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## Community in crisis

Sep. 25, 2008

Peggy Cidor , THE JERUSALEM POST

Three weeks ago, a special gathering of rabbis issued an urgent call to the principals of haredi educational institutions, asking them to do their best in light of the "new situation," and to avoid at all costs a cut in the monthly allowance for married yeshiva students.

The rabbis begged the principals to do their utmost to dispense the stipends on time and to avoid a situation in which the students might be forced to leave the yeshivot to secure other income for their families.

The call was later published in various haredi newspapers, adding to an already tense situation confronting the haredi sector.

The "new situation" is, of course, the present global economic crisis, particularly in the US and the UK, which comprise the majority of the haredi sector's donor base in Israel.

"It's already far beyond difficult times - we're talking about a real avalanche. I don't think we can exaggerate its magnitude. Not all the institutions will survive this blast," says city councilor Rabbi Shlomo Rosenstein, head of the ITRI (Israel Torah Research Institute) Yeshiva, and a Vizhnitz Hassid on the United Torah Judaism list.

"Most of us have been aware of the difficulties ahead for a few months already, but there was not very much we could do," he explains. "For the children who come from very needy families, the needs are urgent - you can't tell them to wait until the stock markets in America reach better times. And at the *kollelim*, the students receive a very low allowance anyway, so most of the institutions kept paying them according to the high rate of the dollar, hoping it would recover. Now we're nearing the end of the year and the moment of truth has come."

"The credit crisis in the US and the drop in the dollar rate have also reached the haredi society and hit it badly," read an article two months ago in the *Haaretz* economic supplement *The Marker*, and indicated that NIS 350 million was "missing" from the income from donations for 2008.

Indeed, the problem has become so serious that the haredi version of the annual Caesarea

Conference, which draws leading businessmen and economists from the Israeli economy, was devoted to discussing the matter.

Presided over by haredi billionaire Lev Leviev and produced by the haredi daily *Hamodia*, the forum's agenda focused on how to manage the effect of the economic crisis on haredi society, which threatens to crush its system of charity and independent learning. Financial reporters for *Hamodia* conducted and submitted to the forum a survey on the situation on the ground, whose results were discussed by forum participants.

According to estimates by forum attendees, \$1 billion in donations was raised for 2008, which, when factoring in the dollar's devaluation, represents a drop of more than 30 percent of expected income compared to last year.

"This money goes to [about 80] charity institutions like Zaka, Ezer Mitzion and Yad Sarah [which help all Israelis, regardless of creed] and haredi independent education institutions [yeshivot] of Migdal Or, Vizhnitz or Belz [hassidic sects] and others," Rabbi Haim Biton, principal of Migdal Or institutions, told *The Marker*. "At least 43% of these institutions' budgets come from these donations.

"These charity institutions take care of about one million Israelis [haredi and others alike] while the haredi education institutions include over 150,000 students, who are not registered in the public education system," Biton said. "Forty-eight percent of the institutions included in the [*Hamodia*] survey declared that the situation would 'have an essential influence' on their institutions' capacity to carry out their task - whether in charity missions or education.

"For years, the rabbis in our communities have fought to maintain a minimum of income for young married students who continue to study Torah [full time]," says Yehuda Meshi-Zahav, founder of the Zaka emergency rescue organization, which is among the NGOs hard hit by the plummeting dollar rate. "They marry young and they have many children, and even though their level and style of life is very modest, they still need the monthly allowance to survive. In the haredi system, the yeshiva students are the heart and the core, the rabbis will do anything to protect this system from collapsing, but this year it has become an almost impossible task."

"In our institutions, at least 40% of our budget comes from donations, essentially from abroad, which makes the drop in the dollar rate a catastrophe for us, since we have continued to pay our students according to a dollar rate of four or four-and-a-half shekels for a dollar, while in reality, it was already down to [almost] three shekels," Avraham Shorr, principal of the Karelin Hassidim educational institutions, recently told Ma'ariv.

"If a miracle doesn't happen and there is no change in the situation, we will see many kollelim closing down and many avrechim will find themselves out of frameworks as of next year," Avi Rosen, editor-in-chief of the *Haredi Press Line*, wrote last week in his editorial.

According to Rosen, the situation in haredi yeshivot and especially the *kollelim* (yeshivot for married students) is the worst it has been in Jerusalem in many years.

Rosen, and many others privy to the situation on the ground, say fewer and fewer donors are

sending money, including those who have done so for decades.

"We had a case of one of our donors who came and asked us to pray for him - his own situation had become so bad," says a fund-raiser who works on behalf of a chain of yeshivot in Jerusalem.

IN 2005 the Israel Center for Third-Sector Research at Ben-Gurion University of the Negev conducted a survey on the number of charity associations that distribute food in Israel. The survey found that some 170 non-profit organizations distributed food in 2005, but a revision of the survey, published two years later, revealed that there were at least 270 NGOs distributing food, in addition to 450 organizations that offered various social welfare programs, including food.

Since the cuts to National Insurance Institute allocations made by prime minister Binyamin Netanyahu in 2002, the number of people living below the poverty line has risen from 19% to 25%, while the number of poor children has jumped from 618,000 to 804,000.

In 2005, the Brookdale Institute published a survey that revealed that 22% of Israelis struggle to secure basic food products.

"The larger the family, the deeper its difficulty in getting the basic food products the family needs," says Dr. Daniel Gottlieb, who heads the NII's research administration, and has conducted research on poverty in haredi society for the Bank of Israel. "Academics call it 'food insecurity,' but it's only a term. The connection between poverty and food insecurity is clear and evident."

Gottlieb says that the increase in the number of Israelis who live below the poverty line is the result of "the development of a charity industry, which took care of the poor, while the government failed to fulfill its obligation toward the citizens."

But today, Gottlieb says he sees the beginning of a change in haredi society. "I conducted surveys [of poverty in the haredi sector] in 2003, 2004 and 2005, and did updating for the following years. The situation is now clearer: More and more haredim are turning toward employment. We saw it already three or four years ago, but it was still not clear if it was incidental or a trend.

"Now it's clear: We're talking about a real change, still at its beginning, but nevertheless an entry into the job market," says Gottlieb. "We have now enough professional indicators that prove it. Haredi women have always worked, but today we see that when compared to non-haredi women with children too, there are more haredi women who work and they work much more.

"And the change is reaching the men, although they are facing a problem: because they approach the job market without any professional training, they are only eligible for the most menial of jobs and their income is very low.

"This problem might be alleviated with the help of the Orot Leta'asuka [Lights for Employment] project, launched [in 2003] by the Industry, Trade and Labor Ministry... which purveys training, support and consultation for jobs for haredi society," says Gottlieb. "Add to that the new negative income tax, which will very much help haredim who choose to work, and we will soon witness some changes."

"The poverty in our society, the 'learning society,' has become unbearable," says Rabbi S., who teaches at one of the largest yeshivot in Jerusalem. "For us, the preservation of the yeshivot and kollelim is the top priority, and we will do anything in our power to preserve them. But we understand that for those who do not really study, or who can no longer bear the burden of poverty - we're talking about families with eight, 10 and even 12 children, living on a small stipend from the yeshiva [between NIS 1,800-NIS 5,000] and after the cruel cuts in NII children stipends - for those, professional training and a decent job income is a solution we do not oppose, on the contrary.

"But make no mistake," he continues, "we will not allow a major reduction in our quality of life. The yeshiva will always be at the center, no matter what. That is the reason why our rabbis urge us to continue to pay the married yeshiva students the monthly allowances, no matter what."

BECAUSE LARGE families are to be found mostly in the haredi sector, the impact of the cut in NII allocations combined with the drop in allowances from donations in the yeshivot have together created a crisis, and haredi leaders are scrambling to find solutions.

"The situation on the ground is a disaster," says Hazon Yeshaya humanitarian network founder, Abraham Israel. "We're reaching the High Holy Days, when the needs of poor families are even greater, and I cannot sleep at night knowing that I might not be able to meet all their needs, which are anyway so modest."

A countrywide network of soup kitchens, Hazon Yeshaya also delivers hot meals to the elderly and housebound and food to afterschool programs for children at risk, and runs vocational training programs for the chronically unemployed.

Founded 11 years ago, the organization has relied on extensive funds raised abroad to expand and continue its operations. It's no surprise, then, that it too is struggling to maintain its activities in light of a weakening dollar and dwindling donations. "The people we feed are well aware of the situation," says Israel. "They are very anxious, and we're doing our best to comfort them. But we had to cut the meals - instead of a 150 gr. schnitzel, we serve a 110 gr. one; instead of 200 gr. of rice, we give now only 120 gr. And they are aware of this - they see we are serving less, and they are very concerned."

M. Cohen, a veteran of Hazon Yeshaya's soup kitchen, was born in Jerusalem and fought in many of Israel's wars. He has recently become wheelchair-bound. He is almost 88, lives alone and subsists on his monthly NII stipend of NIS 1,200.

Since hearing of Hazon Yeshaya's financial troubles, Cohen says he has come earlier to the soup kitchen, at 8:30 a.m. even though the meal isn't served until noon. "I'm afraid they will run out of food, and then what shall I eat?"

At the entrance to Hazon Yeshaya, located on Rehov Rashi, a group of young women congregate to receive their meal - which according to Israel, is their only hot meal for the day.

Asked what they receive from Hazon Yeshaya, one of them says: "Besides the meal, and the people like me which I meet here, I receive professional training. I'm learning to become a hairdresser and

do manicures, too. Maybe then I can work and make a few shekels."

Meir Panim, one of the nation's largest charities, is also bearing the brunt of the economic crisis. About 40 of the 160 employees have been fired, and many salaries have been delayed.

"I haven't been paid for almost three months," says a former employee, who eventually decided to quit. "I love that institution, I worked there with all my heart and soul, like all the others who work or volunteer there. I will probably continue helping there, but for the moment, I had to make this heart-breaking decision, so I can qualify for unemployment to feed my own family."

"DURING THE first few months of this year we had about a five percent drop in the donations from abroad," says Israel. "That, in addition to the drop in the rate of the dollar against the shekel, amounted to a 10%, 15% and even 20% to 30% loss [of income from donations]. And now, we expect, with great anxiety, that the drop altogether will cross the 40% mark - both from the [falling] dollar rate and the cut in donations. And at the same time, we are also facing a rise in the prices here in Israel.

"We have less money, our money is worth less, and what we buy costs more. In the meantime, we are seeing more and more needy people who come to us, begging for a food basket, especially now, ahead of the holidays, and that's why I don't sleep at nights, and I'm sure I'm not the only one."

"The cost of a basic food basket for a family has risen 32% since last Rosh Hashana," recently announced Eran Weintraub, executive of the Tel Aviv-based Latet charity organization, which distributes food to dozens of non-profits across the country and is one of the few such organizations that isn't haredi.

According to a survey conducted by the organization three months ago - after the rise in cost of 12 basic products, like sugar, oil, rice, pasta and bread - the price of a food basket whose contents until now would last two weeks for an average family, is no longer worth the same amount of products.

"I have just received the figures from our offices in the States," says Meir Panim founder Dudi Zilbershlag. "They are catastrophic. I really don't know what we are going to do, and I know we haven't seen the worst yet, both in the States and in Israel."

According to Zilbershlag, the account balance of his organization for 2008 will end with a loss of 41% in donations, a drop of 21% in the rate of the dollar and a rise of 24% in the price of basic products bought here.

"There is no way we can manage like this for long," he says. "Soon we will have to cut the number of meals and people we can help, and frankly, from what I see, there's no one among those who come to us who could forgo it."

One of Meir Panim's programs features a special credit card, loaded with a specific amount that is renewed each month, which is given to residents designated by the municipal Social Welfare Department.

"It's dignified, it works and it helps people to learn how to get along with specific sums, but this year, apart from a special donation of NIS 250,000 from the Discount Bank, I didn't manage to get any donations, so I couldn't add more people to this worthy project," says Zilbershlag.

Asked if he was expecting any kind of protest from the people who are denied continued support from the organization, Zilbershlag replies: "Many more die of shame than of starvation. Most of the needy today are people who work, not homeless. The banking rules here are very cruel, and very quickly one can become limited within his bank. No more credit, no more ability to maintain normal economic proceedings, and very soon, no money not only for food, but for health insurance, for education, for housing.

"These people become so weak that they don't have the energy to protest," he says. "The best they can do is to go from one charity to another in order to get the minimum they need to keep their head above water. That's what so sad in this situation."

"We are also witnessing a psychological process," explains Israel. "Not all of our donors have been affected [by the economic crisis], but the situation is so bad, that many of them are just afraid to give as they used to. And I am convinced that the crisis will reach Israel, too. There's no way we will not be affected, so even local donors will give less or nothing at all. I am convinced we are looking at very tough times ahead."

Asked about the government's role in mitigating the crisis, Israel says: "The government? They don't really care, you know. They could help a lot by doing just one small thing, insignificant for the state's economy, but so crucial for us, the non-profits: canceling the VAT we have to pay. We receive donations, and instead of using all the money for the needs of poor families, we pay 15.5% to the state. Isn't that a disgrace? We've tried for years to end this nonsense - with no success at all."

CHERI FOX, executive director of the Fox Family Foundation, whose social welfare initiatives target new olim, is well-acquainted with the situation. "It is clear that local non-profits that rely on funding from the US have been significantly impacted by the devaluation of the dollar. The dollar decreased by over 25% and organizations holding dollars saw their value drop from NIS 4.50 to the dollar to a low of NIS 3.20. That's the equivalent of effectively only raising 75% of your budget - when you thought you'd raised it all.

"In addition, even before this latest blow to the US financial sector, American donors were getting very nervous and there was concern that donations from the States would be down this year," she explains. "It is all but certain that this will now happen, making it even more difficult for organizations to make up the shortfall from the devaluation of the dollar.

"Although US-based foundations are required to give out 5% of their assets each year, endowments have undoubtedly taken a hit and the 5% dollar amount next year will also be down," she continues. "Foundations are facing tough decisions about whether to dig deeper during a fiscal crisis when so many non-profits have even more people to help, and holding assets that they are not required to disburse in order to build back falling endowments."

Fox, who was one of the main forces behind the creation five years ago of the Forum to Address

Food Insecurity and Poverty in Israel, adds: "Since US donors primarily give first in their local communities, Israeli-based organizations will find that many people are keeping what philanthropic dollars they have at home. I am very concerned that the next couple of years are going to be very difficult ones for the Israeli non-profit sector."

To the suggestion that perhaps this is an ideal time to force the state to acknowledge its obligation toward its needy citizens instead of continuing to rely on the charity industry, Zilbershlag sighs and responds: "There's no way this is going to happen. This state doesn't care about its weakest citizens, and I don't see anything that indicates any change in the near future. As long as the decision-makers, including those at the Finance Ministry, are wealthy, I don't see any change forthcoming."

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