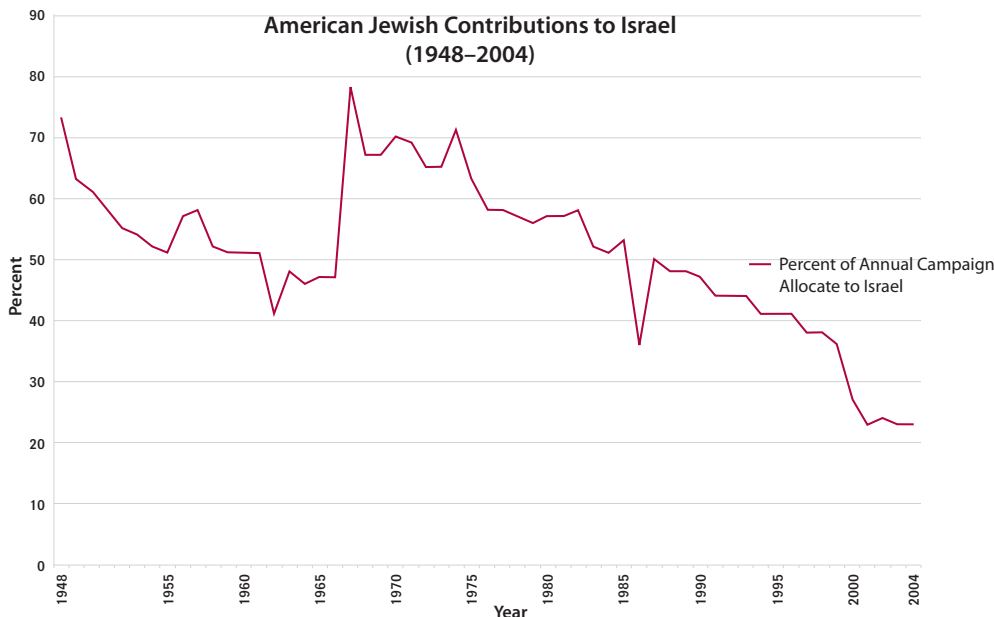
* Total expenditures by category of foundations listed in Table 5. Source: U.S. Internal Revenue Service (990 Reports).

family members. Jewish foundations also fund social welfare, medical and cultural organizations in the hometowns of foundation founders. For example – in 2003 – the year in which the Tobin and Weinberg study was conducted – the eight largest gifts donated by Jewish family funds and foundations were all directed to general causes as listed below:

- \$300 Million by Eli & Edyth Broad to the Southern California Public Schools
- \$250 Million by George Soros to Central European University
- \$200 Million by David Geffen to UCLA Medical School
- \$200 Million by Bernard Marcus to the Atlanta Aquarium
- \$150 Million by Sidney Kimmel to Johns Hopkins University
- \$120 Million by Irwin & Joan Jacobs to the San Diego Symphony
- \$100 Million by Sanford & Joan Weill to Cornell Medical Center

However, a subset of roughly one-third of the foundations in the Tobin and Weinberg study gave a majority of their dollars to Jewish organizations, and 40 percent gave their largest single grant to a Jewish organization. Among such foundations are a

FIGURE 6: ANNUAL ALLOCATION OF AMERICAN CONTRIBUTIONS TO ISRAEL (IN PERCENTAGE OF ANNUAL CAMPAIGNS)



number that are professionally staffed and play an increasingly important role not only in grant making but also in shaping community priorities and strategies. Such foundations include, for example: the Jim Joseph and Avi Chai foundations, which specialize in Jewish education; the Steinhart and Schusterman foundations, which established Taglit–Birthingright Israel and specialize in young adult and Jewish identity oriented initiatives; and the Wexner and Mandel foundations, which emphasize Jewish leadership and training programs.

A number of the top-tier private foundations and their contributions to Jewish causes during the most recent year on record (2007

or 2008) are shown in Table 5. Although individual foundations tend to target their gifts in specific areas, as a group the top-tier private foundations support a wide variety of Jewish causes with the largest grants concentrated in the area of Jewish education (see Figure 5). A recent survey of foundation donors and professional staff reported that “educating Jewish children and adolescents” was the area of greatest interest. The rest of the foundation gifts fund a gamut of Jewish causes in the United States and Israel.

Donations to Israel

The shifts in patterns of Jewish giving,

especially the decentralization and increasing diversity of players, has led to the mistaken view that Jewish philanthropy to Israel has been declining and that the Jewish community prefers to keep its funds in the community rather than sending them to Israel. However, the data show that while in relative terms there is no doubt that Jewish philanthropy plays a much smaller role in the Israeli economy than it did in the early days of

During the past two decades, a significant share of Israel-related funding has focused on partisan political projects

the state, giving to Israel has not declined; rather it is now channeled through a much wider range of vehicles and organizations.

The centralized vehicles of the federations have indeed been decreasing the share of funds allocated to Israel. Federation contributions to JAFI and the JDC have declined both as a proportion of the annual campaign and in absolute dollars as well. As

the following chart shows, while the percentage of giving has been heavily influenced by political events, the long-term trend, in-line with Israel's economic development has been down, especially in the past two decades. Note that the chart relates to annual campaigns and is not adjusted for short-term emergency contributions such as the emergency campaign for the second Intifada, in order to highlight the long-term trend in the annual process of allocations.

At the same time, individual and foundation giving to Israeli not-for-profit organizations, mostly through "American friends of . . ." associations, increased. Between 2001

and 2006, donations by American Jewish individuals and foundations to such organizations increased by 64 percent. In 2006, Israeli arts groups received \$94.9 million; education groups received \$294 million; health care groups received \$170.5 million; and human services groups received \$156.3 million. Researchers described their data as "a signal that American Jews are more and more looking away from Jewish federations as a means of supporting Israel . . . and instead donating directly to specific Israel-based organizations." In total, foreign donations to Israeli not-for-profit organizations reach \$1.5 billion annually, mostly from American Jews.

According to Figure 6 above, about one quarter (or \$60 million) of top-tier foundation funding of Jewish causes flowed to Israel during the year 2007/2008. Direct giving by individuals and foundations (i.e. outside of the federation system) to the Jewish Joint Distribution Committee (JDC) has also increased. In short, whereas centralized Jewish fundraising for the Israel and needy Jewish communities abroad has declined, direct giving to causes in Israel and abroad has taken up much of the slack.

The changing political landscape has also influenced the distribution of philanthropic funds flowing to Israel. During the past two decades, a significant share of Israel-related funding has focused on partisan political projects. Major contributions have gone to support the settlements in the West Bank through a wide variety of entities and through a wide range of headings. In smaller measure, American Jews have allocated funds through the New Israel Fund

and the Abraham Fund and others to foster civil society and Arab–Jewish co-existence.

The Professionalization of Giving

Philanthropic practices have become more ‘results-oriented’ and professionalized. Donors increasingly relate to philanthropic activity as a form of ‘investment’ – a development one analyst has referred to as the birth of “venture philanthropy.” Increasingly, donors strategically target particular areas for giving, carefully select beneficiary organizations, provide ongoing strategic guidance and support, and monitor their impact. Evidence-based decision-making is increasingly characteristic of federations as well as private foundations, in the Jewish as well as general philanthropic communities. Research in the general field of U.S. and U.K. philanthropy suggests that emphasis on “problem solving” and “measurable change” is not restricted to the Jewish philanthropic world. The heightened concern with measurable impact has also led federations to modify their relationships with beneficiaries. Beneficiary agencies once entitled to a predictable share of federations’ annual campaigns are now increasingly asked to document their impact and compete for philanthropic dollars. However, it is worth noting that there are widely differing levels of sophistication among donors regarding the notion of impact – long and short term – and how it could be effectively measured and monitored. In some cases these ideas have only superficial and bureaucratic expressions, whereas in others they run deep in the organizational strategy and thinking.

Changing Needs Of American Jewry

Jewish giving in the U.S. supports educational, religious, cultural, political, social welfare and recreational needs of North American Jewry, as well as Jewish communities in Israel and elsewhere abroad. During the past half-century, however, the emphasis among these concerns has shifted several times, reflecting changes in perceived need.

During the 1950s and 1960s, Jewish federations, foundations and individual donors provided significant funding for hospitals and elder care, functions that have since been taken over to a large extent by government and private insurance. During the 1970s and 1980s, the main emphasis in North American Jewish philanthropy was Israel and Soviet Jewry. By the final decade of the 20th century, the Soviet Jewry crisis had subsided, and Israel appeared to be entering a phase of increased security and prosperity. Thereafter, Jewish donors and philanthropies focused closer to home. Since publication of a national survey in 1990 reporting an intermarriage rate above 50 percent, the emphasis has been on programs and institutions that foster “continuity,” including day schools, summer camps, leadership training, and programs geared toward young adults. To many community leaders, private philanthropists and Jewish parents, stepped-up Jewish education seemed like the best way to ensure continuity in a society in which social barriers were rapidly disappearing.

New day schools were thus established and, notwithstanding the high cost of tuition, these institutions enrolled an increasing

number of American Jews, including, for the first time, a significant number who were not Orthodox. The overall number enrolled in Jewish schools roughly doubled between the 1960s and today, to 228,000 (pre-K through 12th grade) or 190,000 without pre-K and K (Gan) of which about 20 percent enrolled at non-Orthodox schools. Fundraising to support an expanded network of private schools, which in the United States receive

Fundraising to support an expanded network of Jewish private schools, which in the U.S. receive no government support, has become a major challenge for Jewish philanthropy

no government support, has become a major new challenge for Jewish philanthropy. Together with day schools, funders have also increased support for Jewish summer camps, as well as organizations that serve young adults, including Hillel organizations on college campuses, Taglit–Birthright Israel and community-based outreach programs.

A recent report by the consulting group *Jumpstart* described Jewish organizations established over the past decade as an “ecosystem” of programs that “create a wide variety of access points to Jewish life.” The organizations and initiatives described in the report “emanate from and resonate with multicultural, tech-savvy twenty-first century America.” Geared mostly to young adults who do not join more establishment Jewish organizations and congregations, the “innovation sector organizations” include community service and social justice initiatives, independent prayer groups

(*minyanim*), Jewish themed music and culture outlets, hiking/biking and outdoor recreation programs, and new media and social networking websites. The three hundred organizations examined by Jumpstart collectively raised \$500 million in funds during the last decade.

Proliferation of new education and outreach organizations reflects, in part, the funding priorities of resource-rich, professionally staffed foundations. Such foundations, including, for example, Jim Joseph Foundation, Avi Chai Foundation, and Andrea and Charles Bronfman Philanthropies, play a leading role sponsoring and evaluating new initiatives, convening discussions about funding priorities, and sponsoring social scientific research on ways to better educate and engage the next generation of American Jews. A sample of the high profile initiatives that were initiated by top-tier foundations (although today many receive federation funding as well) includes the following:

- Taglit–Birthright Israel, an organization that funds free ten-day trips to Israel for Diaspora young adults, has received more than \$650 million in philanthropic support.
- PEJE, the Partnership for Excellence in Jewish Education, an organization that seeks to strengthen and enhance Jewish day school education in North America, has invested over \$20 million and reached over 350 schools.
- The PJ Library, an outreach program that sends out free Jewish books and music to young Jewish children.

- DeLeT, a teaching fellowship program aimed at developing better teachers for Jewish day schools, receives nearly all of their funding via grants from various philanthropists and foundations.
- Foundation for Jewish Camp, a non-profit organization that provides grants and scholarships to assist Jewish camps and campers and strives to make Jewish summer camp experience a critical part of every Jew's childhood
- The Israel on Campus Coalition (ICC), a partnership of the Charles and Lynn Schusterman Family Foundation and Hillel, in cooperation with a network of national organizations, promotes Israel education and advocacy on campus.

Growth of the independent sector of Jewish foundations has thus been a driving force in the development of new initiatives in the areas of Jewish outreach, education and engagement. Federations in large metropolitan areas have also contributed but in general their commitments to their core agencies leave little money for new projects. The aim of many new philanthropically driven initiatives is to make Jewish life engaging and accessible, and to ensure Jewish continuity in an open society. Such programs thus address the changing needs of American Jewry but are also costly and present new challenges to the philanthropic system.

Looking back to the economic and financial developments of the past decade and earlier it is fair to say that the Jewish People has never enjoyed such a beneficial ratio of resources to needs. The fact that

Jews worldwide are enjoying what is likely unprecedented prosperity is correlated with the fact that their collective needs have declined substantially. As we summarized earlier, throughout the 20th century, the Jewish People used its limited resources to support several remarkable undertakings. These include the establishment and defense of the State of Israel, the immigration and absorption of nearly the entire Jewish People into new communities and their new country and the building of massive communal and social welfare infrastructures in the new communities.

These projects are nearly complete and no challenges of the same magnitude appear on the horizon. The State of Israel is established and prosperous. The distribution of Jews around the world means that, barring any catastrophic scenarios, future immigration is likely to be at a trickle and motivated by personal choices and preferences (evidence concerning economic status and other correlates of immigration to and from Israel is discussed later in this section). Notwithstanding the economic crisis, Jewish poverty worldwide is at an historic low, except for certain segments of elderly Jews and the ultra-Orthodox communities in the U.S. and Israel. Even the Jewish elderly in the U.S. are now supported by the government at a basic level, and generally have access to their independent resources, and no longer represent a massive burden on the communal resources.

If physical survival and personal and communal safety and the creation of new resources and assets were the paramount concerns of the Jewish People throughout the 20th century, at the beginning of the 21st

century the Jewish People is turning its attention increasingly to matters of meaning and self-actualization. As a result, while substantial resources still go to security and social needs, an increasing share of resources go towards ensuring the future continuity of the Jewish People through education, cultural creation and generation of meaning.

The coming transfer of wealth

According to various assessments, tens of billions of dollars will be passed down from

The manner in which old wealth is transferred to a new generation will have substantial impact on the priorities of the Jewish People

Jewish Americans over the age of 50 to their children and grandchildren in the next decade or two, creating the largest positive internal transfer of wealth in Jewish history. While new fortunes will continue to be created and philanthropy coming from wealth that is yet to be created will form a major share of the total philanthropy, the manner in which old wealth is transferred to a new generation will have

substantial impact on the priorities of the Jewish People.

As this transfer takes place several models are emerging. At one extreme there are philanthropists who are transferring their funds and foundations in their entirety to the management and discretion of the younger generation. At the other extreme are those who are allocating a major share of the philanthropy wealth in a manner that leaves the young generation little to no discretion in

its disbursement. This could be done either through the Warren Buffet model, who has committed almost all of his fortune to the Gates Foundation (Most recently, David Azrieli declared that he is considering a similar model and giving a large share of his wealth to Israel), or through the creation of spend-down foundations that are expected to spend all of their funds within a finite period typically of 10–20 years, or through strict stipulations in the foundation’s mandate that ensures it would continue to carry out the original vision of the founder.

The choice between the two extremes and the various models reflects the level of trust among the philanthropists transferring the wealth into the next generation. In the Jewish context, some philanthropists express their concern that the younger generation might not be as committed to Israel or to the Jewish People as they have been. Some initiatives have sprung up to address this issue and to help the generations reach agreement regarding joint values. Other efforts are broad-based and led by the community organizations to encourage the younger generation to feel responsible and connected to the Jewish People. These efforts are designed to target both those who will be creating new wealth and those who are the recipients of old wealth. Both efforts are needed in order to ensure that the transfer of wealth between generations will continue to secure the survival and thriving of the Jewish People.

Response to crisis

The world of philanthropy was deeply affected in 2008–2009 by the global financial

crisis. Even if recovery seems increasingly likely to take place in 2010, the lag effect in philanthropic giving will mean that philanthropic organizations will continue to experience pressures. Many foundations, including some of the largest (e.g., the Bill and Melinda Gates Foundation) and historically most prominent (e.g., the Carnegie Corporation), suddenly found themselves in the immediate term operating with their asset base eroded by as much as 30 or 40 percent; it remains to be seen how much of that will be recovered and during which timeframe. The Jewish philanthropic world suffered a similar plight: by the end of 2008, as a result of the recession, foundation endowments had shrunk by an average of 30 percent and federations reported reduced contributions to their annual campaigns. In addition, Jewish organizations and foundations had to cope with the financial (and moral) blow of the Madoff scandal. Many Jewish institutions, because of the combined effects of the stock market crash and their involvement with Bernard Madoff's \$50 billion Ponzi scheme, have reduced grant-giving, dismissed staff, curtailed operations or – in extreme cases – shut down completely.

The recession exposed certain vulnerabilities of the organizations in the raising, managing and distribution of funds, but (with the advantage of hindsight) it now seems that there might have been danger signs. As Jewish wealth during the past twenty years accumulated more rapidly than during any previous period in American history, Jewish charitable organizations became increasingly reliant on a shrinking pool of big donors – a marked change from

the early days that were marked by small donations by a large number of members. Jewish philanthropies and the organizations they support flourished, but when the twin crises of 2008 struck, structural problems became more obvious.

The first half of 2009 brought a partial recovery but losses remained significant and forecasts for new donations were low. Federations and large Jewish organizations dismissed staff and curtailed activities. UJA–Federation of New York cut 52 employees, 11 percent of its staff. Jewish-sponsored universities and seminaries, like their secular counterparts, made sharp budget cuts to cope with declining contributions and endowments, and increased demand for financial aid. The Jewish Theological Seminary – the main institution for training Conservative rabbis and cantors – cut 10 faculty positions, reduced employee benefits, and reduced salaries for higher earners. The Union of Reform Judaism has cut staff and contemplated closing one or more branches of its seminary. However – it is worth noting that many of these institutions expanded rapidly during the past decade and many of them mentioned that as much as it pained them to dismiss staff and curtail activities – the crisis served as an opportunity to refocus priorities and phase out less important activities that flourished in times of expanding resources.

The crisis has served to accelerate some restructuring in community services, most

The overall damage to Jewish philanthropy from the Madoff fraud will be more limited than initially feared

**TABLE 6: Donations to Jewish Causes in the United States and Israel
Madoff-Exposed Foundations, 2007/2008***

	% Madoff Invested	Gifts to Jewish causes in the United States	Gifts to Israel	Gifts to Jewish causes outside the U.S. and Israel	All gifts to Jewish causes
Chais Family Foundation (2007)	100	2,394,859	6,381,000	1,500,000	10,275,859
Israel Henry Beren Charitable Trust (2007)	86	1,292,000	1,126,700	0	2,418,700
Braman Family Foundation(2007)	83	921,200	654,200	0	1,575,400
J. Gurwin Foundation (2007)	56	1,114,020	10,000	6,000	1,130,020
Picower Foundation (2007)	100	943,861	100,000	75,000	1,118,861
Charles I & Mary Kaplan Foundation (2007)	97	1,010,000	0	30,000	1,040,000
Arther I. & Sydelle F. Meyer Foundation (2007)	84	703,900	15,000	0	718,900
Litwin Foundation (2007)	68	529,664	142,000	2,000	673,664
Sidney R. Rabb Charitable Trust (2007)	53	527,676	0	0	527,676
Rita and Harold Divine Foundation (2007)	99	131,000	264,500	0	395,500
Albert & Lillian Small Foundation (2007)	77	358,640	24,500	2,500	385,640
Small-Alpert Family Foundation (2007)	76	371,639	0	0	371,639
Miles and Shirley Fiterman Foundation (2007)	100	304,523	42,000	0	346,523
H. Schaffer Foundation (2007)	51	312,000	0	0	312,000
The Levin Family Foundation (2007)	97	311,520	0	0	311,520
Yale Fishman Family Foundation (2007)	99	173,855	47,225	0	221,080
Sidney & Esther Rabb Foundation (2007)	65	206,734	0	0	206,734
Charles Salmanson Family Foundation (2008)	96	202,660	2,000	0	204,660
Donald Salmanson Foundation (2007)	64	202,660	2,000	0	204,660
Zemsky Foundation c/o Taurus Partners (2007)	94	191,000	0	0	191,000
Totals	--	12,203,411	8,811,125	1,615,500	22,630,036

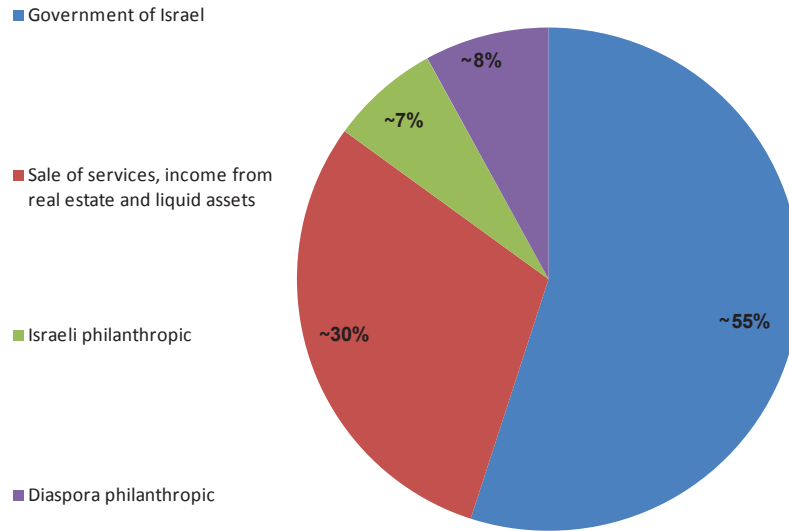
* Top 40 Jewish-oriented foundations with 50 percent or more of their assets invested with Madoff. Donations during 2007 or 2008 (most recent year on file). Source: U.S. Tax (990) forms. (Analysis by authors)

prominently in education. Long-standing discussions regarding a wide range of educational institutions had to come to more rapid conclusions. Jewish institutions that were vulnerable before the fiscal crisis – including a number of independent colleges (successor institutions to the network of Hebrew Teachers’ Colleges) and bureaus of Jewish education – entered an even more precarious state. For example, the Combined Jewish Philanthropies cut funding for Boston’s

Bureau of Jewish Education and that organization is facing an uncertain future. Jewish day schools have also been hard hit by the whipsaw of declining enrollments and increasing demand for financial aid; during the past year, at least a half-dozen day schools closed their doors.

Although the impact of the economic crisis has not been as catastrophic as initially feared, it has placed federations and foundations under strong pressures that they have

**FIGURE 7: SOURCES OF FUNDING FOR THE THIRD SECTOR IN ISRAEL
(Approximately 100 Billion Shekels)**



not experienced for many years. Federation campaigns have sagged and there is a fear they may slip further in 2009 and even 2010. The UJA–Federation of New York ended its 2008–2009 campaign 11.5 percent below the previous year. The campaign collected \$136 million, down from \$153.7 million. The Greater Washington Federation announced a 25 percent decline in the annual campaign, a drop that the federation’s chief executive attributed primarily to reduced contributions by large donors. The national umbrella organization of the federations, the UJC, announced that the combined 2008–2009 campaigns were up 1.3 percent over the previous year, but that the “total fund raising for the current year was off by 13 percent.” Foundations with strong commitments to grant making to Jewish organizations may

prove more willing to sustain their giving. Although all foundations have suffered losses, the preliminary evidence suggests that foundations with a deep commitment to supporting Jewish life have dug deeper into their endowments (or, in the case of living donors, into their pockets) to support their philanthropic investments.

The Madoff fraud also had a more limited impact than initially feared. Although Jewish organizations and individuals were disproportionately affected, analysis of the public disclosures of the 88 foundations with the greatest Madoff-related losses suggests that the overall damage to Jewish philanthropy will be limited. During the most recent reporting year Madoff-exposed foundations contributed only about \$25 million to Jewish causes.

Israel

Jewish philanthropy going to Israel has always been fraught with ideological overtones. The founding ideologists of Zionism and the State of Israel had multiple and complex attitudes toward Jewish philanthropy. Some were opposed to what they perceived as expressions of “galut,” exilic attitudes not compatible with the emerging image of the “newly formed Zionist Jew” working the land to restore sovereignty in the ancient homeland. And yet, even these critics tended to acknowledge that without significant external

Israeli philanthropy is in the very early stages of development

support the Zionist project was on shaky ground: If Israel would ever become the true national homeland for the world’s Jewish population then that population would have to participate – if not by physical labor then by other means.

From the beginnings of the movement to gather in the exiles and reestablish a sovereign Jewish nation in its biblical homeland, Jewish philanthropy was directed to the major Zionist organizations such as the Jewish Agency and the Jewish National Fund, but over time the situation has evolved. The establishment of the government of Israel as the tax-collecting government of the Jewish state, significant growth of Israel’s GDP, increasing tax revenues, and continued efforts to complete the major Zionist projects of immigration and settlement have led to a transition of philanthropic giving towards a newly emergent third sector of non-profit

organizations and local municipalities.

Today Jewish philanthropic giving to Israel accounts for only a small share of Israel’s GDP and tax revenues – approximately 0.5–1% and 1–2% respectively – as compared with up to 20% during the high points in 1948 and 1967. But philanthropy continues to play an important role in shaping civil society and the third sector. Reliable statistics are difficult to find, and efforts now underway to improve data collection and analysis are still in their early phases. But trends can be detected. The third sector in Israel is estimated at 100 billion shekels (see Figure 7), of which roughly 50–60 percent is directly funded by the Government of Israel. Another 30 percent is funded through the sale of services, including to the Government of Israel, and income from real estate and liquid assets. The remaining 10–20 percent, or 10–20 billion shekels, is funded by philanthropic giving. $\frac{1}{3}$ – $\frac{1}{2}$ of it comes from Israeli campaigns, and Israeli private and corporate donations. The remaining $\frac{2}{3}$ – $\frac{1}{2}$ of the total comes from abroad mostly from the American Jewish community, with another share coming mostly from Europe, including European foundations that support social change and scientific research in Israel. An interesting and new phenomenon in recent years is the entry of Christian philanthropic giving through the Friendship Fund, which is directed to welfare needs.

As Israel prepares to join the OECD, signifying its status as a wealthy developed economy, it continues to import large amounts of philanthropic capital. Israel is unique among developed economies in its ‘balance of giving’. While most developed economies are

net exporters of philanthropic and aid capital, Israel is still a net importer of philanthropic capital, mostly from the Jewish community in the U.S. Of course, if one views the Jewish People as one, and Israel as the country of all Jews, then Israel does not import philanthropic capital per se, i.e., the money “stays in the family.” In that respect Jewish philanthropic aid to Israel occupies a unique position – it is not remittances, which are responsible for a massive transfer of capital from the developed to the less developed world, it is not development aid in the classic sense, and it is not domestic philanthropy either. As a result, for many years, until the emergence on the scene of the Bill and Melinda Gates Foundation, which is spending billions in major health and education projects outside the U.S., philanthropic contributions to Israel accounted for a large share, if not the largest share, of total American philanthropic giving internationally.

The growth of Israel’s economy, the emergence of a new class of wealthy individuals, and the rapid growth of the third (non-profit non-government) sector in parallel to the privatization of certain government services have raised important questions about the role of Israelis, and especially wealthy Israelis, in philanthropic giving. In contrast, the Jewish economy in pre-statehood Palestine and then Israel was dominated for many decades by socialist collectivist institutions that looked down upon private enterprise, whether in the earning of money or in giving it away. In the early days of the socialist-styled economy there was little ideological or economic space for private philanthropy by Israelis. Philanthropy of large donors was

mostly associated with forms of life that were cast aside – the poverty stricken community dependent on the local *gvir* (rich man) in the *shtetel* or the farmers of the late 19th century settlements that depended on the donations of a few wealthy Jews – compared with the Jews of the second and third *aliyahs* whose ethos of Hebrew self-sufficiency and the collection of small donations towards a collective effort governed much Israeli thinking.

Until the 1980s the model for the activity of foreign foundations in Israel was based on the government approving the allocation of funds raised abroad. The funds were used to create the infrastructure of the new state, in education (universities, schools and community centers), health (hospitals and clinics), and culture (theaters and concert halls), but everything was coordinated and subject to government approval. Yet, even as Israel adopted more capitalist and liberal attitudes – acceptance and admiration of wealth and growing skepticism about the role of government in the provision of services, ambivalence towards private and corporate philanthropy remains strong. It is interesting to note, for example, that in a recent survey conducted by the Hebrew University Center for the Study of Philanthropy in Israel, a large majority (80%) of Israeli Jews expressed a view of philanthropy as a positive phenomenon, although many of them still tended to assign such ulterior motives to philanthropists

Israeli tax treatment of donations may have a limiting effect on the eventual growth of a local culture of philanthropy

as advancing political interests, promoting ties with decision-makers and government officials, and earning public relations benefits and personal prestige. This somewhat more cynical view is generally held more by people with higher incomes, while respondents from lower socio-economic backgrounds seem to believe more in the good intentions and altruistic impulses of donors.

Given this ambivalent history, it is not surprising that Israeli philanthropy is in the very early stages of development. Among the factors that support its development are the rise of a class of wealthy and even very wealthy Israelis who have benefited from the economic development of the past two decades; the rise of liberal and capitalist attitudes that seek a limited role for government; deep cuts in welfare spending carried out in recent years; increased appreciation of wealth; influence of American social norms; and, occasionally, pressure from Jewish philanthropists outside Israel to partner with Israeli philanthropists. Indeed, Jewish philanthropists from outside Israel increasingly expect matching grants by Israeli donors even if this is yet to become a broad or routine requirement.

The ambivalence towards philanthropy is also apparent in the Israeli tax treatment of donations, which may have a limiting effect on the eventual growth of a local culture of philanthropy. Under Israeli tax law, donations to non-profit organizations may receive tax benefits only if the non-profit institution qualifies as “public institution.” Public purposes are defined by the law as religious, cultural, educational, scientific, health and welfare, and sports-related – and

any other purpose approved by the Minister of Finance, e.g., prevention of accidents or the prevention of unemployment. (Before qualifying for public institution status permitting tax credits, another precondition must be fulfilled – the institution must receive a certificate of “proper bookkeeping” from the non-profit organizations Registrar confirming that the institution keeps its accounts in order.)

The tax benefit is essentially a credit of 35% of the amount of the contribution, provided this does not exceed 30% of the total taxable income of the contributor or a certain sum specified in the law, now set at 4.2 million shekels (and recently raised temporarily due to the crisis to 7.5 million shekels). Unlike in the U.S. where charitable giving influences taxable income, in Israel, the credit is given as a share of the contribution and has no impact on taxable income. It is also irrelevant to most middle and upper class Israelis because Israel doesn’t have universal tax return reporting and most Israelis are not likely to venture out to the local equivalent of the IRS for the purpose of getting back a few hundred Shekels. As a result, this incentive only affects the very large philanthropists who already have an ongoing relationship with the tax authority, and even to them the value of the tax credit is only related to their level of giving and carries no benefit in reducing their taxable income. As a result, there has been a decline in the share of philanthropic organization, as donors prefer either to set up and manage directly organizations dedicated to their purposes or to donate the funds directly without the mediation of a philanthropic distribution vehicle.

Further, the number of non-profit organizations that have been successful in gaining the status of public institutions is still lower than 20%. This very limited incentive reflects the general view of Israeli government, and especially the Ministry of Finance, that tax credits for philanthropy cost more in government resources than they are worth. Since the government of Israel provides direct support to numerous third sector organizations, a tax credit for philanthropists merely transfers the choice from the elected government to an individual, a notion that is still frowned upon in government agencies.

The tax issue is also relevant from the perspective of the philanthropists who are paying the taxes. As is true everywhere, especially in countries with highly progressive tax systems, the wealthy few and the upper middle class are responsible for most of the tax income of the state. Since in Israel the taxes go by definition to the building of the homeland of the Jewish People, there is still the lingering notion that when it comes to helping build Israel, Israel's wealthy give heavily to this cause through the tax system. It is true that philanthropy is considered giving above and beyond taxes, but from the perspective of the cause – building Israel – Israel's wealthy are giving to this cause – even if it is only through the tax system – far more than Jewish philanthropists abroad.

Israel's legal system places further limitations on philanthropy, which must take place through the same kind of structures that govern the organizations that receive the funding. Donor organizations and NGOs are all legally required to be in the form of non-profit associations called “*Amutot*,” (or

more recently, public service companies) which operate under very strict stipulations; for example, there are strong limitations on the family relations among founding and governing members, making it nearly impossible to establish family foundations. As a result, “foundations” that are commonplace in the U.S. do not exist in Israel, and even those that call themselves “funds” typically do not own their own wealth, but receive regular income from the founder of the fund. In the past year there have been preliminary discussions within the government about creating a legal structure to enable family foundations.

It is worth noting the difference between philanthropy, which is perceived as an act of wealthy individuals, and charity or donations, which are more popular acts.

While the attitude towards philanthropy by wealthy Israelis remains ambivalent, charitable giving is considered an expression of social solidarity and therefore is widespread and highly respected. However, the increase in the number of organizations seeking small personal donations has led to a fear that the public goodwill is being abused, leading various organizations to limit their appeal to the wide public or to band with other organizations for joint appeals. Studies point to over 80% participation rate of Israeli families in

Under Israeli law there are strong limitations on the family relations among founding and governing non-profit associations, making it nearly impossible to establish family foundations

PHILANTHROPISTS FROM THE FORMER SOVIET UNION

One of the most prominent phenomena in Jewish philanthropy in the past decade has been the rise of Jewish philanthropists born in the former Soviet Union. The collapse of the Soviet Union and the massive immigration of Jews to Israel, the U.S. and Europe released pent-up talent and capacities that, coupled with new opportunities, led to the creation of vast fortunes in a short period of time. Some of these fortunes were created through the chaos of the economic upheaval of the Yeltsin era, leading to the rise of a new class of wealthy Jews, who have either remained in Russia or left for the U.S., UK, or Israel. Other fortunes were created through opportunities opened up by the Internet and global investments to young Jews who arrived in the U.S. and Israel as teenagers and rose to prominence, such as Sergey Brin of Google and Max Levchin of PayPal in the U.S. and Lev Levayev in Israel.

These large fortunes were not only created in a short span of time, they were also quickly turned towards philanthropy including Jewish philanthropy, even though the Soviet Union barred the development of philanthropy and a culture of philanthropy. The first prominent figure on the scene was Vladimir Gusinsky who founded the Russian Jewish Congress to raise and distribute funds to Jewish causes in Russia. Soon thereafter several major philanthropists such as Boris Berezovsky, Lev Levayev, and Roman Abramovich supported the building and expansion of the Chabad movement in Russia in tens of millions of dollars. As a result, Chabad has enormous impact on shaping Jewish life in the former Soviet Union in much greater measure compared with its role in Jewish life in the U.S. and Israel. Leonid Nevzlin* who succeeded Gusinsky as the Chairman of the Board of the Russian Jewish Congress was notable for his concerted efforts to reach out to Jewish organizations in the West, becoming a public and visible face of this effort. Other names often mentioned are Moshe Kantor, Alexander Mashkevich of Kazakhstan, who in 2002

charitable giving, with average annual donations ranging from 200 to 500 NIS. This is a steady pattern of giving that provides approximately 1–2 billion shekels annually to third sector organizations. The causes that this kind of giving supports tend to be stable as well, mostly for feeding the poor and assisting the sick, causes that are simple to convey via mass media.

Philanthropy by major donors, on the

other hand, remains somewhat suspect also due to the mostly declared and sometimes implicit intention of philanthropists to engage in social change and even policy change. With lines between social change and political advocacy often blurred, Israelis have sometimes expressed unease with the desire of wealthy individuals to push policies while circumventing the political process. Recent discussions have raised the possibility

founded the Eurasian Jewish Congress, and Vadim Rabinovich, who founded the Ukrainian Jewish Congress in 1997. Many of these names have been associated with various warrants for arrest, but these are often dismissed by the Jewish establishment as expressions of internal Russian politics rather than real issues for concern.

While this kind of philanthropy has been naturally shaped by the personal preferences of the donors, several themes and priorities emerge. These include strengthening Jewish identity among Russian-speaking Jews – either through religious practice of Chabad or peoplehood belonging, Shoah remembrance and education, protection of Jewish patrimony in the former Soviet Union, support of Israel – especially its security, and promoting cultural, academic and artistic creation and achievement.

Most recently this philanthropy is showing signs of becoming more institutionalized and embedded into the establishment in the U.S. and Israel. For example, the recently created Genesis Philanthropy Group – established in the summer of 2007 by Mikhail Fridman, German Khan, Pyotr Aven, Alex Knaster, and Stan Polovets – has been notable for its support of established institutions and programs such as JAFI, Birthright and Brandeis University. Leonid Nevzlin, who with his colleagues Vladimir Dubov and Mikhail Brudno set up the Nadav Foundation, have been supporting Beth Hatefutsot, JAFI, Birthright and the Hebrew University (as well as the JPPPI). This has also translated into the assumption of official roles such as the recent international chairmanship of the General Assembly. This process of institutionalization is noteworthy especially in contrast with a figure such as Arkadi Gaydamak, who received substantial media attention for a limited period of time, but has failed to create a lasting impact on Jewish philanthropy. In the coming years, it would be worthwhile to follow the expansion of this process as more and more Jews from the former Soviet Union establish wealth that enables them to take part in Jewish philanthropy, even if relatively on a more modest scale.

- Leonid Nevzlin serves as the Associate Chairman of the Jewish People Policy Planning Institute

that wealthy individuals who engage in influencing policy should be put to the same rigorous standards as those who have actively sought out public service.

Corporate giving and the rising ideology of “corporate social responsibility” have also characterized the philanthropic landscape in Israel in the past decade. Aside from the obvious global influence, this phenomenon was also propelled by the expansion and

diversification of the Israeli corporate landscape, increased privatization, and the rise of entrepreneurial activity. The intensification of the media landscape and the importance of brand image and public relations have also led corporations to initiate philanthropic actions that resonate with their brand. The tax code contributed to the rise of corporate social responsibility as a convenient way for business people to give while

enjoying greater benefits than those available through a separate fund. Corporations can provide a large part of their giving through sponsorship of events, which is considered a marketing expense and therefore fully tax deductible. Families also use corporations as substitutes for family foundations. Through controlling stakes, or substantial minority stakes they are able to make use of the cor-

The intensification of the media landscape and the importance of brand image and public relations have led Israeli corporations to initiate philanthropic actions that resonate with their brand

porations to engage in philanthropy, while reaping the brand and public relations rewards.

However, the ambivalence towards philanthropy in Israel has also been reflected with respect to philanthropy by the for-profit corporate sector. An often-heard criticism is that some corporations engage in anti-social and unethical practices while seeking to buy goodwill on the cheap through highly publicized donations. It is not uncommon to hear in public discourse the view that society would benefit more if corporations were first good to their employees rather than engaging in

‘corporate social responsibility,’ a criticism that has led some corporations to wonder if their philanthropic efforts sometimes backfire. The fact that corporations also engage in intense lobbying efforts to achieve state aid and reduce state regulation has also led to a questioning of the philanthropic practices.

The rise of philanthropy and its diversifi-

cation and decentralization have also led to a gradual interest in professionalizing the field. Two university centers – the Israeli Center for Third Sector Research at Ben-Gurion University of the Negev and the Center for the Study of Philanthropy in Israel at Hebrew University have been established in recent years in an effort to introduce professional data, knowledge and research and to support the professionalization of philanthropy. Programs for third sector management in business schools have also been created to introduce the concepts of professional management into the business of philanthropy and non-profits.

It is difficult to assess the impact of the recent and ongoing economic crisis on philanthropy in Israel. It is possible that the reduction in assets among the large potential philanthropists will accelerate some trends – such as the professionalization of management of the third sector, on the assumption that improved management will increase the chances of surviving economic fluctuations. The crisis might also induce greater reliance on income rather than on donations, as organizations seek to diversify their resources. But the crisis might also reverse some trends and increase the role of government in providing services that had gradually shifted to the private philanthropic sector. For example, the Israeli government allocated a NIS 200 million financial aid package to help struggling social welfare organizations for the years 2009–2010. One of the criteria for assistance is compensating an amount equivalent to the decrease in philanthropic support. The crisis has brought to light the important possibility that if the government

pulls away not only from the provision of welfare services but also from their funding, it contributes to increased volatility in a sector that exists as a cushion to protect citizens especially when economic times are difficult. There is some evidence, already, that the crisis has created some amount of ideological skepticism with respect to private provision of public goods, which could have significant political implications.

THE COST OF LIVING JEWISHLY: A FRAMEWORK FOR ANALYSIS

What does it mean to live Jewishly? How much does it cost? Despite their deceptive simplicity, these are complex questions that are important to policy and planning especially during difficult economic times. The most basic issue is whether price and costs are a barrier to living Jewishly: if so, the questions becomes what the Jewish community can do in response, and if not, whether the Jewish community should rethink existing programs motivated by the assumptions that cost is a significant determinant of participation in Jewish activities. In this section we explore some of the complexities of these questions and argue for continued analysis to guide sound policy and planning.

The simplest definition of the cost of living Jewishly is the amount of money that Jewish people pay to maintain a Jewish lifestyle. Even if there is no such thing as a common lifestyle to all Jews, certain ‘products’ or experiences are typically associated with a Jewish way of life and could be useful as proxies. For example outside Israel, items in a “basket of Jewish goods” calculation would

include, for example, sending children to a Jewish summer camp or Jewish day school, belonging to a synagogue or a JCC, keeping kosher, visiting Israel, and donating to a Jewish federation.

Based on this notion various measures have been developed to estimate the cost of living Jewishly. For example, in 2008 Gerald Bubis estimated the cost associated with Jewish living in the U.S., for a family with two children, at \$30,000 per year, taking into account synagogue dues (\$1,100), tuition for two children in day school (\$22,000), average day camp fees for two weeks for two children (\$1,200), average resident camp fees for one month for two children (\$5,000), Jewish Community Center dues (\$500) and a minimal federation gift (\$200).

The cost associated with Jewish living in the U.S. for a family with 2 children is estimated at \$30,000

Beyond these baseline cost data, the more complex policy question is whether these costs influence Jewish life, i.e., whether and to what extent living a Jewish life is a function of the price of certain Jewish goods and services. This sort of analysis requires attention to a set of overlapping issues and questions.

First, and perhaps most obviously, this sort of analysis needs to account for a basic economic fact: as incomes rise the concept of “affordability” changes, and how a multimillionaire allocates “scarce” resources among competing household consumable goods differs from how a family of modest means allocates its resources. Gathering data from the

affordability perspective would be critical to formulating better policies.

Second, do costs associated with adopting a Jewish lifestyle represent an increase in a family's budget or a shift of resources that would be spent anyway? For example, for families in high-income brackets who may anyway prefer to send their children to expensive nonsectarian private schools, the cost of a Jewish day school would not be considered "extra", since they would be purchasing the item of 'private education' in

any case. The key underlying assumption here is that the consumable good is private education, rather than Jewish education, in which case spending for the latter would be considered a substitution rather than an increase.

A similar analysis could be made regarding costs of membership in a Jewish Community Center as compared with costs of joining the local gym or country club, or a trip to France as compared with a trip to Israel.

A third and related question is how families allocate resources within their budget constraints: Are families willing to incur added costs for the sake of consuming Jewish goods? Should families decide to forgo the purchase of certain Jewish 'goods' in favor of different goods of a different nature (for example: purchasing a new piece of furniture rather than sending the kid to a Jewish camp) then we would not be dealing with a shortage of means but with a different set of values and preferences, which would make the

Are monetary incentives intended to change behavior the only or best policy tool?

policy implications substantially different.

A fourth element in this type of analysis is the convergence or divergence of individual and community values and perspectives. The question is whether the Jewish community has an interest in shaping the choices and preferences of individual Jews and in creating incentives for behavior that is assumed to serve community interests. This is a particularly complicated issue, especially given how difficult it is to measure individual and group values. Nonetheless, if individual and community preferences are assumed to diverge, then the question becomes whether the community can or should attempt to alter individual preferences, and if so, whether monetary incentives intended to change behavior are the only or best policy tool.

It is worth noting though that even when individuals have preferences that are aligned with that of the community and price is not a barrier to their participation, it might be worthwhile for the community to subsidize such activities. This is the case if the community derives a greater value from the activity than the individuals do. For example, an individual might enjoy going to Israel, an activity aligned with community goals, and might have no problem paying for it. However, since the community derives a benefit from her going to Israel, it might still have an interest in subsidizing this activity in order to encourage her to consume even more of it.

However, subsidies might be a waste of resources, if priorities are not aligned to begin with. For example, let's posit that an overarching goal of the Jewish People is to ensure that Jews continue to identify with the people and that Jewish day school education

contributes to achieving that goal in a clear way. And let's assume that many families do not send their children to Jewish day schools, despite their purchasing other private education or having sufficient disposable income to pay for it. In these cases policies targeting price are likely to be less successful since they fail to address the motivations that lead families to make certain preferences.

Policies that relate to the costs of living Jewishly should then be framed less in terms of 'price' and more in terms of 'what is the full set of tools that could be employed to bridge any differences that exist between the personal preferences and perspectives of the individual and that of the community?' Framing the issue this way opens the door to consideration of various policy remedies. For example, if research were to demonstrate that Jewish continuity could be fairly equally secured by a visit of ten days to Israel or by eight years of Jewish day school education, or that the marginal value of more than four years of day school education is nearly zero, or that attending several courses in Jewish programs at universities carries the same benefit as years of after-school programming, then a community with limited resources would use this information to decide on the type (and magnitude) of its subsidies.

To be clear, we are not arguing for any of these claims, but rather using them to illustrate the potential value of a more thorough economic analysis. To craft better, more targeted policies, it is necessary to consider complex concepts such as individual and social preferences and values, the difference between estimates of cost and estimates of

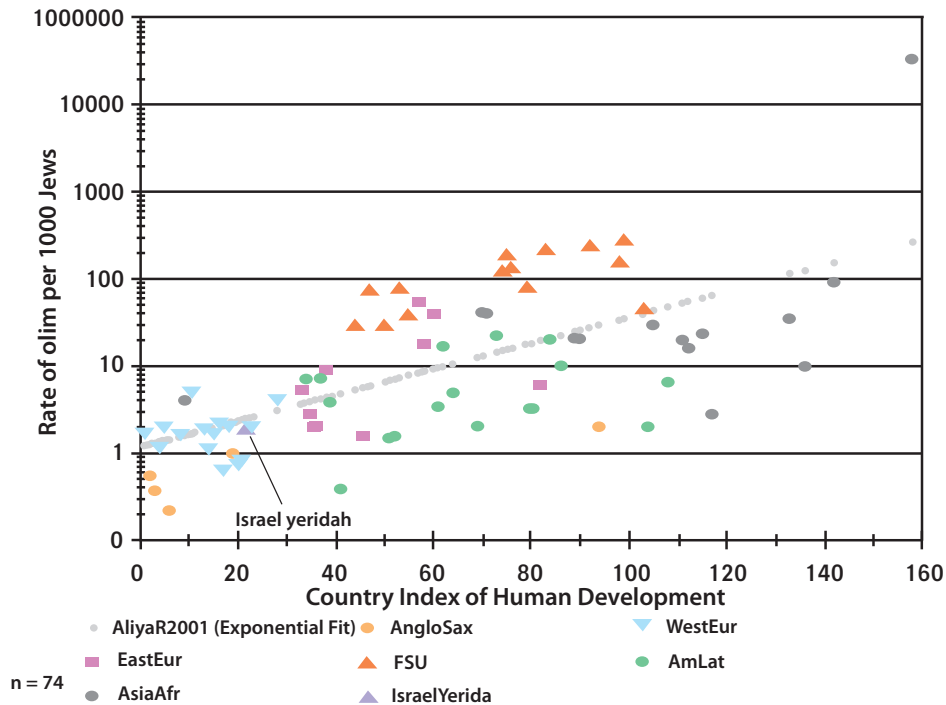
affordability, and the alignment of individual and community preferences in order to determine what are the true barriers to increased participation of Jews in community activities, and the extent to which they are – if at all – related to price.

The Israeli Context

The analysis of Jewish cost of living is even more complicated in the Israeli context. How much do Jews in Israel – who are not Orthodox – need to spend in order to maintain an 'extra' Jewish lifestyle? One answer might be that the extra cost is zero. Participating in activities for 'extra Jewishness' – visiting a synagogue occasionally, trying to keep kosher, taking classes to study Jewish texts, enrolling one's children in special educational activities, attending special learning events – is mostly available "for free" because it is provided by the state or as cultural events with municipal and private funding. (Of course the so-called free goods are paid for by taxes but depending on the service the costs could be quite low.) Some Israeli Jews choose to purchase specific services such as a non-traditional wedding or membership in a private synagogue, or take private classes, but these tend to be limited and over the course of a lifetime carry small marginal costs.

Whether it costs more or less to be an Israeli Jew as compared with a non-Israeli Jew is a complicated question that bears on key issues of status, residential choice, and mobility. For example, if one were to look at Israelis choosing to live elsewhere, a key question is whether the choice to leave Israel reflects Israel's relative economic stand-

FIGURE 8: IMMIGRANTS TO ISRAEL PER 1000 JEWS IN COUNTRIES OF ORIGIN, 2001



* Interpolation among all Aliyah ratios based on the assumption that the single factor involved is the Human Development Index (HDI)

Source: Sergio DellaPergola Report on Demography for the JPPPI

Notes: The chart is for 2001 Data but reflects broader trends; The high number of *Olim* per 1000 Jews, sometimes higher than a 1000 reflects the immigration of non-Jewish (according to the *Halakha*) *Olim*; Israeli *yerida* is the rate of Jewish persons leaving Israel (calculated as the difference between total new Jewish and family related immigrants, and Jewish international migration balance) in the year 2001

ing only, or does life in Israel have value in and of itself – regardless of economic status? The chart above illustrates the strong negative relationship that exists between the propensity of Jews from a given country to migrate, and the level of development in the same country. The ranking of countries by the Index of Human Development (based on an assessment of national income, health and education) stands in a significant relationship with the frequency of *aliyah* per 1,000

Jews in from 73 countries. A clearly negative relationship emerges between life quality in a country and the propensity to leave. From this perspective, the frequency of emigration from Israel is highly consistent with the level of development of the country. These findings evidently contrast with the possible expectation that the volume and timing of immigration to and emigration from Israel would be primarily motivated by ideational and not socioeconomic determinants.

Currently there are about 500,000 Israelis who live abroad permanently or semi-permanently. Their number is to an extent the outcome of standard of living differences and employment opportunities between Israel and the Diaspora (mostly the U.S.). From a perspective of policy implications this could mean that should Israel improve its relative social and economic standing, it is likely to experience a decline in the share of Israelis leaving and perhaps even a return of many who have left.

However, when one examines the composition of the numbers the profile of Israelis who choose to leave Israel raises concerns. An increasing share of those leaving Israel are well trained and highly educated. In the U.S., compared with immigrants from other countries, Israelis hold the highest ratio of college and university teachers per 1000 population in the country of origin. At a time when other developed countries have begun to express concern about the phenomenon, the rate of academic emigration from Israel to the States is already four to six times bigger than the European emigration rate. Though it does not supply the largest number of foreign academics to the United States, Israel nonetheless stands out: the number of Israeli academics residing in the States in 2003–2004 equaled 45% of the scholars from the U.K., 50% of the scholars from France, and 59% of the academics from Russia. (OECD, 2006).

If there is a cost associated with living in Israel – especially for a certain population – there remains the question of whether there are those for whom the provision of Jewish products and activities through the state

provides a benefit. There is one community for which both the opportunity cost of living in Israel is relatively low and the cost of acquiring the extra Jewish content in Israel is substantially lower than in the U.S. – and that is the ultra-Orthodox Haredi community. While the median income for a Haredi Jew in the U.S. is still higher than that of his fellow Haredi in Israel, the American Haredi Jew needs to spend money to sustain his lifestyle through investments in private ultra-Orthodox day school education and the raising of large

families, which is the social norm. In marked contrast, the Israeli political system and its welfare policy are highly supportive of this lifestyle. The Israeli government provides public funding for a Haredi education system and the municipal system is now politically obligated to do so as well, and even after some cuts in the past decade, Israel's child support policy provides support to large families. For many Haredis, the move to Israel is assumed to result in better quality of Jewish education (if not the general one), given that classes in the Haredi sector tend to be small and the supply of teachers abundant.

Again, we mention these data here to draw attention to the need for continued and more comprehensive analysis of economic factors influencing the costs of living Jewishly, in Israel and elsewhere. The distribution of Jews in the world's most developed countries has resulted in a normalization of migration patterns among these countries – meaning that

The rate of academic emigration from Israel is 4 to 6 times bigger than the European emigration rate

as a group, financial considerations or ‘cost of living’ may become increasingly significant in explaining (or predicting) migration patterns. One policy implication is that in

For the ultra-Orthodox community, the opportunity cost of living in Israel is relatively low and the cost of acquiring the extra Jewish content in Israel is substantially lower than in the U.S.

the absence of ‘push’ factors that are pushing Jews out of their countries, Israel’s relative economic development, its social and welfare policies, and the type and quality of public education that it provides will determine its ability to attract new Jewish immigrants and retain Israeli born. This means that in terms of ‘cost of Jewish living’ in Israel, except in the case of the ultra-Orthodox community, Israel’s policies should focus on decreasing the relative cost of being Israeli in relation to other choices open to Jews. In today’s environment, this set a high threshold, but in this respect the

economic crisis, which Israel has weathered quite well, could provide Israel with a rare opportunity to move closer to attaining this goal.

RECOMMENDATIONS

It is in the nature of economic crisis that the problems are of an immediate and painful nature, so that action to address the immediate pain is often swift. Therefore, a few recommendations listed here are already in the process of being implemented by Jewish

organizations. However, most of the recommendations forwarded in this section relate to long-term policies that affect the economic infrastructure of Jewish life, regardless of the ebb and flow of economic activity.

Economic Status

Unleash major growth and leap opportunities available to the Jewish People worldwide: The Jewish People outside Israel have by and large exhausted the massive opportunity of rapid mobility from poor first generation immigrants to upper middle class members of society. While new fortunes will continue to be created, the greatest opportunities for a leap in the economic status of Jews as a whole are to be found in Israel and among first generation immigrants from the former Soviet Union. To ensure that these opportunities are not wasted the Jewish People needs to:

- Focus on national policies that unleash Israel’s growth potential through increased labor participation and improved productivity.
- Adopt the improvement of the Israeli education system as a true national priority – reflected both in financial and leadership resources.
- Develop and support programs that increase Israel’s labor participation rate.
- Invest in mechanisms that support the rapid integration of Jews from the former Soviet Union into the economy of their home countries at levels commensurate with their education and professional skills.

- Benchmark the Israeli economy against the ‘Jewish economy’ rather than only against other national economies.
- Make the improvement of Israel’s economic position a national priority not only in absolute terms, but also in relative terms to Jews living outside of Israel.
- Consider establishing for the Jewish People an equivalent to the U.S. Congressional Budget Office that would conduct independent analysis and provide forecasts. Among the responsibilities of this body should be:
 - Reviewing Israeli budget priorities from a Jewish perspective;
 - Given the significance of the annual budget of the state of Israel to the future of the Jewish People, encourage a people-wide discussion of the priorities reflected in the government of Israel budget through the lens of its contribution to securing the safe and prosperous future of the Jewish People;
 - Institutionalizing a review of the joint budgets of Jewish organizations as a reflection of the collective priorities of the Jewish People; and
 - Monitoring the concurrence of the Diaspora Jewish and Israeli budgets with emerging Jewish priorities.

Philanthropy

- Strengthen convening and coordinating structures to set priorities: constrained

resources highlight the need for better collective setting of priorities, goal and aspirations. Forums for discussion, deliberation and coordination, especially between federations, foundations and the government of Israel are much needed today and will serve an increasingly important function in the future. Such forums could help formulate priorities and goals of the type done globally under the UN Millennium Goals and the Copenhagen Initiative.

- Institutionalize a regular and transparent review of organizational investment policies. Jewish organizations are already reviewing their investment strategies and going back to ‘first principles’ of sound investing. However, this process needs to be institutionalized with mechanisms put in place allowing a measure of public accountability and review. As part of this process, Jewish organizations should provide a clear statement of their investment strategy available to all. In addition, there is room to engage in discussions of the values that underlie the Jewish community recognition of wealth creation and philanthropy and explore whether and the extent to which the Jewish community and institutions could and should judge the manner in which money that is donated has been created.
- Adapt fundraising mechanisms: Adapt existing institutions and develop new mechanisms of fundraising and distribution that reflect the changes in the wealth distribution of the Jewish People,

the economic success of the State of Israel, the desire for greater transparency and personal contact, and the opportunities offered by new technologies.

- Support Internet based initiatives for fundraising and fund distribution. These should serve to expand the donor base of Jewish organizations and projects. Expanding the base could be a good strategy to reduce the system's vulnerability to future financial shocks. But there are additional reasons to emphasize fund raising among less affluent and younger American Jews. Small donations can play a key role supporting a general culture of Jewish giving and enfranchising donors as members of their local Jewish communities, even if they don't generate the lion's share of resources.
- Consider the creation of a global Jewish foundation (modeled on the Norwegian Future Foundation) dedicated to securing a thriving Jewish future and managed by a deliberative body representing the largest contributors.
- Increase the transparent reporting of funds flowing into Israel.
- Increase the role of the government of Israel in funding initiatives that benefit the Jewish People as a whole.
- Increase the role of the government of Israel in aide and philanthropy that serve global goals and needs.
- Establish a commission to determine desired government policies, including

tax incentives, toward philanthropy in Israel. This commission should explore, among others, the following issues:

- The notion that philanthropy should be encouraged through tax incentives is not on obvious one. Especially in the case of corporate philanthropy, it is important to have mechanisms that condition tax incentives on ethical corporate behavior and full payment of taxes and perhaps even on the absence of extreme tax planning practices;
- Develop mechanisms that reflect the role of Jewish and Israeli philanthropy in influencing public policy;
- Explore the possibility that donors who support advocacy efforts will have to submit to a review that reflects their potential impact, even if they are not elected;
- Invest in understanding the preferences and priorities of a new generation of donors. The ranks of the Jewish wealth are likely to be swelled in recent years by Israelis, living in Israel and in the U.S., by immigrants from the former Soviet Union, and by a new generation of self-made entrepreneurs who operate globally. Expanding the donor base depends on organizations adapting to their preferences and priorities to associate with the kinds of Jewish identities that are more typical of these groups. Designing Jewish initiatives that combine universalistic and particularistic goals might inspire these and other younger

donors who may be less willing to invest in seemingly parochial causes;

- Protect investment in Jewish innovation: Many “innovation sector” organizations and projects are especially vulnerable to recession-related downturns in giving. Helping to ensure continuing innovation should be a high priority of Jewish philanthropy;
- Strengthen research and evaluation, and map the field of Jewish philanthropy. Increasingly, philanthropists seek evidence that their contributions make a difference, but the scale of social scientific research on Jewish issues and organizations cannot yet provide consistently reliable information and analysis. In addition, no central database exists of independent Jewish foundations and their grant making goals.

Cost of living Jewishly

- Examine assumptions behind policies that target costs. Policies and programs that are designed to lower the costs of Jewish participation in a variety of activities need to be reviewed and reassessed in light of a broader understanding of the concepts of cost and value.
- Engage in further research on the cost of Jewish life. Further research is required to examine the cost of Jewish life in light of the expanded discussion of cost and value. The barriers to Jewish participation in communal life should be defined and targeted in a more granular manner.

ENDNOTES

- 1 “Evil does exist in the world. A non-violent movement could not have halted Hitler’s armies. Negotiations cannot convince al Qaeda’s leaders to lay down their arms. To say that force may sometimes be necessary is not a call to cynicism – it is a recognition of history;”
December 10, 2009 (Remarks by President Obama at the Acceptance of his Nobel Peace Prize)
- 2 “the worst may be behind us”
- 3 Director of National Intelligence (DNI)
- 4 These views are contained among answers in a document supplied by Director of National Intelligence Dennis C. Blair to the Senate Select Committee on Intelligence after a hearing in February: “We continue to receive intelligence indicating that al Qaeda and other terrorist groups are attempting to acquire chemical, biological, radiological, and nuclear (CBRN) weapons and materials. We assess al Qaeda will continue to try to acquire and employ CBRN material, and that some chemical and radiological materials and crude weapons designs are easily accessible. Al Qaeda is the terrorist group that historically has sought the broadest range of CBRN attack capabilities, and we assess that it would use any CBRN capability it acquires in an anti-U.S. attack, preferably against the Homeland”.
- 5 The views on Iran’s nuclear program are contained among answers in a document supplied by Director of National Intelligence Dennis C. Blair to the Senate Select Committee on Intelligence after a hearing in February.
- 6 Some countries have weapons that others do not.
- 7 “No single nation should pick and choose which nations hold nuclear weapons. And that’s why I strongly reaffirmed America’s commitment to seek a world in which no nations hold nuclear weapons.”
- 8 The Wall Street Journal, January 4, 2007, by George P. Shultz, William J. Perry, Henry A. Kissinger and Sam Nunn.
- 9 US Assistant Secretary of State Rose Gottemoeller.
- 10 “Universal adherence to the NPT itself – including by India, Israel, Pakistan and North Korea – also remains a fundamental objective of the United States.”
- 11 “America’s strong bonds with Israel are well-known. This bond is unbreakable. It is based upon cultural and historical ties and the recognition that the aspiration for a Jewish homeland is rooted in a tragic history that cannot be denied.”
- 12 Arab Human Development Report 2009. Challenges to Human Security in the Arab Countries, United Nations Development Programme
- 13 Newsweek, published June 13, 2009
- 14 “Incrementalism and the step-by-step approach has not, and we believe will not, achieve peace,” said the visiting Saudi foreign minister, Prince Saud al-Faisal, with Secretary of State Hillary Rodham Clinton at his side. “Temporary security, confidence-building measures will also not bring peace.”
- 15 Wall Street Journal, June 26, 2009, “Hillary Is Wrong About the Settlements”, Elliott Abrams
- 16 “We believe that through good-faith negotiations, the parties can mutually agree on an outcome which ends the conflict and reconciles the Palestinian goal of an independent and viable state, based on the 1967 lines, with agreed swaps, and the Israeli goal of a Jewish state with secure and recognized borders that reflect subsequent developments and meet Israeli security requirements”.
- 17 <http://www.jstreet.org/campaigns/j-street-releases-new-poll-american-jewish-community>.
- 18 Peace between the Israelis and the Palestinians will never take place without the continuing leadership and involvement of the U.S. government.
- 19 It is up to the Palestinians and the Israelis to solve their problems; any LASTING agreement between them must be reached with the U.S. only playing a role as a facilitator.

JPPPI MAIN PUBLICATIONS

The Jewish People Policy Planning Institute – Annual Assessment 2004-2005 The Jewish People Between Thriving And Decline, JPPPI Staff and Contributors, 2005

To succeed, large resources, judicious coping with critical decisions and careful crafting of long-term grand-policies are needed. The full volume contains analyses of the major communities around the world and in-depth assessments of significant topics.

Between Thriving and Decline – The Jewish People 2004, Executive Report, Annual Assessment No. 1, JPPPI Staff and Contributors, 2004

Facing a Rapidly Changing World – The Jewish People Policy Planning Institute, Executive Report, Annual Assessment No. 2, 2005, JPPPI Staff and Contributors, 2005

Major Shifts – Threats and Opportunities – The Jewish People Policy Planning Institute, Executive Report, Annual Assessment No. 3, 2006, JPPPI Staff and Contributors, 2006

Societal Aspects – The Jewish People Policy Planning Institute, Executive Report, Annual Assessment No. 4, 2007, JPPPI Staff and Contributors, 2007

The Jewish People Policy Planning Institute, Executive Report No. 5, 2008, with a Special Section on Women in Jewish Society, JPPPI Staff and Contributors, 2008

Institute de Planification d'une Politique pour le Peuple Juif, Rapport Annuel du JPPPI 2005/2006, Le Peuple Juif en 2005/2006, Entre Renaissance et Decline, special edition in French, JPPPI Staff and Contributors, 2006

A Strategic Plan for the Strengthening of Jerusalem, JPPPI Staff, 2007

China and the Jewish People: Old Civilizations in a New Era, Dr. Shalom Salomon Wald, 2004

This is the first strategic document in the series: Improving the Standing of the Jewish People in Emerging Superpowers Without a Biblical Tradition

2030: Alternative Futures for the Jewish People, *Amb. Avi Gil and Dr. Einat Wilf*, 2010

Muslim Anti-Semitism – The Challenge and Possible Responses, *Prof. Emmanuel Sivan*, 2009

Position Paper: Global Jewish People Forum, *JPPPI Staff*, 2005

The position paper examines president Moshe Katsav's initiative to establish a "Second House" and makes a number of recommendations.

Soft Power – A National Asset, *Dr. Sharon Pardo*

Today's global changes in the international arena require more consideration of soft assets possessed by the Jewish People. Prepared for the 2005 Herzliya Conference.

Strategic Paper: Confronting Antisemitism – A Strategic Perspective, *Prof. Yehezkel Dror*, 2004

The increasing ability of fewer to easily kill more and more makes new anti-Semitism into a lethal danger that requires comprehensive, multi-dimensional and long-term counter-strategies.

Alert Paper No. 2: Jewish Demography – Facts, Outlook, Challenges, *Prof. Sergio DellaPergola*, 2003

There may be fewer Jews in the world than commonly thought, and if the current demographic trends continue unchanged, there might be even fewer in the future.

Alert Paper No. 1: New Anti-Jewishness, *Prof. Irwin Cotler*, 2003

The new Anti-Jewishness consists of discrimination against, or denial of, the right of the Jewish people to live, as an equal member of the family of nations

A Road Map for the Jewish People for 2025, *JPPPI Staff*, 2006

Published in the context of the Alternative Futures for the Jewish People 2030 project. Prepared for the Herzliya Conference.

THE JEWISH PEOPLE POLICY PLANNING INSTITUTE (ESTABLISHED BY THE JEWISH AGENCY FOR ISRAEL) LTD

The Jewish People Policy Planning Institute (JPPPI) is an independent professional policy planning think tank incorporated as a private non-profit company in Israel. The mission of the Institute is to ensure the thriving of the Jewish People and the Jewish civilization by engaging in professional strategic thinking and planning on issues of primary concern to world Jewry. Located in Jerusalem, the concept of JPPPI regarding the Jewish People is global, and includes aspects of major Jewish communities with Israel as one of them, at the core.

JPPPI's activities are action-oriented, placing special emphasis on identifying critical options and analyzing their potential impact on the future. To this end, the Institute works towards developing professional strategic and long-term policy perspectives exploring key factors that may endanger or enhance the future of the Jewish People. JPPPI provides professionals, decision makers and global leaders with:

- Surveys and analyses of key situations and dynamics
- “Alerts” to emerging opportunities and threats
- Assessments of important current events and anticipated developments
- Strategic action options and innovative alternatives
- Policy option analysis
- Agenda setting, policy recommendations and work plan design

JPPPI is unique in dealing with the future of the Jewish People as a whole within a methodological framework of study and policy development. Its independence is assured by its company articles, with a board of directors chaired by Ambassador Stuart Eizenstat, and composed of persons with significant policy experience. The board of directors also serves as the Institute's professional guiding council.



The Assessment for 2009 focuses on a number of major changes that could affect the future of the Jewish People, the willingness of Jews wherever they are to identify as Jews, to preserve that identity and their commitment to the thriving of Jewish civilization in an era of openness and multiple choices.

The issues discussed in-depth this year, in order to provide Jewish People decision makers in the Diaspora and in Israel with action-oriented policy recommendations, are centered around four main areas of urgent concern:

- a. The implications of the global economic crisis for the Jewish People, Jewish philanthropy and the principle of mutual guarantee in Judaism.
- b. The progress of the Iranian nuclear program – which aggravates the threat to the largest Jewish community concentrated in the State of Israel, and combines capabilities of mass destruction with genocidal intentions by a fundamentalist regime.
- c. The stalemate in the political process, which may serve Islamic ambitions to change the character of Israel from being a Jewish and democratic state into a bi-national state, while contributing to the ongoing de-legitimization of Jews in general and of the State of Israel in particular.
- d. The triangle of relationships between Jerusalem, Washington and North American Jewry – the challenges posed by changes of administration in both the U.S. and Israel on the special relationship between the two and their potential impact on the relationship between the world's two largest Jewish communities.

The State of Israel, which according to all signs is emerging from the economic crisis more quickly than the Jewish organizational world, which was badly hit last year, must intensify its involvement in securing the global Jewish future and internalize its responsibility in the education and cultivation of the younger generations, not only in Israel, but throughout the entire Jewish world. Jewish organizations, too, should deploy strategically to cope with these new challenges.

“The 2009 Assessment, JPPPI’s sixth, is in many ways its most diverse and ambitious, in significant part because 2009 has been such a dramatic year...”

**Ambassador Stuart E. Eizenstat,
JPPPI’s Chairman of the Board of Directors**



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