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THE JEWISH AGENCY FOR ISRAEL

A BRIEF DESCRIPTION

ARCHIVES



June 1982

C A P S U L E H I S T O R Y

In 1897, the first Zionist Congress took place in Basle, and it was here that Herzl said: "At Basle, I founded the Jewish State". His dream, he asserted, would come true within 50 years.

In 1917, the Balfour Declaration was issued, stated that "His Majesty's Government views with favor the establishment in Palestine of a national home for the Jewish people".

In 1922, the League of Nations gave Great Britain the Mandate for Palestine. Paragraph four stated that, to implement the Balfour Declaration, there should be established a "Jewish agency".

In 1929, Chaim Weizmann, President of the World Zionist Organization (WZO) established the Jewish Agency for Palestine as a partnership between the WZO and so-called non-Zionists, in the conviction that all Jews would want to share in the establishment of a "Jewish National Home". Representing the "non-Zionists" were such distinguished Jewish leaders as Louis Marshall, Albert Einstein, Leon Blum, Sholem Asch, Felix Warburg and members of the Rothschild family.

From 1929 until the establishment of the State of Israel on May 15, 1948, the Jewish Agency/WZO -- together with the Vaad Leumi (National Council) -- represented Palestinian Jewry before the Mandatory power. It was also directly responsible for the health, welfare and educational institutions serving the Yishuv, the Jewish population of Palestine. Major support for the Agency's work came from fundraising campaigns in Jewish communities throughout the world: in the United States, from 1939, through the United Jewish Appeal (UJA); elsewhere through Keren Hayesod. It was primarily through this fundraising function that the "non-Zionists" carried out their share of the partnership, which continued in this way after the establishment of the State.

In 1952, the official role of the Jewish Agency for Israel and the WZO was defined by the Knesset in the Law of Status, which made these bodies responsible for the "ingathering of the exiles" and for their absorption in Israel.

In 1967, the reaction of world Jewry to the threat to Israel preceding the Six-Day War, and the subsequent results of the fundraising campaigns on behalf of Israel's people, introduced a new dimension into the partnership. The conviction arose that it was not enough for Jews outside of Israel merely to raise funds. This was clearly confirmed at the Conference on Human Needs in Israel, convened in Jerusalem in June 1969 at the joint invitation of the Prime Minister of Israel and the Chairman of the Jewish Agency. Diaspora participants strongly expressed their eagerness to share responsibility in the planning and execution of the tasks of the Jewish Agency.

RECONSTITUTION

In 1971, to give this new dimension organizational expression, a Founding Assembly was held which ratified the Agreement for the Reconstitution of the Jewish Agency for Israel. This agreement was the result of negotiations between the WZO and the United Israel Appeal, Inc. (UIA) in the United States. UIA's principal beneficiary; and with Keren Hayesod fundraising bodies throughout the world.

The Agreement functionally separated the WZO and the Agency -- WZO was assigned responsibility for "the fulfilment of Zionist programs and ideals" -- The Jewish Agency was assigned responsibility for immigration and absorption, support for educational and youth activities, particularly Youth Aliyah, absorption in agricultural settlements, and immigrant housing.

Through reconstitution, the Jews of the world participate directly and as full partners in the decision-making and executive machinery of the Agency. The new structure created by the agreement, unlike the original 1929 arrangement, assures continuity of "non-Zionist" representation.

Under the reconstituted structure, the "non-Zionists" are designated by UIA in the United States, elsewhere by fundraising organizations affiliated with Keren Hayesod. Israel is represented through the WZO.

STRUCTURE

The governing bodies of the Reconstituted Jewish Agency are the Assembly, the Board of Governors and the Executive.

THE ASSEMBLY -- This is the constituent body of the Jewish Agency, and has 340 members. Fifty percent of the members are designated by the World Zionist Organization (170); 30 percent by the United Israel Appeal in the United States (102); and 20 percent by the fundraising bodies affiliated with Keren Hayesod (68).

The functions of the Assembly, as defined by the Reconstitution Agreement, are to: "receive reports from the Board of Governors and the Executive, review needs and programs; determine basic policies; consider and act upon budgets submitted by the Board of Governors; elect the Board of Governors; elect the officers (the Chairman and the Treasurer and additional officers as deemed necessary."

THE BOARD OF GOVERNORS -- The Reconstituted Agreement defines the responsibilities and powers of the Board of Governors as follows: "...manage the affairs of the Agency and control its activities... to appoint a standing Budget and Finance Committee, and such other standing and ad hoc committees as it may see fit."

The Board is presently composed of 62 members, in the same proportion as the Assembly: 50 percent from among the WZO designees; 30 percent from among the UIA designees (U.S.A.); and 20 percent from among the members designated by the Keren Hayesod affiliates.

There are a number of standing committees to expedite the work of the Board and to assure continuity. These are divided into the Administrative Committees, which include Budget and Finance, Assets and Liabilities, Comptroller's Reports, Structure and Organization, Long-Range Planning; and the Programmatic (operational) Committees, which include Absorption, Youth Aliyah, Rural Settlement, Project Renewal. In addition, ad hoc committees are appointed as needed.

THE EXECUTIVE -- The Executive is "responsible for the day-to-day operations of the Agency, subject to the control of the Board of Governors". The Executive has 13 members as follows: Chairman of the Assembly (who is also Chairman of the Executive); Chairman of the Board of Governors; the Treasurer; the heads of the departments of Immigration and Absorption, Youth Aliyah, Rural Settlement; the Chairman of Keren Hayesod; the President and Chairman of the United Jewish Appeal; three other members of the Board of Governors. In addition, there are three Associate Members (who do not have voting rights).

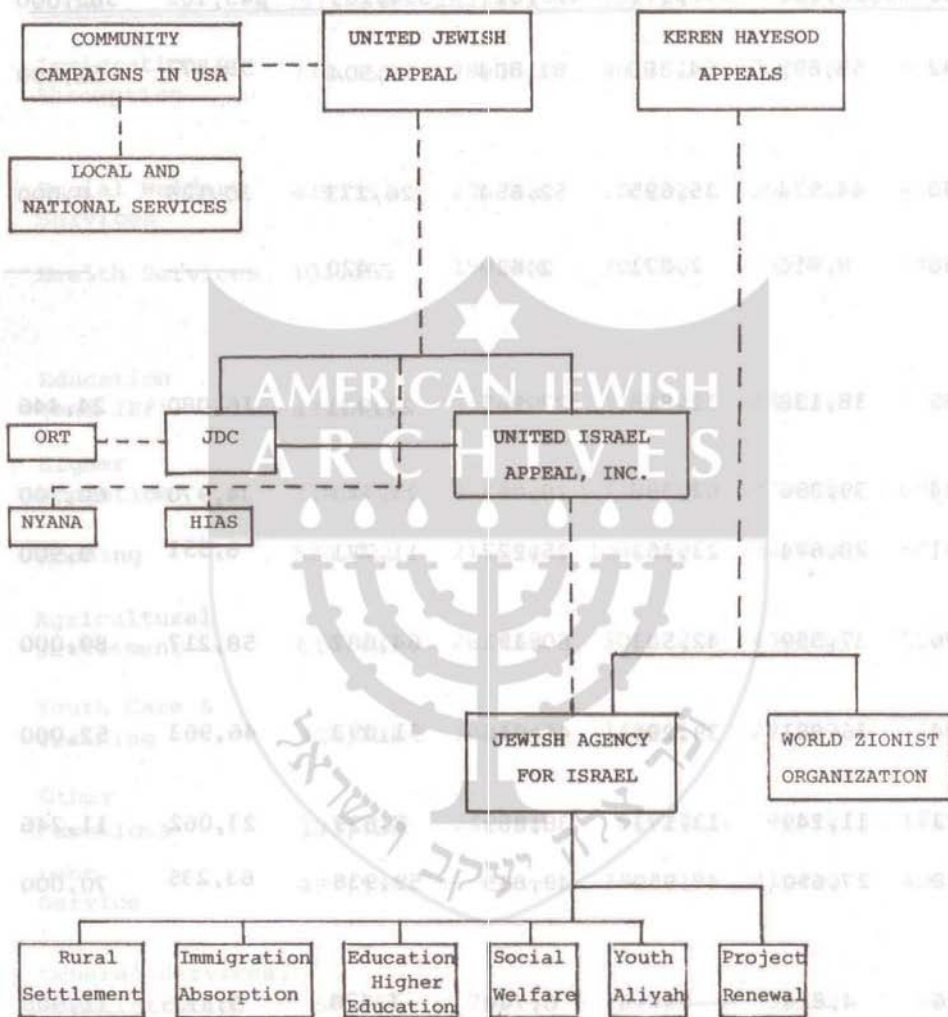
AMERICAN JEWISH ARCHIVES



JEWISH AGENCY EXPENDITURE: 1971 - 1983 (in \$1,000)

	TOTAL	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81	1981/82 (Provis- ional)	1982/83 Budget
TOTAL	4,751,239	283,531	395,714	576,839	485,155	413,686	405,165	336,450	370,671	419,817	334,109	345,102	385,000
Immigration & Absorption	734,366	28,161	46,251	76,258	80,417	70,575	61,732	58,699	64,388	81,804	56,504	58,577	51,000
Social Welfare Services	445,351	27,768	30,202	39,200	65,285	40,305	45,270	44,574	35,695	52,654	26,273	30,125	8,000
Health Services	103,185	15,348	30,746	9,397	14,000	8,902	10,856	8,816	2,271	2,429	420	-----	-----
Education (and IEF)	431,033	34,420	32,192	44,231	52,563	49,624	54,565	38,138	32,878	27,965	23,931	16,080	24,446
Higher Education	718,608	81,683	72,219	103,805	68,638	71,507	72,214	39,396	62,398	28,053	23,425	34,970	60,300
Housing	520,411	21,534	100,588	182,490	58,583	29,070	20,861	28,674	23,162	25,227	11,771	8,551	9,900
Agricultural Settlement	614,423	26,448	30,422	43,965	55,946	60,059	54,396	37,559	42,533	60,191	64,687	58,217	80,000
Youth Care & Training	420,728	10,454	14,971	22,739	31,074	30,437	38,804	36,881	39,296	46,016	51,093	46,963	52,000
Other Functions	193,726	34,741	6,924	9,812	12,732	11,846	11,423	11,249	13,173	38,889	8,629	23,062	11,246
Debt Service	497,530	-----	28,271	41,410	40,741	37,272	30,218	27,650	48,950	49,845	59,938	63,235	70,000
General Services, Administration	59,751	2,974	2,928	3,532	5,176	4,089	4,826	4,814	-----	6,744	7,438	5,322	11,908
Reserve	12,127	-----	-----	-----	-----	-----	-----	-----	5,927	-----	-----	-----	6,200
Project Renewal	141,186	(not included in Totals)				-----	-----	-----	40	6,130	16,453	45,363	73,200

FLOW OF CAMPAIGN FUNDS TO THE JEWISH AGENCY FOR ISRAEL



Abbreviations:

JDC	American Jewish Joint Distribution Committee
HIAS	Hebrew Immigrant Aid Society
NYANA	New York Association for New Immigrants
ORT	Organization for Rehabilitation through Training.

JEWISH AGENCY ACTIVITIES

In the 34 years since the establishment of the State of Israel, the Jewish Agency has expended over \$6.5 billion, of which two-thirds have come from world Jewry through the campaigns of the United Jewish Appeal and Keren Hayesod. The rest of the income has come from German reparations (until 1969/70), participation of the Israel Government (until 1966/67), borrowings, collection of debts and other sources.

High points during these 34 years were 1967/68 when campaign income reached \$370 million, and 1973/74 with an all time high of over \$700 million. Both these years reflected the outpouring of concern and understanding of world Jewry in response to the threat to Israel's existence of the Six-Day War in 1967 and the Yom Kippur War in 1973.

Since the proclamation of Israel's statehood, the Jewish Agency assisted in the absorption of more than 1,700,000 immigrants. Over 500 agricultural settlements were established with some 150,000 settlers. Some 350,000 housing solutions were provided. More than 150,000 children and youth were able to enter the mainstream of Israeli society through the programs of Youth Aliyah.

The Six-Day War in 1967 marked a significant change not only in the dimensions of the Jewish Agency budget but in the nature of its activities. In that year, the defense burden required such a large proportion of Israel's resources, that the Agency had to assume a much larger share of those responsibilities, notably those directed at finishing the task of absorbing the hundreds of thousands of immigrants of earlier immigrations who lagged behind the rest of the population, as Israel's society moved forward.

Specifically, this meant a much greater role for the Agency in helping to close the social gap in Israel -- in housing, in education, in improving the quality of life.

In 1972, Jewish Agency community work was expanded by the establishment of its housing management company, AMIGOUR. Subsequently, other community-oriented programs were added, such as: the Special Program for Disadvantaged Youth, the Community Leadership Training Program conducted in conjunction with the Bureau of Sephardi Affairs and a number of other special projects.

In 1977/78, the Jewish Agency joined with the Government of Israel in sponsoring Project Renewal, a program directed at the rehabilitation of 160 slum neighborhoods in which reside some 45,000 families including 300,000 persons. The Jewish Agency's share of the program is financed by contributions to the Keren Hayesod and UJA campaigns over and above the regular contributions. Thus far, 69 neighborhoods and towns have been included in the program, most of them "partnered" with communities in the United States and Keren Hayesod countries. The work in several of these neighborhoods is nearing completion.

Beginning in 1975, the Jewish Agency has become increasingly involved, in coordination with the relevant World Zionist Organization Departments, in Jewish education. The Louis A. Pincus Memorial Fund for Jewish Education is a foundation fund managed by the Jewish Agency, in association with the World Zionist Organization, the American Joint Distribution Committee and the Israeli Government. In 1979 there was established the Joint Committee on Jewish Education of the Jewish Agency and the Ministry of Education.

The nature and scope of the Jewish Agency's activities take into account restriction imposed by the laws of certain countries in which funds are raised on behalf of the Agency. For example, the Reconstitution Agreement States: "The functions and tasks and programs administered by the Agency or to which it may contribute funds shall be only such as may be carried out by tax-exempt organizations."

Therefore, the Agency does not undertake or support any activities which fall within the statutory responsibility of the Israeli Government, such as elementary and high school education. However, the Agency can and does support education in the preschool years and in the institutions of higher learning.

Again, the Jewish Agency carries the responsibility for immigration from lands of distress, and the World Zionist Organization handles immigration from the free world countries. Furthermore, the Agency does not conduct any activities beyond the so-called "Green Line", i.e. the June 1967 borders, such activity being the charge of the Government of Israel and the WZO.

Within the limits of the funds available, the Jewish Agency has adapted its activities and methods of operation to changing needs and priorities. Today, the Agency's tasks fall into two major categories: one, its historic role in immigration and absorption; and two, helping to close the social gap. In one way or another, Jewish Agency programs and services affect directly the lives of some 600,000 Jews in Israel -- and indirectly many more.

To assure that its resources are used with maximum effectiveness for the relevant priorities of needs, the Jewish Agency established in 1975 a Long-Range Planning Committee. With the guidance of this committee and the assistance of teams from the Harvard Business School and others, the Agency has undertaken a systematic review of its operations. Other committees deal with specific aspects of Agency operations, seeking constantly to improve them. These committees and their work begin to fulfil a basic goal of the reconstitution of the Jewish Agency: to make world Jewry a direct partner not only in financing the Agency's work but in establishing Agency policy and in the translation of these policies into programs and services.

In February 1981, there took place the Caesarea Conference of the Jewish Agency Board of Governors. This was a three-day conference called to review the ten years of partnership and the functioning of the Agency since its reconstitution, the goals and tasks for the 'eighties and the structure and governance of the Agency. Six commissions were appointed to bring back to the Board recommendations in the following areas: Governance, Management, Finance and Fiscal Policy, Goals and Objectives, Aliyah, Jewish Education.

One immediate consequence of the Caesarea "process" is the debt reduction program, first discussed and recommended in the Finance and Fiscal Policy Commission, the goal of which is to completely eliminate the Jewish Agency debt by 1990, with diaspora Jewry, particularly in North America, and the Jewish Agency sharing equally in the responsibility for implementation of the program.

April 1982

The UIA and Jewish Agency's Debt Balance

Memorandum

At the beginning of 1982 the global debt of the Jewish Agency and the various Appeals, mainly UIA, reached the volume of \$639 million. The annual debt service (interest only) is about \$100 million, more than 25% of the authorized budget. This severe situation is not the outcome of a wastrel expenditure budget or careless planning. It is the result of decisions made during the years by the Jewish Agency, the UIA - UIA and Keren Hayesod leadership in order to meet, at least in the middle of the road, basic needs of the immigrants to Israel.

Although the major portion of the debt balance was built up gradually since the pre-State years, one can indicate 4 periods which influenced the Jewish Agency's activities, hence the debt balance, since 1948.

- 1) The years of mass immigration right after the establishment of the State of Israel.

102,000 immigrants arrived in 1948, 239,000 in 1949, 169,000 in 1950 and 174,000 in 1951, while the whole Jewish population in Israel in 1948 was 650,000. Of course, the small Israeli population could not absorb this mass immigration. The situation worsened because of the severe shortage of the means of agricultural production. Therefore, the main expense items in the Jewish Agency's budget were Absorption and New Settlements for the immigrants. Income was short of meeting even the basic need of housing the immigrants in tents and tin huts; thus at the end of 1957, the Agency already had a \$120 million debt balance.

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- 2) In the coming decade, up to the 1967 War, a special effort was made to solve housing problems of new olim as well as of those who had arrived ten years before and still stayed in huts in the so-called "Maabarot" where living conditions were unbearable. In the early sixties, about 40% of the Agency's budget was allocated to Immigration Expenses and Housing. At the end of 1967, the Agency had reached a \$350 million debt balance.
- 3) After the 1967 War, income from the Appeals increased substantially, and it was decided by the Jewish Agency and the Appeals leadership to continue the regular programs of the Agency and to allocate the additional income to special programs in accordance with the needs of the new wave of immigration that started right after the War. The special programs dealt with housing solutions, education, health services and welfare subsidies.

When income went down and immigration continued, some of the special programs were not stopped immediately. Thus in 1972 we had about \$500 million debt balance.

- 4) In the last decade, 1972 - 1982, we can point out several elements in the activities of the Agency that "helped" gradually in increasing the debt balance.
 - Improvement of the absorption process of new immigrants by establishing a network of absorption centers, hostels for singles and old age homes.
 - A decision was taken by the Assembly of the Jewish Agency asking Youth Aliyah to enlarge its original task and to add to it the care of Israeli youth from disadvantaged families, requiring special educational programs increasing the number of children in care to 18,500 from 10,500 and thus reaching a budget of \$53.6 million in 1981/82 vis a vis a budget of \$10.4 million in 1971/72 previous to the mentioned resolution.

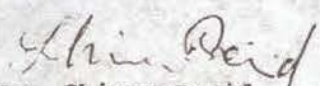
- 1973 was a year of high income from the Appeals.

Because of the Yom Kippur War, the Agency, encouraged by the Appeals leadership, decided to assume the responsibility for certain social and cultural programs (e.g. secondary school scholarships, welfare services and allocations to institutions of higher learning for their operational budgets). Income from the Appeals almost halved during ensuing years, (\$317 million in 1974 compared to \$617 million in 1973). Since pledges and commitments from various communities still remained at high levels, relatively, it was decided that these social and cultural programs will remain with the Agency. It was a common feeling that there must be a bigger share of the burden launched on the Israeli society and that remained long after the termination of the War. Only after it was perceived that not all income promised is arriving (and thus was created the present problem of receivables), it was decided to step out from these programs and to hand them back to the Government, a decision that could be implemented gradually and was accomplished finally only in the last years.

While in previous years interest payments did not add up to a significant portion of the Agency's budget, because of higher interest rates, debt service now became a real financial burden.

For example: In 1972/3 and 1981/2 we had the same expenditure budget (\$395 million): The total debt in 1972/3 was 80% of the debt in 1981/2, yet the amount for debt services that was only 8% of the total expenditure in 1972/3, rose to 25% of the expenditure in 1981/2!

This burden will not be eased unless a special effort takes place to reduce the Agency's debt.


Mr. Shimon Ravid
Director General

THE JEWISH AGENCY FOR ISRAEL

THE BOARD OF GOVERNORS
Jerusalem, February 28 and March 1, 1982

The following resolution was adopted by the Budget and Finance Committee at its meeting on February 25, 1982, and approved by the Executive of the Jewish Agency at its meeting on February 28, 1982, for recommendation to the Board of Governors.

Preamble

Since the establishment of the State, the Jewish Agency was able to assure massive aliyah operations to bring Jews to Israel from lands of oppression and to absorb them; to assure the establishment of settlements critically required by an embattled Israel; to assure meeting basic human needs, particularly those of children, through the programs of Youth Aliyah.

In order to fulfil these responsibilities, under the Covenant, to the creation and building of the Jewish State, since the funds were not available from the campaigns, the Jewish Agency was compelled to borrow.

The resultant critical financial situation now confronting the Jewish Agency has created a dangerous threat to the ability of the Agency to provide the basic programs and services which are its responsibility. To secure these programs and to develop the capacity for much needed additional programs, there must be immediate and concerted action by the Diaspora and the Jewish Agency. Basic to such action, must be the adoption of a common plan to eliminate the Jewish Agency debt.

Towards this end, the following principles of action are proposed:

1. The Debt

a. At the beginning of the current fiscal year, the Jewish Agency, United Israel Appeal and Keren Hayesod had a global debt level of \$650 million. The Jewish Agency began the process of reducing this debt by selling \$11 million worth of assets. At the end of this fiscal year, the debt level will be \$630 million. We undertake, through joint action, to reduce the debt further to a level of not more than \$550 million by March 31, 1983. No less than \$40 million of this reduction will be the responsibility of north America; the rest will be the responsibility of the Jewish Agency and the other Diaspora countries.

b. In the following three years, by the end of March 1986, the debt will be further reduced by \$250 million, again through joint responsibility shared by the Diaspora and the Jewish Agency, using the methods and approaches indicated below.

c. The goal is the total elimination of the Jewish Agency debt before the end of this decade.

2. Sources of Funds

To achieve this goal, all funds in excess of the current year's budget will be applied directly to debt reduction.

For the Diaspora, this will include additional funds by raising the total level of the campaigns; sale of assets; sale of gifts in kind, administrative savings; and other measures.

For the Jewish Agency, this will include: selling assets; negotiations with the Government on housing; application of budgetary savings to debt reduction; and other measures.

3. Strengthening Programs

Interest saved as a result of debt reduction will be applied to Jewish Agency programs for the succeeding year, in order to restore programs and services previously cut for lack of funds, and to maintain and improve the required level of service.

4. The Budget for Fiscal 1982

a. During the first year (fiscal 1982) of implementing the above program, the budget presented by the Jewish Agency Treasurer will be adopted, with the exclusion of the contingency budget of \$9 million for immigration, bringing the total framework of proposed expenditure to \$385 million. (The debt ceiling will be thus decreased to \$630 million.) It is understood that, if more immigrants come to Israel than the 15,000 budgeted for this year, the funds will be made available.

b. The budget of \$385 million is intended to assure the maintenance of activities at last year's level. However, initial release of budget to the Agency's departments and programs will be at the level of 90 percent of the approved budget, until it is determined what the actual income will be for the fiscal year, taking into account flow of campaign income and the rate of exchange.

c. As part of this process, there will be a quarterly review of the budget by the Executive and through the mechanisms already established for such purposes.

Primacy of the United Jewish Appeal and Keren Hayesod Campaigns

The increasing multiplicity of fundraising activities carried on in the Diaspora by Israel-based organizations and institutions comprises a serious obstacle to the effective fundraising operations of the UJA and the United Israel Appeal-Keren Hayesod. The problem is exacerbated by the lack of coordination regarding the scheduling of activities and solicitation of major gifts prior to their contribution to UJA/KH creating severe and intolerable conflicts and harmful interference with campaign calendars.

In line with the resolution passed at the 1981 Jewish Agency Assembly, we call upon the Government of Israel to reaffirm the centrality of the UJA and the United Israel Appeal-Keren Hayesod as the central campaigns raising funds for the Jewish Agency programs and, as such, must be given primacy in fundraising for Israel throughout the Diaspora, in order to support this effort.

We call on the Jewish Agency and the Government of Israel to reinforce and strengthen steps required to cause all campaigns in the Diaspora for projects and institutions in Israel to receive advance clearance, authorization and to give appropriate communication to the communities.



May 1982

HIGHLIGHTS OF JEWISH AGENCY ACTION TO ELIMINATE THE DEBT

Following are highlights of the Jewish Agency role in the overall program to eliminate the Jewish Agency debt:

1. Monitoring the budget and implementing a special savings program.

The budget will be monitored, and steps taken to increase efficiency and savings, so that, after financing regular programs, monies from the regular campaign will remain to decrease the debt level.

- The level of activity in all departments will remain constant in dollar terms.
- Allocations to organizations not directly related to the Agency will be decreased.
- The number of personnel will be decreased, chiefly by not replacing retirees and decreasing the number of temporary employees.
- Reduction in personnel will also mean savings in office space and other overheads.
- There will be general saving in overhead expenses (cars, travel, telephones, etc.), especially among senior personnel.

2. Sales of assets and companies not serving directly Agency operations.

Agency assets are divided into real estate and holding shares in various companies as follows:

- Housing assets: some 35,000 dwelling units owned by Jewish Agency and UIA and held by AMIGOUR. (See 3. below).
- Other real estate assets: mostly office buildings, absorption centres, youth villages and youth day centers used in regular Agency operations.

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- Companies with Jewish Agency as shareholder with right to nominate members of Board of Directors: El Al (Israel Airlines) and Mekorot (Water Company). Our shares have no economic value, and we act chiefly as "representative of the public".
- Companies wholly owned by Jewish Agency: three with economic value, but not great; offers are being considered.
- Companies with partners: two, with meaningful economic value; sale of Agency share depends on other partners, negotiations are in progress.

In total, we estimate that our economic assets can contribute \$40-60 million, and that negotiations will take two years. (This does not include Amigour housing units - see below).

3. Coordination of Programs with Government

It is vital that we clarify with the Government in the coming year the boundaries of Jewish Agency responsibility and transfer to the Government the remainder of some of the programs from the Emergency Fund period, and thus save several millions of dollars. In addition, policies and limits of responsibility must continue to be defined in respect of the departments of Immigration and Absorption, Youth Aliyah and Rural Settlement.

Discussion on the above are in progress. However, the major focus of the discussions with the Government are on how the 35,000 dwelling units held by Amigour (Jewish Agency Housing Management Company) can serve to reduce the Agency debt. Theoretically, the value of these houses is \$550-650 million. But it is totally unrealistic to suppose that we can hand over these houses to the Government, in return for this sum, and thus cancel our debts. However, there are three ways to benefit from this asset, if the Government agrees:

- (1) Selling houses to their tenants, in accordance with Government policy and terms. This could yield \$3-4 million per year.
- (2) Government financing of Amigour net expenditure, which amounts to about \$10 million per year.

- (3) Participation by the Government in our Debt Service program, either by "buying" a small number of houses each year or through other arrangements.

4. Explanation of Jewish Agency to Diaspora Communities

We consider it to be of the utmost importance that the Agency's most knowledgeable representatives be used to interpret the Jewish Agency operations and financial picture to Diaspora communities. A group of such spokesmen, comprised of senior Agency personnel, is currently being prepared for this task.

